China Metal Resources Utilization Limited
中國金屬資源利用有限公司

(a company incorporated under the laws of Cayman Islands with limited liability)

Stock Code: 1636

Global Offering

Sole Global Coordinator, Sole Sponsor and Sole Bookrunner

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

IMPORTANT: If you are in doubt about any of the contents of this prospectus, you should obtain independent professional advice.

中金资源

China Metal Resources Utilization Limited
中國金屬資源利用有限公司

(a company incorporated under the laws of Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**618,460,000 Shares (including 525,001,600 new Shares and 93,458,400 Sale Shares subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**61,848,000 Shares (subject to reallocation)**
Number of International Placing Shares	:	**556,612,000 Shares (including 463,153,600 new Shares and 93,458,400 Sale Shares subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$1.20 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal Value	:	**HK$0.10 per Share**
Stock Code	:	**1636**

Sole Global Coordinator, Sole Sponsor and Sole Bookrunner

BNP PARIBAS
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Joint Lead Managers

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

招銀国际
CMB INTERNATIONAL

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around February 14, 2014 and, in any event, not later than February 18, 2014. The Offer Price will be not more than HK$1.20 and is currently expected to be not less than HK$1.00. If, for any reason, the Offer Price is not agreed by February 18, 2014 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (on behalf of the Underwriters) may, with our consent (on behalf of ourselves and the Selling Shareholders), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold, pledged or transferred within the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may only be offered, sold or delivered outside the United States in reliance on Regulation S.

February 11, 2014

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[3]	11:30 a.m. on Friday, February 14, 2014
Application lists open[2]	11:45 a.m. on Friday, February 14, 2014
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, February 14, 2014
Latest time to give **electronic application instructions** to HKSCC[2]	12:00 noon on Friday, February 14, 2014
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfers or PPS payment transfer(s)	12:00 noon on Friday, February 14, 2014
Application lists close	12:00 noon on Friday, February 14, 2014
Expected Price Determination Date[5]	Friday, February 14, 2014

Announcement of:

- the Offer Price;
- the level of applications in Hong Kong Public Offering;
- an indication of the level of interest in the International Placing; and
- the basis of allocation of the Hong Kong Offer Shares,

to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	Thursday, February 20, 2014
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (see the paragraph headed "Results of Allocations" in the section headed "How to Apply for Hong Kong Offer Shares") from	Thursday, February 20, 2014
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Thursday, February 20, 2014

A full announcement of the Hong Kong Public Offering containing the information referred to in the above announcements will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.cmru.com.cn** from. . . . . .Thursday, February 20, 2014

e-Refund payment instructions/refund checks in respect of wholly or partially unsuccessful application to be posted on or before . . . . .Thursday, February 20, 2014

White Form eIPO refund payment instruction to be dispatched on or before . . . . .Thursday, February 20, 2014

Dispatch of share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[4] . . . . .Thursday, February 20, 2014

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . .Friday, February 21, 2014

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, February 14, 2014, the application lists will not open on that day. See the section headed "How to Apply for Hong Kong Offer Shares – Effect of bad weather conditions on the opening of the application lists" in this prospectus.

(3) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at or around 8:00 a.m. on Friday, February 21, 2014.

(5) The Price Determination Date is expected to be on or around February 14, 2014 and, in any event, not later than February 18, 2014 (unless otherwise determined between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (on behalf of ourselves and the Selling Shareholders)). If, for whatever reason, the Offer Price is not agreed between the Sole Global Coordinator and our Company on or before February 18, 2014, the Global Offering will not become unconditional and will lapse immediately.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Selling Shareholders, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Business

We are a fast-growing manufacturer of recycled copper products, also known as copper semis, in Southwest China. We process recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wirerods, copper wires, copper plates and copper granules. During the Track Record Period, we benefited from significant VAT refunds under government policies promoting reducing, reusing and recycling activities as well as policies encouraging employment of disabled people. We also seek and obtain other government grants and subsidies. VAT refunds and government grants and subsidies accounted for a significant portion of our profit during the Track Record Period.

Beginning in 2013, we also sell a range of communication cables and power transmission and distribution cables using copper wirerods that we produce as the principal raw material. We are increasing our production capacity and plan to broaden our product range and pursue opportunities for further vertical integration. In light of favorable development trends in China and our advantages in raw material supply, facility location and preferential governmental policies, we believe we are well positioned to become a leading integrated recycled copper product supplier in China covering the key value-creating activities in the industry chain. In 2012, we sold approximately 30,014 metric tons of recycled copper products and in the first nine months of 2013, we sold approximately 24,854 metric tons of recycled copper products, 2,170 metric tons of communication cable products and 8,446 metric tons of power transmission and distribution cable products.

Our consolidated turnover for the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, was RMB205.1 million, RMB1,396.4 million, RMB1,513.1 million and RMB1,708.0 million, respectively. Our consolidated profit for the same periods was RMB9.4 million, RMB48.7 million, RMB92.3 million and RMB132.5 million, respectively. Our net profit margin for the same periods was 4.6%, 3.5%, 6.1% and 7.8%, respectively. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our pre-tax income from VAT refunds and government grants and subsidies amounted to RMB2.3 million, RMB28.4 million, RMB55.4 million and RMB135.5 million, respectively. This represented 18.5%, 42.4%, 45.1% and 83.3% of our consolidated profit before taxation for those periods, respectively, and our after-tax income from VAT refunds and government grants and subsidies represented 20.2%, 47.9%, 47.4% and 84.7% of our consolidated net profit after taxation, respectively, for those periods. During the same periods, our net profit excluding our after-tax income from VAT refunds and government grants and subsidies was RMB7.5 million, RMB25.4 million, RMB48.6 million and RMB20.2 million, respectively, and our net profit margin excluding our after-tax income from VAT refunds and government grants and subsidies was 3.6%, 1.8%, 3.2% and 1.2%, respectively. For additional information, see the section headed "Financial Information – Factors Affecting our Results of Operations and Financial Condition" on page 233 of this prospectus.

Our History

During the Track Record Period, business acquisitions have been an important driver for the growth of our revenue and profits. We acquired Jinxin in November 2010 and Xiangbei in August 2011, both of which are engaged in the manufacturing and sale of recycled copper products and form the core of our business and operations. In June 2012, Tongxin, a wholly-owned subsidiary of Jinxin, started selling recycled copper products produced on its behalf by Jinxin before the commencement of operations of its own facility. With a view to expanding into the downstream copper business, we also acquired the subsidiaries that operate our cable business, Baohe Taiyue and Baohe Xinshiji, in December 2012. Baohe Taiyue's major product offerings include various communication cable products such as network cables, connecting wires and accessories. Baohe Xinshiji's major products include power transmission and distribution cable products, including mid and low-voltage power cables, mining cables and other power cables made in accordance with customer specifications. The following table sets forth the amounts and percentages of our turnover and gross profit (in each case after elimination of sales among entities within the Group) contributed by (1) Jinxin and Tongxin, (2) Xiangbei, (3) Baohe Taiyue and (4) Baohe Xinshiji for the periods indicated:

	Period ended December 31,		Years ended December 31,				Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Jinxin and Tongxin										
Turnover (to external customers only)	205,059	100.0	1,211,902	86.8	1,105,578	73.1	634,529	75.6	770,426	45.1
Gross Profit	13,362	100.0	57,703	77.2	95,112	85.2	65,488	83.7	31,263	31.7
Gross profit margin (based on sales to external customers and group companies)	6.5%		4.8%		8.6%		10.3%		2.6%	
Xiangbei										
Turnover (to external customers only)	–	–	184,472	13.2	407,555	26.9	204,997	24.4	409,126	24.0
Gross Profit	–	–	17,086	22.8	16,576	14.8	12,749	16.3	7,668	7.8
Gross profit margin (based on sales to external customers and group companies)	–		8.3%		3.3%		4.2%		1.9%	
Baohe Taiyue										
Turnover (to external customers only)	–	–	–	–	–	–	–	–	189,514	11.1
Gross profit	–	–	–	–	–	–	–	–	29,404	29.8
Gross profit margin (based on sales to external customers and group companies)	–		–		–		–		15.2%	
Baohe Xinshiji										
Turnover (to external customers only)	–	–	–	–	–	–	–	–	338,947	19.8
Gross profit	–	–	–	–	–	–	–	–	30,223	30.7
Gross profit margin (based on sales to external customers and group companies)	–		–		–		–		8.5%	

We expect that expansion into the downstream copper business will provide a stable and reliable supply of copper to our cable production business when our cable manufacturing facilities commence commercial operations. Vertical integration in the same region will allow us to reduce the transportation and storage expenses and production costs of our cable products and better manage the impact of copper price fluctuations, with correlative benefits to our capital requirements. Further, as illustrated in the gross profit margin of our subsidiaries in the table above, the downstream cable business had a higher gross profit margin than the recycled copper business. Consequently, our vertical integration with the downstream cable business had a positive impact on our gross profit margin in the first nine months of 2013. However, typically, customers in our communication cable business and customers in our power transmission and distribution cable business are granted a credit period of up to 30 days and up to 90 days, respectively, which is longer than five to 30 days that we usually grant our customers in recycled copper business. The longer credit periods may adversely affect our liquidity.

We continue to focus on effectively managing the integration of these new businesses and ensuring that the construction and testing of our new facilities proceeds smoothly and on time. We are also taking other steps intended to enhance the efficiency of our vertically integrated operations. Specific steps we are taking include centralizing the supervision and planning of the raw material supply and working capital for our operating subsidiaries, centralizing our sales and marketing functions and unifying our financial management, internal control and human resources management systems. We plan to establish a centralized sales and marketing department, accounting and finance department, risk management department and human resources management department supervised by members of our senior management during the first half of 2014. Transitional arrangements, including training of personnel of the acquired businesses, have been put in place to facilitate their integration.

To manage the procurement of a significantly larger amount of scrap copper to support our enlarged capacity, we have entered into purchase agreements with certain suppliers with a view to enhancing the stability of our scrap copper supply and reducing our reliance on top suppliers. In addition, in order to better manage our exposure to copper price fluctuations, we adopted a hedging policy in September 2013 to regulate the approval and risk management procedures in connection with our hedging activities and established a decision-making committee and a futures department at each of Tongxin and Xiangbei. Furthermore, we have taken steps to secure a more stable flow of orders from customers, including entering into annual contracts with our key customers. Please refer to the sections headed "Business – Raw Materials, Procurement and Suppliers – Recycled Copper Products – Purchase Agreements" on page 165 and "Business – Pricing Policy, Terms of Sale and Credit Policy" on page 172 for further details of the purchase agreement and annual contracts with key customers.

Also, our subsidiaries, Xiangbei and Tongxin, are qualified as dealers to trade our copper wirerods through the electronic systems of China Power Cable Material Exchange. We believe trading our copper wirerods on an electronic platform, which is designated for trading materials used in manufacturing cable products enables us to reach a broader customer base. Furthermore, to be admitted as a dealer on such trading platform, Xiangbei and Tongxin were required to satisfy relevant quality standards. We believe such admission helps to promote our brand awareness and brand recognition. Trading on the exchange can also help to reduce our receivable turnover days as buyers are usually required to pay the purchase price within a certain period of time, which is generally shorter than the time periods we agree to when negotiating with our customers on a case-by-case basis. Separately, we plan to establish a warehouse facility in Shanghai from which our customers will be able to collect our products directly. We believe this collection option will provide an attractive alternative to our customers in the surrounding area. We believe the above measures will enable us to further expand our business operations and support our enlarged capacity.

However, the expansion is expected to substantially increase the scope, volume and complexity of our operations at all levels, including production and supplier and customer relationships. We may not successfully integrate our newly acquired businesses or achieve expected profitability from the acquisitions. In addition, we may not have sufficient managerial experience in the business we expand into. If we do not successfully integrate our acquisition on a timely basis, we may incur costs in excess of what we anticipate and the profit, if any, may not be sufficient to justify the acquisition costs. For additional information, see the sections headed "Business – Our Products and Business Activities – Integration of Our Cable Business" on page 153 of this prospectus, "Business – Our Products and Business Activities – Acquisitions of Cable Businesses and Interim Processing Arrangements" on page 148 of this prospectus, "Risk Factors – Risks Relating to Our Business – We have limited managerial experience in the cable business" on page 42 of this prospectus, "Risk Factors – Risks Relating to Our Business – We may not successfully integrate our newly acquired businesses or achieve expected profitability from our acquisitions" on page 35 of this prospectus and "Risk Factors – Risks Relating to Our Business – Production of our cable products may be affected by the equipment transfer and equipment may be damaged or lost during the equipment transfer" on page 38 of this prospectus.

Our Relationship with Gushan

Mr. Yu Jianqiu, our controlling shareholder, is also the founder of Gushan. From December 2007 to October 2012, Gushan's American depositary shares were listed on the New York Stock Exchange. During this period, Mr. Yu was a controlling shareholder of Gushan and several members of our Board and senior management, including Mr. Yu and Mr. Kwong Wai Sun Wilson, our executive Directors, Mr. Chan Ngai Chi, our Chief Financial Officer and Mr. Cheung Ying Kwan, our Company Secretary, were directors and/or senior management of Gushan. Mr. Lee Ting Bun Denny, our independent non-executive director, was an independent director of Gushan. In October 2012, Gushan completed a going private transaction, as a result of which Mr. Yu became the owner of all of Gushan's outstanding shares. The production of Gushan's biodiesel business is currently suspended, for reasons including raw materials shortages, increases in raw material costs, a decline in the prices of and demand for biodiesel, and higher consumption tax rates on refined oil products. Our major operating subsidiaries, Jinxin, Tongxin and Xiangbei, and the intermediate holding company of our Group, Engen, were subsidiaries of Gushan prior to the Corporate Reorganization. For additional information about Gushan and the going private transaction, see the sections headed "History, Reorganization and Corporate Structure" on page 104 and "Relationship with Controlling Shareholders" on page 202 of this prospectus.

Our Production Facilities

We currently own and operate three production facilities for recycled copper products. Our Jinxin and Tongxin facilities are located in Mianyang, Sichuan Province and our Xiangbei facility is located in Miluo, Hunan Province. All of these facilities are currently in commercial production. As of the Latest Practicable Date, our Jinxin, Tongxin and Xiangbei facilities had a total estimated annual production capacity for recycled copper products of 146,800 metric tons (excluding copper granules). We are constructing an additional production line for copper wirerods at our Xiangbei facility and are in the process of acquiring cable manufacturing equipment from the manufacturers that currently produce most of our cable products as a transitional arrangement. Part of the equipment for manufacturing communication cables has been transferred to us. We are currently constructing a facility in the Youxian Industrial Park for manufacturing power transmission and distribution cables, and also plan to construct an additional facility in the Youxian Industrial Park for manufacturing communication cables.

The table below sets forth the information regarding the existing and planned production capacity of our existing and future facilities as of the Latest Practicable Date.

	Existing facilities			**Future facilities**	
	Jinxin	**Xiangbei**	**Tongxin**	**Baohe Taiyue**	**Baohe Xinshiji**
Product	Recycled copper products and copper products	Recycled copper products	Recycled copper products	Communication cable products	Power transmission and distribution cable products
Estimated annual production capacity	***Recycled copper products (excluding copper granules)*** 30,000 metric tons (existing) ***Copper products*** 50,000 metric tons(4) (existing)	16,800 metric tons (existing) 30,000 metric tons(1) (planned)	***Recycled copper products*** 100,000 metric tons (existing) ***Enameled wires*** 30,000 metric tons (measured by copper consumption) (planned)(5)	16,800 metric tons(2) (measured by copper consumption)	21,300 metric tons(3) (measured by copper consumption)

Notes:

(1) This is under construction and is expected to commence commercial production in the first quarter of 2014.

(2) This is under planning and is expected to commence commercial production in the second or third quarter of 2014.

(3) This is under construction and is expected to commence commercial production in the second quarter of 2014.

(4) This is only used when scrap copper supply is not sufficient or the price of electrolytic copper is lower than that of scrap copper. It commenced commercial production in November 2013.

(5) This is under planning and is expected to commence commercial production in the first quarter of 2014.

Our Raw Materials and Suppliers

The scrap copper that we process comes from a variety of sources, including used household appliances, electrical equipment and transportation equipment, used cables and wires and scrap materials from certain industrial manufacturing processes. We purchase our scrap copper mainly from domestic suppliers located near our production facilities and elsewhere in Southwest China, Central China, the Pearl River Delta and the Yangtze River Delta. In addition, we purchase copper wirerods from domestic suppliers. During the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, the supply from our largest single supplier represented 70.6%, 18.0%, 17.7% and 11.1%, respectively, of our consolidated cost of purchase. To manage our exposure to changes in scrap copper prices, we enter into derivative contracts from time to time. The amount of derivative contracts we buy or sell is mainly determined with reference to our scrap copper inventory level. We recognized a net loss on copper futures contracts of RMB1.5 million for the year ended December 31, 2011 and a net gain on copper futures contracts of nil, RMB0.9 million and RMB2.2 million for the period ended December 31, 2010, the year ended December 31, 2012 and the nine months ended September 30, 2013, respectively. We also source some of our power transmission and distribution cables from one of our contract manufacturers for our cable products. For further information about hedging activities, see the section headed "Business – Our Products and Business Activities – Raw Materials, Procurement and Suppliers – Procurement" on page 157 of this prospectus.

Our Customers

We sell our recycled copper products to downstream manufacturers for use primarily in the production of communication cables and power transmission and distribution cables, as well as to companies in various other industries, including electrical engineering, municipal engineering, transportation, construction and mechanical manufacturing. We also sell our recycled copper products to trading companies and other copper processing manufacturers. Customers for our cable products are mainly companies in industries such as household appliances, power transmission and distribution, installation engineering, real estate, mechanical engineering, electrical equipments, telecommunication, electronics and mining. During the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, sales to our largest single customer represented 19.9%, 14.3%, 18.0% and 9.8%, respectively, of our consolidated turnover.

COMPETITIVE STRENGTHS

We believe that our vertically integrated business model offers the following principal competitive strengths:

- We are a fast-growing manufacturer of recycled copper products in Southwest China;
- China's scrap copper recycling industry is well positioned for growth;
- We have a well established procurement network and benefit from the supply of scrap metal generated by industrial activities in Southwest China;
- We maintain a broad base of reliable customers to maintain sales and operational stability;
- We enjoy favorable government policies and support for the recycling industry; and
- We have an experienced and dedicated management team.

BUSINESS STRATEGIES

We seek to become a leading integrated recycled copper product supplier in China, with businesses covering the key value-creating activities in the industry chain. We plan to offer a broad range of recycled copper products. To achieve this, we intend to implement the following principal strategies:

- Effectively manage our expansion and the integration of our recent acquisitions;
- Improve our operating efficiency and strengthen our research and development capacity;
- Further increase production capacity to take advantage of the growth opportunity from strong demand for copper products;
- Broaden our product range and seek opportunities for further vertical integration;
- Enhance our sale and marketing efforts and promote brand recognition; and
- Continue to retain and attract talented personnel.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalization Issue and the Global Offering (without taking into account the Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), Mr. Yu Jianqiu, our

Chairman, will be interested in approximately 45.68% of the issued share capital of our Company through his interest in the entire issued share capital in Epoch Keen. Therefore, Mr. Yu and Epoch Keen will be our Controlling Shareholders after the Listing.

Mr. Yu owns 100% of the issued share capital of Gushan, which was founded by him in May 2006. Gushan was the majority shareholder of Engen until March 19, 2013. Gushan's American depositary shares were listed on the New York Stock Exchange in December 2007 and Gushan was privatized and ceased to be a publicly traded company in October 2012. The Gushan Group is principally engaged in the production of biodiesel and its by-products, and did not have any interest in a business which competes or is likely to compete, direct or indirectly, with our business at the Latest Practicable Date.

For further details, see the section headed "Relationship with Controlling Shareholders" on page 202 of this prospectus.

KEY FINANCIAL DATA

The table below presents a summary of financial information for the periods indicated. For purposes of the summary consolidated income statement data, additional line items and subtotals have been included to provide supplemental information about the impact of VAT refunds and government grants and subsidies to our results during the Track Record Period. The summary financial information presented below should be read in conjunction with our consolidated financial statements, including the notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus.

Summary Consolidated Income Statement Data

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010[#*]	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Turnover	205,059	1,396,375	1,513,133	839,527	1,708,013
Cost of sales	(191,697)	(1,321,586)	(1,401,445)	(761,290)	(1,609,455)
Gross profit	13,362	74,789	111,688	78,237	98,558
Other revenue excluding VAT refunds and government grants and subsidies	6	126	443	411	654
Other net income/(loss)	26	2,412	(1,509)	381	1,081
Selling and distribution expenses	(1,311)	(4,227)	(5,927)	(4,797)	(6,558)
Administrative expenses	(1,360)	(22,553)	(20,413)	(13,996)	(45,876)
Profit from operations excluding VAT refunds and other government grants and subsidies	10,723	50,547	84,282	60,236	47,859
VAT refunds	770	7,927	48,599	7,487	100,243
Government grants and subsidies	1,500	20,522	6,844	2,183	35,278
Profit from operations	12,993	78,996	139,725	69,906	183,380
Finance costs	(720)	(11,920)	(16,850)	(12,025)	(20,617)
Profit before taxation	12,273	67,076	122,875	57,881	162,763
Income tax excluding tax impact of VAT refunds and government grants and subsidies	(2,524)	(13,265)	(18,872)	(12,738)	(7,039)
Income tax impact of VAT refunds and government grants and subsidies	(375)	(5,131)	(11,711)	(546)	(23,273)
Income tax	(2,899)	(18,396)	(30,583)	(13,284)	(30,312)
Profit for the period/year	9,374	48,680	92,292	44,597	132,451

	Period ended December 31, 2010#*	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit for the period/year represents:					
Profit for the period/year excluding VAT refunds and government grants and subsidies	7,479	25,362	48,560	35,473	20,203
VAT refunds and government grants and subsidies after income tax	1,895	23,318	43,732	9,124	112,248
Earnings per share^					
Basic (RMB)	0.94	4.87	9.11	4.41	12.95
Diluted (RMB)	0.94	4.87	9.11	4.41	12.95

\# The financial information primarily reflects the post-acquisition results of Jinxin from November 3, 2010 to December 31, 2010.

* For the pre-acquisition financial information of Jinxin from January 1, 2010 to November 2, 2010, see note 32 in the Accountants' Report set out in Appendix I to this prospectus.

^ The earnings per share for all periods presented have not been adjusted to reflect the proposed Capitalization Issue as described in the section headed "History, Reorganization and Corporate Structure – Corporate Reorganization – Capitalization Issue and Global Offering" in this prospectus.

Summary Consolidated Balance Sheet Information

	As of December 31, 2010	2011	2012	As of September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	83,100	142,095	375,442	549,251
Current assets	229,510	456,481	617,593	862,296
Current liabilities	(269,658)	(474,635)	(692,650)	(905,068)
Net current liabilities	(40,148)	(18,154)	(75,057)	(42,772)
Total assets less current liabilities	42,952	123,941	300,385	506,479
Non-current liabilities	–	(2,277)	(2,063)	(71,896)
NET ASSETS	42,952	121,664	298,322	434,583
CAPITAL AND RESERVES				
Share capital	67	67	68	827
Reserves	42,885	121,597	298,254	433,756
TOTAL EQUITY	42,952	121,664	298,322	434,583
Financial Ratios				
Current ratio	0.9	1.0	0.9	1.0
Gearing ratio	391.7%	286.8%	139.1%	132.0%

Summary Consolidated Cash Flow Information

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash (used in)/generated from operating activities	(32,023)	(72,258)	71,246	42,334	66,718
Net cash used in investing activities	(38,206)	(41,572)	(166,085)	(66,072)	(165,360)
Net cash generated from financing activities	83,595	143,756	71,664	11,241	160,198
Net increase/(decrease) in cash and cash equivalents	13,366	29,926	(23,175)	(12,497)	61,556
Cash and cash equivalents at the beginning of the period/year	–	13,366	42,781	42,781	19,609
Effect of foreign exchange rate changes	–	(511)	3	105	(74)
Cash and cash equivalents at the end of the period/year	13,366	42,781	19,609	30,389	81,091

Net Current Liabilities and Working Capital Constraints

We are exposed to significant liquidity risk and require a high level of working capital to sustain our operations and maintain our growth. We had net current liabilities during the Track Record Period, primarily due to our financing of capital expenditures by short-term borrowings. As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had net current liabilities of approximately RMB40.1 million, RMB18.2 million, RMB75.1 million and RMB42.8 million, respectively, and in the period ended December 31, 2010 and the year ended December 31, 2011, we recorded negative operating cash flow of RMB32.0 million and RMB72.3 million, respectively. We experienced negative operating cash flow in the period ended December 31, 2010, primarily due to our purchases of raw materials to expand our business operation and an increase in inventories. In addition to our purchases of raw materials, we experienced negative operating cash flow in 2011 primarily due to an increase in trade and other receivables. Our net current liabilities and negative operating cash flow have imposed constraints on our purchases of scrap copper and contributed to the low utilization rates at our facilities during the Track Record Period.

Our working capital requirements are affected by a range of factors, including the size of our business, the cost of inputs, trade terms with debtors and creditors and other factors. Taking into account the financial resources available to us including cash on hand, cash generated from operations and the estimated net proceeds from the Global Offering, we believe we have sufficient working capital to meet our present working capital requirements. In assessing our working capital needs and the sufficiency of available working capital, we also considered the following:

- as disclosed in the section headed "Financial Information – Indebtedness" on page 294 of this prospectus, we breached covenants in several loan agreements during and after the Track Record Period. Our loan breaches were not the result of working capital requirements but rather inadvertent oversights by our employees, and the breaches have not adversely affected our access to loans. If we had been required by our lenders to comply with the breached covenants, we believe we would have had sufficient working capital to carry on our business by obtaining alternative financing by factoring bills receivable and drawing down banking facilities that had not been fully utilized;
- our trade debtors and bills receivable increased from RMB56.9 million as of December 31, 2010 to RMB226.6 million as of December 31, 2011 and to RMB329.3 million as of

December 31, 2012, primarily due to an increase in our sales. Our trade debtors and bills receivable decreased to RMB266.9 million as of September 30, 2013 mainly because we sell to a greater number of customers of smaller scale which have a tendency to pay earlier and we enhanced our credit risk control by shortening the grace period given to our customers. In addition, we have also increased our effort in bill collection. Our trade debtors and bills receivable turnover days increased during the period from 2010 to 2012 but decreased in the first nine months of 2013. For additional information, see the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Trade and other receivables" on pages 272 to 277 of this prospectus;

- we benefited from loans and advances from related parties during the Track Record Period. These loans and advances are discussed in the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Loans from and amounts due to related parties" on page 282 of this prospectus and "Financial Information – Indebtedness" on page 294 of this prospectus. These loans and advances were mainly used to fund our working capital, operating expenses and the acquisitions of Baohe Taiyue and Baohe Xinshiji. Following the completion of the Global Offering, we do not expect to rely on loans and advances from related parties for our working capital needs; and
- we benefited significantly from VAT refunds, and other government grants and subsidies, which accounted for 45.1% and 83.3% of our consolidated profit before taxation, respectively, in 2012 and the first nine months of 2013, as discussed in the section headed "Financial Information – Factors Affecting our Results of Operations and Financial Condition – VAT refunds and other government incentives" on page 233 of this prospectus.

Non-compliance

During the Track Record Period, we failed to comply with certain legal requirements applicable to us. For further details, see the section headed "Business – Compliance" on page 191 of this prospectus.

We also breached covenants in some of our bank loan agreements during the Track Record Period by failing to maintain the required inventory levels or using the funds received from pledged trade receivables other than for payment of the loans without first obtaining relevant bank's consent. Subsequently, we obtained unconditional waivers from the relevant banks in respect of the breaches under the outstanding loans. As of the Latest Practicable Date, none of our lenders had accelerated payment under any of our loans, demanded repayment as a result of the breaches or required us to rectify the breaches prior to repayment of the loans, and, therefore, we had not rectified our breaches of the bank loans. In addition, we had repaid all of the relevant loans as of the Latest Practicable Date. For further details, see the section headed "Financial Information – Indebtedness" on page 294 of this prospectus.

RECENT DEVELOPMENTS

Between October 1, 2013 and the Latest Practicable Date, we obtained new bank loans and other borrowings in an aggregate principal amount of RMB290.9 million. As of the Latest Practicable Date, the outstanding amount and the unutilized amount of our bank loans and other borrowings were RMB432.4 million and RMB20.0 million, respectively. We are not aware of any material changes in the regulatory environment or the general economic and market conditions in China or the industry in which we operate since September 30, 2013 and up to the Latest Practicable Date that have had a material adverse effect on our business operations or financial condition.

LISTING EXPENSES

The total listing expenses, which are non-recurring in nature, are expected to amount to approximately RMB42.6 million (excluding underwriting commissions). Of this amount, we expect to bear approximately RMB40.1 million and the Selling Shareholders to bear approximately RMB2.5 million. In the nine months ended September 30, 2013, we recognized approximately RMB19.8 million of such expenses. We estimate that we will recognize approximately RMB2.5 million of such expenses in the fourth quarter of 2013 and expect to recognize a further RMB7.8 million of such expenses in the first half of 2014. The balance of approximately RMB10.0 million is expected to be deducted from our share premium account in the first half of 2014.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2013

Our Directors estimate, on the bases set out in Appendix III to this prospectus, certain profit estimate data of the Company for the year ended December 31, 2013 as follows:

Consolidated profit attributable to equity holders of the Company	not less than RMB230.0 million
Unaudited pro forma estimated earnings per Share	not less than RMB0.11

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on our consolidated results for the nine months ended September 30, 2013 as set out in the Accountants' Report in Appendix I to this prospectus and our unaudited consolidated results for the three months ended December 31, 2013. In addition, our Directors estimate that the aggregate amount of our pre-tax income from VAT refunds and government grants and subsidies for the year ended December 31, 2013 will not be less than RMB270.0 million.

The calculation of the unaudited pro forma estimated earnings per Share is based on the unaudited estimated consolidated profit attributable to equity holders of the Company for the year ended December 31, 2013, assuming that the Global Offering had been completed on January 1, 2013 and a total of 2,098,321,600 Shares were in issue and outstanding during the year ended December 31, 2013. The calculation takes no account of any shares which may be issued upon exercise of the Over-allotment Option or pursuant to the Share Option Scheme.

The earnings per Share information as disclosed in the financial information section of the Accountants' Report set out in Appendix I to this prospectus only represented the historical earnings per Share based on the historical number of Shares of the Company before the Global Offering and the Capitalization Issue. **Investors are cautioned that the historical earnings per Share is not comparable to the unaudited pro forma estimated earnings per Share as presented above and elsewhere in this prospectus.**

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$1.00 per Share	**Based on an Offer Price of HK$1.20 per Share**
Market capitalization of our Company	HK$2,098,321,600	HK$2,517,985,920
Unaudited *pro forma* adjusted net tangible asset value per Share	HK$ 0.46	HK$ 0.51

The calculation of our market capitalization upon completion of the Global Offering is based on the assumption that 2,098,321,600 Shares will be in issue and outstanding immediately following the completion of the Global Offering. The unaudited pro forma adjusted net tangible asset value per Share is calculated after the adjustments referred to in the section entitled "Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets" in this prospectus and on the basis of a total of 2,098,321,600 Shares in issue immediately following the Global Offering.

DIVIDEND POLICY

We currently intend to retain most, if not all, of our available funds and future earnings to operate and expand our business and do not intend to distribute any dividend to our Shareholders in respect of the year ended December 31, 2013. In addition, the terms of certain of our outstanding loans prohibit the relevant subsidiaries from distributing any dividends in any form before full repayment of the relevant loans. As of the Latest Practicable Date, the outstanding amount of these loans was RMB49.5 million, of which RMB20.0 million is due for repayment on March 25, 2014, RMB8.7 million is due for repayment on April 28, 2014, RMB2.8 million is due for repayment on June 10, 2014 and RMB18.0 million is due for repayment on January 14, 2015. We may in the future enter into new loans with similar provisions. Future cash dividends on our Shares, if any, will be paid in Hong Kong dollars. Please see the section headed "Financial Information – Dividends and Dividend Policy" on page 316 of this prospectus for additional information.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds we expect from the Global Offering (after deduction of underwriting commissions and estimated expenses (excluding approximately RMB19.8 million of listing expenses which have been accounted for prior to September 30, 2013) to be borne by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$480.8 million, assuming an Offer price of HK$1.00 per Share or HK$582.2 million, assuming an Offer Price of HK$1.20 per Share.

Assuming an Offer Price of HK$1.10 per Offer Share, being the mid point of the stated Offer Price range of HK$1.00 to HK$1.20 per Offer Share, the net proceeds of the Global Offering which we will receive would be approximately HK$531.5 million, which we plan to use for the following purposes:

- approximately HK$166.6 million (or approximately 31.3% of the net proceeds) to fund a portion of our planned capital expenditure in relation to additions to property, plant and equipment, and research and development projects of Baohe Taiyue. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Future Facilities – Baohe Taiyue Facility" on page 144 of this prospectus;
- approximately HK$143.2 million (or approximately 26.9% of the net proceeds) to repay the bridge loan which we are in the process of obtaining for the purpose of repaying in full the loans from Gushan and amounts due to Gushan, Carling and Mr. Yu prior to Listing. The loans from Gushan bear interest rates ranging from 6.06% to 6.56% while the amounts due to Gushan, Carling and Mr. Yu are interest free. As of the Latest Practicable Date, the outstanding amount of the loans from Gushan was RMB79.5 million and the amounts due to Gushan, Carling and Mr. Yu were RMB12.3 million, RMB0.2 million and RMB20.6 million, respectively. Of the outstanding amount of the loans from Gushan, RMB29.7 million was incurred in 2010 and RMB49.8 million was incurred in 2011, both of which were used to fund our working capital. The amount due to Gushan represents the interest accrued on the loans from Gushan. The amount due to Carling was incurred in each of 2010, 2011, 2012 and 2013 and was used to fund operating expenses of our Hong Kong Office. The amount due to Mr. Yu was incurred in 2013 and was used to fund the listing expenses in preparation for the Global Offering. In the event that we are not able to obtain the bridge loan, the loans from Gushan and amounts due to Gushan, Carling and Mr. Yu will be waived in full prior to Listing and we intend to apply approximately HK$136.0 million (or approximately 25.6% of the net proceeds) to repay certain outstanding bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 9.00% which were incurred in or after June 2013 and are due before the end of the fourth quarter of 2014 and approximately HK$7.2 million (or approximately 1.4% of the net proceeds) for working capital;
- approximately HK$140.1 million (or approximately 26.4% of the net proceeds) to fund a portion of our planned capital expenditure in relation to additions to property, plant and equipment, and research and development projects of Baohe Xinshiji. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Future Facilities – Baohe Xinshiji Facility" on page 144 of this prospectus;
- approximately HK$36.0 million (or approximately 6.8% of the net proceeds) to repay certain outstanding bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 7.50% and were incurred in or after December 2012 and will be due before the end of the second quarter of 2014;
- approximately HK$21.4 million (or approximately 4.0% of the net proceeds) to fund a portion of our planned capital expenditure in relation to expansion of production capacity at Xiangbei. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Existing Facilities – Xiangbei Facility" on page 142 of this prospectus;
- approximately HK$17.6 million (or approximately 3.3% of the net proceeds) to fund a portion of our planned capital expenditure in relation to additions to property, plant and equipment at Tongxin. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Existing Facilities – Tongxin Facility" on page 142 of this prospectus; and
- approximately HK$6.6 million (or approximately 1.3% of the net proceeds) to repay the loan from Silver Harvest and the amount due to Silver Harvest, all of which are either repayable on demand or within one year. The loan from Silver Harvest bears an interest rate of 6.06% while the amount due to Silver Harvest is interest free. As of the Latest Practicable Date, the outstanding amount of the loan from Silver Harvest was RMB5.4 million, and the amount due to Silver Harvest was RMB0.2 million. The loan from Silver Harvest was incurred in 2011 and was used to fund our working capital. The amount due to Silver Harvest represents the interest accrued on the loan from Silver Harvest. For additional information, see the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Loans from and amounts due to related parties" on page 282 of this prospectus.

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering. The Selling Shareholders estimate that they will receive, in aggregate, net proceeds from the Global Offering of approximately HK$96.0 million after deducting the estimated underwriting commissions and expenses payable by them in the Global Offering and assuming an Offer Price of HK$1.10 per Share.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$480.8 million. Under such circumstances, the net proceeds allocated to the above uses will be adjusted on a pro rata basis except for the amount used to repay the bridge loan if we are able to obtain such loan (or the amount used to repay certain outstanding bank loans and for working capital if we are not able to obtain such loan), and the loan and the amount due to Silver Harvest. In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK$98.5 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK$1.10 per Offer Share, being the mid point of the proposed Offer Price range. We intend to apply the additional net proceeds to the above uses on a pro rata basis other than for the repayment of the bridge loan if we are able to obtain such loan (or for the repayment of certain outstanding bank loans and for working capital if we are not able to obtain such loan), and the loan and the amount due to Silver Harvest. In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$582.2 million. Under such circumstances, the additional net proceeds of approximately HK$50.7 million will be used to repay certain bank loans, all of which are working capital loans with interest rates ranging from 7.20% to 9.00% which were incurred in or after December 2012 and are due before the third quarter of 2014. In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$689.6 million. The additional net proceeds of approximately HK$158.1 million (when compared to the net proceeds to our Company with the Offer Price being determined at the mid point of the proposed Offer Price range and assuming the Over-allotment Option is not exercised) of which HK$141.0 million will be used to repay certain bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 9.23% which were incurred in or after December 2012 and are due before the first quarter of 2015 and HK$17.1 million will be used for working capital. In the event that the Offer Price is set at the high end of the proposed Offer Price range, the Over-allotment Option is exercised in full and that we are not able to obtain the bridge loan, the additional net proceeds and the amount of waived loans will amount to an aggregate amount of approximately HK$301.3 million. Of this, we intend to apply approximately HK$276.0 million to repay certain bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 12.00% which were incurred after December 31, 2012 and are due before the third quarter of 2015 and approximately HK$25.3 million for working capital. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments. The Selling Shareholders will not receive any of the proceeds from the exercise of the Over-allotment Option.

RISK FACTORS

Investing in our Shares involves substantial risk. To better understand these risks, you are urged to read this prospectus in its entirety, including the section headed "Risk Factors" on page 32 of this prospectus, before deciding to invest in our Shares. Some of the key risks we face include the following:

- Any change in the preferential tax policies or government grants and subsidies we enjoy in China may significantly impact our financial condition and results of operations;
- Our operations are materially affected by the cost and availability of raw materials;
- If the unit costs of our raw materials increase and the selling price of our products does not similarly increase or if the selling price of our products decreases and the unit cost of our raw materials does not similarly decrease, our margins will decrease and our results of operations will be harmed;
- We may not successfully integrate our newly acquired businesses or achieve expected profitability from our acquisitions;
- We may not be able to effectively manage our current expansion, the failure of which could materially and adversely affect our business, results of operations and financial condition; and
- We had net current liabilities as of December 31, 2010, 2011 and 2012 and September 30, 2013, and require a high level of working capital to sustain our operations, expansion and overall growth.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"**2013 9M**"	the nine months ended September 30, 2013
"**affiliate**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**Alpha Business**"	Alpha Business Investments Limited, an investment holding company incorporated in Hong Kong with limited liability on October 14, 2011 and an indirect wholly-owned subsidiary of our Company
"**Alpha Legend**"	Alpha Legend Holdings Limited, an investment holding company incorporated in Hong Kong with limited liability on June 21, 2011 and an indirect wholly-owned subsidiary of our Company
"**Alpha Universe**"	Alpha Universe Group Limited, an investment holding company incorporated in Hong Kong with limited liability on November 1, 2012 and an indirect wholly-owned subsidiary of our Company
"**Anhui Xingang Luliao**"	Anhui Xingang Luliao Company Limited (安徽鑫港爐料股份有限公司), a company incorporated in the PRC
"**Anhui Xingang Zaisheng**"	Anhui Xingang Zaisheng Company Limited (安徽鑫港再生股份有限公司), a company incorporated in the PRC
"**Application Form(s)**"	**WHITE** Application Form(s), **YELLOW** Application Form(s) or **GREEN** Application Form(s), individually or collectively, as the context so requires, any of them, which is used in relation to the Hong Kong Public Offering
"**Articles**" or "**Articles of Association**"	the articles of association of our Company conditionally adopted on January 28, 2014, with effect from Listing, as amended from time to time
"**Baohe Development**"	Shanghai Baohe Properties Development Co., Ltd. (上海保和置業發展有限公司), a limited liability company established under the laws of the PRC on January 17, 2003 and an Independent Third Party

"**Baohe Fushan**"	Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. (四川省保和富山再生資源開發有限公司), a limited liability company established under the laws of the PRC on April 15, 2011. For details of the shareholders of Baohe Fushan, please refer to the section headed "History, Reorganization and Corporate Structure" in this prospectus
"**Baohe Jiahao**"	Mianyang Baohe Jiahao Waste and Used Material Recycling Co., Ltd. (綿陽保和佳浩廢舊物資回收有限公司), a company incorporated in the PRC and an Independent Third Party
"**Baohe Taiyue**"	Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) (previously known as Mianyang Taiyue Communications Cable Co., Ltd. (綿陽泰越通信線纜有限公司)), a limited liability company established under the laws of the PRC on August 13, 2012 and an indirect wholly-owned subsidiary of our Company
"**Baohe Taiyue Acquisition**"	our acquisition of 80% and 20% of the equity interests in Baohe Taiyue in December 2012 from Guangzhou Taiyue and Baohe Fushan, respectively, as referred to in the section headed "History, Reorganization and Corporate Structure"
"**Baohe Xinshiji**"	Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司), a limited liability company established under the laws of the PRC on September 19, 2012 and an indirect wholly-owned subsidiary of our Company
"**Baohe Xinshiji Acquisition**"	our acquisition of 80% and 20% of the equity interests in Baohe Xinshiji in December 2012 from Sichuan Xinshiji and Baohe Fushan, respectively, as referred to in the section headed "History, Reorganization and Corporate Structure"
"**Board**"	the Board of directors of our Company
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"**BVI**"	the British Virgin Islands
"**Capitalization Issue**"	the issue of 1,562,082,000 Shares to be made upon the capitalization of part of the sum standing to the credit of the share premium account of our Company referred to in "Statutory and General Information"
"**Carling**"	Carling Technology Limited, an investment holding company incorporated in the BVI with limited liability on January 5, 2005 and wholly-owned by Mr. Yu

"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**CCASS Clearing Participant**"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"**CCASS Custodian Participant**"	a person admitted to participate in CCASS as a custodian participant
"**CCASS Investor Participant**"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"**CCASS Participant**"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"**Chen & Co.**"	Chen & Co Law Firm, legal advisors to the Company as to PRC law
"**China**" or "**PRC**"	the People's Republic of China, except where the context requires otherwise excluding Hong Kong, Macau and Taiwan
"**circular economy**"	a PRC government term that refers to recycling and re-use of raw materials
"**CIS**"	Commonwealth of Independent States
"**CIT**"	Corporate income tax
"**CNIA**"	China Nonferrous Metals Industry Association
"**Companies Law**"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and amended from time to time) of the Cayman Islands
"**Companies Ordinance**"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Company**", "**our Company**", "**the Company**"	China Metal Resources Utilization Limited (中國金屬資源利用有限公司), an exempted company incorporated in the Cayman Islands under the Companies Law with limited liability on February 22, 2013
"**Controlling Shareholders**"	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means Mr. Yu Jianqiu and Epoch Keen. See "Relationship with Controlling Shareholders"

"**Corporate Reorganization**"	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus
"**CRU**"	CRU International Limited
"**Deed of Termination**"	the deed of termination entered into on August 23, 2013 to terminate the Engen Option Agreement in consideration of the entry of the Yu Share Option Agreement
"**Director(s)**"	the director(s) of our Company
"**Eligible Persons**"	have the meaning as defined in the Share Option Scheme, details of which are set out in "Statutory and General Information – E. Other Information – 2. Share Option Scheme" in Appendix VI to this prospectus
"**Engen**"	Engen Investments Limited, an investment holding company incorporated in the BVI with limited liability on August 6, 2010 and a wholly-owned subsidiary of our Company
"**Engen Option Agreement**"	the share option agreement dated October 31, 2011 entered into between Mr. Yu, Gushan and Engen, as detailed in the paragraph headed "Statutory and General Information – E. Other Information – 1. Yu Share Option Agreement" in Appendix VI to this prospectus
"**Epoch Keen**"	Epoch Keen Limited, an investment holding company incorporated in the BVI with limited liability on January 18, 2013 and the immediate holding company of our Company and wholly-owned by Mr. Yu
"**First Harvest**"	First Harvest Global Limited, an investment holding company incorporated in the BVI with limited liability on January 8, 2013, a shareholder of our Company and wholly-owned by Mr. Chen Gonghao
"**GAAP**"	generally accepted accounting principles
"**Global Offering**"	the Hong Kong Public Offering and the International Placing

"**Gold Hero**"	Gold Hero Holdings Limited, an investment holding company incorporated in the BVI with limited liability on September 7, 2010, an Independent Third Party. For details of the historical shareholding of Gold Hero in Engen, please refer to the section headed "History, Reorganization and Corporate Structure" in this prospectus
"**Gold Wide**"	Gold Wide Enterprises Limited, an investment holding company incorporated in the BVI with limited liability on June 9, 2011, a shareholder of our Company and wholly-owned by Mr. Huang Weiping
"**Green Application Form(s)**"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"**Group**", "**our Group**", "**the Group**", "**we**", "**us**", or "**our**"	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) their predecessors
"**Guangzhou Taiyue**"	Guangzhou Taiyue Communications Cable Co., Ltd. (廣州市泰越通信線纜有限公司), a limited liability company established under the laws of the PRC on November 12, 2007 and 40% owned by Mr. Fan Dunxian, a director of Baohe Taiyue, a connected person of our Company
"**Gushan**"	Gushan Environmental Energy Limited, a company incorporated in the Cayman Islands under the Companies Law with limited liability on May 16, 2006 whose American depositary shares were listed on the New York Stock Exchange from December 19, 2007 to October 17, 2012 and an indirect wholly-owned company of Mr. Yu Jianqiu
"**Gushan Group**"	Gushan and its subsidiaries from time to time
"**HKFRSs**"	Hong Kong Financial Reporting Standards
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"**Hong Kong**" or "**HK**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**Hong Kong dollars**" or "**HK dollars**" or "**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**Hong Kong Offer Shares**"	the 61,848,000 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to adjustment and reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"**Hong Kong Public Offering**"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"**Hong Kong Securities and Futures Ordinance**" or "**SFO**"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Hong Kong Share Registrar**"	Computershare Hong Kong Investor Services Limited
"**Hong Kong Takeovers Code**" or "**Takeovers Code**" or "**Code**"	The Codes on Takeovers and Mergers and Share Repurchases issued by the SFC, as amended, supplemented or otherwise modified from time to time
"**Hong Kong Underwriters**"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Underwriters – Hong Kong Underwriters" in this prospectus
"**Hong Kong Underwriting Agreement**"	the underwriting agreement, dated February 10, 2014, relating to the Hong Kong Public Offering, entered into among, inter alia, the Sole Global Coordinator, the Hong Kong Underwriters and our Company, as further described in the section headed "Underwriting – Underwriting Arrangements And Expenses – Hong Kong Public Offering" in this prospectus
"**IFRS**"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"**Independent Third Party(ies)**"	persons or companies which are not connected persons of our Group or any of their associates under the Listing Rules

"**International Placing**"	the conditional placing of the International Placing Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the section headed "Structure of the Global Offering" in this prospectus
"**International Placing Shares**"	the 463,153,600 new Shares and 93,458,400 Sale Shares being initially offered by us and the Selling Shareholders, respectively for subscription and purchased under the International Placing together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment and reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"**International Underwriters**"	the underwriters of the International Placing
"**International Underwriting Agreement**"	the international underwriting agreement relating to the International Placing and expected to be entered into by, among others, our Company, the Selling Shareholders, the Sole Global Coordinator and the International Underwriters on or about February 14, 2014, as further described in the section headed "Underwriting – Underwriting Arrangements And Expenses – International Placing" in this prospectus
"**Jinxin**"	Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司), a limited liability company established under the laws of the PRC on February 3, 2009 and an indirect wholly-owned subsidiary of our Company
"**Latest Practicable Date**"	February 2, 2014, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"**Listing**"	the listing of the Shares on the Main Board
"**Listing Committee**"	the Listing Committee of the Stock Exchange
"**Listing Date**"	the date, expected to be on or about February 21, 2014, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"**Listing Rules**"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

"**Main Board**"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"**Memorandum**" or "**Memorandum of Association**"	the memorandum of association of our Company adopted on January 28, 2014, as amended from time to time
"**MOFCOM**"	Ministry of Commerce of the PRC
"**Mr. Yu**"	Mr. Yu Jianqiu, our chairman, chief executive officer and executive Director
"**Ocean Through**"	Ocean Through Limited, an investment holding company incorporated in the BVI with limited liability on January 15, 2013, a shareholder of our Company which is owned by Mr. Long Chongzhi and Mr. Chen Hai
"**Offer Price**"	the final price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Placing Shares are to be offered pursuant to the International Placing, to be determined as described in the section headed "Structure of the Global Offering – Pricing And Allocation" in this prospectus
"**Offer Share(s)**"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
"**Option(s)**"	the option to subscribe for Shares issued in accordance with the terms set out in the Share Option Scheme to any Eligible Persons as defined in the Share Option Scheme, as detailed in "Statutory and General Information – E. Other Information – 2. Share Option Scheme" in Appendix VI to this prospectus
"**Original Project Investment Agreements**"	the project investment agreements that Tongxin, Baohe Taiyue and Baohe Xinshiji, respectively, entered into with Baohe Fushan in January, September and September 2012, respectively, with respect to our facilities in the Youxian Industrial Park

"**Original Shareholder(s) of Jinxin**"	Mr. Chen Lian and Mr. Liu Hanjiu
"**Original Shareholder(s) of Xiangbei**"	Mr. Huang Weiping and Mr. Zhang Huayi
"**Our cable products**"	communication cable products and power transmission and distribution cable products
"**Over-allotment Option**"	the option expected to be granted by our Company to the Sole Global Coordinator for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 92,760,000 additional new Shares (representing in aggregate approximately 15% of the initial Offer Shares) to, among other things, cover over-allocations in the International Placing, if any, details of which are described in the section headed "Structure of the Global Offering – Over-Allocation And Stabilization" in this prospectus
"**PBOC**"	The People's Bank of China
"**period ended December 31, 2010**"	period from August 6, 2010 (date of inception of Engen) to December 31, 2010
"**Praise Get**"	Praise Get Limited, an investment holding company incorporated in the BVI with limited liability on January 7, 2013, a shareholder of our Company which is owned by Mr. Zhang Tiansheng and Mr. Fan Dunxian
"**Price Determination Agreement**"	the agreement to be entered into between our Company (on behalf of ourselves and the Selling Shareholders) and the Sole Global Coordinator, acting on behalf of the Underwriters, on the Price Determination Date to record and fix the Offer Price
"**Price Determination Date**"	the date, expected to be February 14, 2014, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than February 18, 2014
"**Project Investment Agreements**"	the Original Project Investment Agreements as amended and supplemented by the Supplemental Project Investment Agreements
"**prospectus**"	this prospectus
"**Regulation S**"	Regulation S under the U.S. Securities Act

"**RMB**" or "**Renminbi**"	Renminbi yuan, the lawful currency of China
"**SAFE**"	State Administration of Foreign Exchange of the PRC
"**Sale Shares**"	the 93,458,400 Offer Shares initially being offered by the Selling Shareholders at the Offer Price in the International Placing
"**Selling Shareholders**"	Wit Great and Praise Get, our existing Shareholders who are expected to offer to sell Shares in the International Placing, as detailed in the section headed "Statutory and General Information – D. Particulars of the Selling Shareholders" in Appendix VI of this prospectus
"**SFC**"	The Securities and Futures Commission of Hong Kong
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Shareholders' equity**"	Shares, retained earnings and accumulated other comprehensive income
"**Share(s)**"	ordinary share(s) in the share capital of our Company with a par value of HK$0.10 each
"**Share Option Scheme**"	the share option scheme conditionally approved and adopted by our Company on January 28, 2014, the principal terms of which are set out in the paragraph headed "Statutory and General Information – E. Other information – 2. Share Option Scheme" in Appendix VI to this prospectus
"**Sichuan Xinshiji**"	Sichuan Xinshiji Cable Co., Ltd. (四川新世紀線纜有限公司), a limited liability company established under the laws of the PRC on December 8, 2000, which is 19.5% owned by and under de facto control of Mr. Chen Hai, a director of Baohe Xinshiji, a connected person of our Company
"**Silver Harvest**"	Silver Harvest Holdings Limited, an investment holding company incorporated in the BVI with limited liability on September 7, 2010, a shareholder of our Company and wholly-owned by Mr. Liu Hanjiu
"**Silvery Boom**"	Silvery Boom Limited, an investment holding company incorporated in the BVI with limited liability on May 9, 2011, a shareholder of our Company and wholly-owned by Mr. Zhang Huayi

"**Sole Bookrunner**", "**Sole Global Coordinator**" and "**Sole Sponsor**"	BNP Paribas Securities (Asia) Limited
"**Stabilization Manager**"	BNP Paribas Securities (Asia) Limited
"**Stock Borrowing Agreement**"	the stock borrowing agreement expected to be entered into between the Stabilization Manager and Epoch Keen on the Price Determination Date
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**subsidiary(ies)**"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"**Supplemental Project Investment Agreements**"	supplemental project investment agreements that Tongxin, Baohe Taiyue and Baohe Xinshiji entered into with Baohe Fushan in August 2013, with respect to our facilities in the Youxian Industrial Park, to which the Sichuan Province Mianyang City Youxian District People's Government (四川省綿陽市游仙區人民政府) was a witness
"**Taiyue Asset Transfer Agreement**"	the asset transfer agreement dated September 24, 2012 between Guangzhou Taiyue and Baohe Taiyue
"**Taiyue Master Production Agreement**"	the master production agreement entered into on February 6, 2014 between us and Guangzhou Taiyue in connection with the provision of production and processing services of communication cable products by Guangzhou Taiyue
"**Taiyue Master Sale Agreement**"	the master sale agreement entered into on February 6, 2014 between us and Guangzhou Taiyue in connection with the sale of copper products by us to Guangzhou Taiyue
"**Tongxin**"	Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司), a limited liability company established under the laws of the PRC on June 1, 2011 and an indirect wholly-owned subsidiary of our Company
"**Track Record Period**"	the period ended December 31, 2010, the two financial years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013

"**Trillion Energy**"	Trillion Energy Holdings Limited, an investment holding company incorporated in the BVI with limited liability on April 2, 2012 wholly-owned by Mr. Yu
"**True Excel**"	True Excel Holdings Limited, an investment holding company incorporated in Hong Kong with limited liability on August 12, 2010 and an indirect wholly-owned subsidiary of our Company
"**Underwriters**"	the Hong Kong Underwriters and the International Underwriters
"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"**United States**" or "**US**"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**US dollars**" or "**US$**"	United States dollars, the lawful currency of the United States
"**US SEC**"	Securities and Exchange Commission of the United States
"**U.S. Securities Act**"	United States Securities Act of 1933, as amended
"**VAT**"	Value-added tax
"**White Form eIPO**"	the application for Public Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.eipo.com.hk**
"**White Form eIPO Service Provider**"	Computershare Hong Kong Investor Services Limited
"**Wit Great**"	Wit Great Limited, an investment holding company incorporated in the BVI with limited liability on January 16, 2013, a shareholder of our Company and wholly-owned by Mr. Wang Huailin
"**Xiangbei**"	Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司), a limited liability company established under the laws of the PRC on January 18, 2011 and an indirect wholly-owned subsidiary of our Company

"**Xiangbei (Engen) Earn-out**"	an earn-out arrangement set out in the share purchase agreement between Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide, and Silvery Boom dated July 27, 2011 in relation to the issue of Engen shares, the details of which are set out in the section headed "History, Reorganization and Corporate Structure"
"**Xiangbei (Gushan) Earn-out**"	an earn-out arrangement set out in the share purchase agreement between Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide, and Silvery Boom dated July 27, 2011 in relation to the issue of Gushan shares, the details of which are set out in the section headed "History, Reorganization and Corporate Structure"
"**Xijiulong**"	Sichuan Xijiulong Investment Co., Ltd. (四川省西九龍投資有限公司), a limited liability company established under the laws of the PRC on March 26, 2009
"**Xinshiji Asset Transfer Agreement**"	the asset transfer agreement dated September 21, 2012 between Sichuan Xinshiji and Baohe Xinshiji
"**Xinshiji Master Production Agreement**"	the master production agreement entered into on February 6, 2014 between us and Sichuan Xinshiji in connection with the provision of production and processing services of power transmission and distribution cable products by Sichuan Xinshiji
"**Xinshiji Master Purchase Agreement**"	the master purchase agreement entered into on February 6, 2014 between us and Sichuan Xinshiji in connection with the purchase of certain cable products by us from Sichuan Xinshiji
"**Xinshiji Master Sale Agreement**"	the master sale agreement entered into on February 6, 2014 between us and Sichuan Xinshiji in connection with the sale of copper products by us to Sichuan Xinshiji
"**Youxian Industrial Park**"	the industrial park within the Youxian Economic Development Zone (游仙經濟開發區), Mianyang, Sichuan Province and at which our Tongxin production facility is, and our planned Baohe Taiyue and Baohe Xinshiji production facilities are to be, located
"**Yu Option(s)**"	the share options granted by the Company to Mr. Yu pursuant to the Yu Share Option Agreement

"**Yu Share Option Agreement**"	the Yu share option agreement entered into between Mr. Yu and our Company on August 23, 2013, the principal terms of which are set out in the paragraph headed "Statutory and General Information – E. Other information – 1. Yu Share Option Agreement" in Appendix VI to this prospectus
"**%**"	percent

Unless otherwise specified, statements contained in this prospectus assume no exercise of the Over-allotment Option. See the section headed "Underwriting" in this prospectus.

The terms "associate", "connected person", "connected transaction", and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as of the date of this prospectus.

This glossary contains definitions of certain technical terms used in this prospectus in connection with our business. These terms and their given meanings may not correspond to industry standard definitions or usage of these terms.

"**annealing**"	a heat treatment process to boost plasticity, eliminate hardness and preserve the optimum electrical characteristics and metallic performance of the copper
"**armor**"	a layer of galvanized steel wires or tape that is wrapped around a cable to provide a high level of protection against mechanical damage
"**cable**"	a tube wrapped in insulating material and sheath containing wires that carry electricity and electronic signals
"**cabling**"	a process whereby several insulated cores or other materials are wrapped together to form a cabled assembly
"**CAT 3**"	category 3 twisted-pair cables
"**CAT 5E**"	enhanced category 5 twisted-pair cables
"**CAT 6**"	category 6 twisted-pair cables
"**CAT 7**"	category 7 twisted-pair cables
"**continuous casting**"	an uninterrupted process whereby molten metal is solidified into a "semifinished" billet, bloom, or slab for subsequent rolling
"**core**"	the portion of an insulated cable lying under the protective covering or coverings
"**downward casting**"	casting which is directed downwards
"**drawing**"	a procedure that involves pulling the metal wires through a die or series of dies to reduce the size of the wire diameter
"**extruding**"	the process of continuously forcing an insulating material and a conductor or core through an extrusion machine or die, thereby applying an insulation to the conductor or core

"**fire resistant**"	the ability of cables to continue to function at temperatures of up to 750 degrees Celsius and for a period of up to 90 minutes while under the influence of fire. The fire-resistant cable maintains circuit integrity even when burnt. Cables with enhanced fire-resistant attribute have the ability to continue to function at temperatures of 1,000 degrees Celsius and for a period of up to 180 minutes. Such cables are mainly used in petrochemicals and metallurgy industries, as well as in high-rise buildings
"**flame retardant**"	the ability of cables to retard or slow the progress of fire and flame along the cable. This is achieved by the use of materials that do not readily burn and tend to self-extinguish. Cables with such an attribute are mainly used in communications, railway, real estate, petrochemicals and metallurgy industries
"**GFA**"	gross floor area
"**induction furnace**"	an electrical furnace in which the heat is applied by induction heating of metal
"**ISO**"	acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-governmental organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
"**ISO 9001**"	ISO standards for quality management which are primarily concerned with what an organization does to ensure that its products conform to customer and applicable regulatory requirements and which set out requirements for a product quality management system
"**kV**"	kilovolt
"**kVA**"	kilovolt-ampere
"**LSZH**"	low smoke zero halogen, a description of a cable jacket material that is non-halogenated and flame retardant
"**metric ton**" or "**T**"	1,000 kilograms
"**Model Urban Mining Center**"	Model Urban Mining Center (城市礦產示範基地)
"**OEM**"	abbreviation of "original equipment manufacturer", which refers to a manufacturer that supplies a product to its customers, who sell them in their own brands

"**PE**"	polyethylene
"**PVC**"	polyvinyl chloride
"**semi-continuous casting**"	a process which casting is interrupted to allow the product to be removed from the casting pit
"**semis**"	semi-products
"**shaft furnace**"	a furnace of upright form that is charged at the top and tapped at the bottom
"**sheath**"	a layer of material, usually being plastic or rubber, applied to a cable that protects the insulation from mechanical damage
"**sq.m.**"	square meter(s)
"**stranding**"	small wires are twisted together to produce a larger conductor size
"**upward casting**"	casting which is directed upwards
"**USB**"	abbreviation of "Universal Serial Bus", an industry standard that defines the cables, connectors and communications protocols used in a bus for connection, communication and power supply between computers and electronic devices
"**UTP**"	unshielded twisted pair

Certain statements in this prospectus are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will" "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business and operating strategies and our ability to implement such strategies;
- our capital expenditure programs and future capital requirements;
- our ability to develop and manage our production;
- our production capabilities;
- supply and cost of raw materials for our copper products;
- our operations and production costs;
- our relationship with, and other conditions affecting, our customers;
- continuing availability of VAT refunds and government grants and subsidies;
- market demand for, and prices of, copper products;
- our environmental considerations and the cost of compliance with environmental legislation;
- our business prospects;
- future developments, trends and conditions in the markets in which we operate;
- competition for, among other things, capital and skilled personnel;
- risks arising from future acquisition and/or disposal activities;

- industry trends, including the direction of prices and expected levels of supply and demand;
- capital market developments;
- changes to regulatory or operating conditions in the markets in which we operate;
- our dividend policy;
- the actions and developments of our competitors;
- risks inherent to our production;
- changes in political, economic, legal and social conditions in China, including the government's specific policies with respects to the copper industry, economic growth, inflation, foreign exchanges and the availability of credit;
- natural disasters or other catastrophic events; and
- all other risks and uncertainties described in the section in this prospectus under the heading "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to this cautionary statement.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares. You should pay particular attention to the fact that we conduct substantially all of our operations in the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. Our business, financial condition and results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you could lose all or part of your investment. For additional information concerning the PRC and certain related matters discussed below, see the section headed "Regulatory Overview" in this prospectus.

RISKS RELATING TO OUR BUSINESS

Any change in the preferential tax policies or government grants and subsidies we enjoy in China may significantly impact our financial condition and results of operations

VAT refunds under the PRC policies of Comprehensive Utilization of Resources and the Social Welfare Enterprises Policy and government grants and subsidies account for a significant portion of our profit. For the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our pre-tax income from VAT refunds amounted to RMB0.8 million, RMB7.9 million, RMB48.6 million and RMB100.2 million, respectively. This represented 6.3%, 11.8%, 39.6% and 61.6% of our consolidated profit before taxation, respectively, for those periods. During the same periods, our pre-tax income from government grants and subsidies amounted to RMB1.5 million, RMB20.5 million, RMB6.8 million and RMB35.3 million, respectively. This represented 12.2%, 30.6%, 5.6% and 21.7% of our consolidated profit before taxation, respectively, for those periods. For the nine months ended September 30, 2013, the amount of our after-tax income from VAT refunds and after-tax income from government grants and subsidies was equal to 71.1% and 24.5%, respectively, of the profit of our recycled copper products segment.

The following table shows the pre-tax income from VAT refunds under the PRC policies of Comprehensive Utilization of Resources recognized by Tongxin and Xiangbei in 2012 and the first nine months of 2013:

	Year ended December 31, 2012 *(RMB in millions)*	**Nine months ended September 30, 2013** *(RMB in millions)*
Tongxin(1)(3)	13.7	57.6
Xiangbei(2)(3)	26.3	32.3
Total	**40.0**	**89.9**

Notes:

(1) Tongxin was approved in December 2012 by the local State Administration of Taxation for a refund of 50% of the VAT paid by it for the period from October 2012 to October 2014.

(2) Xiangbei was approved in September 2012 by the local State Administration of Taxation for a refund of 50% of the VAT paid by it since August 2011.

(3) Jinxin was approved in November 2013 by the local State Administration of Taxation for a refund of 50% of the VAT paid by it since September 2013.

Under the relevant rules, enterprises that produce copper using specified scrap materials as raw materials, such as scrap dynamos and scrap cars, and that satisfy other criteria are entitled to a refund of 50% of VAT paid. Our VAT refunds increased significantly in the first nine months of 2013 because of the growth of our recycled copper product business and VAT refunds to Tongxin, which has been entitled to VAT refunds since October 2012. We have been sourcing most of our scrap copper from vendors who do not provide VAT invoices, which results in higher VAT paid by us and thus, under the PRC policies of Comprehensive Utilization of Resources, greater VAT refunds to us. There is no assurance that we will continue to enjoy VAT refunds in the future or that Tongxin will be able to renew its approval when it expires in October 2014. For additional information, see the section headed "Regulatory Overview – Value-Added Tax" in this prospectus.

In addition, under the relevant rules, a social welfare enterprise whose monthly average number of disabled staff accounts for 25% or more of its monthly average number of total production staff and who has satisfied certain other criteria can obtain a refund for VAT paid, or a reduction of business tax for VAT taxable products or products subject to business tax after review by the taxation authority, and can deduct the actual wages paid to disabled staff from taxable income. For additional information, see the sections headed "Regulatory Overview – Labor Regulation", "Regulatory Overview – Corporate Income Tax" and "Regulatory Overview – Value-Added Tax" in this prospectus.

During the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, Jinxin enjoyed VAT refunds of RMB0.8 million, RMB7.9 million, RMB8.6 million and RMB10.3 million, respectively. Jinxin, as a qualified social welfare enterprise that employs disabled staff, has been entitled to VAT refunds and preferential corporate income tax treatment since January 2010. The Certificate of Social Welfare Enterprise issued to Jinxin remains valid until the end of 2015. Under the relevant rules, Jinxin is eligible to apply for the renewal of such benefits subject to fulfilling certain requirements, including requirements with respect to the percentage of its disabled staff and the provision of appropriate working conditions and protections. Nevertheless, there is no assurance that Jinxin will continue to meet the relevant criteria for enjoying such favorable tax policy in the future or be able to successfully renew its Certificate of Social Welfare Enterprise when it expires.

Furthermore, two of our subsidiaries, Jinxin and Tongxin, were approved in May 2013 to enjoy a preferential corporate income tax rate of 15% under the preferential policy for promoting the development of Western China, applicable retrospectively to periods beginning on January 1, 2012.

If any of the preferential government or tax policies is revised to our disadvantage or canceled, our business, results of operations and financial condition could be materially and adversely affected. For additional information, see the sections headed "Regulatory Overview – Corporate Income Tax", "Regulatory Overview – Value-Added Tax", "Financial Information – Factors Affecting our Results Operations and Financial Condition – VAT refunds and other government incentives" and note 4(a) in the Accountants' Report set out in Appendix I in this prospectus.

During the nine months ended September 30, 2013, we received advances from the local governments in the amount of RMB50.0 million, consisting of advances in the amount of RMB33.0 million received by Tongxin from Mianyang City Youxian District Financial Bureau (綿陽市游仙區財政局) and advances in the amount of RMB17.0 million received by Xiangbei from Miluo Industrial Park District Financial Bureau (汨羅市工業園區財政局). The advance received by Tongxin is unsecured, interest-free and an amount of RMB17.0 million was used to offset the financial subsidies granted by the local government to Tongxin in September 2013 and the remaining balance will be used to offset the financial subsidies to be granted by the local government. The advance received by Xiangbei is unsecured, interest-free and repayable once Xiangbei receives the VAT refunds and in any event no later than the end of 2013. There is no assurance that we will continue to receive support from the local governments. If we are required to repay the advances from the local governments, our business operation, results of operations and financial condition will be materially and adversely affected.

In addition, we cannot assure you that any local government grants, subsidies or other preferential tax treatments we are able to obtain, such as the subsidies we may be entitled to receive under the Project Investment Agreements, will not be considered inconsistent with relevant regulations, and as a result, we may not be granted such grants, subsidies or preferential treatments. For further information on the terms of the Project Investment Agreements, please refer to the section headed "Business – Our Products and Business Activities – Project Investment Agreements and Management Consultancy Agreements" in this prospectus.

Our operations are materially affected by the cost and availability of raw materials

The cost of scrap copper and copper wirerods, the most significant raw materials we use for our recycled copper products and cable products has been and will continue to be subject to considerable volatility caused by supply and demand conditions and political and economic variables as well as other unknown and unpredictable variables. The prices of scrap copper and copper wirerods have fluctuated significantly since 2009. During the Track Record Period, our average monthly purchase prices of scrap copper and electrolytic copper (net of value-added tax) ranged from approximately RMB38,050 to RMB60,040 per metric ton and our average monthly selling prices of our recycled copper products (net of value-added tax) ranged from approximately RMB44,340 to RMB61,921 per metric ton. For additional information, see the section headed "Business – Our Products and Business Activities – Pricing Policy, Terms of Sale and Credit Policy" in this prospectus. As we generally pay prevailing market prices for scrap copper and copper wirerods at the time of purchase, an increase in scrap copper prices or copper wirerod prices increases our working capital requirements as well as our financing needs. Financing may not be available on favorable terms, or at all. Moreover, an increase in scrap copper prices or copper wirerod prices will cause an increase in the prices of our products and may therefore increase our customers' working capital requirements, which could result in delays in payments by our customers and increases in our trade receivables and bills receivables. Further, although we try to pass on increases in the cost of scrap copper and copper wirerods to our customers, competitive or other conditions in the market may prevent us from doing so.

We experienced fluctuations of scrap copper supplies during the Track Record Period and used a mix of scrap copper and electrolytic copper in our production, which from time to time increased our costs of sale as the costs of electrolytic copper are typically higher than scrap copper. In the event we are unable to obtain a sufficient quantity of raw materials at reasonable prices, or to pass on higher raw material costs to our customers, our business, financial condition and results of operations could be materially and adversely affected.

In addition, although we did not recognize any impairment loss during the Track Record Period, we may be required, when prices fall, to mark our inventory to market value at the end of period, which we would record as an expense, and which could negatively impact our profit margin and financial results. Although we attempt to recover copper and other raw material price changes either in the selling price of our products or through hedging, there is no assurance that we can do so successfully. If markets move against our hedged positions, we may incur other losses and our business, financial condition and results of operations could be materially and adversely affected.

Furthermore, we have only one production line in our Jinxin facility that has the ability to produce copper products from electrolytic copper. This production line is only used when scrap copper supply is not sufficient or the price of electrolytic copper is lower than that of scrap copper. If the prices of electrolytic copper fall sharply below the prices of scrap copper, it may be more economical to produce recycled copper products from electrolytic copper. In that event, given our limited production capacity to produce from electrolytic copper, our business, financial condition and results of operations could be materially and adversely affected.

If the unit costs of our raw materials increase and the selling price of our products does not similarly increase or if the selling price of our products decreases and the unit cost of our raw materials does not similarly decrease, our margins will decrease and our results of operations will be harmed

Our gross margins from sales of our products are principally dependent on the spread between raw material prices and copper or cable product prices. If the unit cost of raw materials increases and the selling price of copper or cable products does not similarly increase or if the selling price of copper or cable products decreases and the unit cost of raw materials does not similarly decrease, our margins will decrease and results of operations will be harmed. For the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our gross margin was 6.5%, 5.4%, 7.4% and 5.8%, respectively. We cannot assure you that we will be able to pass increased raw material costs on to our customers. Any decrease in the spread between our product prices and raw material prices, whether as a result of an increase in raw material prices or a reduction in our product prices, would materially and adversely affect our business, financial condition and results of operations.

We may not successfully integrate our newly acquired businesses or achieve expected profitability from our acquisitions

Acquisitions have been, and are expected to continue to be, an important element of our growth strategy for our business. We acquired Jinxin in November 2010 and Xiangbei in August 2011. In December 2012, we acquired Baohe Taiyue and Baohe Xinshiji. If we do not successfully integrate these or any future acquisitions, any future joint ventures or other partnerships on a timely basis, we may incur costs in excess of what we anticipate and the profit, if any, of our acquired businesses, assets or entities may not be sufficient to justify the acquisition costs. In that event, our expectations of future results of operations and synergies may not be achieved.

Generally, acquisitions and integration involve substantial risks, including but not limited to:

- loss of customers or suppliers;
- lack of managerial experience or resources in newly acquired businesses, including, among others, lack of experience in manufacturing or selling new types of products and managing additional customer or supplier relationships in different industries or geographic markets;
- unforeseen difficulties in integrating operations, accounting systems and personnel;
- diversion of financial and management resources from existing operations;
- unforeseen difficulties related to entering new businesses or geographic regions where we do not have prior experience;
- coordination of raw material procurement and sales and marketing activities;
- differences in corporate culture and management styles;
- disparate company policies and practices;
- the need to attract and retain management and key employees;
- risks relating to obtaining sufficient equity or debt financing;
- risks relating to obtaining governmental approvals and certifications;
- risks relating to additional or conflicting governmental regulations; and
- potential undisclosed liabilities.

Management may be required to devote a considerable amount of time to the integration process, which could decrease the amount of time they have to manage our existing businesses. For example, the process of acquiring and transferring the equipment from Guangzhou Taiyue in Guangzhou, Guangdong Province and Sichuan Xinshiji in Chengdu, Sichuan Province to our new production facilities in the Youxian Industrial Park is inherently complex and not part of our day-to-day operations. This transfer process could therefore cause disruption to our operations and cause the temporary diversion of management resources. The process of integrating operations could also cause some interruption of, or the loss of momentum in, the activities of acquired businesses. Longer than anticipated delays in commencing production at our new facilities due to factors such as longer than expected moving process, delays in obtaining all production permits and delays in completing necessary environmental protection checks or other factors beyond our control would harm our sales during the period of the delay and could also harm our customer relationships. In addition, if we finance future acquisitions by issuing equity or equity-related securities or issue such securities as part or all of the consideration for future acquisitions, the equity interests of our shareholders would be diluted, which, in turn, could materially and adversely affect the market price of our Shares. Moreover, we may finance acquisitions with debt, resulting in higher leverage and finance costs.

We may not be able to effectively manage our current expansion, the failure of which could materially and adversely affect our business, results of operations and financial condition

We are currently constructing or planning to construct additional production facilities in the Youxian Industrial Park. These facilities, when completed, are expected to have an estimated annual production capacity of approximately 16,800 metric tons of communication cables (measured by copper consumption) and 21,300 metric tons of power transmission and distribution cables (measured by copper consumption). We expect to commence commercial operation of these facilities in the second or third quarter of 2014.

However, we may experience construction delays, cost overruns, failures or delays in obtaining government approvals, inability to secure the necessary production equipment or other incidents that delay or impact the commercial operation of these facilities. In addition, we may not have the necessary management or financial resources to oversee the successful and timely construction of new production facilities or expansion of existing facilities.

Furthermore, to effectively manage any future expansion, we will need to secure raw materials at competitive prices and develop and maintain a customer and supplier base capable of supporting such expanded production. Also, we will need to expand our operational and financial systems and internal control systems. Our past growth has strained our resources and made it difficult to maintain and update our internal procedures and controls as necessary to meet the expansion of our overall business. Our growth will also require us to expand, train and manage our employee base.

If we are unable to successfully manage our expansion, we may not be able to take advantage of market opportunities, execute our business strategies or respond to competitive pressures, any of which could materially and adversely affect our business, results of operations and financial condition.

If the sellers under the Taiyue Asset Transfer Agreement and the Xinshiji Asset Transfer Agreement fail to deliver the equipment in accordance with these agreements, our expansion into the cable business may be adversely affected

We have agreed to purchase cable manufacturing equipment under the Taiyue Asset Transfer Agreement and the Xinshiji Asset Transfer Agreement from Guangzhou Taiyue and Sichuan Xinshiji, respectively. We expect to complete such purchases by the end of the second quarter of 2014.

The Taiyue Asset Transfer Agreement and the Xinshiji Asset Transfer Agreement contain certain representations, warranties and indemnities from the sellers with respect to the title to the equipment we are acquiring. In addition, our Controlling Shareholders have undertaken to indemnify us for any loss arising from the failure by the sellers to deliver the equipment or complete the sale, or failure by the sellers to pass clean title to us.

However, if the sellers fail to transfer the equipment or title to us as agreed for any reason, the commercial production of our Baohe Taiyue and Baohe Xinshiji facilities may be delayed and we may be required to write off these equipment. As a result, our business, financial condition or results of operations may be adversely affected.

Production of our cable products may be affected by the equipment transfer and equipment may be damaged or lost during the equipment transfer

As part of the completion of our purchase of certain equipment for our cable business, the equipment is in the process of being transferred from the facilities of Guangzhou Taiyue and Sichuan Xinshiji in Guangzhou, Guangdong Province and Chengdu, Sichuan Province to our new production facilities in the Youxian Industrial Park. We expect the moving process to be completed by the end of the second quarter of 2014. This process will cause interruption to the processing arrangements between Baohe Taiyue and Guangzhou Taiyue and those between Baohe Xinshiji and Sichuan Xinshiji and, as a result, impact our results of operations. If we cannot fulfill our customer orders due to such interruption, our customer relationships, reputation, business, results of operations and financial condition could be materially and adversely affected. For additional information, see the sections headed "History, Reorganization and Corporate Structure" and "Business – Our Products and Business Activities – Acquisitions of Cable Businesses and Interim Processing Arrangements" in this prospectus.

In addition, equipment could be damaged or lost in the process of equipment transfer and there is no assurance that the equipment will function properly in the new production facilities. Any such damage, loss or malfunction could materially and adversely affect our business, results of operations and financial condition.

We were in breach of certain covenants contained in our loan agreements. The lenders may revoke the waivers previously granted to us, declare an event of default and accelerate our outstanding indebtedness under the relevant agreements, all of which would impact our ability to continue to conduct our business

Some of our loans are secured by our inventories and trade receivables and require us to satisfy certain financial and other covenants. We breached some of these covenants during the Track Record Period by failing to maintain the required inventory levels or using the funds received from pledged trade receivables other than for payment of the loans without first obtaining relevant bank's consent. For additional information, please see the section headed "Financial Information – Net Current Assets/Liabilities" in this prospectus and note 23(b) to the Accountants' Report set forth in Appendix I to this prospectus.

Our lender may revoke the waivers we obtained in relation to such breaches and declare an event of default and accelerate our outstanding indebtedness under the relevant agreements. In addition, our violation of these covenants provides our lenders with the right to require us to post additional collateral, enhance our equity and liquidity and foreclose their liens on our inventories. Any of these events would impair our ability to continue to conduct our business and continue as a going concern.

Because of cross default provisions in some of our loan agreements, the revocation of any waiver of the covenant defaults could result in the acceleration of our indebtedness under the loan agreements which contain cross default provisions. A cross default provision is a provision in our loan agreement which states that if we breach the provisions of another loan, we will also be in breach of the first loan agreement. In addition, our indebtedness may be accelerated if our lenders conclude that we are at risk of not being able to repay the indebtedness. If our indebtedness is accelerated or declared default, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing.

In connection with any waivers that we may seek to obtain in relation to our loan agreements from time to time, our lenders may impose additional operating and financial restrictions on us and/or modify the terms of our existing loan agreements. These restrictions could limit our ability to, among other things, pay dividends, make capital expenditures and/or incur additional indebtedness, including through the issuance of guarantees. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness. Any of these incidents may materially and adversely affect our business, financial condition or results of operations.

We currently depend on third-party contract manufacturers for production of most of our communication cable and power transmission and distribution cable products

Under our interim processing arrangements with Guangzhou Taiyue and Sichuan Xinshiji, we currently engage these two companies as contract manufacturers for production of most of our cable products. During the nine months ended September 30, 2013, Guangzhou Taiyue produced 1,379 metric tons of communication cables (measured by weight of the copper component) and Sichuan Xinshiji produced 2,993 metric tons of power transmission and distribution cables (measured by weight of the copper component) under the interim processing arrangements with us. For the nine months ended September 30, 2013, approximately 59.1% of our communication cable products and 50.4% of our power transmission and distribution cable products sold were produced pursuant to these processing arrangements. In addition, we also source power transmission and distribution cable products from Sichuan Xinshiji. For the nine months ended September 30, 2013, we sourced 4,195 metric tons of power transmission and distribution cable products, or approximately 49.6% of all of our power transmission and distribution cable products from Sichuan Xinshiji for subsequent resale to our customers. Until construction of the production facilities of Baohe Taiyue and Baohe Xinshiji are completed, we plan to continue such processing and procurement arrangements. If such services are interrupted or not performed according to our standard, it could adversely impact our ability to fulfill our contractual obligations to our customers, resulting in breach of such contracts. In such event, our customer relationships and reputation could be damaged, and our business, results of operations and financial condition could be materially and adversely affected.

We face significant competition, and if we do not compete successfully against existing and new competitors as well as competing technologies and other products, we may lose our market share and our results of operations may be materially and adversely affected

We compete primarily with other recycled copper companies in the PRC and new entrants to the market, some of which may have lower cost structures than us due to lower capital expenditures or lower labor costs. As the barriers to entry in our industry are relatively low, the recycled copper and cable industries in China are highly fragmented and competitive, with a large number of manufacturers throughout the country. We also compete with large companies and may face competition from foreign companies and metal manufacturers seeking to vertically integrate their operations. Some of our competitors may have greater financial, engineering, manufacturing and marketing resources than us. Our competitors in any particular market may also benefit from raw material supplies or production facilities that are closer to such markets, which provide them with competitive advantages in terms of cost and proximity to customers. Many of our products are made to common specifications and, therefore, may be interchangeable with competitors' products. Accordingly, we are subject to competition in many markets on the basis of price, quality, breadth of product line, inventory, delivery time, customer service, the environmental impact of the products, and the ability to meet the customer's needs.

We believe that our competitors will continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. We expect that we will be required to continue to invest in product development, productivity improvements and customer service and support in order to compete in our markets. Our recycled copper products, communication cable products and power transmission and distribution cable products also compete with imported recycled copper and cable products, and future appreciation of the Renminbi may increase our costs and may intensify such competition.

Our current or potential major competitors may provide products comparable or superior to those that we provide. Our competitors may also adapt more quickly to evolving industry trends or changing market requirements than we do. There may also be significant consolidation in the recycled copper products and cable industries among our competitors. Alliances may develop among competitors and these alliances may rapidly acquire significant market share. Some of our customers may also commence production of products similar to those we currently sell to them. Moreover, during economic downturns, some competitors that are highly leveraged both financially and operationally could become more aggressive in their pricing of products. We cannot assure you that we will be able to compete successfully in our existing markets for recycled copper products, communication cable products and power transmission and distribution cable products. Any increase in competition may result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business, financial condition and results of operations.

Furthermore, most of our current production lines do not have the capability to produce recycled copper products from only electrolytic copper. If our customers prefer products made from only electrolytic copper due to their ductility and other superior features, most of our production lines could become redundant, and our business could be materially and adversely affected.

We had net current liabilities as of December 31, 2010, 2011 and 2012 and September 30, 2013, and require a high level of working capital to sustain our operations, expansion and overall growth

We are exposed to significant liquidity risk. Because the purchase of raw materials requires substantial capital, we require a high level of working capital to sustain our operations and maintain our growth. Historically, we financed our working capital through cash generated from our operations, short term bank loans, loans and advances from shareholders and related parties and capital contributions from shareholders. Our working capital constraints on purchases of scrap copper have contributed to the low utilization rates at our facilities during the Track Record Period, which may in turn affect the returns that we make from our capital investments. Our liquidity and financial condition could be materially and adversely affected if we do not receive payments from our customers on a timely basis to satisfy payments to our suppliers and meet our other working capital requirements, or if we are unable to obtain financing on satisfactory terms or at all. We had net current liabilities during the Track Record Period and experienced negative operating cash flow in the period ended December 31, 2010 and the year ended December 31, 2011. As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had net current liabilities of approximately RMB40.1 million, RMB18.2 million, RMB75.1 million and RMB42.8 million, respectively, and in the period ended December 31, 2010 and the year ended December 31, 2011, we recorded negative operating cash flow of approximately RMB32.0 million and RMB72.3 million, respectively. For additional information on our liquidity position, see the section headed "Financial Information – Net Current Assets/Liabilities" in this prospectus.

We cannot assure you that our business will be able to generate positive operating cash flow or that we will be able to obtain adequate financing to meet our future working capital requirements and we may have net current liabilities in the future. The inability to generate positive operating cash flow or obtain additional short-term bank loans, loans or advances from shareholders or related parties or other additional financing on a timely basis, on acceptable terms or at all would materially and adversely affect our ability to satisfy our working capital requirements, including payments to suppliers in accordance with the terms of our agreements with them. In addition, we cannot assure you that we will be able to obtain additional working capital for our expansion plans or to support our increased production and business, or that additional working capital needs of our new production facilities will not materially and adversely impact the current or future level of working capital for our existing production facilities.

The loan and advances between our PRC Subsidiaries and other PRC Companies could be declared invalid and we could be subject to a fine

In August 2013, we entered into a loan agreement with Mianyang Fule Investment Company Limited in the amount of RMB60.0 million, which was replaced by an entrusted loan in January 2014. During the Track Record Period, there were loan and advances between our PRC subsidiaries and other companies in the PRC. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the aggregate amounts due from other companies in the PRC were nil, nil, RMB1.4 million and nil, respectively, and the aggregate amounts due to other companies in the PRC were nil, RMB8.0 million, RMB10.0 million and RMB70.0 million, respectively. We have subsequently repaid and collected all the outstanding amounts under such loans and advances. The loans and advances between PRC companies could be declared invalid based on, among others, the General Lending Provision (貸款通則) promulgated by the PBOC, and PBOC may also impose on the lender a fine equivalent to one to five times of the income derived by the lender. For further details, see the section headed "Business – Compliance" of this prospectus.

Our business requires significant capital investments

Since our acquisition of Jinxin in November 2010, we have made total capital expenditures of approximately RMB23.5 million, RMB14.1 million, RMB154.1 million and RMB133.1 million in the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Currently, we are constructing one production facility for power transmission and distribution cables and an additional production line in our Xiangbei facility and will construct one production facility for communication cables in the Youxian Industrial Park. We expect that over the next several years a substantial portion of our cash flow and available cash may be used to finance the construction of these new production facilities, the upgrading and modification of our existing production facilities, and investments in businesses in the recycled copper industry and other recycled metals businesses.

We have relied in part on external financing, such as bank loans, to fund our capital investments. The availability of external financing depends on many factors beyond our control, including but not limited to market conditions and policies of the PRC government. The current tightening of credit markets in the PRC may also limit our ability to obtain external financing. Our current financing may not be adequate to sustain our operations or to fund future expansion plans and we may not be able to renew or maintain existing financing or obtain additional financing. If we do not have sufficient internally generated cash or acceptable external financing to make necessary capital expenditures in the future, we may be unable to develop or improve our production facilities, take advantage of business opportunities or respond to competitive pressures, all of which may materially and adversely affect our business, financial condition and results of operations.

Rising interest rates would increase our and our customers' borrowing costs

We currently rely in part on bank loans and other borrowings to finance our working capital and operations. As of the Latest Practicable Date, we had bank loans and other borrowings of RMB432.4 million, with interest rates ranging from 5.60% to 12.0% per annum. If interest rates on bank borrowings increase, our cost of borrowing will increase and our profitability may be materially and adversely affected. The PBOC has adjusted the benchmark one-year lending rate and the deposit reserve ratio for PRC commercial banks a number of times during the Track Record Period. Such tightening measures caused interest rates to increase and limited the amount that commercial banks in China were able to lend. A significant increase in prevailing interest rates could substantially increase our finance costs, which could materially and adversely affect our business, financial condition and results of operations.

In addition, a significant increase in prevailing interest rates could also substantially increase the finance costs of our customers, which could adversely impact the timeliness of our customers' payments to the extent they rely on financing to pay for our products. If our customers are unable to promptly fulfill their obligation to settle any amounts due to us, our business, financial condition and results of operations may be materially and adversely affected.

We have limited managerial experience in the cable business

In December 2012, we acquired Baohe Taiyue and Baohe Xinshiji which sell communication cables and power transmission and distribution cables, respectively. After the completion of the assets transfer and the construction of our new facilities, we will begin to produce cable products, some of which are products that we had not produced during the Track Record Period. Therefore, our results of operations during the Track Record Period should not be used as indicators of our overall future performance. In addition, we are expecting to develop a new group of customers for our cable business. We do not have track record of, or experience in, developing or managing customers in the cable industry and there is no guarantee that we will be successful in doing so. Besides, we typically grant customers in our cable business a longer credit period which may materially and adversely affect our liquidity. Furthermore, as part of our business strategy, we intend to expand our business operations into Eastern China by setting up a warehouse in Shanghai and we are in the process of setting up a sales and marketing office in Shanghai.

Our ability to implement these strategies will depend on, among other things, the availability of suitable managerial resources. However, our current management team has limited experience in the communication cable and power transmission and distribution cable businesses, and may have difficulty in developing new products, sourcing new customers and suppliers, implementing effective quality control systems and production safety measures, managing working capital, or responding to actions and developments of our new competitors. While we plan to hire additional management and employees who possess relevant knowledge and expertise in Eastern China, we cannot guarantee that we will be able to secure such personnel in a timely manner or at all. In the event that we are unable to identify and hire suitable managerial resources, we may not be able to successfully develop these businesses, which would have a material adverse effect on our business, financial condition and results of operations.

Our dependence on a limited number of third-party raw material suppliers could increase our costs or adversely impact our production, which could materially and adversely affect our business, results of operations and financial condition

We purchase most of the raw materials for our business from a limited number of third-party suppliers. For the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our five largest suppliers accounted for approximately 100.0%, 60.6%, 45.6% and 32.3%, respectively, of our total cost of purchases and our largest single supplier accounted for approximately 70.6%, 18.0%, 17.7% and 11.1%, respectively, of our total cost of purchases. We do not have any purchase contracts of scrap copper or copper wirerods with terms of more than one year. As a result, we may be unable to obtain these principal raw materials at acceptable prices and adequate quantities to satisfy our production requirements. For example, during the fourth quarter of 2011, a number of our suppliers were unwilling to provide us with raw materials at then-prevailing market prices due to a decrease of approximately 23.5% in the market price of scrap copper as compared to the third quarter of 2011. This adversely affected our 2011 results of operations.

Any failure by us to obtain raw materials satisfying our quality, quantity and cost requirements in a timely manner could impair our ability to produce our products or could increase our costs. If we fail to maintain our relationships with major raw materials suppliers or fail to develop new relationships with other raw materials suppliers, we may be unable to produce our products, or we may only be able to produce our products at a higher cost or after lengthy delays. Any such developments could have a material adverse effect on our business, financial condition and results of operations.

In addition, any consolidation among our suppliers could result in a decrease in the number of our major suppliers or a decrease in the number of alternative supply sources available to us. Consolidation could also reduce price competition between our suppliers, which could diminish incentives for our suppliers to reduce prices and result in unfavorable changes in the payment terms for the raw materials that we purchase. If we were unable to pass the impact of such changes onto our customers, these changes due to supplier consolidation could have a material adverse effect on our business, financial condition, and results of operations.

We derive a significant portion of our turnover from a small number of customers and the loss of any of our major customers may cause significant declines in our turnover

During the Track Record Period, we derived a significant portion of our turnover from a small number of customers, and we may be unable to maintain or expand on our current customer relationships. For the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our five largest customers accounted for approximately 54.1%, 46.5%, 41.6% and 26.2%, respectively, of our consolidated turnover and our largest single customer accounted for approximately 19.9%, 14.3%, 18.0% and 9.8%, respectively, of our consolidated turnover.

In addition, we sold products to Sichuan Xinshiji and Guangzhou Taiyue during the Track Record Period, and Sichuan Xinshiji was our second largest customer in 2012. We currently engage and plan to continue to engage both Sichuan Xinshiji and Guangzhou Taiyue as our contract manufacturers for our cable products. Since we are required under these contracts to supply principal copper raw materials and pay a processing fee, our sales to Sichuan Xinshiji and Guangzhou Taiyue have been and will continue to be reduced. We expect these interim processing arrangements to terminate when our new cable facilities commence production, after which we expect to source most of our copper needs for our cable business internally, which could potentially further limit our ability to maintain or expand our customer base for our copper products. For information on the production and asset transfer arrangement between Baohe Taiyue and Guangzhou Taiyue and between Baohe Xinshiji and Sichuan Xinshiji, see the section headed “Business – Our Products and Business Activities – Acquisitions of Cable Businesses and Interim Processing Arrangements” in this prospectus.

We expect that we will continue to depend on a relatively small number of customers for a significant portion of our sales. In the first half of 2013, we suspended our sales to one of our five largest customers for 2011 and 2012 because the customer did not fulfill the volume requirement under its annual contract with us and was late in its payments due to us in 2012. If we lose any of our major customers or a customer materially reduces its orders from us for any reason, our business, financial condition and results of operations may be materially and adversely affected. For additional information, see the section headed “Business – Our Products and Business Activities – Pricing Policy, Terms of Sale and Credit Policy” in this prospectus.

We are exposed to counterparty risks in our contracts

We have entered into a number of contractual arrangements including, but not limited to, sales contracts and framework agreements with our customers and purchase contracts with our suppliers. Our business, financial condition and results of operations are dependent on, among other things, the due performance of the obligations under these contracts by the relevant counterparties. We cannot assure you that these contracts and framework agreements will be duly performed by our counterparties, or at all. If our counterparties do not duly perform their obligations under the relevant contracts or the framework agreements, or at all, our business, financial condition and results of operations could be materially and adversely affected.

In addition, our trade debtor and bills receivable turnover days increased from 17.2 days for the period ended December 31, 2010 to 35.2 days in 2011, and to 60.4 days in 2012. The increase in our trade debtors and bills receivable turnover days in 2011 was primarily because the two-month results in 2010 were not representative and the increase in our trade debtors and bills receivable turnover days in 2012 was primarily because we made and recognized relatively more sales in the fourth quarter of 2012. If our customers default or delay in their payments to us, it may increase our working capital requirements and our financial condition and results of operations could be materially and adversely affected.

Our business and prospects depend heavily on the performance of the metal and metal consuming industries in China

Our business and prospects depend heavily on the performance of the metal industry in China, particularly the copper industry, and the industries that consume copper in China. China has experienced rapid growth in recent years, which has contributed to the strong demand for copper. This, in turn, has resulted in strong demand for recycled scrap copper. A significant slowdown in the Chinese economy, or a downturn in the construction or manufacturing sectors in China, may adversely affect demand for copper in China. Demand for our recycled copper products may also be affected by various other factors, such as changes in industry preferences, the cost and availability of substitute materials and raw material prices.

As a result, we cannot assure you that there will be continued or growing demand for recycled copper products in China. If demand for recycled copper products in China does not continue to grow or grows more slowly than expected, recycled copper product prices may decline and our business, financial condition and results of operations could be materially and adversely affected.

Our cable product business is generally dependent on infrastructure developments and upgrades in China

Our communication cable and power transmission and distribution cable products are widely used in infrastructure projects such as the building and upgrading of power transmission and distribution networks, communications networks and transportation networks. These infrastructure developments are largely built to support the implementation of government policies designed to bolster the economic growth of China, and accordingly, the funding for such developments is mostly provided by the Chinese government or local authorities. There is no assurance that infrastructure investment in China will continue to grow at the same rate as it did in the past or at all. Furthermore, the Chinese government's capital expenditure budgets and spending plans for infrastructure developments and the government policies may change, which may result in the decline in demand for our cable products and in turn materially and adversely affect our business, financial condition and results of operations.

Failure to comply with environmental regulations could harm our business

We are subject to PRC national and local environmental laws and regulations related to our operations, including regulations governing the use, storage, discharge and disposal of waste substances and waste emission levels as well as regulations governing the construction of our production facilities. If we fail to comply with applicable environmental regulations, we could be subject to significant monetary damages and fines or suspensions of our operations, and our business, reputation and results of operations could be materially and adversely affected. For example, one of our equipment upgrade projects which involves our existing copper wirerod production line in our Jinxin facility commenced production before obtaining the required environmental assessment approval completion verification. For additional information, see the section headed "Business – Environmental Matters" in this prospectus. Further, any amendments to these laws and regulations may impose substantial pollution control measures that may require us to make significant expenditures to modify our production process or change the design of our products to limit actual or potential impact to the environment. Moreover, new laws, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments could require us to make significant additional expenditures, which may materially and adversely affect our business, results of operations and financial condition.

Our insurance coverage may not be sufficient

Consistent with customary industry practice in China, we do not carry any business interruption insurance, third-party liability insurance for personal injury or insurance covering potential liability relating to the release of hazardous materials. In addition, we have no product liability insurance coverage for our recycled copper products, and we have very limited product liability insurance coverage for some of our power transmission and distribution cable products. Should an uninsured or underinsured liability claim occur, our business, financial condition and results of operations may be materially and adversely affected. Further, if such incidents are publicized, our reputation may be adversely affected, which could result in reduced sales or canceled orders, thereby materially and adversely affecting our revenues.

Our business is subject to potential liability in connection with industrial accidents at our production facilities

Our operations involve the operation of heavy machinery that could result in industrial accidents that may cause injuries or death. We cannot assure you that industrial accidents, whether due to malfunctions of machinery or other reasons, will not occur in the future at our production facilities. In such an event, we may be liable for loss of life and property, medical expenses, medical leave payments and fines and penalties for any violation of applicable PRC laws and regulations. In addition, we may experience interruptions in our operations and may be required to change the manner in which we operate as a result of governmental investigations or implement additional safety measures, all of which could increase our production costs and in certain cases, the increase could be significant. In addition, any such accidents could cause harm to our reputation and adversely affect our business, financial condition and results of operations.

Our business is subject to risks related to transportation systems

Our business is highly dependent upon the transportation systems we use to acquire raw materials and deliver our products. We receive raw materials from suppliers and deliver products to our customers by our own trucks or through third-party transportation companies. Because we generally maintain an inventory of scrap copper sufficient for approximately 10 to 18 days of manufacturing needs on hand, our business is substantially dependent on reliable and efficient transportation systems.

Transportation services are subject to disruption from a variety of causes, including shortages of supplies, equipment or operating problems, labor disputes or strikes, storms and adverse weather, energy shortages, natural disasters and other causes. Disruptions in the transportation systems we use for these or any other reasons could adversely affect our ability to receive raw materials and deliver products to our customers on a timely basis. A prolonged disruption in these transportation services, or a significant increase in transportation costs, may materially and adversely affect our business, financial condition and results of operations.

We do not possess valid title to certain buildings that we occupy and we commenced construction of certain buildings prior to obtaining the requisite construction approvals, and we are applying for land use right certificates with respect to the land where certain of our facilities are or will be located

We have not obtained land use or title certificates that allow us to occupy, freely use or transfer certain of our land or properties. Jinxin, Tongxin, Xiangbei and Baohe Xinshiji commenced construction of certain facilities prior to obtaining the construction approvals required by PRC construction law. As of the Latest Practicable Date, Jinxin, Tongxin and Baohe Xinshiji had not obtained relevant building ownership certificates for the completed constructions with a total gross floor area of approximately 13,881 square meters, 305 square meters and 50,676 square meters, respectively. In addition, Xiangbei and Baohe Xinshiji began construction of certain buildings prior to obtaining the construction approvals which, after the construction is completed, will have an aggregate gross floor area of approximately 7,296 square meters and 2,020 square meters, respectively. The net book value of these Jinxin's, Tongxin's, Xiangbei's and Baohe Xinshiji's buildings without building ownership certificates amounted to RMB28.1 million, RMB41.7 million, nil and nil, respectively, as of September 30, 2013. With the exception of Xiangbei and Baohe Xinshiji's buildings, we currently use these properties as production facilities and ancillary facilities. We are in the process of applying for the relevant building ownership certificates.

Pursuant to the Urban and Rural Planning Law (《城鄉規劃法》), if, within a planned urban area, land is occupied and used after obtaining documents of approval for the use of land for construction but without obtaining any planning permit (《建設用地規劃許可證》), such documents of approval shall be declared invalid, and the land occupied shall be returned by order of government at or above the county level. In addition, construction without a building permit (《建設工程規劃許可證》) may be suspended. Construction which affects planning but can still be remedied shall be corrected within a prescribed period of time and be concurrently punishable with a fine of not less than 5% but not more than 10% of the total cost of the construction project. Construction which affects planning but cannot be remedied shall be removed within a prescribed period of time or be punishable by the confiscation of any products and illegal income and be concurrently punishable with a fine of not more than 10% of the total cost of the construction project. Also, pursuant to the Regulations on Construction Permit (《建築工程施工許可管理辦法》), construction without a construction permit (《建築工程施工許可證》) may be suspended and be corrected within a prescribed period of time and concurrently be fined in accordance with limit prescribed under the relevant rules or where no such limit is prescribed, be fined of no more than RMB30,000.

In addition, Baohe Taiyue and Baohe Xinshiji are applying for land use right certificates with respect to the land where our Baohe Taiyue and Baohe Xinshiji facilities are or will be located and which occupy a total site areas of approximately 53,200 square meters and 57,010 square meters, respectively.

We cannot assure you that such building ownership or land use right certificates will be obtained. As a result of our lack of building ownership or land use right certificates or vested legal title in these properties, we may incur additional costs to relocate our operations if we are required to do so and our business operations, financial condition and results of operations may be materially and adversely affected.

Failure to obtain or maintain the qualifications, permits or licenses required for our business could adversely affect our business

We require various qualifications, permits, licenses and registration for our business which include, among others, the Registration Certificate for Operators of Renewable Resources Recycling Business (《再生資源回收經營者備案證明》) and the Registration for Security Administration of Scrap Metal Recycling (《廢舊金屬收購業治安管理備案登記》). Before the commencement of our commercial production of power transmission and distribution cable products, Baohe Xinshiji would be required to obtain the National Production License for Industrial Products (《全國工業產品生產許可證》), the National Compulsory Authentication Product Certification (《中國國家強制性產品認證證書》) and the Safety Certificate of Approval for Mining Products (《礦用產品安全標誌證書》). For additional information, see the sections headed "Business – Qualifications, permits and licenses" and "Regulatory Overview" in this prospectus. In order to maintain such qualifications, permits and licenses, we must comply with the restrictions and conditions imposed by the relevant authorities and/or pass annual assessments. The criteria of such assessments include our operating conditions, production capability, management and compliance record. If we fail to comply with any of the relevant regulations or pass the required annual assessments, we may not be able to maintain our qualifications, permits and licenses. If we fail to abide by the relevant requirements during the term of such qualifications, permits and licenses, they could be suspended or even revoked. In such cases, our operations would be significantly disrupted or even suspended, and our business, financial condition and results of operations would be materially and adversely affected.

In addition, we are also required to obtain acceptance inspection approvals and pollutant discharge permits after the trial production of our new facilities and production lines. Failure to obtain such approvals and permits will delay the schedule for commercial production, and our business, financial condition and results of operations would be materially and adversely affected.

Our future performance depends on the continued service of our senior management and our ability to attract, train and retain skilled personnel

Our future success depends on the continued service of our key management and technical staff, in particular, Mr. Yu Jianqiu, our founder, chairman and chief executive officer, Mr. Liu Hanjiu, the managing director of Jinxin, Mr. Huang Weiping, the managing director of Xiangbei, Mr. Fan Dunxian, general manager of Baohe Taiyue, Mr. Chen Hai, general manager of Baohe Xinshiji. Mr. Yu plays a key role in the formation of our business strategy and has extensive knowledge of the local markets in which we operate. In addition, Mr. Yu is instrumental in formulating our strategies for entering into new markets. Mr. Liu and Mr. Huang were critical to the development of our recycled copper product manufacturing processes, while Mr. Fan and Mr. Chen were instrumental in the development of our cable product manufacturing processes. Mr. Liu, Mr. Huang, Mr. Fan and Mr. Chen are responsible for the overall operation of Jinxin, Xiangbei, Baohe Taiyue and Baohe Xinshiji, respectively, including in key areas such as production, procurement and sales and distribution. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily, our future growth may be constrained, our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. There is no assurance that we can continue to retain their services and there can be no assurance that they will not compete against us.

Our success also depends upon the continued service of our skilled personnel and our ability to continue to attract, retain and motivate such personnel. In addition, there is no assurance that we will be able to recruit all key or experienced former staffs of Guangzhou Taiyue and Sichuan Xinshiji. There is intense competition to recruit technically competent personnel with expertise in the recycled copper and cable industries and we have periodically experienced difficulties in recruiting suitable personnel. We may also need to offer relatively better compensation package and other benefits in order to attract and retain these personnel in the future, and we cannot assure you that we will have the resources to achieve our staffing needs. Due to the skills involved in operating some of our equipment, skilled production workers are not easily replaceable, and considerable training is required for new hires. These difficulties could limit our output capacity or reduce our operating efficiency and product quality, which could reduce our profitability and limit our ability to grow.

A material disruption of our operations could adversely affect our business

Our operations are subject to uncertainties and contingencies beyond our control that could result in material disruptions in our operations and adversely affect our business. These include industrial accidents, fires, floods, droughts, storms, earthquakes, natural disasters and other catastrophes, equipment failures or other operational problems, strikes or other labor difficulties and disruptions of public infrastructure. For example, heavy rains in Sichuan province in July 2013 resulted in flooding and a suspension of 34 days of production in our Jinxin facility and a repairment cost of approximately RMB130,000 in relation to the roof of our Jinxin facility. Any breakdown or malfunction of any production equipment could cause a material disruption of our operations that could lead to a reduction in, or halt in our production. Any reduction or halt in production could prevent us from meeting customer orders, adversely affect our business reputation, increase our costs of production or require us to make unplanned capital expenditures, all of which could materially and adversely affect our business, financial condition and results of operations.

Electricity and natural gas shortages could adversely affect our business, financial condition and results of operations and increases in the price of electricity and natural gas could increase our costs and lower our profitability

All of our manufacturing assets and operations for our business are located in China. Our operations are vulnerable to electricity and natural gas shortages that generally affect enterprises located in China. Certain manufacturers in China, including in western and southern China, have in recent years experienced electricity and natural gas shortages. If there is insufficient electricity supply to satisfy our requirements and accommodate our planned growth, we may need to limit or delay our production or expansion plans. For example, our recycled copper products business is dependent on electricity and natural gas to operate equipment and convert scrap copper into recycled copper products. Accordingly, the successful operation of our facilities requires a reliable supply of electricity and natural gas. If the cities in which we have operations are affected by electricity and natural gas outages or limit the amount of electricity or natural gas that we can use in operations, our production volumes would decrease and our results of operations may be materially and adversely affected.

During the Track Record Period, we experienced periodic shortages of electricity and natural gas in our Jinxin facility, resulting in a low utilization rate of our production facility at certain times. We cannot assure you that electricity and natural gas shortages will not affect us in the future. In addition, we do not have any insurance coverage for business interruptions, including loss of profits resulting from such interruptions. Any losses that may occur as a result of these kinds of events could materially and adversely affect our business, financial condition and results of operations.

In addition, increases in the price of electricity or natural gas would increase our operating costs. The energy industry in China has historically experienced shortages and price volatility as a result of a variety of factors, including surging demand as a result of rapid growth in China and disruptions in the supply of coal used to produce electricity. Any significant shortages of electricity and/or natural gas or prolonged blackouts would disrupt our operations, and as a result, negatively impact our operating results. In addition, significant increases in the price of electricity and/or natural gas would adversely affect our profitability if we were unable to pass on those additional costs to our customers.

We may not be able to adequately protect our intellectual property rights and may be subject to infringement claims

We rely on a combination of patents, trademarks, domain names and contractual rights to protect our intellectual property. We cannot assure you that the measures we take to protect our intellectual property rights will be sufficient to prevent any misappropriation of our intellectual property, or that our competitors will not independently develop alternative technologies that are equivalent or superior to ours.

We have obtained ten patents relating to certain of our manufacturing processes and ten trademarks, and we have filed eight patent applications relating to methods of producing certain recycled copper products with the State Intellectual Property Office of the PRC and five trademark applications with the Trademark Office of the State Administration for Industry and Commerce of the

PRC. The legal regime governing intellectual property in China is still evolving and the level of protection of intellectual property rights in China may not be as effective as those in other jurisdictions. In the event that the steps we have taken and the protection afforded by law do not adequately safeguard our proprietary technologies, we could suffer losses due to the sales of competing products that exploit our intellectual property, and our profitability would be adversely affected. Furthermore, we may incur additional overhead costs related to any intellectual property claims we initiate, which will impact our operating results.

International and domestic copper and cable product manufacturers may have also patented certain technologies in connection with the production of their products. To the best of our knowledge, our production processes do not infringe any third party's intellectual property rights. However, intellectual property rights are complex and there exists the risk that our processes may infringe, or be alleged to infringe, on another party's intellectual property rights. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceeding to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or manufacturing processes or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies.

We face exposure to potential product liability claims and our business will suffer if our products experience performance issue

We are subject to prescribed industry technical standards in relation to the manufacture and sale of our products. As some of our products are important components used by power supply companies, power generation plants, as well as contractors of infrastructure projects, any defect or malfunction in our products, or the failure of our products to meet our customers' specifications, could lead to damages or losses to our customers. The possible consequences would be widespread blackouts, or in cases of extreme overheating, fire breakouts which in turn could lead to damages to or loss of property, as well as personal injuries or death. If it is established that such consequences result from defects in our products, we may be required to compensate our customers or victims for such loss, damages, personal injuries or death. We may have to spend a significant amount of resources to defend ourselves in the event that claims or legal proceedings are instituted against us.

At present, we have not taken up any product liability insurance for our recycled copper products and some of our cable products as it is neither an industry requirement nor do we believe it is the practice within our industry to do so. Any successful product liability claims against us in the future may have an adverse effect on our business, prospects, financial position and results of operations.

In addition, our business depends on delivering products of consistently high quality. To this end, our products are tested for quality both by us and our customers. Nevertheless, many of our communication cable and power transmission and distribution cable products are highly complex and testing procedures used by us and our customers are limited to evaluating our products under likely and foreseeable failure scenarios. For various reasons (including, among others, the occurrence of performance problems unforeseeable in testing), our communication cable and power transmission and distribution cable products (including components and raw materials purchased from our suppliers) may fail to perform as expected. Performance issues could result from faulty design or problems in manufacturing. Future claims may have a material adverse effect on our business, results of operations and financial position. Any significant or systemic product failure could also result in loss of future sales of the affected product and other products, as well as reputational damage.

We are subject to risks associated with technological changes

Technology changes play a critical role in influencing the demand for our communication cable and power transmission and distribution cable products. In particular, increasing emphasis has been placed on improving the quality and capabilities of cable products for upgrading of state power grids, such as the ability to withstand high voltage electricity transmission and reduction of electricity loss. Alternative technologies, such as fiber optic and wireless technologies, could have an adverse effect on our communication cable and power transmission and distribution cable business and make our cable products less competitive. For example, a continued increase in the rate of installations using fiber optic systems, an increase in the cost of copper-based systems, or advancing wireless technologies, as they relate to network and communications systems, may have a material and adverse effect on our business.

Further, with increasing environmental awareness and the promulgation of environmentally responsible practices, our customers may show an increasing preference towards safe and environmentally friendly products.

Therefore, our ability to anticipate changes in demand and to keep pace with such changes, and to introduce new and enhanced products on a timely basis, will be significant factors in our ability to grow and to remain competitive within the industry in which we operate. If we cannot achieve the technological advances necessary to enable us to keep pace with the industry, our business, results of operations and financial condition could be materially and adversely affected.

Changes in industry standards and regulatory requirements may adversely affect our business

Our communication cable and power transmission and distribution cable businesses are subject to the requirements of regulatory authorities as well as industry standard-setting authorities. Changes in the standards and requirements imposed by such authorities could have a material and adverse effect on us. In addition, there will be research and development costs involved in making sure that our products comply with the new standards. In the event that we are unable to meet any such new or modified standards when adopted, our business could be materially and adversely affected.

In addition, changes in the legislative environment could affect the growth and other aspects of important markets served by us. For example, the power transmission and distribution cable industry growth has been partially driven by energy related legislation, including alternative and renewable energy sources, investment incentives for utilities and government infrastructure spending. Any adverse changes in laws or industry standards could have a material adverse effect on our business, financial condition and results of operations.

We use components and products manufactured by third parties in our cable products

We rely on third-party suppliers for the components used in our communication cable and power transmission and distribution cable products, such as modular plugs and aluminum foil, and we rely on third-party manufacturers to manufacture certain of our cable products. Our results of operations, financial position, and cash flows could be adversely affected if such third parties lack sufficient quality control or if there are significant changes in their financial or business condition. If these third parties fail to deliver quality products, parts, and components on time and at reasonable prices, we could have difficulties fulfilling our orders, our sales and profits could decline, and our commercial reputation could be damaged.

Non-compliance with PRC employee social welfare contribution regulations could lead to the imposition of fines or penalties

In accordance with relevant PRC labor laws and regulations, we are required to contribute to a number of employee social welfare schemes for our employees. Such schemes include housing provident fund contributions and social insurance scheme. During the Track Record Period, we did not comply with the relevant requirements for making contributions to the social insurance schemes (including pension insurance, medical insurance, unemployment insurance, maternity insurance and job-related injury insurance). For example, Xiangbei did not make any contribution to maternity insurance for its employees from January 2011 to March 2013 and Baohe Xinshiji only made contribution to social insurance for certain of its employees from September 2012 to June 2013. As of September 30, 2013, the total outstanding amount payable by us in relation to the social insurance was approximately RMB0.6 million. We did not make any provision for the non-compliance of social insurance during the Track Record Period. In addition, we have been making contributions to the social insurance schemes for our employees based on the local minimum wage in their work locations instead of their actual wages which is required by relevant laws.

As advised by our PRC legal advisors, Chen & Co., failure to pay the full amount of the social insurance as required may result in the relevant authorities ordering us to make payment within a stipulated period and (i) in respect of any overdue social insurance incurred before July 1, 2011, if payment is not made within the stipulated period, levy a surcharge equal to 0.2% of the overdue social insurance for each day from the date on which the social insurance became overdue; and (ii) in respect of any overdue social insurance incurred on or after July 1, 2011, the relevant authorities may levy a surcharge equal to 0.05% of the overdue social insurance for each day from the date on which the social insurance became overdue. In addition, the relevant administration department may impose a fine between one to three times the amount of overdue social insurance on us if payment is not made within the stipulated period.

In addition, none of our PRC subsidiaries participated in the housing fund schemes operated by the relevant government authorities for our employees until April 2013. As of September 30, 2013, the outstanding amount payable by us in relation to our required contribution was approximately RMB1.4 million. We did not make any provision for the non-compliance of housing fund during the Track Record Period. In addition, until November 2013, we only made contributions to the housing fund schemes for certain employees, rather than all of our employees. Furthermore, we have been making contributions to housing fund schemes for our employees based on the local minimum wage in their work locations instead of their actual wages which is required by relevant laws.

As advised by our PRC legal advisors, Chen & Co., under the relevant PRC laws and regulations, our PRC subsidiaries may be ordered by the relevant housing fund authority to pay the outstanding housing fund contributions within a prescribed period of time and may be liable for a fine between RMB10,000 to RMB50,000. Our PRC legal advisors, Chen & Co., have further advised us that in case an employee succeeds in a labor dispute against us with respect to such outstanding housing fund contributions, we may be required to make the outstanding contributions to such employee. Any orders from the government authorities imposing penalties retrospectively could also have a negative effect on our financial results and reputation.

Our PRC legal advisors, Chen & Co., have advised us that our employees, including those who are no longer employed by us, are entitled to request that we make the relevant social welfare scheme contributions. We cannot assure you that there are no, or will not be any, employee complaints regarding payment of the social welfare contributions against us, or that we will not receive any claims or complaints from any labor dispute arbitration committee or court in China relating to disputes about such contributions in the future. We may be required to make required contributions and pay any related damages.

Our PRC legal advisors, Chen & Co., have further advised us that with respect to our failure to make the required contributions, we may be ordered to make such payments within a specified period of time. If we fail to make the relevant payments within such time, we may be subject to administrative penalties and the relevant government authorities may also apply to the courts for enforcement.

RISKS RELATING TO CHINA

A global financial and economic crisis, and its impact on the Chinese economy, may adversely affect our business, results of operations and financial condition

The global financial and economic crisis that began in 2008 adversely affected the world economy, which in turn has affected the PRC copper industry, the cable industry and many other industries. As a result of this crisis, financial markets experienced significant disruptions, leading to extreme volatility and dislocation of the global capital markets. Many of the world's major economies entered into recession and have not fully recovered. The PRC economy also slowed down significantly in the second half of 2008 and during 2009. Due in part to the global financial crisis, beginning in September 2008, among other measures, the PRC government began to loosen macroeconomic measures and monetary policies by reducing interest rates and decreasing the statutory reserve rates for banks. In addition, in November 2008, the PRC government announced an economic stimulus package in the amount of RMB4 trillion. In 2010, China's economic growth has approached its pre-crisis level a year after the adoption of a stimulus package. However, the country's strategy has raised concerns that loose monetary policy could inflate the consumer price index, or CPI, form a real estate bubble, build up redundant production capacity and saddle the economy with bad debts. As a result, the PBOC has recently raised the reserve ratio to tighten liquidity in the financial system.

Substantially all of our operations are in the PRC and substantially all of our sales are made in the PRC. As such, economic conditions in China and the geographic markets where we operate will affect virtually all aspects of our operations, including the demand for our products, the availability and prices of our raw materials and our other expenses. According to CRU, the demand for copper in China has been relatively weak since 2011 due to a slowdown in copper consuming end-uses caused by the government's macro policies. A prolonged recession or a slowing of the PRC economy, a decrease in business activity in our end markets or termination of the government driven policies and directives for the industries in which our customers operate could reduce demand for our products, which could materially and adversely affect our financial condition and results of operations.

Changes in China's political and economic policies could have a material adverse effect on our business operations

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. Many of the reforms are unprecedented or experimental and are expected to be modified from time to time. Other political, economic and social factors may also lead to further readjustment or introduction of other reform measures. This process of reform may have a material impact on our operations in China or may adversely affect our results of operations as our current revenue is substantially derived from our operations in China. Our financial condition and results of operations may be adversely affected by changes in China's political, economic and social conditions and by changes in laws, regulations or the interpretation or implementation thereof.

While the Chinese economy has grown significantly in the past 30 years, the growth has been uneven geographically among various sectors of the economy, and during different periods. We cannot assure you that the Chinese economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on our business. For example, as the Chinese economy experienced high rate of increase in residential property prices in recent years, to combat high property prices and prevent the economy from overheating, the PRC government adopted a number of measures, including raising statutory reserve rates for banks and controlling bank lending to certain industries or economic sectors. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC government to guide economic growth and the allocation of resources will be effective in improving the growth rate of the Chinese economy. In addition, such measures, even if they benefit the overall Chinese economy in the long-term, may materially and adversely affect us if they reduce the demand for our products.

Our business, financial condition and results of operations could be adversely affected by PRC labor laws and regulations

On June 29, 2007, the National People's Congress promulgated the Labor Contract Law of the PRC (the "Labor Contract Law"), effective January 1, 2008. On September 18, 2008, the State Council passed the relevant implementation regulations. The Labor Contract Law is aimed to provide employees greater protections with respect to establishing and terminating employment relationships. For example, the Labor Contract Law and its implementation regulations require employers to enter into written contracts with their employees, and if an employer fails to enter into a written contract with an employee within one month after commencement of employment, the employer is required to pay the employee double its salary every month until a written contract is entered into. In addition, the Labor Contract Law calls for implementation of open-ended contracts rather than fixed-term contracts under certain circumstances. In particular, an employer cannot enter into a one-year or short-term contract with an employee upon the third consecutive renewal of the employment contract unless otherwise requested by the employee. As a result, the Labor Contract Law limits our discretion in the hiring and termination processes and could in turn affect our labor costs and our profitability.

Interpretation of PRC laws and regulations involves uncertainty that could materially impact our operations

Our business and operations in China are governed by the legal system of China. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency.

Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to enforce judgments from non-PRC courts against us, our Directors or officers who live in China

Substantially all of our assets are located in China, and a majority of our Directors and officers reside in China. The legal framework to which we and our PRC subsidiaries are subject is materially different in certain areas from that of other jurisdictions, including Hong Kong and the United States, particularly with respect to the protection of minority Shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which we and our PRC subsidiaries are also relatively underdeveloped and untested. However, in 2005, the PRC Company Law was amended to allow shareholders to commence an action against the directors, officers or any third party on behalf of a company under certain limited circumstances.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with countries such as the United States, the United Kingdom, and Japan, and therefore enforcement in China of judgments of a court in these jurisdictions may be difficult or impossible.

Our PRC subsidiaries are subject to restrictions on dividend payments that could materially impact our ability to receive dividends

We are a holding company, and we rely principally on dividends and other distributions paid by our intermediate holding companies, Engen, True Excel, Alpha Legend, Alpha Business, Alpha Universe and our PRC subsidiaries for our cash requirements, including the funds necessary to service any debt we may incur or financing we may need for operations other than through our PRC subsidiaries. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to our intermediate holding companies and us. Each of Jinxin, Tongxin, Xiangbei, Baohe Taiyue and Baohe Xinshiji is required under PRC laws and regulations to provide for statutory general reserves. Each is also required to allocate at least 10% of their after tax profits as reported in the PRC statutory financial statements to the statutory general reserves and has the right to discontinue allocations to these funds once the cumulative amount of such reserves has reached 50% of their registered capital. These statutory reserves are not available for distribution to the shareholders and shall be used to cover losses, enhance the company's productivity and expand its business or increase its registered capital. As of September 30, 2013, the amount of these restricted portions was RMB38.3 million in total for our PRC subsidiaries. Limitations on the ability of our PRC subsidiaries or affiliated PRC entities to transfer funds to our intermediate holding companies and us in the form of dividends, loans or advances could materially and adversely limit our ability to grow, make investments or acquisitions, pay dividends, and otherwise fund and conduct our business.

PRC laws and foreign exchange controls may affect our ability to receive dividends and other payments from our PRC subsidiaries

Our operating PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. The ability of our operating PRC subsidiaries to pay dividends or make other distributions to us may be restricted by these PRC foreign exchange control restrictions. We cannot assure you that the relevant regulations will be amended to our advantage such that the ability of our operating PRC subsidiaries to distribute dividends to us will not be adversely affected.

Changes in foreign exchange regulations and fluctuation in the value of the Renminbi may adversely affect our business and results of operations

We receive a majority of our revenue in Renminbi, which is not freely convertible into other currencies, except under certain circumstances. Current foreign exchange regulations have significantly reduced the PRC government's foreign exchange control on current account transactions, including trade and service related to foreign exchange transactions and payment of dividends. The PRC government may, however, at its discretion, restrict access in the future to foreign currencies for current account transactions under certain circumstances. Any such change to the foreign exchange regulations may adversely affect our ability to pay dividends or satisfy other foreign exchange requirements.

The value of the Renminbi against other foreign currencies is subject to changes in the PRC's policies and international economic and political developments. Under the current managed floating exchange rate system, the conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC, which are quoted daily based on the previous day's inter-bank foreign exchange market rates. Since 1994, the official exchange rates for the conversion of Renminbi into U.S. dollars have been relatively stable. In July 2005, the PRC government discontinued pegging the Renminbi to the U.S. dollar. However, the Renminbi exchange rate versus the U.S. dollar is restricted to a rise or fall of no more than 1.0% per day and the PBOC regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate. Nevertheless, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long-term. Moreover, it is possible that in the future, PRC authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange market. Fluctuations in the exchange rate will also affect the relative value of any dividend that will be exchanged into U.S. dollars and earnings from and the value of any U.S. dollar-denominated investments or deposits we make, if any.

The New CIT Law could affect tax exemptions on dividends received by us and our shareholders and increase our CIT rate

The New CIT Law provides that, if an enterprise incorporated outside the PRC has its “de facto management organization” located within the PRC, such enterprise may be recognized as a PRC tax resident enterprise and thus may be subject to CIT at the rate of 25% on its worldwide income. The Implementation Rules of the Corporate Income Tax Law prescribe that a “de facto management organization” means an organization that exercises substantive and overall management and control over the enterprise’s business operations, personnel, finance, property and other functions. Although the Implementation Rules provide a definition of “de facto management organization”, such definition has not been tested and there remains uncertainty as to the circumstances under which a non-PRC enterprise’s de facto management organization is considered to be located in the PRC. We may be deemed a PRC tax resident enterprise and therefore subject to a CIT rate of 25% on our worldwide income because a majority of the members of our management are located in China.

Moreover, under the New CIT Law, if we are categorized as a PRC tax resident enterprise, our Shareholders may be subject to a 10% withholding tax, or a withholding tax of a lower tax rate according to relevant bilateral tax convention, on dividends payable by us and gains realized on the sale or other disposition of our Shares.

The New CIT Law also provides that qualified dividends received by a PRC tax resident from another PRC tax resident are exempt from CIT. However, given the short history of this law, it remains unclear as to the detailed qualification requirements for such exemption and whether the dividends which we receive indirectly from our PRC subsidiaries will be exempt from CIT if we are recognized as a PRC tax resident enterprise.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute profits to us, or otherwise adversely affect our financial position

SAFE issued a public notice in October 2005, or the SAFE notice, requiring PRC residents, including both legal persons and natural persons, to register with the competent local SAFE branch before establishing or controlling any company outside China, referred to as an “offshore special purpose company”, for the purpose of acquiring any assets of or equity interest in PRC companies and raising funds from overseas. In addition, any PRC resident that is the shareholder of an offshore special purpose company is required to amend its SAFE registration with the local SAFE branch with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment or creation of any security interest over any assets located in China. If any PRC shareholder of an offshore special purpose company fails to make the required SAFE registration and amendment, the PRC subsidiaries of that offshore special purpose company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the offshore special purpose company. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We cannot provide any assurances that all of our indirect owners who are PRC residents will register as required. The failure of these indirect owners to register as required or to amend their SAFE registrations in a timely manner pursuant to the SAFE notice or the failure of future indirect owners of our Company who are PRC residents to comply with the registration procedures set forth in the SAFE notice may subject such indirect owners to fines and legal sanctions and may also result in restrictions on our PRC subsidiaries' ability to distribute profits to us or otherwise materially and adversely affect our business.

The approval of the Chinese Securities Regulatory Commission might have been required in connection with the Global Offering under a recently adopted PRC regulation, and, if approval was required, we could be subject to sanctions, fines and other penalties

China's Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors, include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for purposes of overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the Chinese Securities Regulatory Commission ("CSRC"), prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

Our PRC advisors, Chen & Co., have advised us, based on their understanding of the current PRC laws and regulations as well as the procedures announced on September 21, 2006, that:

- because we are controlled by a non-PRC resident and we acquired our PRC subsidiaries' equity interest by cash instead of through share swap, this regulation does not require an application to be submitted to the CSRC for its approval of the issuance and sale of our Shares, or the listing and trading of our Shares on the Stock Exchange, and

- the issuance and sale of our Shares and the listing and trading of our Shares on the Stock Exchange did not conflict with or violate this PRC regulation.

If the CSRC or other PRC regulatory body subsequently determines that the CSRC's approval was required for the Global Offering, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. In that case, these regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects. Also, if the CSRC subsequently requires that we obtain its approval, we may be unable to obtain a waiver of the CSRC approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding this CSRC approval requirement could have a material adverse effect on the trading price of our Shares.

We may be unable to transfer the net proceeds from the Global Offering to China

We plan to transfer the net proceeds from the Global Offering to China in accordance with the use of proceeds set forth in the section headed "Future Plans and Use of Proceeds" in this prospectus. If we are unable for any reason (including if we are unable to obtain the approval of the relevant PRC authorities for the transfer of the net proceeds of the Global Offering into China) to use the net proceeds from the Global Offering on certain planned projects, our business, financial condition and results of operations may be materially and adversely affected.

PRC regulations of investment and loans by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make additional capital contributions or loans to members of our Group

Any capital contributions or loans we, as an offshore entity, make to PRC members of our Group, including from the proceeds of the Global Offering, are subject to PRC regulations. For example, the total of any offshore loans to PRC members of our Group cannot exceed the difference between the registered capital and total investment of the relevant member of our Group, which shall comply with certain regulatory limits prescribed by the competent authority of the MOFCOM and such loans must be registered with SAFE or its authorized organization. In addition, our capital contributions to PRC members of our Group must be approved by the competent authorities of the MOFCOM and SAFE. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to capitalize the relevant PRC members of our Group or fund their operations or to utilize the proceeds of the Global Offering in the manner described in the section headed "Future Plans and Use of Proceeds" in this prospectus may be adversely affected, which could adversely affect the liquidity of the relevant PRC member of our Group, our ability to grow through our subsidiaries' operations and our financial condition and results of operations.

The outbreak of any severe transmissible disease in China, if uncontrolled, could adversely affect our results of operations

The outbreak of any severe communicable disease in China, such as Severe Acute Respiratory Syndrome, avian flu or swine flu, if uncontrolled, could adversely affect the overall business sentiment and environment in China, which in turn may have an adverse impact on domestic consumption and, possibly, the overall gross domestic product, or GDP, growth in China. As our revenue is currently derived from our China operations, any contraction or slowdown in domestic consumption and slowdown in the GDP growth of China will adversely affect our financial condition, results of operations and future growth. In addition, if any of our employees is infected or affected by any severe communicable diseases outbreak, it could adversely affect or disrupt our production at the relevant plants and adversely affect our results of operations, as we may be required to close our facilities to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the operations of our customers and suppliers, which may have an adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO THE GLOBAL OFFERING

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other Shareholders

Immediately following the completion of the Global Offering, our Controlling Shareholders will beneficially own in aggregate approximately 45.68% of our Shares (assuming the Over-allotment Option is not exercised) or approximately 43.75% of our Shares (assuming the Over-allotment Option is exercised in full). The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

Our Controlling Shareholders, acting individually or together, have significant influence over our business and could control all matters requiring shareholder approval, including the election of most Directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our Company and make some transactions more difficult or impossible without the support of these shareholders. The interests of our Controlling Shareholders may not always coincide with our interests as a company or the interest of other shareholders. Accordingly, our Controlling Shareholders could cause us to enter into transactions or agreements with which our other Shareholders may not approve or make decisions with which our other Shareholders may disagree.

Future financing may cause a dilution in your shareholding or place restrictions on our operations

We may be required to raise additional funding to meet our working capital or capital expenditure requirements or issue additional ordinary shares for future acquisitions or other purposes in the future. If we raise such funding through issuance of new equity or equity-linked securities it may cause a dilution in the percentage ownership of our then existing Shareholders. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our business strategies;
- require us to dedicate a substantial portion of our cash flows from operations to service our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate needs; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

The costs of share options to be granted under the Share Option Scheme will adversely affect our results of operations and any exercise of the options granted may result in dilution to our Shareholders

We have adopted the Share Option Scheme, pursuant to which we will in the future grant to our employees options to subscribe for Shares. The fair value of the options at the date of which they are granted will be determined by reference to the valuer's valuation and will be charged as share-based compensation, which may have a negative effect on our results of operations. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue and will result in the dilution to the percentage of ownership of the Shareholders, the earnings per Share and the net asset value per Share. Details of the Share Option Scheme and the options granted thereunder are set out in the section headed "Statutory and General Information – E. Other information – 2. Share Option Scheme" in Appendix VI to this prospectus.

Because there has been no prior public market for our Shares, their market price may be volatile and an active trading market in our Shares may not develop

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range of our Shares was negotiated by the Sole Global Coordinator (on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders). The Offer Price may differ significantly from the market price of our Shares following the Global Offering. We have applied for listing and permission to trade our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, that it will be sustainable following the Global Offering or that the market price of our Shares will not decline after the Global Offering.

Furthermore, the price and trading volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in China and in the global economy;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

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

The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, including by our substantial Shareholders or the Selling Shareholders, or the issuance of new Shares by us, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to it, and the Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. While we are not aware of any intentions of our existing Shareholders to dispose of significant amounts of their Shares upon expiry of the relevant lock-up periods, we are not in a position to give any assurances that they will not dispose of any Shares they own now or may own in the future.

The market price of the Shares when trading begins could be lower than the Offer Price

The initial price to the public of the Shares sold in the Global Offering will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth business day after the pricing date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of the Shares are subject to the risk that the price of the 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 time of sale and the time trading begins.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering

Investors will pay a price per Share that substantially exceeds the per Share value of our tangible assets after subtracting our total liabilities and will therefore experience immediate dilution when investors purchase the Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, investors participating in the Global Offering would receive less than the amount they paid for their Shares.

Our results of operations are difficult to predict, and if we do not meet the market expectations, the price of our Shares will likely decline

Our results of operations are difficult to predict and may fluctuate from time to time. It is possible that our results of operations in some reporting periods will be below market expectations. Our results of operations will be affected by a number of factors as set forth in the section headed "Financial Information" in this prospectus. If our results of operations for a particular reporting period are lower than the market expectations for such reporting period, investors are likely to react negatively, and as a result, the price of our Shares may materially decline.

We cannot guarantee the accuracy of certain information, forecasts and other statistics obtained from official government sources contained in this prospectus

Certain information, forecasts and other statistics in this prospectus relating to the economy and the copper and cable industries on an international, regional and specific country basis have been collected from materials from official government sources. Our Directors have made these statements with due care and have no reason to believe that the statements are not accurate. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Selling Shareholders, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering and no representation is given as to its accuracy.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business and operating strategies and our ability to implement such strategies;
- our capital expenditure programs and future capital requirements;
- our ability to develop and manage our production;
- our production capabilities;
- supply and cost of raw materials for our copper products;
- our operations and production costs;
- our relationship with, and other conditions affecting, our customers;
- continuing availability of VAT refunds and government grants and subsidies;

- market demand for, and prices of, copper products;
- our environmental considerations and the cost of compliance with environmental legislation;
- our business prospects;
- future developments, trends and conditions in the markets in which we operate;
- competition for, among other things, capital and skilled personnel;
- risks arising from future acquisition and/or disposal activities;
- industry trends, including the direction of prices and expected levels of supply and demand;
- capital market developments;
- changes to regulatory or operating conditions in the markets in which we operate;
- our dividend policy;
- the actions and developments of our competitors;
- risks inherent to our production;
- changes in political, economic, legal and social conditions in China, including the government's specific policies with respects to the copper industry, economic growth, inflation, foreign exchanges and the availability of credit; and
- natural disasters or other catastrophic events.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking descriptions of events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our business and operations are primarily based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate our executive Directors to Hong Kong.

Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

(i) We have appointed and will continue to maintain two authorized representatives, namely Mr. Kwong Wai Sun Wilson and Mr. Cheung Ying Kwan, to be the principal communication channel at all times between the Stock Exchange and the Company pursuant to Rule 3.05 of the Listing Rules. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. We have been registered as a non-Hong Kong company under Part XI of the Companies Ordinance and Mr. Cheung Ying Kwan has been authorized to accept service of legal process and notices in Hong Kong on our behalf.

(ii) Both of our authorized representatives have means to contact all of our directors (including our independent non-executive Directors) and the senior management team promptly at all times as and when the Stock Exchange wishes to contact any of the Directors for any matters. We will implement a policy whereby the Directors will provide to the authorized representatives (a) their respective mobile phone numbers, residential phone numbers, fax numbers and e-mail addresses; and (b) valid phone numbers or other means of communication when they are traveling. In addition, each Director will provide their respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange.

(iii) All Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required.

(iv) We will, in accordance with the requirements of Rule 3A.19 of the Listing Rules, appoint and retain Fortune Financial Capital Limited as our compliance advisor (the "Compliance Advisor") for a period commencing on the date of Listing and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after Listing. The Compliance Advisor will provide us with professional advice on continuous compliance with the Listing Rules, and act at all times, in addition to our two authorized representatives, as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Advisor has prompt access to our authorized representatives and Directors who will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties.

(v) Meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Advisor in accordance with the Listing Rules.

ACCOUNTS IN THIS PROSPECTUS

The Accountants' Report set out in Appendix I to this prospectus contains the consolidated results of our Group for the three financial years ended December 31, 2012 and the nine months ended September 30, 2013.

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the prospectus be included in the Accountants' Report to this prospectus.

Section 342(1)(b) of the Companies Ordinance requires all prospectuses to include, among other things, matters specified in the Third Schedule of the Companies Ordinance.

Paragraph 27 of Part I of the Third Schedule of the Companies Ordinance requires the listing applicant to set out in the prospectus a statement as to the gross trading income or sales turnover during each of the three years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

Paragraph 31 of Part II of the Third Schedule of the Companies Ordinance requires that the listing applicant to include in the prospectus a report by the auditors with respect to the profits and losses and assets and liabilities of the listing applicant in respect of each of the three financial years immediately preceding the issue of the prospectus.

We have applied for (i) a waiver from the Stock Exchange from strict compliance with Rule 4.04(1) of the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies Ordinance from the SFC from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance, in relation to the inclusion of the Accountants' Report for the full financial year ended December 31, 2013 in this prospectus, on the following grounds:

- if the accountants are required to complete the auditing work for October, November and December 2013, the additional time required would result in our Company being unable to issue the prospectus according to the timetable contemplated. Therefore it will be unduly burdensome to include in the prospectus the audited financial statements of our Company for the full financial year ended December 31, 2013;

- a profit estimate for the financial year ended December 31, 2013 will be appended to the prospectus to ensure that sufficient information is provided to potential investors to make an informed assessment of the financial position of the Group;

- notwithstanding that the prospectus will not include the audited financial statements for the three months ended December 31, 2013, our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there is no material adverse change in our financial or trading position or prospects since September 30, 2013, and there is no event since September 30, 2013 which would materially affect the information shown in the Accountants' Report set forth in Appendix I to this prospectus; and

- in view of the reasons above, our Directors are of the view that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this prospectus, therefore the granting of a waiver and an exemption from compliance with such requirements would not prejudice the interests of the investing public.

The waiver from strict compliance with Rule 4.04(1) of the Listing Rules was granted by the Stock Exchange on the following conditions:

(i) We list on the Stock Exchange by March 31, 2014.

(ii) We obtain a certificate of exemption from the SFC on compliance with the requirements set out in paragraphs 27 of Part I and 31 of Part II of the Third Schedule to the Companies Ordinance.

(iii) A profit estimate for the year ended December 31, 2013 will be included in the prospectus.

(iv) A statement made by our Directors confirming that there has been no material adverse change in our financial or trading position or prospects from September 30, 2013 will be included in the prospectus.

The certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance on the conditions that (i) the particulars of the exemption be set forth in this prospectus; and (ii) this prospectus be issued on or before February 11, 2014.

CONNECTED TRANSACTIONS

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirement under Chapter 14A of the Listing Rules for certain non-exempt continuing connected transactions. For details of such non-exempt continuing connected transactions and the waiver, please see the section entitled "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public about us. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Sole Global Coordinator (on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date.

The Offer Price is expected to be fixed between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around February 14, 2014 and, in any event, not later than February 18, 2014 (unless otherwise determined between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (on behalf of ourselves and the Selling Shareholders)). If, for whatever reason, the Offer Price is not agreed between the Sole Global Coordinator and our Company on or before February 18, 2014, the Global Offering will not become unconditional and will lapse immediately.

Further information about the Underwriters and the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering and the exercise of any options that may be granted under our Share Option Scheme.

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in the section headed "Structure of the Global Offering" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands. Our register of members in Hong Kong will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of us, the Selling Shareholders, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

EXCHANGE RATE

Solely for convenience purposes, this prospectus includes translations of certain Renminbi and GBP amounts into Hong Kong dollars and of Renminbi amounts into US dollars. No representation is made that the Renminbi, US dollar or GBP amounts could actually be converted into such foreign exchange at the rate indicated, or at all. Unless otherwise indicated or for transactions that have occurred at historical exchange rates, the translation of:

- Renminbi into Hong Kong dollars was made at the rate of RMB0.7863 to HK$1.00, the exchange rate prevailing on January 30, 2014 published by the PBOC;

- GBP into Hong Kong dollars was made at the rate of GBP0.0784 to HK$1.00, the exchange rate prevailing on January 31, 2014 published by the Bank of England;

- Renminbi into US dollars was made at the rate of RMB6.0590 to US$1.00, the exchange rate set forth in the H.10 weekly statistical average of the Board of Governors of the Federal Reserve System of the United States on January 31, 2014; and

- Hong Kong dollars into US dollars was made at the rate of HK$7.7642 to US$1.00, the exchange rate set forth in the H.10 weekly statistical average of the Board of Governors of the Federal Reserve System of the United States on January 31, 2014.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Yu Jianqiu (俞建秋)	Flat C, 39th Floor Harbour One No. 458 Des Voeux Road West Hong Kong	Chinese
Liu Hanjiu (劉漢玖)	No. 6 Fanjia Village Shitang Town Fucheng District Mianyang City Sichuan, China	Chinese
Kwong Wai Sun Wilson (鄺偉信)	Flat A, 2/F Hau Yuen 51 Shouson Hill Road Hong Kong	Chinese
Huang Weiping (黃偉萍)	Unit 204, Block 1 No. 26 Nengbutian Alley Gulou District Fuzhou City Fujian, China	Chinese
Zhu Yufen (朱玉芬)	Unit 2, 3rd Floor 7 Jian She Street Tongchuan Town Santai County Sichuan, China	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Lee Ting Bun Denny (李廷斌)	No. 4 Dianthus Road Yau Yat Chuen Kowloon, Hong Kong	Chinese
Pan Liansheng (潘連勝)	No. 3, Unit 2 Building 21 Xi Lane Yungang North District Fengtai District Beijing, China	Chinese
Liu Rong (劉蓉)	No. 3, Unit 1 Building 16 No. 55 Guanghuacun Street Qingyang District Chengdu City Sichuan, China	Chinese

Further information is disclosed in the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator, Sole Sponsor and Sole Bookrunner	BNP Paribas Securities (Asia) Limited 59/F-63/F, Two International Finance Centre 8 Finance Street Central Hong Kong

Joint Lead Managers	BNP Paribas Securities (Asia) Limited 59/F-63/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	CMB International Capital Limited Units 1803-4, 18/F, Bank of America Tower 12 Harcourt Road Central Hong Kong
Co-Managers	Convoy Investment Services Limited Room C, 24/F @CONVOY, 169 Electric Road North Point Hong Kong
	Kingston Securities Limited Suite 2801, 28th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong law and United States law* Herbert Smith Freehills 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong
	As to PRC law Chen & Co Law Firm Suite 605-606, Tower A, Parkview Green FangCaoDi Beijing, 9 Dongdaqiao Road, Chaoyang District, Beijing 100020, China
	As to Cayman Islands law Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal Advisors to the Underwriters	*As to Hong Kong law and United States law* Skadden, Arps, Slate, Meagher & Flom and affiliates 42nd Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* Haiwen & Partners 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing 100020 China
Reporting Accountants and Independent Auditor	*Certified Public Accountants* KPMG 8th Floor Prince's Building 10 Chater Road Central Hong Kong
Property Valuer	DTZ Debenham Tie Leung Limited 16/F, Jardine House 1 Connaught Place Central Hong Kong
Receiving Banker	Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong
Selling Shareholders	Wit Great Praise Get
Headquarter and Principal Place of Business of the Company in the PRC	She Nos 1, 3 and 8 Shunhe Village, Xiaojiangou Town Youxian District Mianyang Sichuan Province China

Registered Office in the Cayman Islands	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Place of Business in Hong Kong registered under Part XI of the Companies Ordinance	Unit 908, China Merchants Tower 168-200 Connaught Road Central Sheung Wan, Hong Kong
Company Website	www.cmru.com.cn (*the information contained on the website does not form part of this prospectus*)
Company Secretary	Cheung Ying Kwan, FCCA Flat G, 2/F, Palm Mansions Whampoa Garden Hung Hom Kowloon Hong Kong
Authorized Representatives	Kwong Wai Sun Wilson Flat A, 2/F Hau Yuen 51 Shouson Hill Road East Hong Kong Cheung Ying Kwan Flat G, 2/F, Palm Mansions Whampoa Garden, Hung Hom Kowloon, Hong Kong
Audit Committee	Lee Ting Bun Denny *(Chairperson)* Pan Liansheng Liu Rong
Remuneration Committee	Pan Liansheng *(Chairperson)* Lee Ting Bun Denny Liu Rong
Nomination Committee	Liu Rong *(Chairperson)* Pan Liansheng Lee Ting Bun Denny

Principal Share Registrar and Transfer Office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong
Compliance Advisor	Fortune Financial Capital Limited 35/F, Office Tower Convention Plaza No.1 Harbour Road Wanchai Hong Kong
Principal Bankers	Industrial and Commercial Bank of China Mianyang Branch No. 10, Jingzhong Street Mianyang, Sichuan Province China
	Mianyang Commercial Bank Youxian Branch 9-11, No. 30 Dongjin Road Youxian District, Mianyang Sichuan Province China

This section contains certain information and statistics derived from official government publications and industry sources as well as a report we commissioned from CRU, an Independent Third Party. We believe that the report prepared by CRU is an appropriate source of information that has been extracted for inclusion in this section and partially the section headed "Business" of this prospectus and we have taken reasonable care in extracting and reproducing such information.

We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information derived from the above sources has not been independently verified by us, the Selling Shareholders, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We commissioned CRU, a London-based independent research and consulting company specialising in the international metals, mining and fertiliser industries, to conduct an analysis of, and to report on the copper, scrap copper, copper semis product and wire and cable market in the PRC and globally, mainly covering the period from 2007 to 2016. The report commissioned has been prepared by CRU independent of our influence. CRU has charged our Company a total fee, net of applicable PRC sales tax, of GBP99,000 (or approximately HK$1,262,755) for the preparation of the commissioned report. CRU has compiled its report based on historical and forecast data from its regularly published reports, as released in July 2013, with updated supply, demand and price information release.

Where published data may not be available, up-to-date or objective, CRU had to make estimates based on first-hand information or personal contact with industry participants such as producers, consumers and traders, as well as secondary sources such as conference presentations, news articles and company reports. CRU has also undertaken further market analyses based on its databases, and additional quantitative and qualitative research, where required. CRU's price forecasts are based upon a range of data, sources and analytical techniques depending upon the commodity and time frame being considered. Forecasts and analyses for short time frames (under one year) are often based upon prevailing trends, contact with market participants and knowledge of the markets' underlying fundamentals.

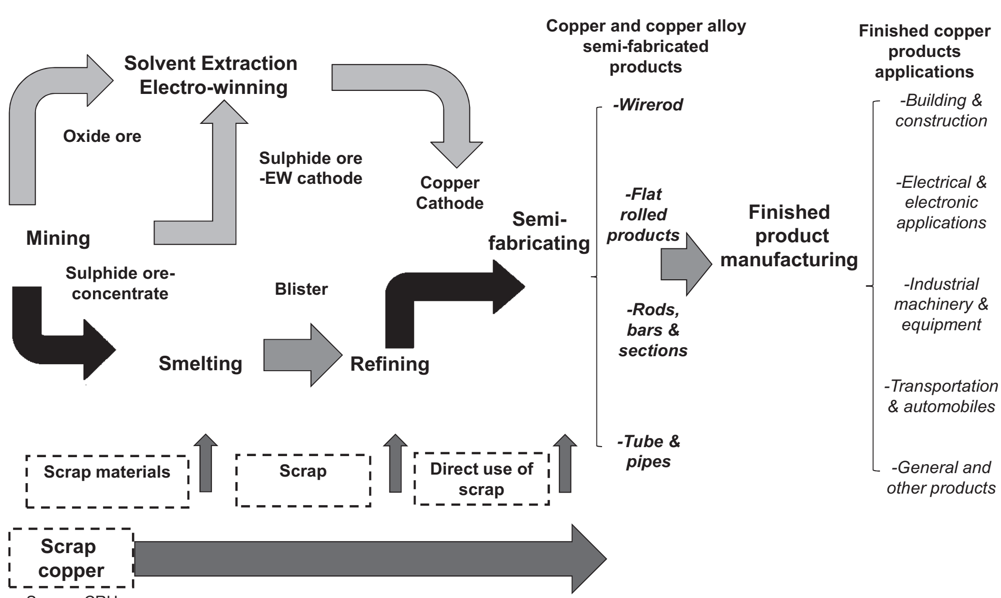
While CRU has exercised every effort to provide a realistic assessment of the scrap copper, semis, wire and cable industry and associated metal markets, prices and competitive conditions depend on a number of factors of an inherently unpredictable nature. These include, but are not limited to, macroeconomic conditions affecting metals and scrap demand, substitution of alternative materials, the availability and price of the metals, scrap and other raw materials, changes in production technology, speculative and financial conditions affecting the price of metals and scrap in terminal commodity markets and government taxes and other actions, including environmental regulations, affecting the production, trade and consumption of metals and scrap. Accordingly, neither we nor CRU can guarantee the accuracy of any forecasts or other forward-looking statements contained in CRU's report or any information extracted therefrom. Our Directors confirm that, after taking reasonable care, there has been no adverse change in the market information, since the date on which CRU issued its report.

THE CHINA COPPER MARKET

Properties of Copper and Its End Uses

Copper is a malleable, ductile, water resistant metal, and is a good conductor of heat and electricity. These properties allow a range of uses, including in pipes, electronics, household products, coinage and biomedical applications and in structural engineering. Copper is used mainly in the construction, electrical and electronics, transportation and industrial machinery industries, and in consumer products. Copper is consumed as concentrate, cathode, semi-fabricated products, or semis, scrap and as part of alloys in combination with other elements, including bronze (copper and tin), brass (copper and zinc) and copper nickel alloys.

Cathode is the standard form of output for copper, and is traded on the London Metal Exchange. Copper cathodes are shipped as melting stock to mills and semis producers, from where it can be further transformed into various semi-fabricated copper and brass products before final use in manufacturing. The following chart shows the process how copper is typically produced and manufactured.



Source: CRU

China Refined Copper Market Overview

In 2012, Chinese refined copper consumption amounted to 8.2 million metric tons, increasing by 4.9% on the previous year. The demand for copper was weak in 2011 and 2012 compared with 2010 due to a slowdown in copper consuming end-uses caused by the government's macroeconomic policies. Chinese refined copper consumption is forecast to grow at 6.0% in 2013 and at a CAGR of 5.8% per annum between 2012 and 2016, reaching about 10.2 million metric tons by 2016. The key drivers supporting China's copper consumption include:

- An increase in government housing for low income families is expected to support copper demand from 2013 and beyond, offsetting slowdown elsewhere in real estate, noting that copper usage occurs at later stages of housing construction. The construction and furnishing of such housing is copper intensive and is expected to support copper demand in the period between 2011 to 2015; and

- The investment in power infrastructure and rising consumption of home appliances should underpin the growth in copper consumption over the next four years.

Chinese copper production has lagged copper demand, and Chinese imports of refined copper peaked in 2009 at 2.36 million metric tons. This deficit is forecast to shrink from 2013 onwards due to an increase in smelting and refining capacity in China. However, China is expected to remain a major importer of copper concentrates, as domestic copper concentrate supply cannot meet domestic demand while imports are expected to fall gradually over the forecast period.

(In thousands of metric tons)	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**CAGR 2007-2012**	**CAGR 2012-2016**
Refined production	3,515	3,752	4,014	4,602	5,163	5,714	6,289	7,578	8,495	9,013	10.2%	12.1%
Refined copper consumption	4,775	5,050	6,372	7,199	7,782	8,163	8,653	9,163	9,695	10,247	11.3%	5.8%
Balance	-1,260	-1,298	-2,359	-2,597	-2,619	-2,449	-2,364	-1,585	-1,200	-1,234		

Source: CRU

THE CHINA SCRAP COPPER MARKET

China Scrap Copper Supply Overview

As a result of the rapid growth in refined copper production, the concentrate supply cannot meet the demand; therefore refineries need to use scrap, blister and anode as an alternative feed. The use of scrap copper is not only in line with environment protection and a green economy, but also significantly offsets the shortage of copper concentrate's supplies, which have already imposed huge pressure upon the development of China's copper industry.

China's scrap copper pool is smaller and less mature than that in developed economies, and the quality of its scrap is generally considered poorer. This is attributable to comparatively lower disposable income level in China and in turn longer home appliances lifecycles, as well as a less developed classification and collection system. Since China is a major net exporter of finished home appliances, its scrap pool is growing at a slower rate than its total metal consumption. These factors have made China the world's largest importer of scrap copper to meet internal demand, accounting for more than half of reported global imports, and with imports of more than four times the next largest importer. The table below sets out China's historical and estimated availability of scrap copper between 2007 and 2016:

(In thousands of metric tons)	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**CAGR 2007-2012**	**CAGR 2012-2016**
Domestic scrap generation	700	600	850	1,100	1,214	1,350	1,466	1,589	1,728	1,878	14.0%	8.6%
Year-on-year % change	*2.9%*	*-14.3%*	*41.7%*	*29.4%*	*10.3%*	*11.2%*	*8.6%*	*8.4%*	*8.8%*	*8.6%*		
Net imports of scrap*	1,702	1,626	1,608	1,649	1,771	2,037	2,291	2,521	2,850	3,004	3.7%	10.2%
Total supply availability	**2,402**	**2,226**	**2,458**	**2,749**	**2,984**	**3,386**	**3,757**	**4,110**	**4,578**	**4,882**	**7.1%**	**9.6%**
Domestic generated scrap as a % of total supply availability	29.1%	26.9%	34.6%	40.0%	40.7%	39.9%	39.0%	38.7%	37.8%	38.5%		
Imported scrap as a % of total supply availability	70.9%	73.1%	65.4%	60.0%	59.3%	60.1%	61.0%	61.3%	62.2%	61.5%		
Domestic scrap stock	610	1,078	423	703	1,088	1,270	1,269	1,541	1,512	1,489	15.8%	4.1%
Net scrap supply	**3,012**	**3,305**	**2,881**	**3,452**	**4,072**	**4,657**	**5,027**	**5,651**	**6,090**	**6,371**	**9.1%**	**8.1%**

* Net imports include net imports and smuggling

Source: CRU, China Customs

Note: Availability is calculated as a residual value based on data of primary metal supply versus production levels. All data are shown in terms of pure metal content, and imported scrap is those containing at least 35% of copper.

Domestic generation of scrap copper in China has grown at a CAGR of 14.0% from 2007 to 2012, and is going to retain strong growth between 2013 and 2016 with a CAGR of 8.6% to reach over 1.8 million metric tons by the end of 2016, which accounts for 38.5% of total supply availability. From early 2010, the domestic scrap generation increased because of home appliance recycling schemes, as well as improvement in industrial activities outside China.

Import of scrap copper will continue to increase and still be the dominant source to Chinese market. However, the share of imported scrap copper is expected to decline due to the combination of high copper prices and the unfavorable arbitrage between Shanghai Futures Exchange (SHFE) and London Metal Exchange (LME). Total supply availability is expected to grow at 9.6% per annum between 2012 and 2016, adding another 1.5 million metric tons to scrap supply. Total supply availability is expected to approach 4.9 million metric tons by 2016, which is expected to meet approximately 77% of China's net scrap supply requirements; with domestic stock accounting for the remaining 23%.

China Scrap Copper Prices Overview

In the absence of a terminal market exchange for scrap, the prices for scrap in the tables below are collected by CRU, which regularly speaks to scrap market participants to estimate prevailing scrap prices and discounts. Every scrap transaction is the result of an individual negotiation, and therefore there is no single price for a certain grade of scrap at a certain time. Instead, the prices shown in this section are indicative of general market movements. The pricing of scrap is dependent on a series of variables, which are briefly discussed below:

• *Metal content, quality, and physical make-up of the scrap (including any impurities and by-products)*: typically the higher the metal content (and the lower the impurities) of the scrap material, the higher its price, subject to market conditions.

• *The level of demand for scrap and its availability*: typically the lower the availability of scrap, the higher its price, subject to market conditions. For example, scrap copper availability declined from 2009 due to decreasing use of copper in developed countries, resulting in higher imported scrap copper prices for certain scrap copper from the United States.

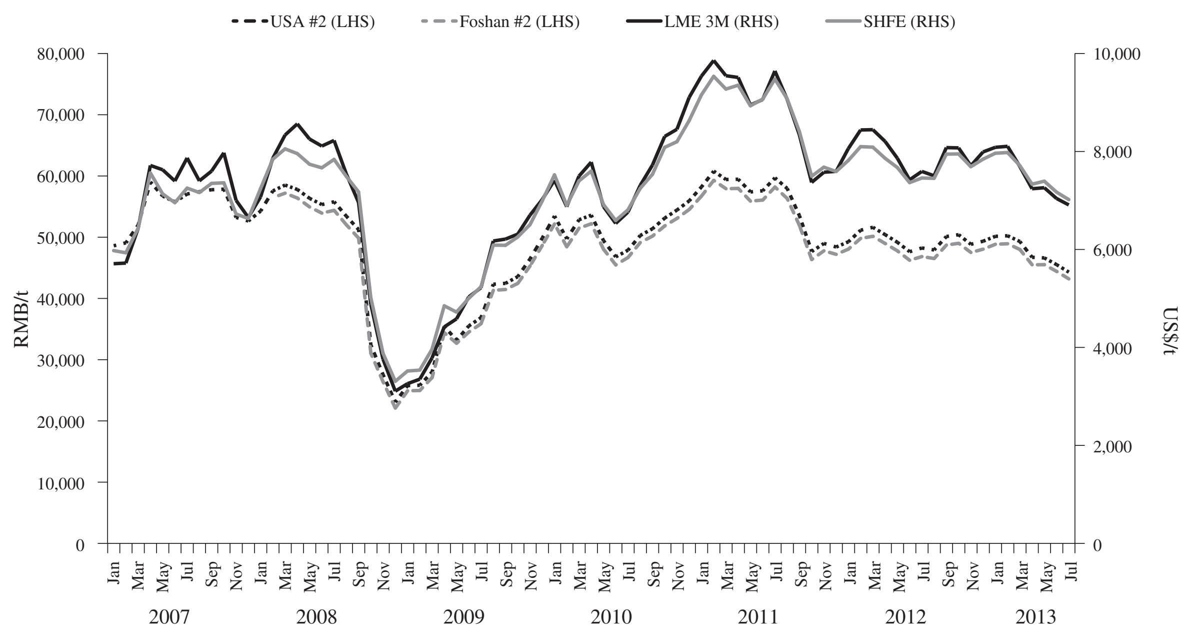
• *Amount and difficulty of the sorting or further processing*: the greater the extent of sorting completed by the seller, the higher the scrap price to the buyer. Equally, the greater the requirement for further processing by the buyer, the lower the scrap price is.

• *The relative performance of the benchmark price*: scrap prices are typically linked to benchmark metals prices. For example, scrap copper is priced on the basis of the LME: the tonnage of scrap is multiplied by its copper content, and then a discount is made to cover the cost of refining the scrap into metal. Usually high copper price would lead to a high scrap price.

• *Arbitrage between Chinese and benchmark world prices*: Chinese buyers have featured increasingly in world scrap markets over the last decade. As a result, the prices they pay for their imported material are closely linked to the scrap prices of major exporting regions, such as the United States and Western Europe, and the LME and Commodity Exchange (COMEX) metal prices. Conversely, the buying activity of Chinese scrap consumers can determine the price of scrap in regional markets. Chinese scrap consumers will tend to purchase material in foreign markets when local metal prices (SHFE) are higher than the prices in other key overseas regions (LME). This buying activity in overseas markets can exert upward pressure on scrap prices in these regions.

The chart below sets forth historical benchmark metal prices and scrap prices from 2007 to 2012. Note that we select domestic No.2 copper (92-93% copper content) Foshan price as the reference price for domestic scrap price. The scrap prices illustrated in the chart show a strong positive correlation to benchmark copper prices. The limited availability of concentrates has partly supported copper price rise in 2007 which in turn led to a high scrap price. However, the rise in scrap prices halted during the second half of 2008, when copper prices collapsed in line with lower demand from end-use sectors and weakened investor's confidence.

Historical benchmark prices and scrap copper prices, 2007-2013



* Note that domestic No.2 copper prices before February 2008 are not available because Chinese market did not have domestic No.2 copper as a separate category until then.

Source: CRU

THE CHINA COPPER SEMIS MARKET

China Copper Semis Industry Overview

The copper semis industry lies between the industry that produces copper and the users of copper in finished products. Semis fabricators process refinery shapes such as cathodes, ingots, and billet slabs into semi-finished copper and copper alloy products. Common semis and their applications are set out below.

Copper Semis and Applications

	Semi-products	Applications
	Copper wirerod	Copper wire and cable (electrical and telecoms)
FLATROLLED	Copper sheet, strip and plate (SSP)	Electrical interconnects, electronic devices, automotive strip, architectural applications
	Copper foil	Electrical inter-connects, devices
	Alloy sheet, strip, plate and foil	Same as for Copper SSP
EXTRUDED	Copper tube	Plumbing and air-conditioning tube
	Copper alloy tube	Copper wire and cable (electrical and telecoms)
	Copper alloy rods, bars and sections	Electrical products, construction (brass locks and fittings), industrial machinery
	Alloy wires	Consumer, misc applications
	Copper rods, bars and sections	Electrical applications
	Foundry products	Intermediate products

Source: CRU

Among the applications of copper semis, the largest is construction, which consumes large quantities of electrical wires and tubing for electrical, plumbing, heating, and air-conditioning systems. The second largest category is electrical and electronic products, including those for telecommunications, wiring devices, electric motors and power utilities. Copper used in industrial machinery and equipment includes industrial valves and fittings, heat exchangers and various other types of heavy equipment and machine tools. Transportation applications include automobile and truck parts such as copper motors, radiators, connectors and brakes. New generation airplanes and trains also extensively use copper semis.

China Copper Semis Industry

The copper semis industry in China has witnessed rapid development over the last two decades. Overall growth in semis production in China has increased at a CAGR of 9.2% in the period from 2007 to 2012, reaching at 10.2 million metric tons by the end of 2012. China is both the largest producer of copper semis, producing over 40% of the world's total output, and the largest consumer of copper semis.

Demand for semis is growing strongly on the back of intense industry activities. From 2007 to 2012, domestic demand for copper semis has increased at a CAGR of 8.9%. Among the major products, consumption of wirerod grew fastest at a CAGR of 11.5%, exceeding that of the production, as the demand is being fuelled by increases in consumption of both low voltage energy cables (e.g. building wire, appliance wire and automotive wire) and copper power wires. These are driven by the continuing economic development of China (building wire and copper power wire) and by the strengthening manufacturing base that is developing in China (appliance and automotive wires).

The following table presents Chinese copper semis supply and demand by products for the following years.

(Thousands of metric tons)	2007	2008	2009	2010	2011	2012	CAGR 2007-2012
Copper semi-fabricated products production							
Copper Wirerod	3,611	4,148	4,752	5,264	5,552	5,846	*10.1%*
Rods, Bars and Sections	1,037	1,095	1,124	1,191	1,260	1,318	*4.9%*
Strip, Sheet, Plate & Foil	815	825	1,150	1,429	1,504	1,597	*14.4%*
Tube	1,076	1,105	1,155	1,322	1,363	1,392	*5.3%*
Total semis production	**6,539**	**7,173**	**8,181**	**9,206**	**9,679**	**10,153**	***9.2%***
Copper semi-fabricated products demand							
Copper Wirerod	3,881	4,507	4,986	5,669	6,241	6,678	*11.5%*
Rods, Bars and Sections	970	919	895	949	965	994	*0.5%*
Strip, Sheet, Plate&Foil	1,198	1,193	1,241	1,519	1,575	1,624	*6.3%*
Tube	924	917	921	1,177	1,390	1,391	*8.5%*
Total semis demand	**6,973**	**7,536**	**8,043**	**9,314**	**10,170**	**10,686**	***8.9%***

Source: CRU, China Non-ferrous Metals Industry Association, International Wrought Copper Council

Note: Production is gross weight, including alloy content.

The copper semis manufacturing industry in China is extremely dispersed. According to CNIA statistics, there are in excess of 2,000 fabricators of copper semis in China concentrated primarily in the south-eastern coastal area, the Yangtze River Delta and the Pearl River Delta. CRU expects China's semis production to grow as a result of the government promotion of investment in copper-intensive sectors under the 12th Five-Year Plan.

China Scrap Based Semis Market

CRU forecasts the use of scrap in copper semis production to continue increasing from 2012 onward. However, continued high copper prices may cause substitution away from copper semis which are predominantly produced from scrap, leading to a fall in percentage of scrap used in semis (compared to refined metal) over the forecast period. The following table shows the CRU historical and forecast of scrap consumption for semis production from 2012 to 2016.

(Thousands of metric tons)	**2012**	**2013E**	**2014E**	**2015E**	**2016E**	**CAGR 2012-2016**
Refined consumption	8,203	8,719	9,347	9,952	10,585	6.6%
Scrap consumption	2,448	2,202	2,485	2,565	2,657	2.1%
Total production	**10,651**	**10,922**	**11,832**	**12,517**	**13,242**	**5.6%**
Scrap contribution %	*23.0%*	*20.2%*	*21.0%*	*20.5%*	*20.1%*	

Source: CRU

The following table sets forth the five largest Chinese copper wirerod producers that use scrap copper as their only raw materials, based on production capacity as of December 31, 2012.

	Company name		**Location**	**Production capacity** *(Thousands of metric tons)*
1	Baoding Dawufeng	保定大無縫銅業	Hebei	120
2	Jiangwu Group	江鎢集團	Jiangxi	120
3	Jiangxi Jinlong	江西金龍銅業	Jiangxi	120
4	Ningbo Shimao	寧波世茂銅業	Zhejiang	100
5	Hunan Jinlong	湖南金龍銅業	Hunan	65

Source: CRU

On the national level, based on production capacity of 46,800 metric tons as at December 31, 2012, we are a medium-sized recycled copper wirerod producer.

Recycled Non-Ferrous Industry Development and Promotion Plan

In January 2011, the Ministry of Industry and Information Technology, the Ministry of Science and Technology and the Ministry of Finance of the People's Republic of China jointly published the Recycled Non-Ferrous Industry Development and Promotion Plan (再生有色金屬產業發展與推進計劃) to encourage the development of the non-ferrous recycling industry. The key elements of this plan include:

- optimizing industry locations and increase industry concentration – focusing on existing key scrap metal and processing industry park locations; supporting companies with capacity in excess of 50,000 metric tons to realize economies of scale; encouraging the development of value-added recycle metal products; building reliable raw material sources and achieving value chain integration.

- promoting technology upgrade – encouraging the research and development and commercialization of new technologies; encouraging the adoption of advanced technologies and the use of technologically advanced equipment; strengthening quality control and supporting industrial application of recycled metals.

- focusing support on key projects – developing large-scale new recycled model projects in certain industrial regions, including the Pearl River Delta, the Yangtze River Delta, the Bohai Economic Zone and the Chengdu-Chongqing Economic Zone.

- strategizing scrap metal collection system – further utilizing, regulating and consolidating existing scrap metal collection channels and increasing the size, rather than the number, of key collection zones and trading markets.

To assure the execution of the Recycled Non-Ferrous Industry Development and Promotion Plan, the government has been increasing barriers of entry; contributing more resources in promoting research and development; executing trial and role-model projects; more aggressively eliminating obsolete capacities; perfecting legal and regulatory systems relating to the industry and strictly enforcing its regulations relating to the industry. Under the plan, incineration equipment without a flue gas treatment control system, blast furnaces, cupola furnaces, and traditional stationary reverberatory furnaces (with capacity less than 50 metric tons) were stipulated as obsolete equipment.

The Group's businesses are located in Sichuan and Hunan Provinces, both of which are key recycle metal development regions targeted by the Recycled Non-Ferrous Industry Development and Promotion Plan. The areas where we source our raw materials, including the Pearl River Delta, the Yangtze River Delta and the Chengdu-Chongqing Economic Zone are also key industrial regions where the government plans to focus its support under the plan. We believe we will benefit from a reliable supply of raw materials due to the favorable policies expected to be promulgated. In addition, our new Tongxin facility is more technologically advanced than our existing facilities and uses more environmentally friendly technology. Together with its estimated annual production capacity of 100,000 metric tons of recycled copper products, our Tongxin facility is the type of facility that is expected to enjoy the favorable government policies under the plan.

OVERVIEW OF THE COPPER WIRE AND CABLE INDUSTRY

Copper Wire and Cable Introduction

Copper is the most widely used material in wire and cable products due to its conductivity, ductility and corrosion resistance.

In terms of different applications, copper wire and cable products can be categorized into the following groups:

- *Low voltage and medium voltage (LV-MV) energy cables*: which refers to cable rated below and including 35kV in China, or below and including 60kV outside China. The three main product sub-sectors are building wires, automotive wires and appliance wires.

- *Power cables*: which refers to cable rated above 110kV in China, or above 60kV outside China and includes High Voltage (HV), Extra High Voltage (EHV) and Ultra High Voltage (UHV) power cables.

- *Communication cables*: which refers to telecommunication cables using copper as the material. It includes both external telecom cable and internal telecom (or data) cable.

- *Winding wires*: which refers to copper wires coated with a layer of insulation used in transformers, motors, electrical and electronic goods.

Copper wires and cable products account for over 50% of total global copper usage, which is mostly produced from wirerod. Copper wires and cables are used for power generation, transmission, telecommunications, electronics and electrical equipment.

The Chinese Metallic Wire and Cable Industry

China is the largest producer of metallic wires and cables globally by volume. The Chinese metallic wire and cable market expanded at a greater rate than the world as a whole between 2002 and 2012, increasing from under 20% of global market share to 32% during this period. The highest growth has been seen in the power cable segment, which has increased at a CAGR of 10.4% from 2007 to 2012. And China's total consumption of copper wire and cable increased at a CAGR of 8.2% from 2007 to 2012.

The Chinese metallic wire and cable industry is highly fragmented. There are approximately 7,000 metallic wire and cable producers in China, more than half of which are private companies. Most manufacturers are located in East China, including Jiangsu, Zhejiang, Hebei, Anhui and Guangdong provinces. According to National Bureau of Statistics data, the top 19 metallic wire and cable producers accounted for less than 12% of total production by value. Price competition has become intense, particularly since 2009, as a result of the global economic recession and a rapid surge in new production capacity. There are currently more than 500 metallic wire and cable manufacturers in Sichuan Province alone.

Chinese Domestic Demand for Copper Wires and Cables

The Chinese metallic wire and cable market, which is dominantly copper wires and cable, has exhibited strong growth over the last decade. By 2012, China's consumption of metallic wire and cable accounted for 31% of the global market and is expected by CRU to remain approximately at this level in the coming few years. Copper cable market growth slowed down in 2011 and 2012. Total copper wire and cable consumption in China will grow at CAGR of 4.9% over the forecast period compared to 8.2% in the period from 2007 to 2012. The following table sets out historical or estimated Chinese copper wire and cable consumption from 2007 to 2016.

	2007	2008	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 2007-2012	CAGR 2012-2016
(Thousands of metric tons of conductor)												
Low Voltage Energy	1,233	1,392	1,588	1,695	1,779	1,830	1,908	1,990	2,072	2,158	8.2%	4.2%
Power cable	1,058	1,246	1,467	1,588	1,650	1,738	1,837	1,941	2,042	2,141	10.4%	5.2%
External Telecom	43	32	22	20	19	18	17	16	15	13	-15.6%	-7.9%
Internal Telecom/Data	36	46	71	80	105	112	119	124	129	134	25.8%	4.0%
Winding Wires	928	957	978	1,130	1,131	1,198	1,246	1,318	1,392	1,469	5.2%	5.6%
Total	**3,297**	**3,674**	**4,127**	**4,513**	**4,684**	**4,896**	**5,127**	**5,389**	**5,650**	**5,915**	**8.2%**	**4.9%**

Source: CRU

The growth in Chinese production and consumption of copper wires and cables is primarily driven by the following factors:

Demand for LV energy cable: The three main product sub-sectors in the LV energy cable sector are building wires, automotive wires and appliance wires. In addition, there is also a significant output of flexible cables, plus other demand from industry and from sectors such as shipbuilding, mining and railways. Flexible cables are used in cord-sets, mainly power leads for domestic appliances and extension cables, and China is a major exporter of these products. China's LV energy cable demand grew at a CAGR of 8.2% between 2007 and 2012.

- *Demand from the building and construction industry*: A significant amount of wires is used in the construction industry, and in particular the real estate sector. The Chinese construction industry experienced production growth in excess of 10% between 2005 and 2009 but has since slowed due to government's credit and buying control policies on the residential market. In February 2013, the Chinese government announced a new policy to control the property market that may further negatively impact sales. However, the PRC government's announced plan to complete 4.7 million units of government housing for low-income families and start construction of 6.3 million units in 2013 will lend support to the consumption of building wires.

- *Demand from the automotive industry*: It is estimated that automotive wire production has broadly grown in line with automotive production, with each new car requiring around 65 sets of wiring harnesses according to the China Electronic Components Association. China has become the world's largest producer and consumer in the auto industry. Chinese automotive production was 20.6 million units in 2012, up 7.3% year-on-year. Chinese automotive production and sales grew between 5% and 10% in 2011 and 2012 following dramatic growth of between 30% and 50% in 2009 and 2010. Annual growth in Chinese automotive production is forecast to regain the momentum and stabilize above 10% each year until 2016.

- *Demand from home appliance*: China's home appliance industry saw huge growth in 2009 and 2010 driven by stimulus packages, while its output declined a little recently. Sales in the urban areas also fell due to macro controls on the property market and the expiration of stimulus plan. Looking ahead, the negative factors affecting the white goods industry include the global economic turmoil; RMB appreciation and the volatile commodity prices. While the opportunities include the effects on demand of continuing urbanization; social housing construction; lower inflation and opportunities for industry upgrading. Overall, growth rates of home appliance production are expected to rebound in 2013, and likely to stabilize beyond 2013.

- *Demand from mining cable*: Mining cable refers to flame retardant cable used in coal mining. China's coal production has increased significantly over the past decade to meet the soaring demand from power, metallurgical and chemical industries, growing from 1.4 billion metric tons in 2000 to 3.2 billion metric tons in 2010. However, due the recent regulation on coal mining in China (including Sichuan Province) and subdued prices, the growth rate of coal production slowed in 2012. In the 12th Five Year Plan, Chinese coal production is anticipated by CRU to reach 4.1 billion metric tons by 2015, with a CAGR of 4.8% from 2010 through 2015, which will continue to support moderate growth in the demand for mining cable.

Demand for power cable: China's power industry development was driven by growing power generation from 2005 through 2010 and is expected to be driven by power grid construction from 2011 through 2015 as well as the upgrading of provincial power grids. Moreover, there is an increasing trend towards long distance and ultra high voltage power transmission. A UHV (Ultra High Voltage) power grid will be built as the backbone of the PRC's smart grid, supported by a communication platform, through intelligent control, including electricity generation, transmission, substation, distribution, electricity consumption and dispatching which will cover all voltage levels. China's demand for power cable has grown at CAGR of 10.4% over 2007 to 2012 to 1.7 million metric tons of conductor. CRU has a cautiously optimistic outlook for power cable usage in power infrastructure in 2013 based on the following: 1) strong power investment will continue to boost wire and cable demand, and 2) in terms of power cables, the government will continue to improve electricity accessibility and encourage industrialization in the inland and western region of the country, which will have great potential of both consumption and production growth. China's power industry investment from 2011 to 2015 is forecast at RMB6.1 trillion, up 88.3% compared to the past five years, including a power generation investment of RMB3.2 trillion and a power grid investment of RMB2.9 trillion. In terms of the long-term market, CRU believes that the strong investment in the electric power industry will boost power cable consumption.

Demand for copper telecom cables (both external and internal): China's demand for copper telecom cables (both external and internal) grew 4.7% in 2012, and China accounted for 11% of the world market. The share is anticipated to keep steady by 2016. China's demand for internal telecom/data cable has experienced a significant growth with CAGR of 25.8% by volume and 25.3% by value from 2007 to 2012. They are mostly used in financial, government, transportation industries and large international firms, and the demand is expected to grow steadily going forward. However, the demand for external copper telecom cables has declined at a CAGR of 15.6% from 2007 to 2012, which is expected to continue down at a CAGR of 7.9% up to 2016 by volume. The reasons for these substantial reductions arise from the switch in China from net additions of fixed lines using traditional copper twisted pairs in all previous years to a net reduction in recent years, as families decide that a fixed landline is not needed in addition to mobile cellular service.

Demand for winding wire: The continuing growth of the Chinese economy and a growing middle class with disposable income meant that there has been strong demand growth for domestic appliances, electrical and electronic goods, motors, transformers, etc, and therefore winding wire as well. China's domestic consumption of winding wire grew at a CAGR of 5.2% during the period from 2007 to 2012, which is expected to continue at CAGR of 5.6% over the forecast period. China's winding wire consumption growth increased by 5.9% in 2012 from 2011 compared to 0.1% in 2011 from 2010 due to appliances and motors.

The Supply of Chinese Copper Wires and Cables

In 2002, China became the world's largest producer of copper cables by volume. The total output of copper wires and cables reached 5.6 million metric tons in 2012, up from 3.6 million metric tons in 2007, growing at a CAGR of 9.5% over the period. The largest contributors are LV energy cable, power cable and winding wire sectors, but there has also been rapid growth in internal telecom cable output. The overall production of copper wire and cable in China is likely to almost double in 2016 from 2007 levels, albeit a slower CAGR of 5.1% over the forecast period.

The following table sets out historical or estimated Chinese copper wire and cable production from 2007 to 2016.

(Thousands of metric tons of conductor)	2007	2008	2009	2010	2011	2012	2013E	2014E	2015E	2016E	CAGR 2007-2012	CAGR 2012-2016E
Production Volume												
Low Voltage Energy	1,447	1,675	1,921	2,094	2,206	2,335	2,429	2,549	2,675	2,803	10.0%	4.7%
Power cable	1,071	1,270	1,497	1,624	1,704	1,812	1,911	2,023	2,143	2,262	11.1%	5.7%
External Telecom	44	33	24	22	21	20	19	17	16	15	-14.8%	-7.2%
Internal Telecom/Data	145	168	176	198	223	235	247	257	266	273	10.1%	3.8%
Winding Wires	872	940	994	1,127	1,201	1,235	1,286	1,365	1,445	1,527	7.2%	5.4%
Total	**3,579**	**4,086**	**4,612**	**5,064**	**5,355**	**5,637**	**5,892**	**6,211**	**6,545**	**6,880**	**9.5%**	**5.1%**

Source: CRU

The largest PRC domestic producers of copper wires and cables ranked by production value in 2012 are set out in the table below.

(US$ million)

Company		LV energy	Power	Copper telecom	Int/Data	Winding wire	Fibre	Total	% of Total
Jiangsu Shangshang	江蘇上上電纜集團有限公司	613	1,001	0	0	0	0	**1,615**	*2.8%*
Shanghai Shenghua	上海勝華電纜集團	525	860	0	0	10	0	**1,395**	*2.5%*
Far East Holding Group	遠東控股集團有限公司	332	980	0	0	0	0	**1,312**	*2.3%*
Tongling Jingda	銅陵精達特種電磁線股份有限公司	0	0	0	0	1,186	0	**1,186**	*2.1%*
Baosheng Group	寶勝集團	247	853	0	10	0	0	**1,110**	*2.0%*
Xingle Group	興樂集團	520	370	0	20	55	0	**965**	*1.7%*
Suli Group	天津塑力線纜集團	370	480	0	45	0	0	**895**	*1.6%*
Wuxi Jiangnan Cable	無錫江南電纜有限公司	210	587	0	0	0	0	**797**	*1.4%*
Hengtong Group	亨通集團有限公司	105	146	65	82	0	388	**786**	*1.4%*
TBEA	特變電工股份有限公司	120	520	0	0	0	0	**640**	*1.1%*
Total in the PRC		**22,689**	**16,053**	**676**	**2,481**	**11,068**	**3,785**	**56,752**	*100%*

Source: CRU

Note: Value of production is the product of the weight of copper in the wires and cables produced and the average copper price during the relevant period.

Global Copper Wire and Cable Prices

CRU's estimates for average prices of certain wire and cable products from 2007 to 2012 are in the following table. This shows that after two years of rising prices in 2010 and 2011, total prices fell as a result of lower average metal prices. The average price of copper in 2012 fell by almost US$900 per metric tons compared to that of 2011. CRU estimates that the average price of energy cables and winding wire fell by around 8% in 2012 from 2011 while the average price of communication cables fell 6% in 2012 from 2011, with the metal content of these cables being generally lower.

(US$ per metric ton of conductor)	2007	2008	2009	2010	2011	2012E	CAGR 2007-2012
Low Voltage Energy	10,487	10,407	8,307	10,690	11,868	10,914	0.8%
Copper Power	10,971	11,137	9,039	11,206	12,395	11,413	0.8%
External Telecom	13,231	13,443	11,770	13,616	15,185	14,260	1.5%
Internal Telecom/Data	18,543	18,377	16,006	18,015	18,959	17,879	-0.7%
Winding Wires	8,515	8,436	6,573	8,944	10,283	9,449	2.1%

Source: CRU

Enterprises engaging in the scrap copper recycling and cable manufacturing businesses in China are subject to a range of laws and regulations that govern various aspects of their business activities, including recycling, processing solid waste, selling recycled copper products, manufacturing, producing and selling cables and various ancillary activities. This section sets forth a summary of the most significant aspects of the PRC laws and regulations relating to our business and operations.

REGULATION OF RECYCLING

The Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》), which was implemented on January 1, 2009, regulates the activities of recycling and resource recovery in production. According to this law, the State Council and local governments are required to set up funds designated for the development of circular economy, and to support the technological research and development of circular economy, demonstration and promotion of circular economy technologies and products, implementation of important circular economy projects, development of information service for circular economy and other matters. The State will give tax preferences for industrial activities conductive in promoting circular economy, such as reducing, reusing and recycling activities conducted in the process of production, circulation and consumption.

VALUE-ADDED TAX

In accordance with the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), effective from January 1, 2009, all entities engaging in sales of products, provision of processing, repairs and replacement services or importation of goods within the territory of the PRC are subject to value-added tax ("VAT"). The applicable VAT rate for taxpayers selling or importing products, other than those falling in the categories subject to a VAT rate of 13%, is 17%.

Under the Notice on Adjusting and Improving the Value-Added Tax Policies for Products and Labor Services that Comprehensively Utilize Resources (Cai Shui [2011] No. 115) (《關於調整完善資源綜合利用產品及勞務增值稅政策的通知》) (the "Comprehensive Utilization of Resources Policy"), promulgated on November 21, 2011, enterprises which produce copper using scrap cars and other types of scrap materials as raw materials and which satisfy the criteria set out below are entitled to a refund of 50% of their VAT upon collection:

(1) scrap materials must account for 90% or more of the total raw materials used;

(2) the facilities in relation to the Comprehensive Utilization of Resources Policy must have completed the environmental impact assessment procedure and received approval from local environmental protection department;

(3) the relevant products produced must be submitted to a product quality inspection agency certified by a quality and technical supervision authority at provincial level or above for quality inspection, and have obtained a test report certifying that the products meet the requirements of relevant product quality standards and the requirements for production technology stipulated therein;

(4) if any waste is discharged in production processes, it must be discharged to a waste disposal facility and the final waste must satisfy the requirements under the Chinese Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002);

(5) the enterprises must have not been subject to any environmental administrative or criminal penalty by any environmental protection authority at county level or above; and

(6) the prior year data in relation to the Comprehensive Utilization of Resources Policy must be filed annually with the competent tax authority before February 15.

The State Administration of Taxation of Youxian District ratified Tongxin's entitlement to such preferential tax treatment on December 3, 2012 for the period from October 2012 to October 2014. Such entitlement must be renewed upon expiration. Xiangbei obtained the approval by the State Administration of Taxation of Miluo Municipal on September 14, 2012 to enjoy the preferential tax treatment starting from August 1, 2011 and Jinxin obtained the approval by the Direct Branch of Mianyang State Taxation Bureau (綿陽市國家稅務局直屬稅務分局) on November 28, 2013 to enjoy the preferential tax treatment starting from September 1, 2013. These approvals have no specified expiration date. Jinxin, Tongxin and Xiangbei are eligible to apply for renewal of such treatment so long as they are able to continue to meet the aforesaid criteria specified in the Comprehensive Utilization of Resources Policy.

In accordance with the Notice of the Tax Preferential Policies for Promoting the Employment of the Disabled (《關於促進殘疾人就業稅收優惠政策的通知》) (Cai Shui [2007] No. 92), effective from July 1, 2007 (the "Social Welfare Enterprise Policy"), and the Notice of the Collection of the Tax Preferential Policies for Promoting the Employment of the Disabled (《關於促進殘疾人就業稅收優惠政策徵管辦法的通知》) (Guo Shui Fa [2007] No. 67), effective from July 1, 2007, enterprises promoting the employment of the disabled confirmed by the authority of civil affairs and approved by the local tax authorities can enjoy a certain amount of VAT refund upon collection, calculated based on six times of the local provincial government's authorized minimum wages with a maximum limit of RMB35,000 per year per disabled person. Our subsidiary, Jinxin, as a social welfare enterprise certified by local department of civil affairs, enjoys the VAT refund policy and the refund for the VAT paid is exempted from corporate income tax. This VAT tax policy has no specified expiry date. The Certificate of Social Welfare Enterprise issued to Jinxin remains valid until the end of 2015 and Jinxin must continue to meet the requirements for treatment as a social welfare enterprise to renew its certification. According to Cai Shui [2007] No. 92, such requirements are the same as those which need to be fulfilled when applying to be qualified as a social welfare enterprise.

According to the Qualification Guideline of Welfare Enterprises (《福利企業資格認定辦法》), effective from July 1, 2007, enterprises that apply for qualification as social welfare enterprises must fulfill the following conditions:

(1) each disabled employee must be a full-time employee and the enterprise must enter into a labor contract or service agreement with the disabled employee with a term of one year or more, and the employee must not work elsewhere at the same time;

(2) in the month prior to the application, the average monthly-employed employees with disabilities must account for 25% or more of the total number of employees, with a minimum requirement of 10 disabled employees;

(3) in the month prior to the application, the salary paid to each disabled employee must be not less than the minimum salary required in the jurisdiction where the enterprise operates;

(4) in the month prior to the application, the enterprise must have fully contributed social insurance including basic pension insurance, basic medical insurance, unemployment insurance and work-related injury insurance for each disabled employee as required by the applicable local standards;

(5) there are suitable types of work and positions for each disabled employee; and

(6) the internal roads and buildings must fulfill the barrier-free design guidelines set out by the government.

Under the Interim Regulations of the PRC on Value-Added Tax and the Administrative Measures for the Recognition of the Qualification of A General Taxpayer of Value-Added Tax (《增值税一般納税人資格認定管理辦法》), effective from March 20, 2010, taxpayers who have been approved by local tax authorities as general VAT payers are required to issue VAT invoices to their buyers and indicate sales and output tax on such VAT invoices when selling products or taxable services. However, business entities including individuals, individual businesses and enterprises which have chosen to pay VAT as a small-scale taxpayer, may not apply for the recognition of the qualifications of a general taxpayer. If their total sales during the relevant period reach the minimum amount leviable for VAT as stipulated by the relevant finance and taxation departments of the State Council of the PRC, they are required to pay VAT at the rate of 3% of their total sales to the relevant PRC tax authorities. Therefore, this type of taxpayers does not have the qualification to issue VAT invoices to their buyers. Both types of taxpayers need to declare and pay VAT by themselves and purchasers who buy products from such taxpayers have no obligation to withhold and remit VAT on their behalf.

In addition to purchasing scrap copper from general VAT payers, our relevant PRC subsidiaries (Jinxin, Tongxin and Xiangbei) have been purchasing scrap copper from suppliers who do not have the qualification to issue VAT invoices. As advised by our PRC legal advisors, Chen & Co., this business practice complies with laws and regulations of the PRC.

CORPORATE INCOME TAX

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》) effective from January 1, 2008, resident enterprises are required to pay corporate income tax on their income derived from both inside and outside the PRC. For non-resident enterprises with institutions or establishments inside the PRC, they are required to pay corporate income tax on their income earned by its institutions or establishments from inside the PRC as well as income which is generated outside the PRC but is actually related to such institutions or establishments. The rate of corporate income tax is 25%.

In accordance with the aforesaid regulations of Cai Shui [2007] No. 92 and Guo Shui Fa [2007] No. 67, enterprises promoting the employment of the disabled as confirmed by the authority of civil affairs and approved by the local tax authorities can enjoy super-deduction of the actual wages paid to disabled staff from the taxable income before levying corporate income tax. Our subsidiary, Jinxin has enjoyed such preferential tax policy.

In accordance with the Notice on Taxation Policy Issues concerning the In-depth Implementation of the Western Development Strategy (《關於深入實施西部大開發戰略有關稅收政策問題的通知》) (Cai Shui [2011] No. 58), effective from January 1, 2011, and the Notice on Corporate Income Tax Issues concerning the In-depth Implementation of the Western Development Strategy (《關於深入實施西部大開發戰略有關企業所得稅問題的公告》), effective from January 1, 2011, enterprises in western China which engage in the businesses falling with the encouraged category as defined in the above two notices and whose revenue generated from such businesses account for more than 70% of their total revenue, can enjoy a preferential corporate income tax rate of 15% upon approval by local tax authorities. Jinxin and Tongxin received such approval from local tax authorities in May 2013 to enjoy a preferential corporate income tax rate of 15%, applicable retrospectively to the period beginning on January 1, 2012. The preferential corporate income tax rate under the Notice on Taxation Policy Issues concerning the In-depth Implementation of the Western Development Strategy (Cai Shui [2011] No. 58) is applicable to qualified enterprises until December 31, 2020, provided that they make the required annual filings to the relevant tax authorities and continue to meet the requirements under the policy.

The table below sets forth detailed information on entitlements to VAT refunds and other preferential tax treatment enjoyed by our PRC subsidiaries:

Preferential tax treatment	**Benefiting entities**	**Validity**
VAT refunds under the Comprehensive Utilization of Resources Policy	Tongxin Xiangbei Jinxin	The approval for Tongxin to receive relevant VAT refunds remains valid until October 2014. The approvals for Xiangbei and Jinxin have no specified expiration date. Jinxin, Tongxin and Xiangbei are eligible to apply for renewal so long as they are able to continue to meet the criteria specified in the Comprehensive Utilization of Resources Policy.
VAT refunds under the Social Welfare Enterprise Policy	Jinxin	The Certificate of Social Welfare Enterprise issued to Jinxin remains valid until the end of 2015 and Jinxin must continue to meet the qualifications of a social welfare enterprise in order to renew its certificate.
Preferential corporate income tax rate of 15% based on the Notice on Taxation Policy Issues concerning the In-depth Implementation of the Western Development Strategy	Jinxin Tongxin	The preferential corporate income tax rate remains effective until December 31, 2020.

REGULATION OF POST-WENCHUAN EARTHQUAKE REHABILITATION AND RECONSTRUCTION

According to Regulations on Post-Wenchuan Earthquake Rehabilitation and Reconstruction (《汶川地震災後恢復重建條例》), effective from June 8, 2008, and the Notice of Ministry of Land and Resources on the Policies of Special Supports for Post-Earthquake Rehabilitation and Reconstruction (《國土資源部關於實行保障災後恢復重建特殊支持政策的通知》), effective from June 11, 2008, land for approved projects of the post-earthquake restoration and reconstruction can be used first in accordance with the overall planning of land use. The relevant land use formalities and approvals can be gone through concurrently according to relevant provisions while the projects are being constructed.

The land and structures and other ancillary facilities of Jinxin, Tongxin and Baohe Xinshiji, and the land of Baohe Taiyue have been confirmed by local governmental authorities as projects of the Post-Wen Chuan – Earthquake Restoration and Reconstruction and therefore are permitted to be used by us and constructions can start before relevant approvals are obtained.

REGULATION OF PRODUCTS

In accordance with the Administrative Measures on Collection of Recyclable Resources (《再生資源回收管理辦法》) effective from May 1, 2007, enterprises engaging in recyclable resources collection, such as the copper recycling business of Jinxin, Tongxin and Xiangbei, are required to file basic information about the enterprises, including name, registered capital and address, with the local commercial department or its authorized agency and with the public security organs of the government at the county level. Jinxin, Tongxin and Xiangbei have filed such required information with the local commercial departments and public security organs.

In accordance with the Regulation of the PRC on Administration of Production License for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》) effective from September 1, 2005, enterprises are not allowed to produce products that fall into special catalogs without obtaining a Production License for Industrial Products. The Implementation Rules of Production License for Electric Wires or Cables (the "Implementation Rules") (《電線電纜產品生產許可證實施細則》) effective from January 19, 2011 and amended on April 26, 2013 specifically enumerate 26 kinds of electric wires and cables for which relevant production licenses need to be obtained in the "The Catalog of Product Unit, Product Variety, Product Specifications and Product Model for Electric Wires or Cables" attached to the Implementation Rules. Manufacturers are required to meet the criteria in the Implementation Rules with respect to their technicists, production conditions, methods of inspection and production process documents. As a consequence, Baohe Xinshiji will need to obtain the Production License for Industrial Products before manufacturing certain core products of power cables listed in the aforesaid catalog.

The revised Implementation Measure of Regulation of the PRC on Administration of Production License for Industrial Products (《中華人民共和國工業產品生產許可證管理條例實施辦法》) (the "Measure") came into force on June 1, 2010. Under this Measure, parties under the processing arrangement for producing the products which require the Production License for Industrial Products must respectively file their business licenses, Production License for Industrial Products of the outsourcing supplier and notarized processing contracts with the authority of production where they are registered. As of the date of this prospectus, Baohe Xinshiji had entered into processing arrangements with Sichuan Xinshiji to manufacture cables and connecting wires. Baohe Xinshiji and Sichuan Xinshiji filed the required documents with the relevant provincial authority in March 2013.

According to the Provisions on the Administration of Compulsory Product Certification (《強制性產品認證管理規定》) effective from September 1, 2009, certain products that fall into special catalogs have to be certified regarding their designs, models, quality and other matters and labeled with China Compulsory Certificates (CCC) marks before being sold through sales channels or being used in operation. Some wires and cables produced by Sichuan Xinshiji are included in the catalog of the products required to be certified. Sichuan Xinshiji has obtained six CCCs. Baohe Xinshiji is required to obtain its own CCCs for products required to be certified before manufacturing such products in its own facility.

In accordance with the Catalog of Safety for Mining Products (《關於公佈執行安全標誌管理的煤礦礦用產品目錄 (第一批) 的通知》) effective from November 30, 2001, enterprises are required to obtain the Safety Certificate of Approval for Mining Products ("Safety Certificate") from the Mining Products Safety Approval and Certification Center (the "MA Center"), which is an independent legal entity authorized by the State Administration of Work Safety ("SAWS"), before they manufacture certain products for mining, such as mining fire-retardant cable. Sichuan Xinshiji, as the manufacturer of cable and electronic wires for mining under the processing arrangement, was issued with 24 Safety Certificates in 2011 according to the aforesaid regulations, and such Safety Certificates are valid for five years. Baohe Xinshiji will need to obtain the Safety Certificates before it commences manufacturing the products governed by the regulations in its own facility.

PRODUCTION SAFETY

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》), effective from November 1, 2002 and amended on August 27, 2009 (the "Safety Law"), entities engaging in production are required to implement production safety measures as specified in the Safety Law and other relevant laws, administrative regulations, national standards and industry standards. Any entity that does not implement such measures for safe production is prohibited from engaging in production and business operation activities. Entities are required to provide their employees with education and training on production safety. Entities must also provide their employees with protective gears that meet national and industry standards, as well as supervision and proper training to ensure their correct use.

ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which came into force on December 26, 1989, enterprises which cause environmental pollution and other public hazards are required to incorporate and implement environmental protection policies into their plans and set up a responsibility system for environmental protection. These enterprises must implement effective measures to prevent and control the pollution and harm caused to the environment by waste gases, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities. Installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project.

According to the Regulation on the Administration of the Collection and Usage of Fees for Pollution Discharge (《排污費徵收使用管理條例》), effective from July 1, 2003, enterprises discharging pollutants into the environment directly are required to pay fees for the discharge in accordance with the Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste (《中華人民共和國固體廢物污染防治法》) and the Law of the PRC on Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》). The environmental protection administrative departments of the local governments at or above the county level where the enterprises are located, which have been granted authority by the environmental protection administrative department of the State Council of the PRC, have the right to determine the amount of pollutant discharge fees to be paid by the enterprises based on the categories and quantities of pollutants discharged.

Xiangbei has obtained the Pollutant Discharge Permit which is valid until October 2016. Jinxin and Tongxin have separately obtained the Pollutant Discharge Permits, which are valid until November 25, 2014, and Baohe Taiyue has obtained the Temporary Pollutant Discharge Permit which is valid until March 31, 2014. The permits allow Jinxin, Tongxin, Xiangbei and Baohe Taiyue to discharge certain categories and quantities of waste water or gases after processing by their environmental protection installations.

Protection Department of Sichuan Province promulgated the Provisional Regulation on the Management of the Pollutant Discharge Permits in Sichuan Province (《四川省排污許可證管理暫行辦法》), which became effective on April 23, 2013. According to this Implementation Opinion, enterprises are required to apply for the formal Pollutant Discharge Permit only after the new construction projects have passed the acceptance inspection by the local department of environmental protection and acquired inspection approvals. As Baohe Taiyue and Baohe Xinshiji had not obtained the environmental completion verification as of the Latest Practicable Date, they are not yet eligible to apply for the formal Pollutant Discharge Permits.

In accordance with the Administrative Regulation on Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), effective from November 29, 1998, and the Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), effective from September 1, 2003, the PRC Government has established a regime of environmental impact assessment for construction projects. Construction cannot commence until after the environmental impact assessment documents of the construction project have been reviewed by the approving authorities, and approval is granted after such review.

LABOR REGULATION

Under the Labor Law of the PRC (《中華人民共和國勞動法》), effective from January 1, 1995 and amended on August 27, 2009, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and came into force on January 1, 2008 and amended on December 28, 2012, labor contracts must be concluded in writing when labor relationships are to be or have been established between enterprises or institutions and employees. When hiring employees, employers must faithfully notify the employees of the job responsibilities, working conditions, location, occupational harm, working safety status, remuneration and other information as requested by the employees. Employers are also required to pay the employees the amount of their remuneration fully and in a timely manner as provided in their employment contracts. Upon revocation or termination of a labor contract, employers are required to provide to the employees sufficient proof in support of such revocation or termination, and to complete the transfer of the employees' social insurance personnel files within 15 days thereafter.

In accordance with the Regulation on the Employment of the Disabled (《殘疾人就業條例》), which was promulgated by the State Council and effective from May 1, 2007, employers are required to sign labor contracts with disabled staff and provide appropriate working conditions and protections. Disabled staff are required to be treated equally in certain respects, including salary, social welfare and promotion.

According to the same requirements as set out under the Qualification Guideline of Welfare Enterprise, Jinxin was issued the Certificate of Social Welfare Enterprise by the Department of Civil Affairs of Mianyang City in January 2010. The certificate will expire in 2015. See the section headed "Regulatory Overview – Value-Added Tax" in this prospectus.

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), effective from July 1, 2011, a social insurance system has been established to cover basic pension, basic medical, occupational injury, unemployment and maternity insurance. Under this system, employees are required to participate in insurance packages including basic pension, basic medical and unemployment, for which premiums are to be paid by both the employers and the employees. Employees are also required to participate in occupational injury and maternity insurance, the contribution of which is the sole responsibility of the employers under the relevant laws.

In addition, the PRC has adopted detailed regulations, rules and provisions to implement the social insurance system, including the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulation of Unemployment Insurance (《失業保險條例》), the Provisional Measures on Maternity Insurance of Employees (《企業職工生育保險試行辦法》), the Provisional Measures on Registration of Social Insurance (《社會保險登記管理暫行辦法》), the Provisional Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and other related rules issued by the relevant governmental authorities and local governments at various levels from time to time.

We are required to provide our employees in the PRC with social insurance covering basic pension, basic medical, occupational injury, unemployment and maternity insurance. We were not in compliance with certain social insurance requirements. For example, Xiangbei did not make any contribution of maternity insurance for its employees from January 2011 to March 2013 and Baohe Xinshiji only made contribution of social insurance for certain of its employees from September 2012 to June 2013. For more details, see the section headed "Business – Compliance" in this prospectus.

In accordance with the Regulation on the Administration of Housing Funds (《住房公積金管理條例》), effective from April 3, 1999 and amended on March 24, 2002, employers in the PRC must complete the registration of a housing fund with the competent housing fund management center and open housing fund accounts for their employees with designated banks and contribute to the housing fund for their employees at a rate of no less than 5% of the employees' average monthly wages in the preceding year. Employers who fail to register and open the accounts may be ordered to complete the register within a prescribed period by the competent management center, and will be liable for a monetary fine of RMB10,000 to RMB50,000 if they fail to register within the prescribed period.

We are required to provide our employees in the PRC with housing funds and each of our PRC subsidiaries registered and established an account of housing fund in April 2013. We were not in compliance with certain housing fund requirements. For example, none of our PRC subsidiaries participated in the housing fund schemes operated by the relevant government authorities for our employees until April 2013. For more details on our past non-compliances, see the section headed "Business – Compliance" in this prospectus.

REGULATION OF FOREIGN INVESTMENT

According to the Provisions Guiding Foreign Investment Direction (《指導外商投資方向規定》) and the related Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the "Catalog"), as amended on December 24, 2011, our PRC subsidiaries which are foreign invested enterprises engaging in copper recycling fall within the "encouraged" category in the Catalogue, and our PRC subsidiaries which are foreign invested enterprises engaging in the production of downstream products such as copper cables and wire fall within the "permitted" category, meaning that regular approval process applies to the establishment of these subsidiaries and they are permitted to be wholly foreign-owned or joint ventures.

REGULATION OF FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Regulations on the Administration of Foreign Exchange (《中華人民共和國外匯管理條例》), as amended on August 5, 2008. According to the regulations, international payments and transfers under the current account are not subject to restriction by the State. The income of foreign exchange of domestic institutions or individuals can be remitted back into the PRC or deposited overseas. Foreign exchange income and expense under the current account must be certificated by authentic and legitimate transactions. If overseas institutions or individuals propose to make direct onshore investments, they are required to obtain approval from SAFE and other relevant PRC governmental authorities. Capital account items, such as direct offshore investments or engagement in distribution or deal of overseas valuable securities or derivative products by domestic institutions or individuals, external debts and external guaranty are not permitted without prior registration with SAFE.

In October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Financing and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) ("Circular No. 75"), which became effective on November 1, 2005. Under Circular 75, prior registration with the local SAFE branch is required for domestic legal person residents or domestic natural person residents (collectively referred to as "Domestic Residents") to establish or to control an offshore entity ("Special Purpose Company") for the purposes of financing that offshore entity with assets or equity interests in an onshore enterprise. "Domestic legal person residents" refers to the enterprises and institutions with legal person status or other economic organizations established within the territory of China. "Domestic natural person residents" refers to all Chinese citizens and all other natural persons, including foreigners, who habitually reside in China for economic interests.

Domestic Residents are required to complete amended registrations with the local SAFE branch upon (1) transfer of equity interests or assets of an onshore enterprise to the Special Purpose Company, or (2) subsequent overseas equity financing by the Special Purpose Company. Domestic Residents are also required to complete amended registrations or filing procedures with the local SAFE branch within 30 days of any material change in the shareholding or capital of the Special Purpose Company, such as capital increase or decrease, equity transfer or exchange, merging or splitting-up, long-term equity or debt investments, and external guaranty. Domestic Residents who have already incorporated or gained control of a Special Purpose Company that have made return investment in China before Circular No. 75 was promulgated must register their shareholding in the Special Purpose Company with the local SAFE branch on or before March 31, 2006.

Under Circular No. 75, Domestic Residents are further required to repatriate back into China all of their dividends, profits or capital gains obtained from their shareholdings in the Special Purpose Company within 180 days upon receipt. The registration and filing procedures under Circular No. 75 are prerequisites for other approval and registration procedures necessary for capital inflow from the Special Purpose Company, such as inbound investments or shareholder loans, or capital outflow to the Special Purpose Company, such as the payment of profits or dividends, liquidating distributions, equity sale proceeds, or the return of funds upon a capital reduction.

Certain of our Shareholders are Chinese residents and are required to file foreign exchange registrations of overseas investments with the local SAFE branch under Circular 75 for their establishment of offshore companies and conducting return investment activities. These Shareholders include Mr. Chen Gonghao, Mr. Liu Hanjiu, Mr. Huang Weiping, Mr. Zhang Huayi, Mr. Zhang Tiansheng, Mr. Fan Dunxian, Mr. Wang Huailin, Mr. Long Chongzhi and Mr. Chen Hai.

For additional information, see the section headed "Risk Factors – Risks Relating to China – PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position" in this prospectus.

INCORPORATION AND COMMENCEMENT OF OUR BUSINESS

Incorporation of Engen and other intermediate holding companies

Engen was incorporated and acquired in August 2010 by Gushan, our then sole shareholder, which was 38.36% controlled by Mr. Yu Jianqiu at such time. Engen, incorporated in the BVI, was established with the view of becoming our Group's intermediate holding company of our Group's future business. In December 2007, Gushan completed an initial public offering in the United States and listed its American depositary shares on the New York Stock Exchange. Gushan ceased to be a publicly traded company and terminated the registration of its American depositary shares under the Securities Exchange Act of 1934 in October 2012. For additional information on Gushan and Mr. Yu, see the sections headed "Relationship with Controlling Shareholders – Information on the Gushan Group" and "Directors and Senior Management" in this prospectus.

During the period between August 2010 and November 2012, True Excel, Alpha Legend, Alpha Business and Alpha Universe were, in turn, acquired by Engen in the form of off-the-shelf companies to act as intermediate holding companies to hold Engen's interest in our Group's future business.

Commencement of our mid-stream copper wirerod and wire business through the acquisition of Jinxin in 2010

We commenced our mid-stream copper wirerod and wire business through the acquisition of all of the equity interests of Jinxin in November 2010 from Mr. Liu Hanjiu and Mr. Chen Lian, both Independent Third Parties at the time of the transaction.

Background of Jinxin

Jinxin was founded by Mr. Liu Hanjiu and two minority shareholders on February 3, 2009 in Mianyang, Sichuan Province, the PRC and commenced business in July 2009. Jinxin principally engages in the recycling of scrap copper for the manufacturing of copper products (excluding copper granules). Its production plant is located in Mianyang.

Terms of our acquisition

On September 22, 2010, True Excel (our wholly-owned subsidiary), Mr. Chen Lian, Mr. Liu Hanjiu and Jinxin entered into an equity interest transfer and capital increase agreement. Under the agreement, we agreed to acquire 85% and 15% of the equity interests in Jinxin from Mr. Chen Lian and Mr. Liu Hanjiu, respectively, for a cash consideration of RMB17.7 million. Pursuant to the agreement, we also agreed to contribute RMB30 million in cash to Jinxin's registered capital. Both Mr. Chen Lian and Mr. Liu Hanjiu were Independent Third Parties at the time of the transaction. Mr. Liu Hanjiu remained as a director, among other positions, of Jinxin after the transaction and is one of our Company's executive Directors. These equity interest transfer and capital increase were approved by the relevant authorities in the PRC and completed in November 2010.

As part of the acquisition, Gushan, Engen, Gold Hero and Silver Harvest entered into a stock purchase agreement on September 22, 2010. Under the agreement:

(a) Gold Hero and Silver Harvest agreed to acquire from Gushan 1,800 and 1,500 ordinary shares of Engen, representing 18% and 15% of the total issued share capital of Engen at that time, at the price of US$474,545 and US$395,455, respectively. This sale and purchase of shares of Engen was completed on November 29, 2010; and

(b) Gushan agreed to issue to Gold Hero, for a cash consideration of US$1,764,000, up to 24 million ordinary shares of Gushan, 6 million of which were delivered to Gold Hero at the closing of the acquisition and 18 million of which were placed in escrow subject to release pursuant to an earn-out arrangement tied to the financial performance of Jinxin for the three years ended December 31, 2012.

    If the income targets under the earn-out arrangement are not met, Gold Hero is required to either return to Gushan certain of the shares of Gushan or pay to Gushan an amount in cash, in both cases calculated based on the terms of the earn-out arrangement.

The consideration payable for the purchase of Jinxin was determined based on the net asset value of Jinxin as of June 30, 2010, and the consideration for the sale of shares of Engen and the subscription of shares of Gushan was determined by reference to the consideration payable for the purchase of Jinxin.

The amount of aggregate cash consideration paid by Gold Hero and Silver Harvest for their purchase of shares of Engen and Gold Hero's subscription of shares of Gushan was substantially equal to the US dollar equivalent of the aggregate cash consideration paid to Mr. Chen Lian and Mr. Liu Hanjiu for their sale of Jinxin using the prevailing exchange rate. The exact number of Gushan shares agreed to be issued to Gold Hero is subject to the earn-out arrangement set out above.

At the time of the transaction, Gold Hero was wholly-owned by Ms. Deng Yuping, the spouse and nominee of Mr. Chen Lian, while Silver Harvest was wholly-owned by Ms. Liu Jin, the daughter and nominee of Mr. Liu Hanjiu. Subsequently, in June 2011, the entire equity interest in Gold Hero was transferred by Mr. Chen Lian to Mr. Xu Ke for a consideration of US$24 million.

Subsequent to our acquisition of Jinxin and in view of the privatization proposal of Gushan presented in February and June 2012, Gushan, Engen, Gold Hero and Silver Harvest entered into a deed of amendment to the stock purchase agreement on June 4, 2012 to the effect that, upon the privatization of Gushan in October 2012, the outstanding earn-out arrangement between Gushan and Gold Hero mentioned in paragraph (b) above was revised such that the settlement of any earn-out obligation by either Gushan or Gold Hero would be in cash only.

Subsequent to this acquisition and in view of the Listing, Gushan, Engen, Gold Hero and Silver Harvest entered into another deed of amendment to the share purchase agreement on February 25, 2013 to terminate the outstanding earn-out arrangement between Gushan and Gold Hero for the two years ended December 31, 2012. Accordingly, Gushan is no longer required to issue any further shares or make any further cash payment under the earn-out arrangement between Gushan and Gold Hero for the two years ended December 31, 2012.

Jinxin is now one of our main operating subsidiaries and the business of Jinxin formed one of our core businesses during the Track Record Period.

Acquisition of an additional facility to manufacture low-oxygen copper products, including copper wirerods and plates through the acquisition of Xiangbei in 2011

We acquired an additional facility to manufacture low-oxygen copper wirerods and plates through the acquisition of all of the equity interests in Xiangbei in August 2011 from Mr. Huang Weiping and Mr. Zhang Huayi, both Independent Third Parties at the time of the transaction.

Background of Xiangbei

Xiangbei was founded by Mr. Huang Weiping and Mr. Zhang Huayi on January 18, 2011 in Miluo, Hunan Province, the PRC and commenced business in February 2011. Xiangbei principally engages in the processing of scrap copper and electrolytic copper for the manufacturing of low-oxygen copper wirerods and other recycled copper semis. Its production plant is located in Miluo, Hunan Province.

Terms of our acquisition

On July 27, 2011, True Excel (our wholly-owned subsidiary), Mr. Huang Weiping, Mr. Zhang Huayi and Xiangbei entered into an equity interest transfer agreement, pursuant to which we agreed to acquire 60% and 40% of the equity interests in Xiangbei from Mr. Huang Weiping and Mr. Zhang Huayi, respectively, for a cash consideration of RMB34.6 million. Both Mr. Huang Weiping and Mr. Zhang Huayi were Independent Third Parties at the time of the transaction. After the transaction, Mr. Huang Weiping remained as a director, among other positions, of Xiangbei while Mr. Zhang Huayi remained as a supervisor, among other positions, of Xiangbei. This equity interest transfer was approved by the relevant authorities in the PRC and completed in August 2011.

As part of the acquisition, Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide and Silvery Boom entered into a share purchase agreement on July 27, 2011. At the time of the transaction, Gold Wide was wholly-owned by Mr. Zhang Xiongan, the nominee of Mr. Huang Weiping, while Silvery Boom was wholly-owned by Ms. Xu Meijuan, the nominee of Mr. Zhang Huayi. Under the agreement:

(a) Engen agreed to issue to Gold Wide and Silvery Boom, subject to an earn-out arrangement that is tied to the financial performance of Xiangbei for the three years ending December 31, 2013, up to 8.502% and 5.668%, respectively, of the total issued share capital of Engen enlarged by such issuance for a consideration in cash of US$426,485 and US$284,323, respectively (the "Xiangbei (Engen) Earn-out"); and

(b) Gushan agreed to issue to Gold Wide and Silvery Boom, subject to an earn-out arrangement that is tied to the financial performance of Xiangbei for the three years ending December 31, 2013, up to 12 million and 8 million, respectively, shares of Gushan for the consideration of HK$120 and HK$80, respectively (the "Xiangbei (Gushan) Earn-out").

If the income targets under the earn-out arrangement are not met, Gold Wide and Silvery Boom will be required to pay to Engen a sum in cash, return to Gushan certain number of the shares in Gushan or return to Engen certain number of shares in Engen, in each case calculated on the terms of the earn-out arrangement.

The consideration payable for the purchase of Xiangbei was determined based on the net asset value of Xiangbei as of May 31, 2011, and the consideration for the subscription of shares of Engen and the subscription of shares of Gushan was determined by reference to the consideration payable for the purchase of Xiangbei, and based on par value of the Gushan shares, respectively.

Subsequent to this acquisition and in view of the privatization proposal of Gushan presented in February and June 2012, Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide and Silvery Boom entered into a deed of amendment to the share purchase agreement on June 4, 2012 to the effect that, upon the privatization of Gushan in October 2012, the outstanding Xiangbei (Gushan) Earn-out was revised such that the settlement of any earn-out obligation by Gushan under the Xiangbei (Gushan) Earn-out would be in cash only, on the one hand, and that by Gold Wide and Silvery Boom under the Xiangbei (Gushan) Earn-out, on the other, would be in cash or by the return of shares in Engen.

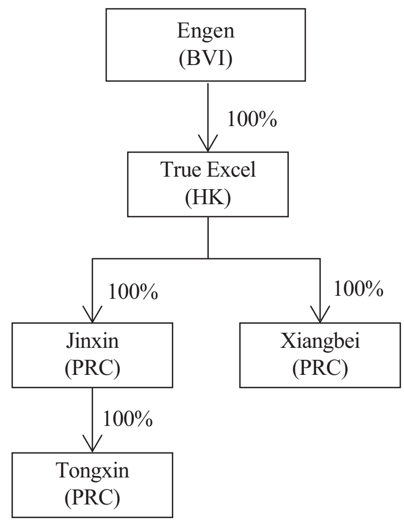
Subsequent to this acquisition and in view of the Listing, Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide and Silvery Boom entered into another deed of amendment to the share purchase agreement on February 25, 2013 to terminate the outstanding Xiangbei (Gushan) Earn-out and Xiangbei (Engen) Earn-out for the two years ending December 31, 2013. Accordingly, Gushan and Engen are no longer required to issue any further shares or make any further cash payment under the Xiangbei (Gushan) Earn-out and Xiangbei (Engen) Earn-out for the two years ending December 31, 2013, respectively.

Xiangbei is now one of our main operating subsidiaries and the business of Xiangbei formed one of our core businesses during the Track Record Period.

Establishment of Tongxin and the construction of a new mid-stream copper wirerod and wire production plant

To expand our business and production capacity, on June 1, 2011, Jinxin established a wholly-owned subsidiary, Tongxin. Tongxin also principally engages in the recycling of scrap copper for the manufacturing of copper products including copper wirerods and wires. In June 2012, Tongxin started selling recycled copper products produced on its behalf by Jinxin before the commencement of operations of its own facility. Tongxin is operating a new mid-stream facility for the production of low-oxygen copper wirerod and wire production plant in the Youxian Industrial Park in Mianyang that commenced operation in March 2013. See the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities" in this prospectus for further information relating to our production facilities.

The chart below indicates the companies held by Engen after the acquisitions described above:



OUR EXPANSION INTO THE DOWNSTREAM COPPER CABLE BUSINESS

As part of our strategy to become vertically integrated, we are expanding into the production of downstream copper products, such as copper cables. For this purpose, we acquired all of the equity interests in Baohe Taiyue and Baohe Xinshiji in December 2012.

Our Acquisition of Baohe Taiyue in 2012

We acquired 80% and 20% of the equity interests in Baohe Taiyue in December 2012 from Guangzhou Taiyue and Baohe Fushan, respectively (the "Baohe Taiyue Acquisition").

Background of Baohe Taiyue

Baohe Taiyue was established in the PRC on August 13, 2012 by Guangzhou Taiyue. In September 2012, Baohe Fushan contributed capital into Baohe Taiyue and became the owner of a 20% equity interest in Baohe Taiyue. Baohe Taiyue principally engages in the sale of communication cables using copper wirerods and wires as raw materials, and will expand into the production of these products upon commencement of operation of a new production facility. After the formation of the joint venture, Baohe Taiyue agreed to acquire various assets from Guangzhou Taiyue, such as production equipment, research and development equipment, trademarks, patents, know-hows and certain other intellectual properties. Baohe Taiyue is also planning to construct a new production facility in the Youxian Industrial Park. Our Controlling Shareholders have given an indemnity in favor of our Group for certain losses arising from the failure to complete the sale and to deliver the production equipment and research and development equipment by Guangzhou Taiyue, or failure to pass clean title of the equipment to our Group at the time of completion free from any encumbrances. The transfer of assets and the construction of the production plant are expected to be completed by the end of the second quarter of 2014. Baohe Taiyue is expected to commence production in the new production plant with the equipment acquired from Guangzhou Taiyue. Prior to the commencement of production at the new plant, Baohe Taiyue has engaged Guangzhou Taiyue as its contract manufacturer.

Background of Guangzhou Taiyue

Guangzhou Taiyue was established in 2007 and its core business was the production and sales of communication cables. It had production facilities located in Guangzhou, PRC. Guangzhou Taiyue is 40% owned by Mr. Fan Dunxian and 60% owned by Mr. Zhang Haibo, who held the equity interest as the nominee of Mr. Zhang Tiansheng. At the time of our acquisition of Baohe Taiyue, Guangzhou Taiyue was an Independent Third Party.

As part of our strategy to become vertically integrated, in November 2011, we proposed to acquire the equity interests of Guangzhou Taiyue pursuant to a sale and purchase agreement entered into with Mr. Fan Dunxian and Ms. Wen Chunxiu, who was the nominee of Mr. Zhang Tiansheng, the then shareholders of Guangzhou Taiyue and both Independent Third Parties at the time of the proposed acquisition. The purchase price payable included (i) RMB10 million; (ii) the issuance of shares of Engen representing up to 10.63% of the total issued share capital of Engen at the price of US$3.246 million to the sellers; and (iii) the issuance of up to 20 million shares of Gushan at the price of HK$200 in total to the sellers. Subsequent to entering into the sale and purchase agreement but prior to its completion, a proposal was made by Mr. Yu to acquire all of the issued share capital of Gushan not owned by him. As a significant portion of the purchase price of Guangzhou Taiyue was to be in the form of shares of Gushan, which would no longer be liquid upon the completion of the privatization, the parties agreed to terminate the sale and purchase agreement on May 29, 2012.

Background of Baohe Fushan and its joint venture investment in Baohe Taiyue

Baohe Fushan is a limited liability company established under the laws of the PRC on April 15, 2011. At present, Baohe Fushan principally engages in the operation and development of the Youxian Industrial Park, which has been designated by China's National Reform and Development Commission and Ministry of Finance as a "Model Urban Mining Center". It is the administrator of the Youxian Industrial Park.

We have developed a close business relationship with Baohe Fushan since our initial plans to construct our new Tongxin production facility at the Youxian Industrial Park in early 2012. For information relating to this production facility and the related arrangements with Baohe Fushan, please refer to "Business – Our Products and Business Activities – Our Manufacturing Facilities".

Baohe Fushan is an Independent Third Party. At the time of our acquisition of Baohe Taiyue, Baohe Fushan was 51% owned by Baohe Development, also an Independent Third Party, and 49% owned by Xijiulong. Xijiulong was 60% owned by Ms. Yu Yanyan, the daughter of Mr. Yu Jianqiu, our Director and one of our Controlling Shareholders, and 40% owned by Fujian Linghang Investment Development Co., Ltd. (福建領航投資發展有限公司), which was in turn 80% owned by Mr. Chen Gonghao, the director of Jinxin, Xiangbei, Baohe Taiyue and Baohe Xinshiji. Baohe Fushan is regarded as a related party of the Group in our financial statements. For details, please refer to Note 18 to the Accountants' Report set out in Appendix I to this prospectus.

Owing to our relationship with Baohe Fushan, its administration of the Youxian Industry Park and its plan to promote such park as a Model Urban Mining Center, we introduced Guangzhou Taiyue to Baohe Fushan, which we understood was interested in attracting companies to set up relevant businesses in the Youxian Industry Park as well as any opportunity to participate in such businesses. As a result of our introduction, Baohe Fushan established Baohe Taiyue as a joint venture with Guangzhou Taiyue for the development of a cable business with manufacturing facilities located in the Youxian Industrial Park.

Our acquisition of Baohe Taiyue

After the completion of the Gushan privatization in October 2012, we continued our plan to expand into the downstream copper products business. We considered that the consolidation of Baohe Taiyue would create synergies for us for the following reasons:

- it had plans to establish production facilities in the Youxian Industrial Park, which is adjacent to our new Tongxin production facility;
- recycled copper products produced by our new Tongxin production facility are the core raw materials used for the production of copper cable products and, hence, will form the core raw materials to be sourced by Baohe Taiyue;
- the proximity of the locations of our Tongxin production facility and the planned Baohe Taiyue production facility would allow for significantly reduced transportation costs and more efficient inventory management; and
- we were previously interested in the opportunities presented by Guangzhou Taiyue and, through our prior proposal to acquire it, we were familiar with its business and management.

On November 30, 2012, Alpha Business (our wholly-owned subsidiary), Guangzhou Taiyue, Baohe Fushan and Baohe Taiyue entered into an equity interest transfer agreement, under which we agreed to acquire 80% and 20% of the equity interests in Baohe Taiyue from Guangzhou Taiyue and Baohe Fushan, respectively, for a cash consideration of RMB30 million. The consideration payable for the purchase of Baohe Taiyue was determined by reference to the net asset value of Baohe Taiyue as of November 30, 2012. Its controlling shareholder, Mr. Fan Dunxian, remained as a director, amongst other positions, of Baohe Taiyue after the transaction. This transfer of equity interests in Baohe Taiyue was approved by the relevant authorities in the PRC and completed in December 2012. The consideration payable to Guangzhou Taiyue was settled in March 2013.

To ensure the sustainable and continuing development of Baohe Taiyue, we have retained its core management team following the completion of the Baohe Taiyue Acquisition. Mr. Fan Dunxian, who has been a director, the chief manager and the legal representative of Baohe Taiyue since its incorporation and Ms. Liu Yanhong, who has been the financial controller of Baohe Taiyue since its incorporation, continue to hold their respective positions in Baohe Taiyue following the Baohe Taiyue Acquisition. In addition, the four senior managers at the time of completion of the acquisition (namely, Mr. Lu Xiangye, head of the sales department, Mr. Liu Tao, head of the procurement department, Mr. Yang Zhiguo, head of the production department and Mr. Yang Jintu, head of the administrative department) were retained following the completion of the Baohe Taiyue Acquisition. Mr. Liu Tao subsequently resigned in August 2013.

Our Acquisition of Baohe Xinshiji in 2012

We acquired 80% and 20% of the equity interests of Baohe Xinshiji in December 2012 from Sichuan Xinshiji and Baohe Fushan, respectively (the "Baohe Xinshiji Acquisition").

Background of Baohe Xinshiji

Baohe Xinshiji was established in the PRC as a joint venture on September 19, 2012 by Sichuan Xinshiji and Baohe Fushan. Baohe Xinshiji principally engages in the sale of power transmission and distribution cables using copper wirerods and wires as their core raw materials, and will expand into the production of these products upon commencement of operation of a new production facility. After the formation of the joint venture, Baohe Xinshiji acquired various assets from Sichuan Xinshiji, such as production equipment, research and development equipment, trademarks, patents, know-hows and other intellectual properties. Our Controlling Shareholders have given an indemnity in favor of our Group for certain losses arising from the failure to complete the sale and to deliver the production equipment and research and development equipment by Sichuan Xinshiji, or failure to pass clean title of the equipment to our Group at the time of completion free from any encumbrances. Baohe Xinshiji is planning to construct a new production facility in the Youxian Industrial Park for the manufacturing of power cables. The transfer of assets and the construction of production plant are expected to be completed by the end of the first quarter of 2014. Baohe Xinshiji is expected to commence production at the new production facility with the equipment acquired from Sichuan Xinshiji. Prior to the commencement of production at the new plant, Baohe Xinshiji has engaged Sichuan Xinshiji as its contract manufacturer and procured finished products from Sichuan Xinshiji for subsequent resale.

Background of Sichuan Xinshiji

Sichuan Xinshiji was established in 2000 and its core business was the production and sales of transmission and distribution cables. It had production facilities located in Chengdu, PRC. Sichuan Xinshiji is 60%, 20.5% and 19.5% owned by Mr. Wang Huailin, Mr. Long Chongzhi and Mr. Chen Hai, respectively. Mr. Chen Hai has de facto control over Sichuan Xinshiji. Sichuan Xinshiji is one of Jinxin's customers of recycled copper products during the Track Record Period. At the time of our acquisition of Baohe Xinshiji, Sichuan Xinshiji was an Independent Third Party.

On November 30, 2012, Alpha Legend (our wholly-owned subsidiary), Sichuan Xinshiji, Baohe Fushan and Baohe Xinshiji entered into an equity interest transfer agreement, under which we agreed to acquire 80% and 20% of the equity interests in Baohe Xinshiji from Sichuan Xinshiji and Baohe Fushan, respectively, for a cash consideration of RMB30 million. The consideration payable for the purchase of Baohe Xinshiji was determined by reference to the net asset value of Baohe Xinshiji as of October 31, 2012. Sichuan Xinshiji was an Independent Third Party at the time of the transaction. One of its shareholders, Mr. Chen Hai, remained as a director, among other positions, of Baohe Xinshiji after the transaction. This transfer of equity interests in Baohe Xinshiji was approved by the relevant authorities in the PRC and completed in December 2012. The consideration payable to Sichuan Xinshiji was settled in March 2013.

Background of Baohe Fushan's joint venture in Baohe Xinshiji

Owing also to similar reasons set out above in "– Background of Baohe Fushan and its joint venture investment in Baohe Taiyue", we also introduced Sichuan Xinshiji to Baohe Fushan. As a result of our introduction, Baohe Fushan established Baohe Xinshiji as a joint venture with Sichuan Xinshiji for the development of a cable business with manufacturing facilities located in the Youxian Industrial Park.

Our acquisition of Baohe Xinshiji

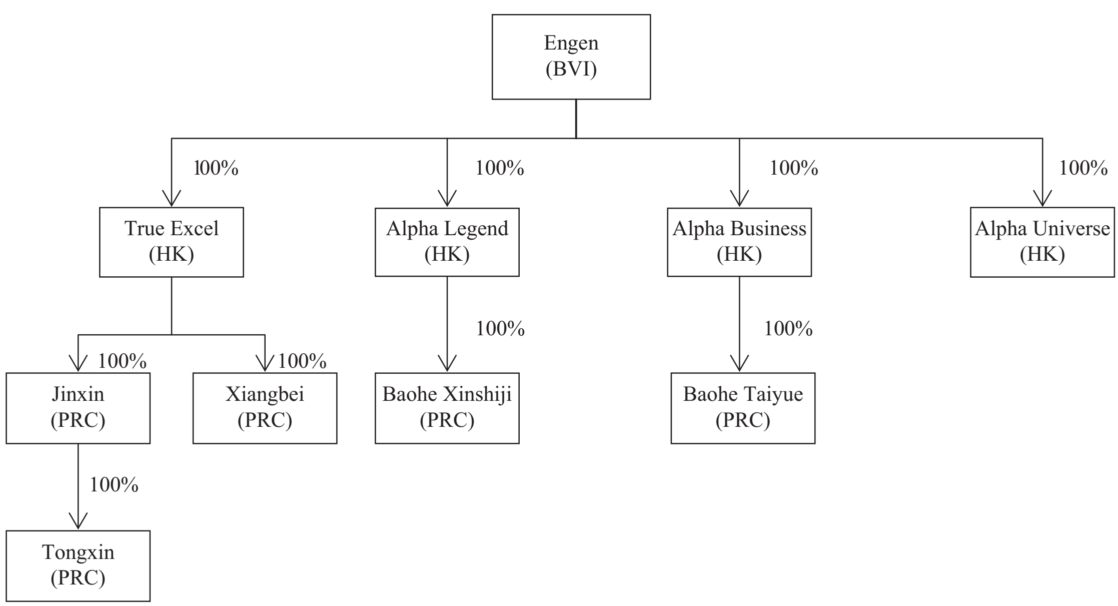
After the completion of Gushan privatization in October 2012, we continued our plan to expand into the downstream copper products business. We considered that the consolidation of Baohe Xinshiji would create synergies for us for the following reasons:

- it also had plans to establish production facilities in the Youxian Industrial Park, which is adjacent to our new Tongxin production facility;
- recycled copper products produced by our new Tongxin production facility are the core raw materials used for the production of copper cable products and, hence, will form the core raw materials to be sourced by Baohe Xinshiji;
- the proximity of the locations of our Tongxin production facility and the planned Baohe Xinshiji production facility would allow for significantly reduced transportation costs and more efficient inventory management; and
- Sichuan Xinshiji was one of our customers of recycled copper products and, through such relationship, we were familiar with its business and management.

At the time of our acquisition of Baohe Xinshiji, Baohe Fushan, which was a 20% shareholder of Baohe Xinshiji, was 51% owned by Baohe Development, an Independent Third Party, and 49% owned by Xijiulong. Xijiulong was 60% owned by Ms. Yu Yanyan, the daughter of Mr. Yu Jianqiu, our Director and one of our Controlling Shareholders, and 40% owned by Fujian Linghang Investment Development Co., Ltd. (福建領航投資發展有限公司), which was in turn 80% owned by Mr. Chen Gonghao, the director of Jinxin, Xiangbei, Baohe Taiyue and Baohe Xinshiji.

To ensure the sustainable and continuing development of Baohe Xinshiji, we have retained its core management team following the completion of the Baohe Xinshiji Acquisition. Mr. Chen Hai, who has been a director, the chief manager and the legal representative of Baohe Xinshiji since its incorporation and Mr. Zhou Wenhua, who has been the financial controller of Baohe Xinshiji since its incorporation, continue to hold their respective positions in Baohe Xinshiji following the Baohe Xinshiji Acquisition. In addition, the four senior managers at the time of completion of the acquisition (namely, Ms. Qin Fuqiong, head of the sales department, Mr. Tang Zhongxue, head of the procurement department, Mr. Tang Shi, head of the production department and Mr. Zhang Xiaolong, head of the administrative department) have also been retained following the completion of the Baohe Xinshiji Acquisition.

The chart below indicates the companies held by Engen after the acquisitions above:



ACQUISITION OF SHARES BY MANAGEMENT MEMBERS

Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan separately entered into share purchase agreements with Gushan on February 22, 2013. Under the share purchase agreements, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan agreed to acquire from Gushan 3,409, 3,409 and 4,738 shares of Engen, representing 0.33%, 0.33% and 0.47% of then total issued share capital of Engen, for a total consideration of HK$1,278,375, HK$1,278,375 and HK$1,776,750, respectively. Completion of these sales and purchases took place on February 25, 2013.

OTHER TRANSFERS OF ENGEN SHARES DURING THE TRACK RECORD PERIOD

On February 20, 2013, Gold Hero and First Harvest entered into a share purchase agreement, under which Gold Hero agreed to sell and First Harvest agreed to acquire shares of Engen which represented approximately 11.73% of its then issued share capital for a consideration of HK$44,987,250. At the time of this transaction, First Harvest was wholly-owned by Mr. Chen Gonghao, a director of Jinxin, Xiangbei, Baohe Taiyue and Baohe Xinshiji.

Through a series of transfers by Gushan, Gold Hero and Silver Harvest in February 2013, Gold Wide and Silvery Boom acquired additional 5.87% and 3.92%, respectively, of the total issued share capital of Engen for an aggregate consideration of HK$22,516,875 and HK$15,022,125, respectively. As a result, Gold Hero ceased to be a shareholder of Engen and Gold Wide and Silvery Boom became holders of 7.19% and 4.80%, respectively, of the total issued share capital of Engen immediately prior to the commencement of the Corporate Reorganization.

On February 20, 2013, Gushan entered into a share purchase agreement with Wit Great, 100% owned by Mr. Wang Huailin, an Independent Third Party at the time of the sale and purchase who indirectly held a 60% interest in Sichuan Xinshiji. Under the agreement, Wit Great agreed to acquire from Gushan 42,216 shares[1] of Engen, representing 4.13% of the total issued share capital of Engen at that time, for a total consideration of HK$15,831,000. Completion of the sale and purchase took place on February 25, 2013. On the same date, Gushan entered into a share purchase agreement with Ocean Through, which was 51.25% and 48.75% owned by Mr. Long Chongzhi and Mr. Chen Hai, respectively, both of whom were Independent Third Parties at the time of the sales and purchases, who indirectly held 20.5% and 19.5% interest in Sichuan Xinshiji, respectively. Under the agreement, Ocean Through agreed to acquire from Gushan 28,144 shares[(1)] of Engen, representing 2.75% of the total issued share capital of Engen at that time, for a total consideration of HK$10,554,000. Completion of the sales and purchases took place on February 25, 2013. The consideration payable for the sale of shares of Engen was determined by reference to the net asset values of Engen as of December 31, 2012.

On February 20, 2013, Gushan also entered into a share purchase agreement with Praise Get.[1] Under the agreement, Praise Get agreed to acquire from Gushan 40,900 shares of Engen, representing 4.00% of the total issued share capital of Engen at that time, for a total consideration of HK$15,337,500. Completion of the sale and purchase took place on February 25, 2013. Praise Get is owned 60% by Mr. Zhang Tiansheng and 40% by Mr. Fan Dunxian, both of whom were Independent Third Parties at the time of the sale and purchase. The consideration payable for the sale of shares of Engen was determined by reference to the net asset value of Engen as of December 31, 2012.

Note:

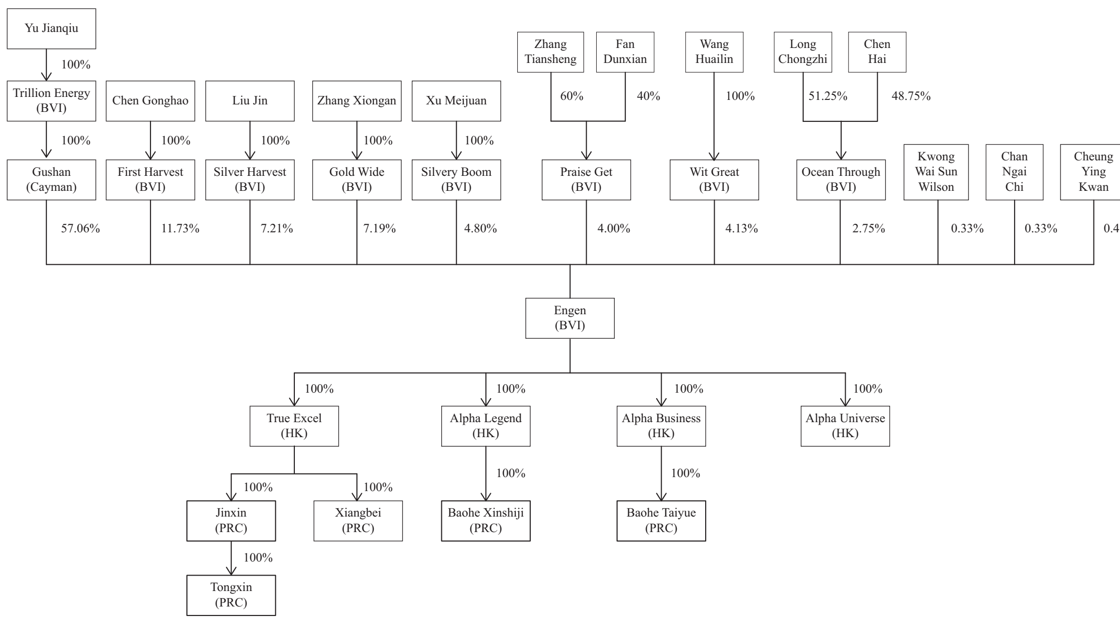
(1) Prior to the entry into this share purchase agreement, each of the shares of Engen was sub-divided into 100 shares. See the paragraph headed "Statutory and General Information – A. Further information about our Company and our subsidiaries – 3. Changes in the share capital of our subsidiaries" in Appendix VI to this prospectus for further information.

The following are important milestones in our business history to date:

Year	Event
August 2010	Engen was incorporated and acquired by Gushan.
November 2010	We started our mid-stream copper wirerod and wire business through the acquisition of Jinxin. As part of the acquisition of Jinxin, Gold Hero and Silver Harvest became shareholders of Engen. At the time of the transaction, Gold Hero was wholly-owned by Ms. Deng Yuping, the spouse and nominee of Mr. Chen Lian, who was a shareholder of Jinxin prior to its acquisition by the Group. Silver Harvest was wholly-owned by Ms. Liu Jin, the daughter and nominee of Mr. Liu Hanjiu, who was a shareholder of Jinxin prior to its acquisition by the Group.
June 2011	Jinxin established Tongxin.
August 2011	We acquired an additional facility for the manufacture of low-oxygen copper wirerods and plates through the acquisition of Xiangbei. Concurrently, as part of the acquisition of Xiangbei, Gold Wide and Silvery Boom entered into a share purchase agreement with, among others, Engen for subscribing shares in Engen, subject to an earn-out arrangement that was tied to the financial performance of Xiangbei. At the time of the transaction, Gold Wide was wholly-owned by Mr. Zhang Xiongan, the nominee of Mr. Huang Weiping, who was a shareholder of Xiangbei prior to its acquisition by the Group. Silvery Boom was wholly-owned by Ms. Xu Meijuan, the nominee of Mr. Zhang Huayi, who was a shareholder of Xiangbei prior to its acquisition by the Group. In May 2012, Gold Wide and Silvery Boom became shareholders of Engen pursuant to the earn-out arrangement.
December 2012	We expanded into the downstream copper cables business through the acquisition of Baohe Taiyue and Baohe Xinshiji.
February 2013	Praise Get, Wit Great and Ocean Through became shareholders of Engen.
March 2013	We commenced trial production at our Tongxin facility, which produces copper wirerods and wires.
November 2013	Our Tongxin facility, with an estimated annual production capacity of 100,000 metric tons of recycled copper products, commenced commercial production. The second production line at our Jinxin facility, with an estimated annual production capacity of 50,000 metric tons of copper products, commenced commercial production.

CORPORATE REORGANIZATION

The corporate structure of the Group immediately prior to the Corporate Reorganization is set out below:



In preparation for the Listing, we have undertaken the Corporate Reorganization which involves the following steps:

Removal of certain nominee arrangements of some of our minority shareholders

As part of the arrangements made at the time of the acquisition of Jinxin and Xiangbei, certain nominees were put in place to hold shares on behalf of the original shareholders of Jinxin and Xiangbei, respectively. For further details, see the section headed "– Incorporation and Commencement of Our Business". In order to remove these nominee arrangements, the ownership structure of Silver Harvest, Gold Wide and Silvery Boom, being the then shareholders of Engen, underwent the following changes:

- On February 25, 2013, Ms. Liu Jin, the nominee of Mr. Liu Hanjiu(1), entered into a share transfer agreement with Mr. Liu Hanjiu, pursuant to which Ms. Liu Jin transferred to Mr. Liu Hanjiu one share in Silver Harvest, representing the entire issued share capital of Silver Harvest, for a consideration of US$1.00.

- On February 25, 2013, Mr. Zhang Xiongan, the nominee of Mr. Huang Weiping(2), entered into a share transfer agreement with Mr. Huang Weiping, pursuant to which Mr. Zhang Xiongan transferred to Mr. Huang Weiping one share in Gold Wide, representing the entire issued share capital of Gold Wide, for a consideration of US$1.00.

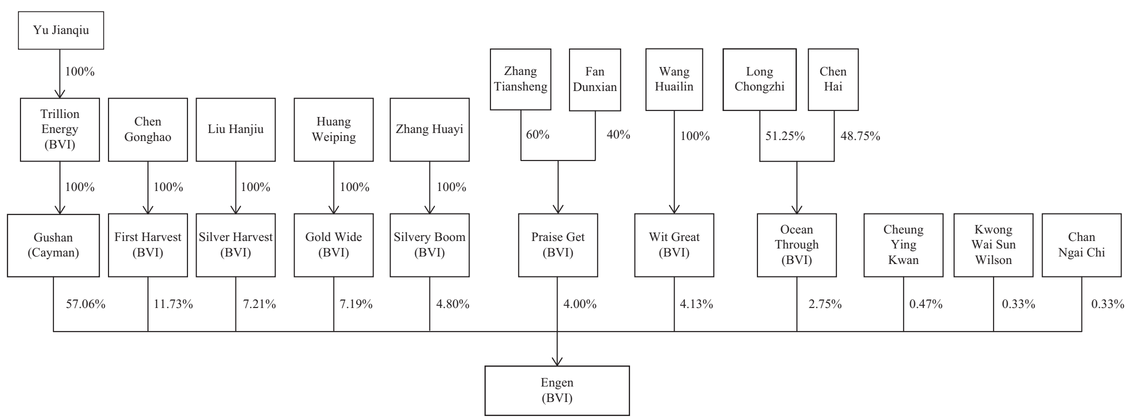
Notes:

(1) Mr. Liu Hanjiu is one of the Original Shareholders of Jinxin and is the father of Ms. Liu Jin.

(2) Mr. Huang Weiping is one of the Original Shareholders of Xiangbei.

- On February 25, 2013, Ms. Xu Meijuan, the nominee of Mr. Zhang Huayi(1), entered into a share transfer agreement with Mr. Zhang Huayi, pursuant to which Ms. Xu Meijuan transferred to Mr. Zhang Huayi one share in Silvery Boom, representing the entire issued share capital of Silvery Boom, for a consideration of US$1.00.

Set forth below is a diagram showing the shareholding structure of Engen immediately after the completion of the above steps:



Distribution in specie of the shares in Engen held by Gushan

To simplify the shareholding structure, on March 19, 2013, the board of Gushan passed a resolution to declare a distribution in specie of 583,396 shares in Engen held by Gushan, representing approximately 57.06% of the issued share capital in Engen, to Gushan's sole shareholder Trillion Energy. The proposed distribution was approved by, Trillion Energy, the sole shareholder of Gushan, by way of a written shareholder resolution dated March 19, 2013 in accordance with the articles of association of Gushan. Following the distribution, Trillion Energy became the direct holder of 583,396 shares in Engen, representing approximately 57.06% of the issued share capital in Engen.

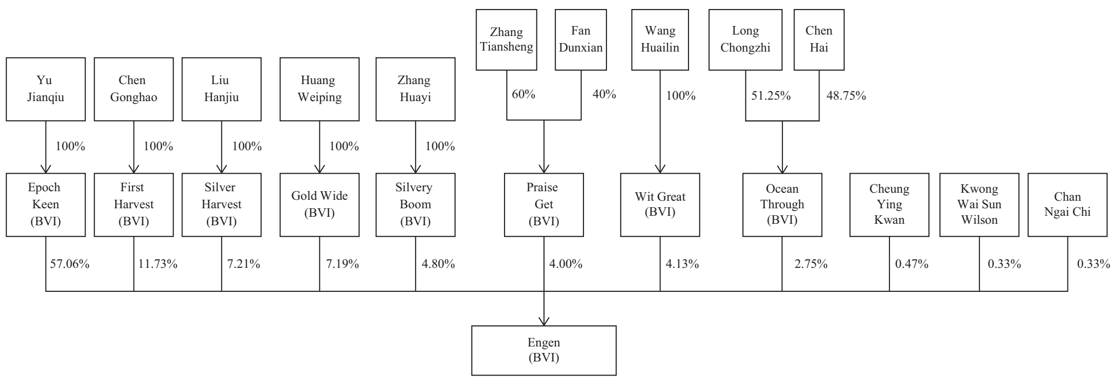
Note:

(1) Mr. Zhang Huayi is one of the Original Shareholders of Xiangbei.

Transfer of shares in Engen from Trillion Energy to Epoch Keen

On March 19, 2013, Epoch Keen entered into a sale and purchase agreement to acquire from Trillion Energy 583,396 shares in Engen, representing approximately 57.06% of the issued share capital in Engen for a total consideration of HK$1.00. Immediately after the completion of the aforementioned transaction, Epoch Keen became the direct holder of 583,396 shares in Engen, representing approximately 57.06% of the issued share capital in Engen.

Set forth below is a diagram showing shareholding structure of Engen immediately after the completion of the above steps:



Establishment of our Company

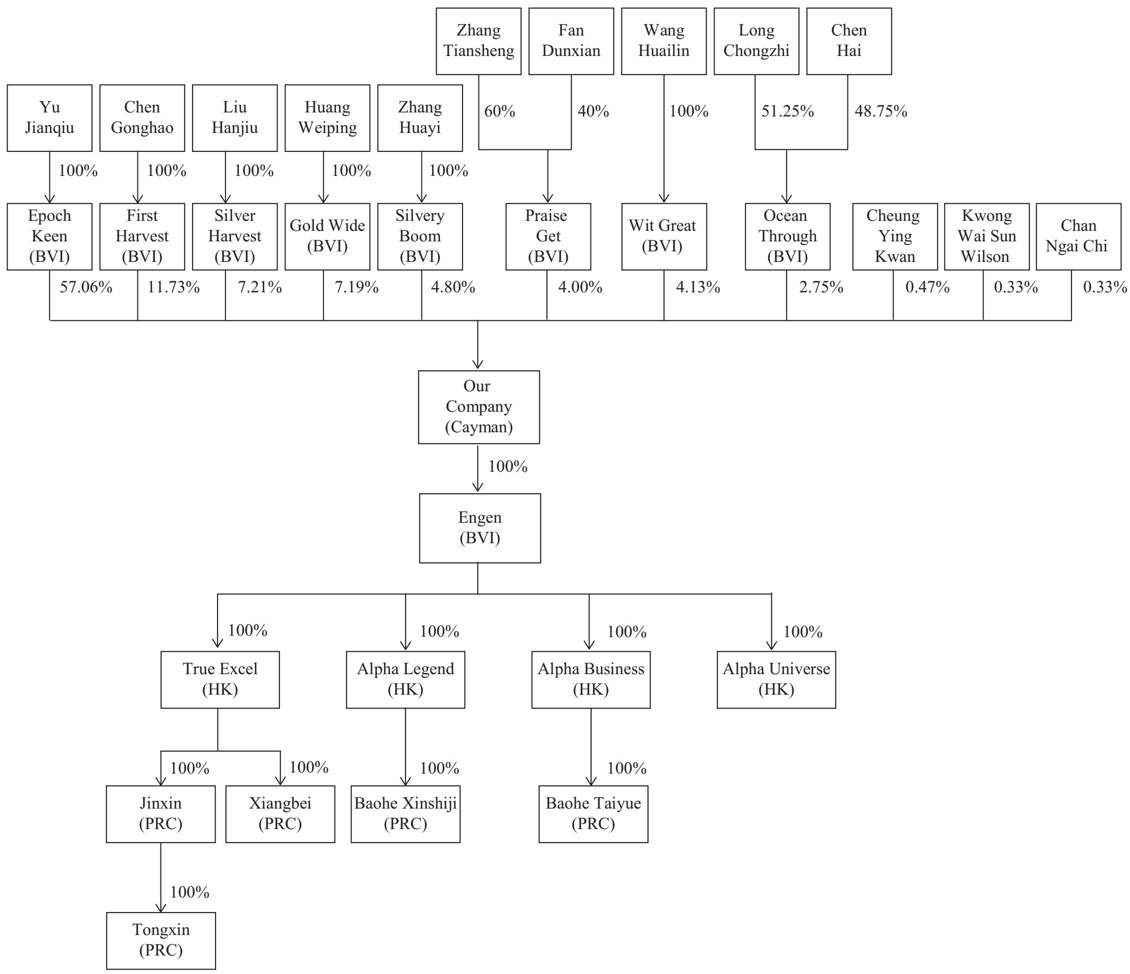
Our Company was incorporated as an exempted company by Epoch Keen in the Cayman Islands on February 22, 2013 to act as the holding company of our Group. On incorporation, one Share of our Company with a nominal value of HK$0.10 was allotted and issued to Codan Trust Company (Cayman) Limited and transferred on the same day to Epoch Keen. On March 19, 2013, the authorized share capital of our Company was increased from HK$300,000 to HK$10,000,000,000.

Transfer of Engen to our Company and the allotment of Shares by our Company to the shareholders of Engen

Pursuant to a share transfer agreement dated March 19, 2013, Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan transferred their respective holdings in the issued share capital of Engen to our Company. In consideration, our Company further allotted Shares to Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Cheung Ying Kwan, Mr. Chan Ngai Chi and Mr. Kwong Wai Sun Wilson. Details of the allotment are summarized in the chart below:

Allottee	Number of Shares allotted under this step	Number of Shares owned by each allottee following this step	Percentage of shareholding in our Company after this step
Epoch Keen	5,833,959	5,833,960	57.06%
First Harvest	1,199,660	1,199,660	11.73%
Silver Harvest	737,180	737,180	7.21%
Gold Wide	735,450	735,450	7.19%
Silvery Boom	490,590	490,590	4.80%
Wit Great	422,160	422,160	4.13%
Praise Get	409,000	409,000	4.00%
Ocean Through	281,440	281,440	2.75%
Mr. Cheung Ying Kwan	47,380	47,380	0.47%
Mr. Kwong Wai Sun Wilson	34,090	34,090	0.33%
Mr. Chan Ngai Chi	34,090	34,090	0.33%
Total	**10,224,999**	**10,225,000**	**100.00%**

Immediately following the completion of this step, our Company became the holder of the entire issued share capital of Engen. Set forth below is a diagram illustrating our shareholding and corporate structure immediately upon completion of this step:



SAFE Registration in the PRC

Under Circular 75, registration with the local SAFE branch is required for domestic legal person residents or domestic natural person residents to establish or to control an offshore entity for the purposes of financing that offshore entity with assets or equity interests in an onshore enterprise. For details of the SAFE registration requirement, see the section headed "Regulatory Overview – Regulation of Foreign Exchange".

Certain of our Shareholders are Chinese residents and are required to file foreign exchange registrations of overseas investments with the local SAFE branch under Circular 75 for their establishment of offshore companies and conducting return investment activities. These Shareholders include Mr. Chen Gonghao, Mr. Liu Hanjiu, Mr. Huang Weiping, Mr. Zhang Huayi, Mr. Zhang Tiansheng, Mr. Fan Dunxian, Mr. Wang Huailin, Mr. Long Chongzhi and Mr. Chen Hai.

Our PRC legal advisor, Chen & Co., advised that the above shareholders completed their foreign exchange registration of overseas investments with the local SAFE branch as required under the Circular 75 on August 22, 2013.

Exercise of options granted under the Yu Share Option Agreement by Mr. Yu

On August 23, 2013, the Company entered into the Yu Share Option Agreement with Mr. Yu, the Controlling Shareholder, pursuant to which the Company granted an option to Mr. Yu to purchase up to an aggregate of 1,013,000 Shares in the Company at the exercise price of RMB63.179 per Share. The purpose of the Yu Share Option Agreement is to reward Mr. Yu for his contributions to the Company and its subsidiaries and business and to replace the Engen Option Agreement dated October 31, 2011 entered into between Mr. Yu, Gushan and Engen, pursuant to which Mr. Yu was granted an option to purchase option shares in Engen at a prescribed price. In consideration of the Yu Share Option Agreement, the Engen Option Agreement was terminated on August 23, 2013. The exercise price of the options granted under the Yu Share Option Agreement was determined with reference to the exercise price prescribed in the Engen Option Agreement to purchase shares of Engen. Further details of the Yu Share Option Agreement are set out in the section headed "Statutory and General Information – E. Other Information – 1. Yu Share Option Agreement" in Appendix VI on page VI-24 of this prospectus.

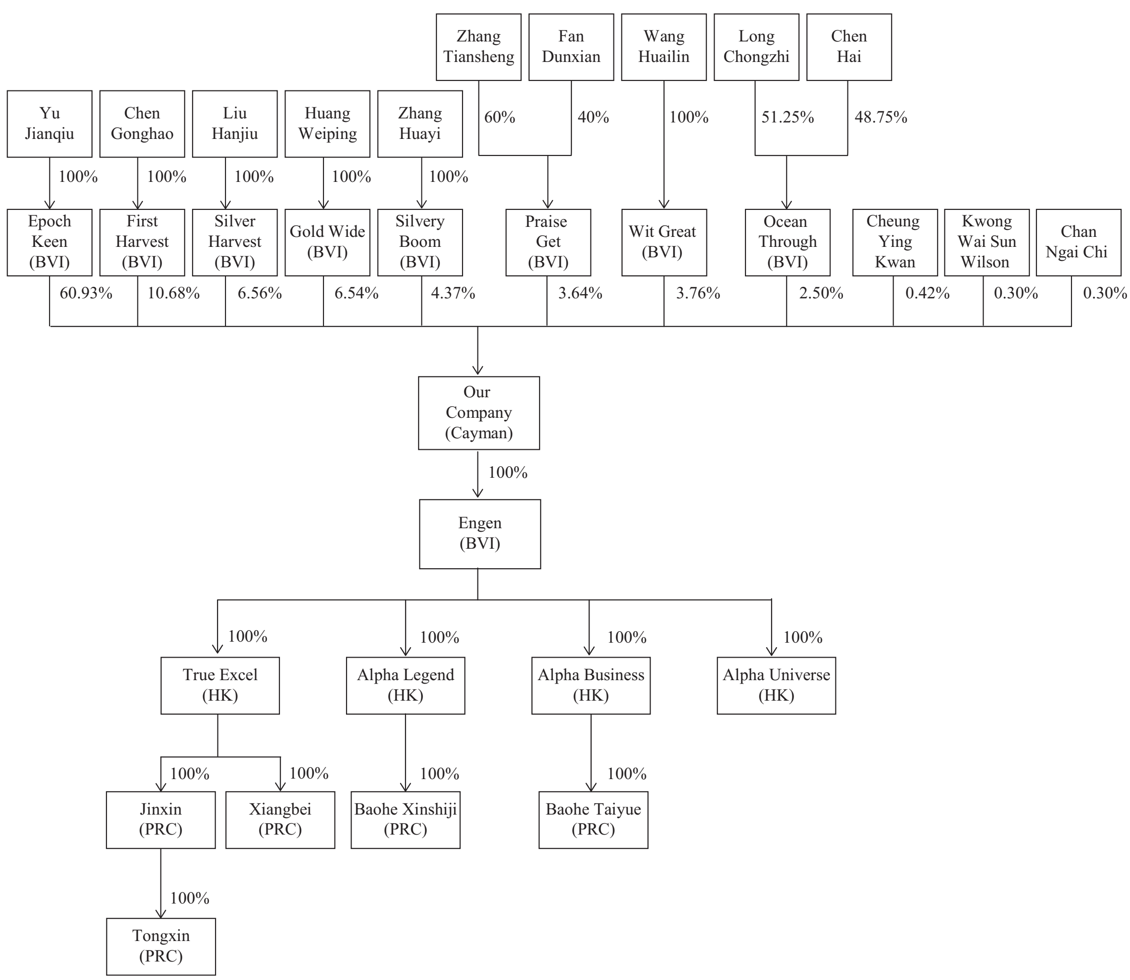
On October 16, 2013, Mr. Yu exercised the options granted under the Yu Share Option Agreement in full. The total consideration payable for the exercise was RMB64,000,327 and was fully settled by way of setting off an equivalent amount due to Mr. Yu from our Group. Pursuant to the exercise of the options, an additional 1,013,000 Shares were allotted on the same day to Epoch Keen, an entity wholly-owned by Mr. Yu, increasing Epoch Keen's shareholding from 57.06% to 60.93%.

Following the exercise of the options, Mr. Chen Gonghao, Mr. Liu Hanjiu, Mr. Huang Weiping, Mr. Zhang Huayi, Mr. Zhang Tiansheng, Mr. Fan Dunxian, Mr. Wang Huailin, Mr. Long Chongzhi and Mr. Chen Hai completed the amendments of their respective foreign exchange registration of overseas investment with the local SAFE branch on November 1, 2013 to reflect the change of their respective shareholding in the Company.

Capitalization Issue and Global Offering

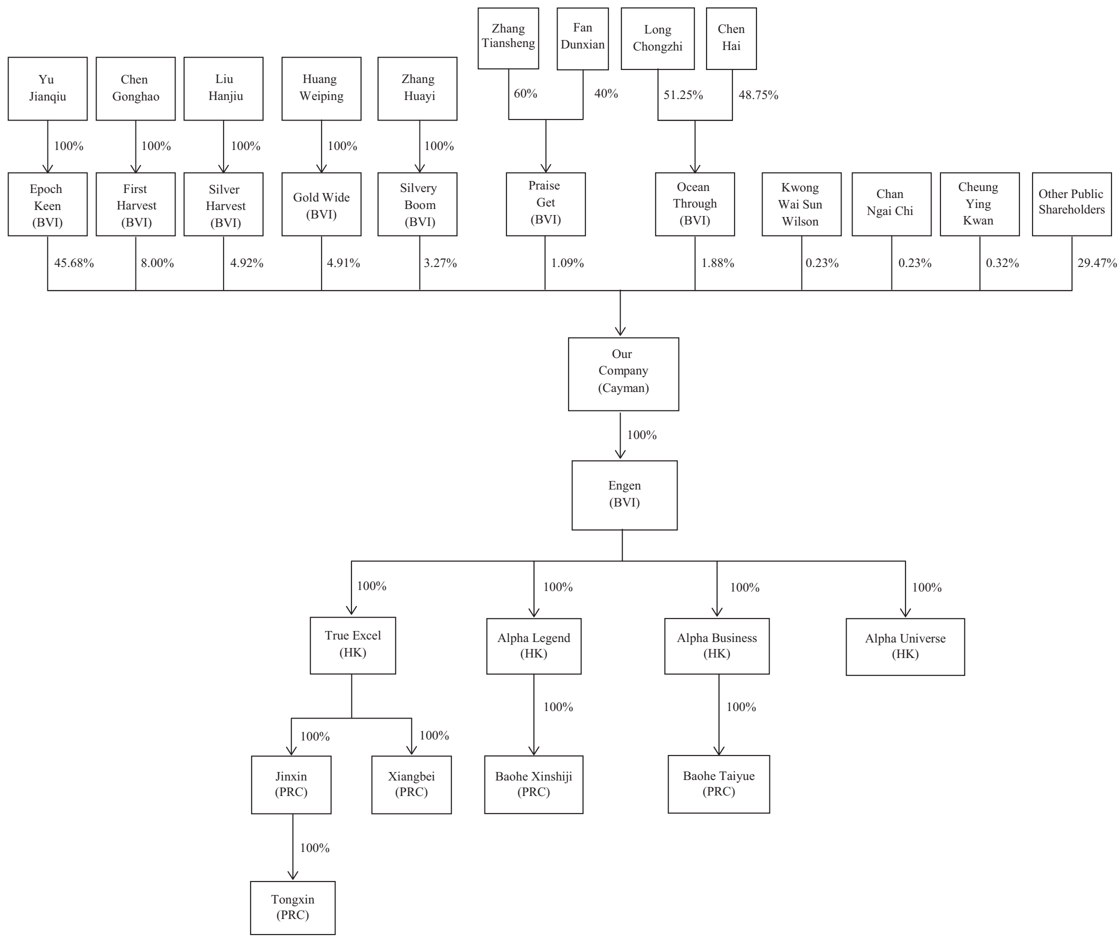
Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalize all or a portion, as the case may be, of the balance of the share premium account and applying such sum in paying up in full at nominal value a total of 1,562,082,000 Shares for allotment and issue to Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan. Immediately after the Global Offering (assuming that the Over-allotment Option is not exercised) and Capitalization Issue, Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Cheung Ying Kwan, Mr. Kwong Wai Sun Wilson and Mr. Chan Ngai Chi will hold approximately 60.93%, 10.68%, 6.56%, 6.54%, 4.37% 3.64%, 3.76%, 2.50%, 0.42%, 0.30% and 0.30%, respectively, of the enlarged share capital of our Company.

The corporate structure of our Group as at the Latest Practicable Date is set out below:



STRUCTURE UPON LISTING

The corporate structure of our Group immediately after completion of the Corporate Reorganization and the Global Offering (assuming the Over-allotment Option is not exercised) is set out below:



OVERVIEW

We are a fast-growing manufacturer of recycled copper products, also known as copper semis, in Southwest China. We process recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wirerods, copper wires, copper plates and copper granules. Beginning in 2013, we also sell a range of communication cables and power transmission and distribution cables using copper wirerods that we produce as the principal raw material. We are increasing our production capacity and plan to broaden our product range and pursue opportunities for further vertical integration. In light of favorable development trends in China and our advantages in raw material supply, facility location and preferential governmental policies, we believe we are well positioned to become a leading integrated recycled copper product supplier in China covering the key value-creating activities in the industry chain.

As a result of China's rapid economic development and urbanization, copper consumption in China grew at a compound annual growth rate, or CAGR, of 11.3% from 2007 through 2012. Copper resources are in relatively short supply in China and we, therefore, enjoy strong demand for copper products manufactured from scrap copper. Similarly, demand for cable products has benefited from domestic infrastructure developments and upgrades, such as building and upgrading of power transmission and distribution, communication and transportation networks, as part of the governmental policy to stimulate domestic economic growth.

Our consolidated turnover for the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013 was approximately RMB205.1 million, RMB1,396.4 million, RMB1,513.1 million and RMB1,708.0 million, respectively. Our consolidated profit for the same periods was approximately RMB9.4 million, RMB48.7 million, RMB92.3 million and RMB132.5 million, respectively. Our net profit margin for the same periods was approximately 4.6%, 3.5%, 6.1% and 7.8%, respectively. In 2012, we sold approximately 30,014 metric tons of recycled copper products, and in the first nine months of 2013, we sold approximately 24,854 metric tons of recycled copper products, 2,170 metric tons of communication cable products and 8,446 metric tons of power transmission and distribution cable products.

We operate through subsidiaries in China which we have acquired over the past several years. We acquired Jinxin, a mid-stream recycled copper product manufacturer, in November 2010 and further expanded our recycled copper business through the acquisition of Xiangbei, a manufacturer of low-oxygen copper wirerods and plates, in August 2011. With a view to expand into the downstream copper business, in December 2012 we acquired two PRC companies in the cable business, Baohe Taiyue and Baohe Xinshiji. Baohe Taiyue's major product offering includes various communication cable products such as network cables, connecting wires and accessories. Baohe Xinshiji's main products include power transmission and distribution cable products, including mid and low-voltage power cables, mining cables and other power cables made in accordance with customer specifications. For additional information about our history and acquisitions, see the section headed "History, Reorganization and Corporate Structure" in this prospectus.

We currently own and operate three production facilities for recycled copper products. Our Jinxin and Tongxin facilities are located in Mianyang, Sichuan Province and our Xiangbei facility is located in Miluo, Hunan Province. Our Jinxin, Tongxin and Xiangbei facilities are currently in commercial production.

As of the Latest Practicable Date, our Jinxin, Tongxin and Xiangbei facilities had a total estimated annual production capacity for recycled copper products of 146,800 metric tons (excluding copper granules). In addition, our Tongxin facility is expected to have an annual production capacity (measured by copper consumption) for enameled wires of 30,000 metric tons when commercial production of copper wires commences (expected in the first quarter of 2014).

We are constructing an additional production line for copper wirerods at our Xiangbei facility. The production line is expected to increase our annual production capacity for recycled copper products (excluding copper granules) by an additional 30,000 metric tons. We expect commercial production to start in the first quarter of 2014.

We are in the process of acquiring cable manufacturing equipment from the manufacturers that currently produce most of our cable products as a transitional arrangement. We are currently constructing a facility in the Youxian Industrial Park for manufacturing power transmission and distribution cables, with an estimated annual production capacity (measured by copper consumption) of 21,300 metric tons. We also plan to construct an additional facility in the Youxian Industrial Park for manufacturing communication cables, with an estimated annual production capacity (measured by copper consumption) of 16,800 metric tons. These facilities are expected to commence commercial production in the second or third quarter of 2014. Currently, part of the equipment for manufacturing communication cables we purchased has been transferred to us and is temporarily housed in our Tongxin facility pending the completion of our communication cable manufacturing facility. For additional information about our manufacturing facilities, see the section headed "– Our Products and Business Activities – Our Manufacturing Facilities" in this prospectus.

The scrap copper that we process comes from a variety of sources, including used household appliances, electrical equipment and transportation equipment, and used cables and wires and scrap materials from certain industrial manufacturing processes. We purchase our scrap copper mainly from domestic suppliers located near our production facilities and elsewhere in Southwest China, Central China, the Pearl River Delta and the Yangtze River Delta. Members of our management team have long experience in the metal recycling business and have helped us to establish relationships with a range of scrap suppliers. In addition, we purchase copper wirerods from domestic suppliers.

We sell our recycled copper products to downstream manufacturers for use primarily in the production of communication cables and power transmission and distribution cables, as well as to companies in various other industries, including electrical engineering, municipal engineering, transportation, construction and mechanical manufacturing. We and our contract manufacturers also use a portion of these products to manufacture our own communication and power transmission and distribution cable products. For additional information about the contract manufacturers with whom we have interim processing arrangements, see the sections headed "– Acquisitions of Cable Businesses and Interim Processing Arrangements" and "Connected Transactions" in this prospectus. Upon completion of our new cable facilities in Mianyang, Sichuan Province, we will supply copper wirerods to our cable businesses internally. Customers for our cable products are mainly companies in industries such as household appliances, power transmission and distribution, installation engineering, real estate, mechanical engineering, electrical equipment, telecommunication, electronics and mining.

Our major operating subsidiaries, Jinxin, Tongxin and Xiangbei, were subsidiaries of Gushan prior to the Corporate Reorganization. From December 2007 to October 2012, Gushan's American depositary shares were listed on the New York Stock Exchange. In October 2012, Gushan completed a going private transaction, as a result of which Mr. Yu Jianqiu, our Controlling Shareholder became the owner of all of Gushan's outstanding shares. For additional information about Gushan and the going private transaction, see the section headed "History, Reorganization and Corporate Structure" on page 104 of this prospectus.

COMPETITIVE STRENGTHS

We believe that our vertically integrated business model offers the following principal competitive strengths.

We are a fast-growing manufacturer of recycled copper products in Southwest China

We are a fast-growing manufacturer of recycled copper products from scrap copper in terms of production volume. According to CRU, we consumed most scrap copper among all copper manufacturers in Sichuan Province in 2012. With the commencement of commercial production of our Tongxin facility, the total estimated annual production capacity of our facilities in Mianyang, Sichuan Province for recycled copper products increased to 130,000 metric tons from 30,000 metric tons as of the Latest Practicable Date. Coupled with our estimated annual production capacity for recycled copper products of 46,800 metric tons in Hunan Province, our estimated annual production capacity for recycled copper products is expected to increase to 176,800 metric tons in 2014.

China's scrap copper recycling industry is well positioned for growth

We expect that China will continue to experience a shortfall in domestic copper production for at least the next few years, and believe that favorable conditions exist for the increased supply of scrap copper.

China was the largest refined copper producing and consuming nation in the world from 2007 to 2012. According to CRU, total global refined copper production in 2012 was approximately 20.0 million metric tons, of which 5.7 million metric tons, or 28.6%, were produced in China, while the world's total refined copper consumption in 2012 was 19.7 million metric tons, of which 8.2 million metric tons, or 41.6%, were consumed in China. In 2016, China's refined copper production is forecast by CRU to reach approximately 9.0 million metric tons, which will account for 38.5% of the world's total forecast copper production, and China's refined copper consumption is forecast to reach approximately 10.2 million metric tons, which will account for 44.7% of the world's total forecast copper consumption. Due to China's continuing shortfall in domestic copper supply and reliance on imported copper, demand for recycled copper in China has been growing. It is expected that this shortfall will largely persist at least through 2016, notwithstanding the anticipated expansion of domestic production.

The dynamics for scrap copper supply in China are also favorable. According to CRU, scrap copper generated in China has grown at a CAGR of 14.0% from 2007 to 2012, and is expected to grow at a CAGR of 8.6% from 2012 to 2016 and reach over 1.8 million metric tons by the end of

2016. We expect to continue to enjoy the favorable environment and the opportunities presented by the rapid development of the copper recycling and processing industry in China. Over the past decade, consumer purchases of home appliances and electronics in China have grown significantly. We estimate that major appliances in China have an average lifespan of 10 to 15 years. Consequently, we expect that an increasing number of major appliances will be disposed of over the next few years, increasing the scrap metal supply in China.

We have a well established procurement network and benefit from the supply of scrap metal generated by industrial activities in China

We have developed a strong domestic procurement network which covers the Chengdu-Chongqing Economic Zone, the Pearl River Delta, the Yangtze River Delta, the Central Plains Economic Zone and the Wanjiang Urban Belt. In 2012, for example, we purchased scrap copper from approximately 100 suppliers. Although our purchases may be concentrated with a few large suppliers in any given year, we believe our broad base of business relationships enables us to procure scrap from those suppliers best able to meet our needs.

Our principal manufacturing operations are located in Mianyang, Sichuan Province and Miluo, Hunan Province. Mianyang is a major industrial center in Sichuan Province. The city is a center of electronics production and home to many companies across a wide range of manufacturing industries. Our Tongxin, Baohe Taiyue and Baohe Xinshiji facilities are located in the Youxian Industrial Park in Mianyang, which is expected to become a center of scrap copper collection. Miluo is a major area in Hunan province for recycling and metal processing industries. These industries generate an abundant supply of scrap materials in their industrial manufacturing processes.

In March 2013, Baohe Fushan, the administrator of the industrial park in the southern district of the Youxian Industrial Park, entered into a strategic partnership agreement with Tongxin. Under this agreement, Baohe Fushan has agreed that it will endeavor to provide priority for us in purchasing scrap copper from other companies operating in the industrial park. Baohe Fushan has also agreed that it will not permit any companies engaged in the same business to operate in the industrial park for a period of five years from March 2013.

We maintain a broad base of customers to maintain sales and operational stability

We have built a broad base of customers across a range of industries. During the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, we had over 30, 170, 200 and 600 customers, respectively. We target customers which we believe have a strong financial condition and corporate reputation and a leadership position in their respective markets, as we believe that such customers in general have a good credit record and are likely to place sizeable orders. We believe that by establishing business relationships with quality customers, we are able to mitigate both credit risk and volatility in our order flow, and enhance our reputation which could in turn create further business opportunities. During the Track Record Period, we did not recognize or make provision for any bad debts.

Our sales and marketing team works closely and proactively with our production team to enable us to deliver products meeting the quality and specifications sought by our customers. We also work with our customers to obtain their feedback and improve our product quality and stay abreast of their requirements. Maintaining strong relationships with our customers is important to us and we believe that our customers' willingness to work with us reflects, among others, our record of producing high quality products that meet industry standards and customer requirements.

We enjoy favorable government policies and support for the recycling industry

The recycling and metal processing industry is a key component in the development of the circular economy. Since the Circular Economy Promotion Law of the PRC (中華人民共和國循環經濟促進法) became effective in January 2009, the PRC government and the relevant regulatory authorities have introduced a series of supporting measures and policies designed to promote recycling in China. Under the "12th Five-year" Development Plan for Non-ferrous Metal Industry (有色金屬工業"十二五"發展規劃), the government is seeking to establish and improve the recycling systems for copper, to regulate the recycling and dismantling processes, and to build model projects for large-scale utilization of renewable metal resources. To improve efficiency and capture the benefits of economies of scale, metal recycling centers are to be established in suitable locations in an effort to make full use of scrap copper resources in China and abroad. In regions with a strong industrial base, such as the Pearl River Delta, the Yangtze River Delta, the Bohai Economic Zone and the Chengdu-Chongqing Economic Zone, model projects for recycled copper will be established by expansion and alteration of existing facilities. These laws and policies have benefited and are expected to continue to benefit the development of our copper recycling and processing business.

In addition, we enjoy favorable government policies, including VAT refunds and government grants and subsidies provided for companies producing copper using scrap materials as raw materials. For example, VAT refunds enjoyed under the PRC policies of Comprehensive Utilization of Resources, which we recorded under other revenue, amounted to RMB40.0 million and RMB90.0 million in 2012 and the nine months ended September 30, 2013, respectively. For additional information, see the sections headed "Financial Information – Factors Affecting our Results of Operations and Financial Condition – VAT refunds and other government incentives" and "Regulatory Overview" in this prospectus.

The Miluo Industrial Park, where our Xiangbei facility is located, is among the first districts to have been designated as a "Model Urban Mining Center" as contemplated by China's 12th Five-year Plan. Similarly, the Youxian Industrial Park, where our new facilities are located, has been designated by China's Reform and Development Commission as a "Model Urban Mining Center". The PRC central government has set up a fund to support the development of these centers to encourage the growth and centralization of China's recycling industry. Enterprises within these centers are entitled to preferential treatment in accordance with relevant policies. Regulations also earmark special funding for the development of the circular economy to support the development of "Model Urban Mining Center".

We have an experienced and dedicated management team

Our management team is composed of knowledgeable and experienced industry experts with a proven track record in managing recycling and metal businesses. Our chairman, chief executive officer and executive Director, Mr. Yu Jianqiu, has over 20 years of experience in business management, including operational experience in the recycling business. Mr. Yu has been instrumental in our development and strategic planning. The other members of our management team, including Mr. Liu Hanjiu, Mr. Huang Weiping, Mr. Fan Dunxian and Mr. Chen Hai, also have extensive experience in the recycling, metal and cable industries. Each of Mr. Liu Hanjiu, our executive Director and general manager of Jinxin and Tongxin and Mr. Huang Weiping, our executive Director and general manager of Xiangbei, has over 10 years of experience in the recycling industry and has played a key role in establishing and maintaining long-term business relationships with our suppliers and in securing a stable and reliable supply of our principal raw materials. The general manager of Baohe Taiyue, Mr. Fan Dunxian, and general manager of Baohe Xinshiji, Mr. Chen Hai, each has over five years of experience in the cable industry. Mr. Chen was deputy director of the national laboratory for the heat-resistance performance testing of power cables and wires in Chengdu since September 2007 and was responsible for its technology management. We believe our experienced management team and its leadership, vision and drive has been key to our success in the past and will continue to contribute to our future growth.

BUSINESS STRATEGIES

We seek to become a leading integrated recycled copper product supplier in China, with businesses covering the key value-creating activities in the industry chain. We plan to offer a broad range of recycled copper products. To achieve this, we intend to implement the following principal strategies.

Effectively manage our expansion and the integration of our recent acquisitions

The recycled copper industry in China is fragmented, with many small and inefficient producers. Since commercial production commenced at our new Tongxin facility in March 2013, we have greater production capacity than many of our competitors in Southwest China. We believe that the resulting economies of scale will help to drive our profitability.

We recently acquired two downstream cable businesses and our new facilities for our cable businesses are in the construction and planning stages. We continue to focus on effectively managing the integration of these new businesses and ensuring that the construction and testing of our new facilities proceeds smoothly and on time.

We are also taking other steps intended to enhance the efficiency of our vertically integrated operations. Specific steps we are taking include centralizing the supervision and planning of the raw material supply and working capital for our operating subsidiaries, centralizing our sales and marketing functions and unifying our financial management, internal control and human resources management systems. These steps are expected to enhance our operating efficiency and help us to better manage the risks associated with raw material supply and inventory management. Transitional arrangements, including training of personnel of the acquired businesses, have been put in place to facilitate their integration with the rest of the Group. We envisage that similar integration steps will be taken to manage our future acquisitions.

As one of the few companies in Southwest China which operate in both the mid-stream copper recycling and downstream cable businesses, we expect to be in a position to provide a stable and reliable supply of copper to our cable production business when our cable manufacturing facilities commence commercial operations. We believe we will be able to supply substantially all of the copper required for our cable business internally. Vertical integration and the location of our facilities will allow us to reduce transportation and storage expenses and the production costs of our cable products. In addition, we believe that using raw materials manufactured by us in our cable manufacturing business will allow us to better control quality, manage the impact of copper price fluctuations, with correlative benefits to capital requirements. However, customers in our communication cable business and power transmission and distribution cable business are typically granted a credit period of up to 30 days and 90 days, respectively, which is longer than five to 30 days that we usually grant our customers in recycled copper business. The longer credit periods may adversely affect our liquidity. We continue to seek to identify and exploit additional synergies between our copper products and cable businesses.

Improve our operating efficiency and strengthen our research and development capacity

We continue to seek to improve our operational efficiency. The new equipment for copper production in our Tongxin facility is of a more modern design than that of our Jinxin and Xiangbei facilities, and include certain features, such as flat-plate refining furnaces and continuous casting and rolling machines, which we believe will allow us to produce more efficiently.

Moreover, we continue to engage in formal and informal cooperation with a university, a research institute and companies with a view to developing and implementing changes to our production processes which allow us to deliver incremental efficiency gains. We have also recently implemented a policy under which we will provide cash incentives to employees whose ideas for production improvements result in tangible benefits to us. Our research and development team members will continue to work closely with our production, management, and sales teams to stay abreast of latest developments and customer requirements.

We believe that our research and development efforts will help us to continue to meet the increasingly sophisticated demands from our customers and changing market conditions.

Further increase production capacity to take advantage of the growth opportunity from strong demand for copper products

We expect our copper recycling and cable business to benefit from growing demand from industries such as power generation and electrical grid construction, mining machinery production and the transportation industry, as well as the growth in the exports of premium data cables. To satisfy the growing demand for our recycled copper products from our cable businesses and our other customers, we have increased our production capacity significantly in recent years. We plan to continue to evaluate opportunities for further expansion through organic growth or acquisitions. CRU expects the consumption of wires and cables in China to increase from 4.9 million metric tons in 2012 to 5.9 million metric tons in 2016, representing a CAGR of 4.9%. We believe that conditions will be favorable for expansion, and expect to further expand our production capacity for copper products over the next few years.

Broaden our product range and seek opportunities for further vertical integration

We are seeking to grow our business by broadening our product range and identifying opportunities for further vertical integration. We also seek to expand our geographic footprint to other parts of China. In seeking to grow our business, we intend to use the knowledge and experience we have acquired in expanding our production capacity through prior acquisitions and organic growth.

In terms of the range of copper products we offer, we are seeking opportunities to expand our range of recycled copper products to include products which require more advanced and customized production processes with higher profit margins, such as enameled copper wire, copper bus bars for transformers, copper alloy and shaped copper plates. This may include organic growth or further downstream investments in, or strategic cooperation with, companies which manufacture such products. We will continue to assess opportunities in this regard and to adjust our product mix in light of market conditions.

We also continue to explore opportunities for upstream integration with a view to securing a stable supply of raw materials and mitigating our exposure to volatility in raw material prices. In addition to seeking to enter into supply agreements with scrap vendors, we will selectively consider opportunities to acquire or otherwise invest in scrap copper suppliers or companies engaged in the dismantling and sorting of used electrical appliances or other machinery. As we continue to expand our business operations, our demand for scrap copper will likely increase. We believe that upstream integration will enable us to further reduce our production costs, reduce our exposure to volatility in raw material prices and streamline our production process.

We will only acquire or invest in companies which we consider to have potential for complementing our existing businesses or reducing our reliance on external suppliers. Before making a decision on an acquisition or investment, we will carefully consider our options and conduct due diligence. We also seek to apply the experience derived from our prior acquisitions, including Xiangbei, Baohe Taiyue and Baohe Xinshiji, in integrating and managing future acquisitions. For information on the integration of our recent acquisitions, see the section headed "– Effectively manage our expansion and the integration of our recent acquisitions" in this prospectus.

We also believe that other regions in China, in particular industrial areas in the central and eastern parts of country, may offer attractive business opportunities in terms of the supply of raw materials and proximity to potential customers. We continue to explore possible opportunities to expand our geographic footprint to cover these regions.

Enhance our sales and marketing efforts and promote brand recognition

We are in the process of centralizing our sales and marketing activities in order to better manage our customer relationships and provide more effective customer service. In addition, we plan to further enhance our sales capabilities in eastern China and we are in the process of setting up a sales and marketing office in Shanghai.

Xiangbei and Tongxin qualified in January 2013 and April 2013, respectively, as dealers eligible to sell their copper wirerods on the China Power Cable Material Exchange (中國電纜材料交易所), an electronic trading platform for materials used to produce power transmission and distribution cables.

We plan to qualify more of our subsidiaries as dealers on such electronic trading systems to broaden our customer base and to increase our brand recognition. In addition, trading on the exchanges can also help to reduce our receivable turnover days as buyers are usually required to pay the purchase price within a certain period of time, which is generally shorter than the time periods we agree to when negotiating with our customers on a case-by-case basis.

Continue to retain and attract talented personnel

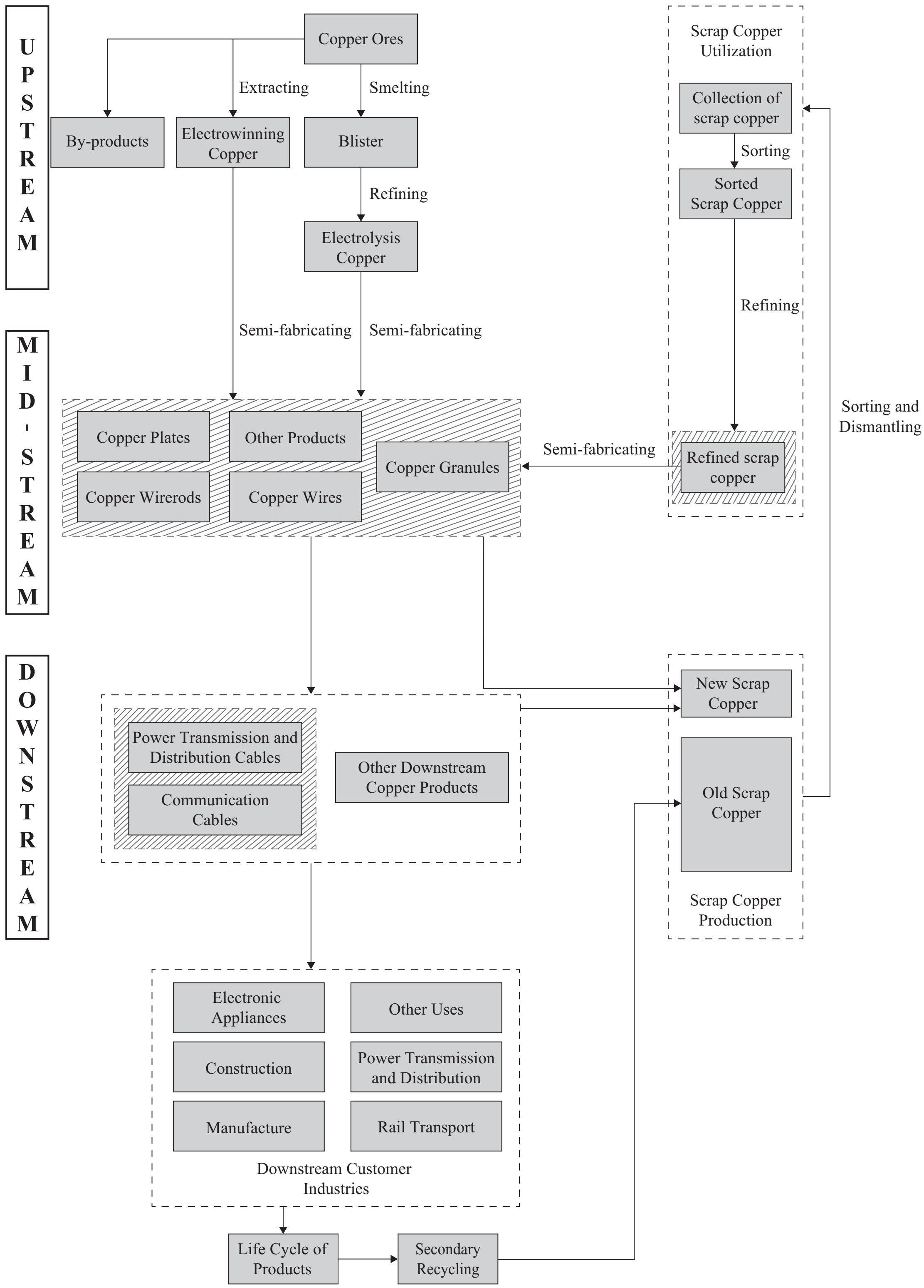
We believe that the successful implementation of our business and growth strategies depends on our ability to attract and retain experienced and motivated employees at all levels. As a fast-growing manufacturer of recycled copper products, we believe we have the ability to do this. We seek to offer competitive employment terms, and have established the Share Option Scheme in order to provide further incentives to our key employees. We also offer bonus and other cash subsidies to some of our employees. In addition, we focus on creating an enjoyable working environment by promoting a corporate culture of diligence, integrity and open communication among our management and employees.

OUR PRODUCTS AND BUSINESS ACTIVITIES

We source and process scrap copper to produce a range of recycled copper products, including copper wirerods, copper wires, copper granules and copper plates in various sizes, purities and other specifications to meet our customers' needs. We sell our recycled copper products to intermediaries and other manufacturers for further processing into communication cables, power transmission and distribution cables and a wide variety of other products. In addition, we sell our recycled copper products to trading companies and other copper processing manufacturers. Since our expansion into downstream cable business at the end of 2012, we also provide part of the recycled copper products that we produce to our contract manufacturers based on interim processing arrangements for the production of our cable products and used part of it for our own cable products production. We also perform processing services, whereby we process scrap copper provided by our customers into recycled copper products based on their specifications. In addition, we sell scrap materials from our production process, such as copper ashes, for recycling into raw materials.

The communication cable products and power transmission and distribution cable products that we sell are made primarily from copper wirerods and wires. Our principal communication cable products include network cables and connecting wires. Our principal power transmission and distribution cable products include mid-voltage power cables, low-voltage power cables, mining cables and other power cables made in accordance with customer specifications. We sell our communication cable and power transmission and distribution cable products mainly to companies in industries such as household appliance manufacturing, power transmission and distribution, installation engineering, real estate, mechanical engineering, electrical equipment manufacturing, telecommunications, electronics manufacturing and mining. We also sell our cable products to trading companies.

The following diagram illustrates the industry supply chain for our business and the segments in which we operate:

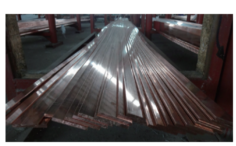


Note: The diagonal lines indicate the position of our business in the industry chain.

Our Principal Products

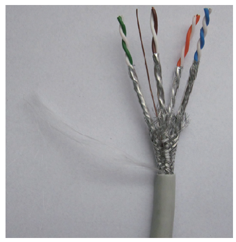
Recycled Copper Products

The following table sets forth information about our principal recycled copper products:

Type	Picture	Description	Specifications	Customers
Copper Wirerods		Manufactured from scrap copper and electrolytic copper	Diameters between 3.0mm and 20.0mm	Power cables and wires manufacturers
Copper Wires		Manufactured from scrap copper and electrolytic copper	Diameters between 0.125mm and 3.0mm	Power cables and wires, communication cables, enameled wires and transformer manufacturers
Copper Granules		Mainly processed from scrap wires with approximately 99% of copper content	N/A	Telecommunications, electronics and electrical appliances manufacturers
Copper Plates		Manufactured from scrap copper and electrolytic copper	Widths between 20mm and 180mm	Companies in electrical engineering, transportation, construction engineering, installment engineering and wind power industries, machine manufacturers and electrical equipment manufacturers

Communication Cable Products

The following table sets forth information about our principal communication cable products:

Type	Picture	Description	Specifications	Customers
Network Cables (including CAT 3, CAT 5E , CAT 6 and CAT 7)		PE/PVC insulated and PE/PVC/LSZH sheathed multi-pair cables	From 10 up to 100 pairs of cores; conductor layer thickness between 0.4mm and 0.5mm and insulation layer thickness between 0.18mm and 0.8mm	Companies in construction, installation engineering, home appliances and real estate industries
Connecting wires		PE insulated and PVC sheathed multi-pair patch cables	From one pair up to 14 pairs of cores; conductor layer thickness between 0.2mm and 0.25mm	Companies in construction, installation engineering, home appliances and real estate industries

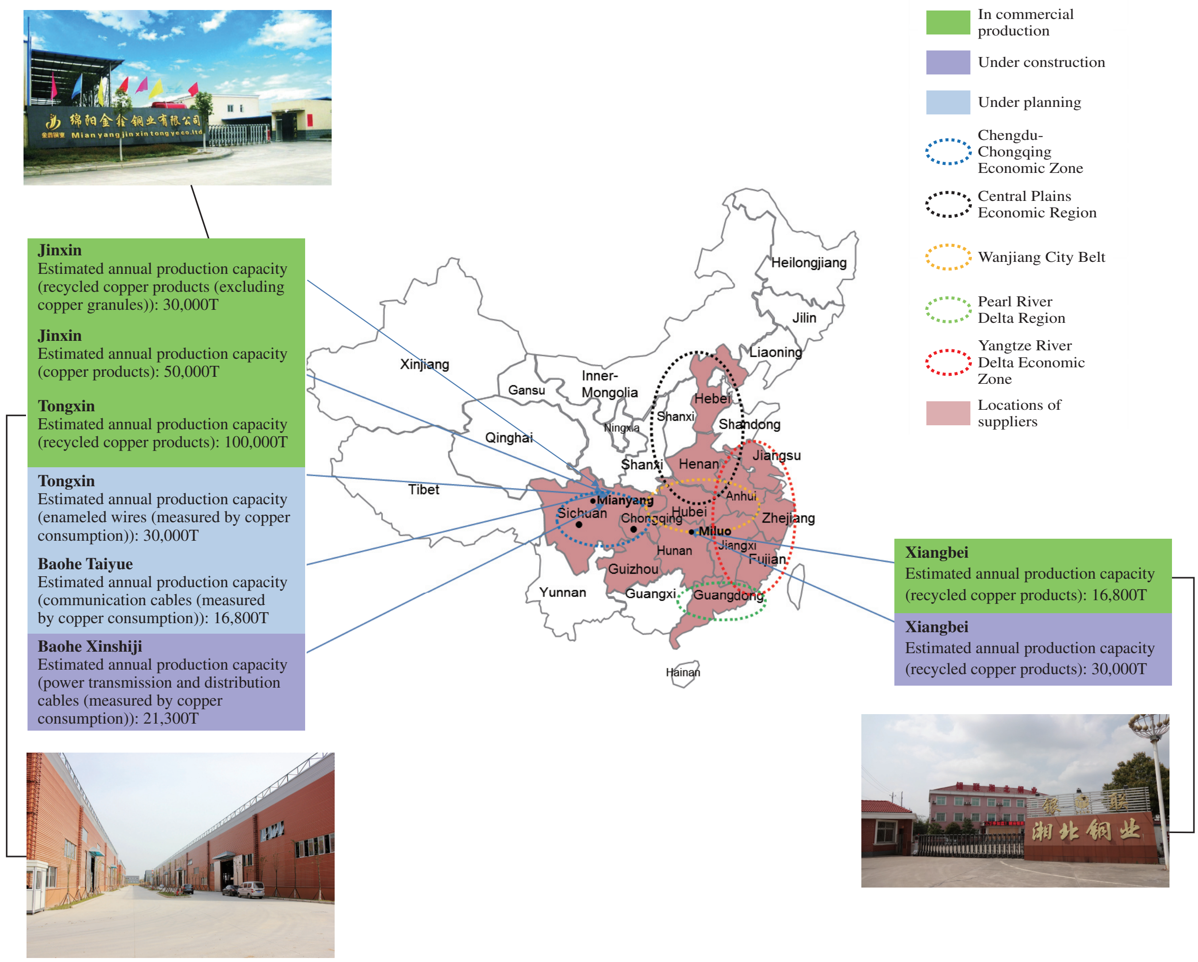
Power Transmission and Distribution Cable Products

The following table sets forth information about our principal power transmission and distribution cable products:

Type	Picture	Description	Specifications	Customers
Low-voltage Power Cables (including control cables, fire-resistant and flame-retardant cables, low smoke zero halogen cables and aluminum alloy cables)		Control cables with copper or aluminum conductors with or without armoring and/or fire-resistant or flame-retardant sheathing	Up to 37 cores; cross-sectional area between 0.75mm^2 and 400mm^2	Companies in power transmission and distribution industries
Mid-voltage Power Cables		Power cables with copper or aluminum conductors with or without armoring and/or fire-resistant or flame-retardant sheathing	Up to 5 cores; cross-sectional area between 1.5mm^2 and 1,000mm^2	Companies in power transmission and distribution industries
Mining Cables (including rubber jacketed cables of 10kV or below and communication cables for mining purposes)		Rubber insulated or PVC insulated cables	One to 100 cores; cross-sectional area between 0.5mm^2 and 300mm^2	Mining companies

Our Manufacturing Facilities

The following map sets forth the locations of our existing and planned production facilities as well as the provinces where our major suppliers are located:



Our Existing Facilities

The following table sets forth information about our existing production facilities as of the Latest Practicable Date (unless otherwise indicated):

Location	**Mianyang, Sichuan Province**	**Miluo, Hunan Province**	**Mianyang, Sichuan Province**
Production facilities of relevant subsidiaries	Jinxin(1)	Xiangbei(2)	Tongxin
Commencement of operations	July 2009	January 2011	March 2013(3)
Approximate area (m^2)	24,880	24,563	80,370
Actual production volume	Recycled copper products (excluding copper granules) 2010: 2,086 metric tons(7) 2011: 18,969 metric tons 2012: 16,749 metric tons 2013 9M: 13,903 metric tons Copper granules 2010: 2,139 metric tons(7) 2011: 913 metric tons 2012: 2,711 metric tons 2013 9M: 1,779 metric tons	Recycled copper products 2011: 3,181 metric tons(8) 2012: 9,896 metric tons 2013 9M: 9,351 metric tons	Recycled copper products 2013 9M: 13,966 metric tons
Estimated annual production capacity(4)(5)	Recycled copper products (excluding copper granules) 1st production line: 30,000 metric tons Copper products 2nd production line(6): 50,000 metric tons	Recycled copper products 1st and 2nd production lines: 16,800 metric tons (in total) 3rd production line (under construction): 30,000 metric tons	Recycled copper products 1st production line: 100,000 metric tons Enameled wires (under planning) 30,000 metric tons (measured by copper consumption)
Estimated annual production capacity as of the end of the Track Record Period	Recycled copper products (excluding copper granules) 30,000 metric tons Copper products 50,000 metric tons(6)	Recycled copper products 16,800 metric tons	Recycled copper products 30,000 metric tons(9)

Location	Mianyang, Sichuan Province	Miluo, Hunan Province	Mianyang, Sichuan Province
Planned additional estimated annual production capacity as of the end of the Track Record Period	–	Recycled copper products 30,000 metric tons	Recycled copper products 70,000 metric tons(9) Enameled wire 30,000 metric tons (measured by copper consumption)
Utilization rates(10)	Recycled copper products (excluding copper granules) 2010: 71.7%(11) 2011: 63.2%(13) 2012: 55.8%(13) 2013 9M: 62.0%(15)	Recycled copper products 2011: 45.2%(12) 2012: 58.9%(14) 2013 9M: 74.4%(16)	Recycled copper products 2013 9M: 87.1%(17)
Expected total capital expenditure for current expansion plans	Nil	RMB38.0 million	RMB262.0 million
Amount of capital expenditure for current expansion plans paid as of the Latest Practicable Date	Nil	RMB16.8 million	RMB241.0 million
Expected time frame for paying a substantial portion of the remaining capital expenditure	Nil	Before the end of the first quarter of 2014	Before the end of April 2014

Notes:

(1) Acquired by us in November 2010.

(2) Acquired by us in August 2011.

(3) In June 2012, Tongxin started selling recycled copper products produced on its behalf by Jinxin before the commencement of operations at its own facility.

(4) Estimated annual production capacity figures are estimates based on a 300 working day per calendar year basis and we have also taken into consideration equipment manufacturers' specifications, historical experience, storage area and other data that believe to be reliable. Actual production may differ materially from estimated capacity. The production capacity of our back-up equipment is excluded from the calculation. For additional information, see the sections headed "– Jinxin Facility" and "– Xiangbei Facility" in this prospectus.

(5) We do not believe estimated annual production capacity is a useful measurement when it applies to copper granules especially given the fact that the importance of copper granule production to our business has been decreasing. Although we will continue to produce copper granules opportunistically based on the availability of suitable scrap, we do not view copper granule production as a core part of our business and expect that its importance to our business will continue to decrease.

(6) This production line is only used when scrap copper supply is not sufficient or the price of electrolytic copper is lower than that of scrap copper. It commenced commercial production in November 2013. For additional information, see the section headed "– Jinxin Facility" in this prospectus.

(7) Including the production of Jinxin from November 3, 2010 to December 31, 2010 only.

(8) Including the production of Xiangbei from August 1, 2011 to December 31, 2011 only.

(9) The entire production line, with an aggregate estimated annual production capacities of 100,000 metric tons, commenced commercial production in November 2013.

(10) Utilization rates were calculated by dividing actual production volume by estimated annual production capacity during the period.
(11) Calculated by dividing actual production volume by (estimated annual production capacity x 59/365). Estimated annual production capacity of our Jinxin facility in 2010 was 18,000 metric tons.
(12) Calculated by dividing actual production volume by (estimated annual production capacity x 153/365). Estimated annual production capacity of our Xiangbei facility in 2011 was 16,800 metric tons.
(13) Estimated annual production capacity of our Jinxin facility in 2011 and 2012 was 30,000 metric tons.
(14) Estimated annual production capacity of our Xiangbei facility in 2012 was 16,800 metric tons.
(15) Calculated by dividing actual production volume by (estimated annual production capacity x 273/365). Estimated annual production capacity of our Jinxin facility in the first nine months of 2013 was 30,000 metric tons.
(16) Calculated by dividing actual production volume by (estimated annual production capacity x 273/365). Estimated annual production capacity of our Xiangbei facility in the first nine months of 2013 was 16,800 metric tons.
(17) Calculated by dividing actual production volume by (estimated annual production capacity x 195/365). Part of the production line in our Tongxin facility with an estimated annual production capacity of 30,000 metric tons was in trial production from March 20, 2013 to September 30, 2013.

Our relatively low capacity utilization has been mainly due to working capital constraints on purchases of scrap copper. In addition, on occasion, we have experienced interruptions in our electricity and natural gas supply at our Jinxin facility. However, we believe that the more stable electricity and natural gas supply at our Tongxin facility and better access to capital for growth after the Listing, coupled with our plan to source most of our copper needs for our cable business internally, will increase the production volume of recycled copper products significantly and result in higher capacity utilization rates of our production facilities. For additional information, see the sections headed "– Utilities", "Risk Factors – Risks Relating to Our Business – We had net current liabilities as of September 30, 2013, and we require a high level of working capital to sustain our operations, expansion and overall growth" and "Financial Information – Factors Affecting Our Results of Operations and Financial Condition – Operating efficiency and production capacity" in this prospectus.

We currently anticipate that our cable business will consume, under the interim processing arrangements and through our own manufacturing, approximately 16,000 to 22,000 metric tons, or between one quarter and one third of the recycled copper products we expect to produce in 2014. We forecast the demand of our recycled copper products in 2014 based on expected increases in (i) internal sales to our cable business, taking into account the capacity of our cable product production, the timing of the commencement of our own manufacturing, the expected utilization level and anticipated increased orders from our existing customers and from Guangzhou Taiyue's and Sichuan Xinshiji's customers, and (ii) external sales to customers, based on our signed annual sales contracts in respect of the sales of approximately 33,445 metric tons of copper products, as well as our management's belief that the market for these products are generally liquid and broad given that the products are commodity in nature. For the sales of our cable products, up to now we only have had access to some of the cable customers of Guangzhou Taiyue and Sichuan Xinshiji, as only part of the customer information has been transferred to us under the relevant asset transfer agreements. As the transfer is ongoing and we expect to receive more information from Guangzhou Taiyue and Sichuan Xinshiji, we expect that we will be able to approach and obtain orders from an increasing number of Sichuan Xinshiji's and Guangzhou Taiyue's customers for our cable products.

We do not expect to experience a significant process loss in the course of manufacturing of our cable products. We expect the conversion rate of our recycled copper products as raw material to our cable products to be approximately one to one. Due to geographical proximity and the related cost savings, we plan to supply substantially all of the copper needs of our cable business with production from our Jinxin and Tongxin facilities. Since the estimated annual production capacity of our Jinxin facility is lower than the expected aggregate annual production capacities of our Baohe Taiyue and Baohe Xinshiji facilities, we have constructed our new Tongxin facility to meet the copper needs of our cable business as well as the needs of our existing and potential customers of our recycled copper product business.

Jinxin Facility

Our Jinxin production facility is located in the eastern suburbs of Mianyang, Sichuan Province. It has commenced production of recycled copper products in July 2009. We currently operate two production lines for copper wirerods at our Jinxin facility, all of which are in commercial production. The first line has been in commercial production since April 2010 and comprises two flat-topped refining furnaces for processing scrap copper or a mix of scrap copper and electrolytic copper into low-oxygen copper wirerods and a set of casting and rolling machines. One of the furnaces serves as a back-up furnace and is only used when the other one is being maintained or repaired. The first production line has an estimated annual production capacity (excluding capacity of the back-up furnace) of 30,000 metric tons of recycled copper products (excluding copper granules).

Construction of the second production line was completed in September 2012. We obtained permits from the relevant governmental authorities to commence trial production in July 2013. The second production line is designed primarily for processing electrolytic copper into oxygen-free copper wirerods. It comprises a single shaft furnace and a set of casting and rolling machines. The second production line, which has been in commercial production since November 2013, has a total estimated annual production capacity of 50,000 metric tons of copper products. We plan to produce copper products from electrolytic copper only when scrap copper supply is not sufficient or the price of electrolytic copper is lower than that of scrap copper. We believe that our Jinxin facility benefits from maintaining the flexibility to produce copper wirerods from either scrap or electrolytic copper.

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, Jinxin purchased approximately 6,027 metric tons, 18,351 metric tons, 8,380 metric tons and 6,118 metric tons of scrap copper, respectively. For the year ended December 31, 2012, Jinxin produced approximately 16,749 metric tons of recycled copper products (excluding copper granules), which included approximately 4,485 metric tons produced on behalf of Tongxin, and during the nine months ended September 30, 2013, Jinxin produced approximately 13,903 metric tons of recycled copper products (excluding copper granules), which included approximately 589 metric tons produced on behalf of Tongxin. The low utilization rates at our Jinxin facility during the Track Record Period were mainly due to working capital constraints on purchases of scrap copper. In addition, on occasion, we have experienced interruptions in our electricity and natural gas supply at our Jinxin facility. For additional information on the shortages of electricity and natural gas, see the section headed "– Utilities" in this prospectus.

Our Jinxin facility has two drawing machines to draw copper rods into wirerods and wires of different diameters and three copper wire granulators. For the year ended December 31, 2012 and the nine months ended September 30, 2013, our Jinxin facility produced approximately 2,711 metric tons and 1,779 metric tons, respectively, of copper granules.

Xiangbei Facility

Our Xiangbei production facility is located in the Miluo Industrial Park, Miluo, Hunan Province. We currently operate two production lines for recycled copper products, including copper wirerods and copper plates, comprising an upward continuous casting production line and a downward semi-continuous casting production line at our Xiangbei facility. The upward continuous casting production line has been in commercial production since January 2011. This production line consists of three line-frequency induction furnaces for processing scrap copper and electrolytic copper into low-oxygen copper wirerods, and three continuous extrusion machines. One of the furnaces serves as a back-up furnace and is only used when the others are being maintained or repaired. The line has an estimated annual production capacity (excluding the capacity of the back-up furnace) of 9,600 metric tons of recycled copper products.

The downward semi-continuous casting production line at our Xiangbei facility has also been in commercial production since January 2011. This production line consists of three line-frequency induction furnaces for processing scrap copper into low-oxygen copper bars and two hot extrusion machines. One of the furnaces serves as a back-up furnace and is only used when the others are being maintained or repaired. The line has an estimated annual production capacity (excluding the capacity of the back-up furnace) of 7,200 metric tons of recycled copper products.

We are constructing a new production line for the manufacture of copper wirerods with an estimated annual production capacity for recycled copper products of 30,000 metric tons, which is expected to commence commercial production in the first quarter of 2014. Our expected capital expenditure in relation to this production line is approximately RMB38.0 million. As of the Latest Practicable Date, we had paid RMB16.8 million and expect to pay a substantial portion of the balance by the end of the first quarter of 2014. The entire capital expenditure is to be funded from our operating cash flow and proceeds from the Global Offering.

Tongxin Facility

Our Tongxin production facility is located in the Youxian Industrial Park, Mianyang, Sichuan Province. This facility has one production line for the production of low-oxygen copper wirerods from scrap copper and electrolytic copper with a total designed annual production of 100,000 metric tons. The whole production line comprises three energy-efficient, flat-plate refining furnaces, one shaft furnace and two sets of continuous casting and rolling machines and is now in commercial production. One energy-efficient, flat-plate refining furnace and one set of continuous casting and rolling machines will serve as back-ups, and will only be used when the others are being maintained or repaired.

The production process in our Tongxin facility has been recognized by Sichuan Institute of Science and Technical Information (四川省科學技術資訊研究所) as a new technology in China.

Our Tongxin facility is expected to have 14 drawing machines to draw copper rods into wirerods and wires of different diameter and 20 machines for production of enameled wires, with a total estimated annual production capacity (measured by copper consumption) of 30,000 metric tons.

Our expected capital expenditure, including land costs, in relation to our Tongxin facility is approximately RMB262.0 million. As of the Latest Practicable Date, we had paid RMB241.0 million and expect to pay the balance by the end of April 2014. The entire capital expenditure is to be funded from our operating cash flows and proceeds from the Global Offering.

Our Future Facilities

The following table sets forth information about our production facilities which were under construction or in the planning stage as of the Latest Practicable Date:

Location	**Mianyang, Sichuan Province**	
Production facilities of relevant subsidiaries	Baohe Taiyue[(1)]	Baohe Xinshiji[(1)]
Status	Under planning	Under construction
Estimated commencement of operations	Second or third quarter of 2014	Second quarter of 2014
Approximate area (m^2)	53,200[(2)]	100,000[(3)]
Estimated annual production capacity[(4)]	*Communication cables:* 16,800 metric tons (measured by copper consumption)[(5)]	*Power transmission and distribution cables:* 21,300 metric tons (measured by copper consumption)[(5)]
Expected capital expenditure of the current expansion plans	RMB162.0 million	RMB210.0 million
Amount of capital expenditure paid as of the Latest Practicable Date	RMB21.2 million	RMB100.7 million
Expected time frame for paying a substantial portion of the remaining capital expenditure	Before the end of the second quarter of 2014	Before the end of the first quarter of 2014

Notes:

(1) For information on the production and asset transfer arrangement between Baohe Taiyue and Guangzhou Taiyue and between Baohe Xinshiji and Sichuan Xinshiji, see the sections headed "– Acquisitions of Cable Businesses and Interim Processing Arrangements" and "History, Reorganization and Corporate Structure" in this prospectus.

(2) As of the Latest Practicable Date, we had not obtained the land use rights to this parcel of land. We expect to obtain land use rights to this parcel of land by the end of the first quarter of 2014.

(3) As of the Latest Practicable Date, we obtained land use rights to the land for Baohe Xinshiji of approximately 42,990 sq.m. We expect to obtain the land use rights to the remaining portion of the land for our Baohe Xinshiji facility by the end of the first quarter of 2014.

(4) Estimated annual production capacity figures are estimates based on a 300 working day per calendar year basis and we have also taken into consideration equipment manufacturers' specifications, historical experience, storage area and other data that we believe to be reliable. Actual production may differ materially from estimated capacity.

(5) Since we manufacture communication cables and power transmission and distribution cables of different specifications and use copper wirerods and wires of different diameters in our cable production, we believe that copper consumption is an appropriate measure of the production capacities of our Baohe Taiyue and Baohe Xinshiji facilities.

Baohe Taiyue Facility

We are planning to construct a new facility next to our Tongxin facility in the Youxian Industrial Park for production of communication cables. Construction of this facility is expected to commence in the second quarter of 2014. Our principal manufacturing equipment at the new facility will include tandem machines, extrusion machines, stranding machines and cabling machines, some of which will be transferred from Guangzhou Taiyue pursuant to the Taiyue Asset Transfer Agreement. We also plan to purchase additional equipment from domestic and overseas machinery manufacturers.

Our Baohe Taiyue facility will have three production lines with an aggregate estimated annual production capacity (measured by copper consumption) of 16,800 metric tons of communication cables. These production lines are expected to commence full commercial production in the second or third quarter of 2014. Pending the completion of this facility, we have entered into interim processing arrangements with Guangzhou Taiyue, under which we engaged Guangzhou Taiyue as our contract manufacturer for communication cables. For information on the interim processing arrangements for our communication cable products, see "– Acquisitions of Cable Business and Interim Processing Arrangements – Baohe Taiyue" in this prospectus.

Our expected capital expenditure, including land costs, in relation to our Baohe Taiyue facility is approximately RMB162.0 million. As of the Latest Practicable Date, we had paid RMB21.2 million and expect to pay a substantial portion of the balance by the end of the second quarter of 2014. The entire capital expenditure is to be funded from our operating cash flows and proceeds from the Global Offering.

Baohe Xinshiji Facility

We are currently constructing a new facility next to our Tongxin facility in the Youxian Industrial Park for production of power transmission and distribution cables. Our principal manufacturing equipment at the new facility will include drawing machines, extrusion machines, annealing machines, stranding machines, armoring machines and cabling machines. In addition to the equipment to be transferred from Sichuan Xinshiji, we have acquired or plan to acquire co-extrusion production lines for mid-voltage cross-linked power cables, a aluminum alloy cable production line, continuous vulcanization co-extrusion production lines for mid-voltage cables, high-voltage cross-linked cable production lines, an interlocking armoring machine and a roller stranding machine, from domestic and overseas manufacturers.

Our Baohe Xinshiji facility will have two production lines with an aggregate estimated annual production capacity (measured by copper consumption) of 21,300 metric tons of power transmission and distribution cables. The production lines are expected to commence full commercial production in the second quarter of 2014. Pending the completion of this facility, we have entered into interim processing arrangements with Sichuan Xinshiji, under which we engaged Sichuan Xinshiji as our contract manufacturer for power transmission and distribution cables. For information on the interim processing arrangements for our power transmission and distribution cable products, see "– Acquisitions of Cable Business and Interim Processing Arrangements – Baohe Xinshiji" in this prospectus.

Our expected capital expenditure, including land costs, in relation to our Baohe Xinshiji facility is approximately RMB210.0 million. As of the Latest Practicable Date, we had paid RMB100.7 million and expect to pay a substantial portion of the balance by the end of the first quarter of 2014. The entire capital expenditure is to be funded from our operating cash flows and proceeds from the Global Offering.

Project Investment Agreements and Management Consultancy Agreements

Project Investment Agreements

In January, September and September 2012, each of Tongxin, Baohe Taiyue and Baohe Xinshiji, entered into an agreement with Baohe Fushan with respect to our facilities in the Youxian Industrial Park (the "Original Project Investment Agreements"). The same parties entered into supplemental agreements in August 2013, to which the Sichuan Province Mianyang City Youxian District People's Government (the "Youxian District Government") served as witness (the "Supplemental Project Investment Agreements", together with the Original Project Investment Agreements, the "Project Investment Agreements").

Baohe Fushan has been appointed by the Youxian District Government as the developer and administrator of the Youxian Industrial Park. Pursuant to the agreement between Baohe Fushan and the Youxian District Government relating to such appointment, Baohe Fushan has the rights and obligations to construct and operate the Youxian Industrial Park. Baohe Fushan agreed to invest a total of RMB5 billion for the construction and give certain tax undertaking in relation to the Youxian Industrial Park, and has been given full discretion to introduce eligible investing entities. In return, the Youxian District Government has undertaken to coordinate with relevant government authorities to facilitate the designated land to be granted (through public tender, auction or listing), construct the basic infrastructure, and assist Baohe Fushan to apply for licences and approvals and obtain government grants and subsidies.

Under the terms of the Project Investment Agreements, Tongxin, Baohe Taiyue and Baohe Xinshiji have agreed to pay Baohe Fushan the following one-off infrastructure development fees towards the development of water, electricity, gas, communications and other utilities within the Youxian Industrial Park:

	Tongxin	**Baohe Taiyue**	**Baohe Xinshiji**
Infrastructure development fee	RMB86,000 per mu (equivalent to approximately RMB129 per sq.m.)	RMB90,000 per mu (equivalent to approximately RMB135 per sq.m.)	RMB90,000 per mu (equivalent to approximately RMB135 per sq.m.)

The infrastructure development fees paid by Tongxin, Baohe Taiyue and Baohe Xinshiji are determined based on standard terms between Baohe Fushan and entities investing in the Youxian Industrial Park. Each of Tongxin, Baohe Taiyue and Baohe Xinshiji fully paid its infrastructure development fees amounting to RMB13.4 million, RMB9.0 million and RMB13.5 million, respectively, to Baohe Fushan in 2012. In the event that we were unable to obtain the land use rights to the land for our facilities in the Youxian Industrial Park, Baohe Fushan has undertaken in writing to refund the infrastructure development fees in relation to such portion of land. The infrastructure development fees were recognized under "prepayments for property, plant and equipment and land use rights" in our consolidated balance sheets as of December 31, 2012 and September 30, 2013.

In its capacity as administrator of the Youxian Industrial Park in which the facilities and located, Baohe Fushan has agreed to assist Tongxin, Baohe Taiyue and Baohe Xinshiji to obtain land use rights and subsidies from the government as follows:

	Tongxin	**Baohe Taiyue**	**Baohe Xinshiji**
Site area of land at the price specified	approximately 104,000 sq.m. at RMB204 per sq.m.	approximately 66,667 sq.m. at RMB210 per sq.m.	approximately 100,000 sq.m. at RMB210 per sq.m.
Industrial development subsidies	Not less than RMB86,000 per mu (equivalent to approximately RMB129 per sq.m.)	Not less than RMB90,000 per mu (equivalent to approximately RMB135 per sq.m.)	Not less than RMB90,000 per mu (equivalent to approximately RMB135 per sq.m.)

The amount of the possible industrial development subsidies granted by the government is unrelated to the amount of the infrastructure development fee payable to Baohe Fushan. In addition, the terms of the land grants including the size of land and the price will be determined by the relevant government authorities in the process of public tender, auction or listing, and any subsidies will be subject to the approval of competent government authorities. In addition, Baohe Fushan has a specialized department which assists entities investing in the Youxian Industrial Park in the preparation of applications for industrial development subsidies and in engaging independent experts to help entities to answer enquiries of relevant authorities in the vetting process.

On August 19, 2013, through the listing process, we obtained the following land at the Youxian Industrial Park by entering into contracts for the grant of land use rights over state-owned construction land:

	Tongxin	**Baohe Xinshiji**
Area of land obtained	80,370 sq.m.	42,990 sq.m.
Price determined	RMB27,955,652 (equivalent to approximately RMB348 per sq.m.)	RMB14,687,959 (equivalent to approximately RMB342 per sq.m.)

Baohe Fushan assisted Tongxin and Baohe Xinshiji in preparing applications and documentation for the listing process and acted as an intermediary in liaising with the relevant authorities during the listing process.

We expect to obtain land use rights to the land for the Baohe Taiyue facility and the remaining portion of the Baohe Xinshiji facility by the end of the first quarter of 2014 through public tender, auction or listing. The size of the land of the Baohe Taiyue facility is expected to be approximately 53,200 square meters (13,467 square meters smaller than the number specified under the Project Investment Agreement due to the overall plan adjustment in Youxian Industrial Park), although the actual terms of land grant will be determined by the relevant government authority in the process of public tender, auctions or listing. The remaining portion of the Baohe Xinshiji facility is expected to be of approximately 57,010 square meters. As of the Latest Practicable Date, we had not made any application for the land use rights as the process of public tender, auction or listing for the Baohe Taiyue facility or the remaining portion of the Baohe Xinshiji facility in relation to the said land parcels had not yet commenced and the terms of the land grant, including the size of the land parcels, had not been announced. Based on the fact that we have, with the assistance of Baohe Fushan, and the fact that we obtained land use rights to the land for Tongxin facility and a portion of land for Baohe Xinshiji facility in August 2013, our Directors are of the view that there will be no material impediment for us to obtain the land use rights to the remaining portion of the land for Baohe Xinshiji facility and the land for Baohe Taiyue facility.

As of the Latest Practicable Date, Tongxin and Baohe Taiyue had obtained industrial development subsidies in the amount of approximately RMB5.5 million. With the assistance of Baohe Fushan, we have submitted applications for industrial development subsidies for Baohe Xinshiji and additional subsidies for Tongxin and Baohe Taiyue, all of which are being processed by the government.

In addition, according to the Project Investment Agreements, if Tongxin, Baohe Taiyue and Baohe Xinshiji pay taxes in excess of the equivalent of RMB200,000 per mu for each of 2013, 2014 and 2015, Baohe Fushan has agreed to assist Tongxin, Baohe Taiyue and Baohe Xinshiji in obtaining from the government corporate development subsidies equivalent to (a) for the three-year period starting from January 1, 2013, an annual subsidy in the amount of 80% of the corporate income taxes paid to the city and county governments, and (b) for the two-year period starting from January 1, 2016, an annual subsidy in the amount of 35% of the corporate income taxes paid to the city and county governments. The tax payments by any of Tongxin, Baohe Taiyue and Baohe Xinshiji in excess of the tax payment thresholds can be credited against the tax payment obligations of the other two subsidiaries. All or part of the tax payments by certain companies introduced by us to the industrial park can also be taken into account in determining whether we meet the tax payment thresholds. In the event that we do not meet the tax payment thresholds, we may be required to pay an amount equivalent to the shortfall. However, as tax payments and subsidies are ultimately determined by the relevant government authorities, the actual tax payments we are required to make and the subsidies we receive (if any) may differ from the terms of the Project Investment Agreements. As of the Latest Practicable Date, Tongxin, Baohe Taiyue and Baohe Xinshiji had obtained RMB37.4 million, RMB1.7 million and RMB4.2 million of corporate development subsidies under the Project Investment Agreements.

Management Consultancy Agreements

Tongxin, Baohe Taiyue and Baohe Xinshiji also entered into management consultancy agreements with Baohe Fushan in 2012 (the "Original Management Consultancy Agreements"). The parties entered into supplemental agreements in July 2013 and December 2013 (the "Supplemental

Management Consultancy Agreements", and the Original Management Consultancy Agreements as supplemented by the Supplemental Management Consultancy, the "Management Consultancy Agreements"). Under the terms of the Management Consultancy Agreements, Baohe Fushan has agreed to provide various management consultancy services to us, including handling government filings, applying for licenses, grants and subsidies and providing other consultancy services. In return, Tongxin, Baohe Taiyue and Baohe Xinshiji have agreed to pay Baohe Fushan an administrative fee and a consultancy fee that amount to 20% and 30%, respectively, of all government grants and subsidies that Baohe Fushan is able to assist them in obtaining in connection with their facilities in Youxian Economic Development Zone, except for the government subsidies which are determined with reference to the tax payments made by them and are received by them due to their fulfillments of the tax payment thresholds (including the corporate development subsidies under the Project Investment Agreements). If no such government grants and subsidies are obtained, neither the administrative fee nor the consultancy fee is required to be paid. We believe that, since the administrative and consultancy fees are payable only upon obtaining the government grants and subsidies, the arrangement enables us to enjoy favorable government policies (including grants and incentives). It is in our best interests to invest in the Youxian Industrial Park, which has been designated by China's National Reform and Development Commission and Ministry of Finance as a "Model Urban Mining Center". The Management Consultancy Agreements will remain in force until 2015. As of the Latest Practicable Date, an amount of RMB2.8 million was accrued under the Management Consultancy Agreements and no payments under the Management Consultancy Agreements had been made.

According to the written confirmation of Baohe Fushan on November 25, 2013, the terms of the Management Consultancy Agreements and Project Investment Agreements are standard and are similar to those agreements between Baohe Fushan and independent third parties.

Acquisitions of Cable Businesses and Interim Processing Arrangements

Baohe Taiyue

Acquisition

On September 24, 2012, Guangzhou Taiyue and Baohe Taiyue entered into the Taiyue Asset Transfer Agreement, as supplemented on March 6 and April 16, 2013. Pursuant to the agreement, Guangzhou Taiyue agreed to transfer all of its production equipment and research and development equipment located at its Guangzhou facility (including, among others, extrusion machines, stranding machines and cabling machines) as well as all of its intangible assets (including trademarks, patents, know-how, commercial secrets and other operation-related information including customer information and sales channels) to Baohe Taiyue for a consideration of RMB30.0 million. A deposit in the amount of RMB6.0 million has been paid. The timing of each payment for the commercial secrets and other operation-related information in the amount of RMB5.0 million and the payment for the equipment in the amount of RMB6.0 million is to be agreed upon by the parties. An amount of RMB5.0 million is required to be paid within three months of completion of transfer of trademarks (including " 豪达 ", " HOWPOWER 劳尔 ", " WE COM " and " ROQQIA 络奇亚 ") and patents. The remaining RMB8.0 million is to be paid within five business days after the second anniversary of completion of the asset transfer. As of the Latest Practicable Date, RMB9.7 million under the agreement had been paid and RMB4.0 million had been accrued.

Under the terms of the agreement, timing of the transfer of the equipment is to be agreed upon by the parties. Title to or ownership right of the assets under the Taiyue Asset Transfer Agreement will pass to us upon completion of the equipment delivery or, in case of intellectual properties, the registration of change of ownership.

In addition, Guangzhou Taiyue has agreed to use its best efforts to persuade its key personnel to accept employment from Baohe Taiyue. Baohe Taiyue has agreed to enter into employment contracts with those personnel with benefits no less favorable than those provided by Guangzhou Taiyue and with terms of no less than three years.

Upon completion of the transfer of assets and receipt by Baohe Taiyue of its production permit and business license, Guangzhou Taiyue is required to be deregistered. Guangzhou Taiyue is required to enter into confidentiality and non-compete agreements with its key personnel, other than those who are working or will work for Baohe Taiyue, with terms of no less than five years. Guangzhou Taiyue and these key personnel are jointly responsible for any damages caused by breaches of those agreements.

In December 2012, we purchased a 100% equity interest in Baohe Taiyue through Alpha Business, our indirectly wholly-owned subsidiary. Prior to our acquisition, Baohe Taiyue was 80% owned by Guangzhou Taiyue and 20% owned by Baohe Fushan. As of December 31, 2012, the capital commitments contracted for assets under the Taiyue Asset Transfer Agreement not provided in our financial statements were RMB20.0 million. For additional information, see note 31(d)(iv)(a) in the Accountants' Report set out in Appendix I to this prospectus.

As of the Latest Practicable Date, we had obtained title to certain equipment which had been transferred to us. The transfer of trademarks has been completed. We expect to obtain title to all tangible assets by the end of the second quarter of 2014.

Interim Processing Arrangements

We currently engage, and expect to continue to engage, Guangzhou Taiyue as a contract manufacturer for production of our communication cable products pending the completion of our Baohe Taiyue facility. Baohe Taiyue entered into a series of processing agreements with Guangzhou Taiyue on an order-by-order basis beginning in November 2012. After we acquired Baohe Taiyue, on January 1, 2013, we entered into a processing agreement with Guangzhou Taiyue, pursuant to which Baohe Taiyue agreed to supply principal raw materials such as copper wirerods and rubber to Guangzhou Taiyue and Guangzhou Taiyue agreed to source other ancillary materials and provide processing services for a fee. The processing fees are negotiated and agreed between the parties on a order-by-order basis. On February 6, 2014, we entered into the Taiyue Master Production Agreement to govern the terms and conditions of the transactions between our Group and Guangzhou Taiyue in connection with the provision of production and processing services for our communication cable products. We expect to terminate this agreement when the new facility of Baohe Taiyue commences commercial production, which is expected to be in the second or third quarter of 2014. For more information, see the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions – Master Production Agreement with Guangzhou Taiyue" in this prospectus.

After we acquired Baohe Taiyue, during the nine months ended September 30, 2013, Guangzhou Taiyue produced approximately 1,379 metric tons of communication cables (measured by weight of the copper component) for Baohe Taiyue, for which Baohe Taiyue agreed to pay RMB9.4 million.

We expect the moving process to cause interruption to the production arrangement between Baohe Taiyue and Guangzhou Taiyue and as a result impact our results of operations. However, we aim to mitigate such interruption by moving certain equipment for production of network and internet cables from Guangzhou Taiyue facility to an area of approximately 5,800 square meters in our Tongxin facility before completion of the construction of Baohe Taiyue facility. As of the Latest Practicable Date, certain equipment under the Taiyue Asset Transfer Agreement had been transferred to our Tongxin facility and we have obtained title to such equipment. We have been using such equipment and other equipment we acquired for producing communication cable products in our Tongxin facility and expect to continue such production before completion of the construction of our Baohe Taiyue facility. In the nine months ended September 30, 2013, we produced 953 metric tons of communication cables (measured by weight of the copper component) in our Tongxin facility. Under the Taiyue Asset Transfer Agreement, Guangzhou Taiyue is responsible for the transfer and the transportation expenses incurred during the transfer process as well as the expenses incurred during the installment, testing and trial production. Guangzhou Taiyue is also responsible for any damage caused to the equipment during the transfer.

Pursuant to the Taiyue Asset Transfer Agreement, Guangzhou Taiyue is entitled to use those assets under the agreement for its own production and sales (including to customers to whom we sell) before completion of the transfer, and to retain any profit. However, it is required to give priority to the production under the processing arrangement.

Under the agreement, Guangzhou Taiyue is responsible for any damage to the assets before completion of the transfer. The original consideration of RMB30.0 million will be adjusted if certain assets under the agreement cannot be successfully transferred or installed for certain reasons, fail the operational tests or are not otherwise in good working condition.

We are in the process of finalizing our plans for the transfer. We are in the process of engaging an installation engineering company to oversee the demolition, delivery and installation. We expect the delivery to be completed by the end of the second quarter of 2014. For additional information on the moving process and related risks, see the sections headed “History, Reorganization and Corporate Structure” and “Risk Factors – Risks Relating to Our Business – Production of our cable products may be affected by the equipment transfer and equipment may be damaged or lost during the equipment transfer” in this prospectus.

Baohe Xinshiji

Acquisition

On September 21, 2012, Sichuan Xinshiji and Baohe Xinshiji entered into the Xinshiji Asset Transfer Agreement, as supplemented on March 6 and April 16, 2013. Pursuant to the agreement, Sichuan Xinshiji agreed to transfer all of its production equipment and research and development equipment located at its Chengdu facility (including, among others, drawing machines, extrusion machines, annealing machines, stranding machines, armoring machines and cabling machines) as well as all of its intangible assets (including trademarks, patents, know-how, commercial secrets and other operation-related information including customer information and sales channels) to Baohe Xinshiji for a consideration of RMB30.0 million. A deposit in the amount of RMB19.0 million has been paid. Timing of the payment in the amount of RMB1.0 million for the commercial secrets and operation-related information, and the payment in the amount of RMB1.0 million for the production and research and development equipment is to be agreed upon between the parties. An amount of RMB1.0 million is to be paid within three months of completion of transfer of trademarks (including "新世纪线缆", "新世纪", "龍騰新川东", "海乘新世纪" and "坤佑新世纪") and patents. The remaining RMB8.0 million is to be paid within five business days after the first anniversary of completion of asset transfer. As of the Latest Practicable Date, we had paid RMB19.0 million under the agreement and RMB10.0 million had been accrued.

Under the terms of the agreement, timing of the transfer of the tangible assets is to be agreed upon by the parties. Title to or ownership right of the assets under the Xinshiji Asset Transfer Agreement will pass to us upon completion of the equipment delivery or, in case of intellectual properties, the registration of change of ownership.

In addition, Sichuan Xinshiji has agreed to use its best efforts to persuade its key personnel to accept employment from Baohe Xinshiji. Baohe Xinshiji has agreed to enter into employment contracts with those personnel with benefits no less favorable than those provided by Sichuan Xinshiji and with terms of no less than three years. Sichuan Xinshiji is required to enter into confidentiality and non-compete agreements with its key personnel, other than those who are working or will work for Baohe Xinshiji, with terms of no less than five years. Sichuan Xinshiji and these key personnel are jointly responsible for any damages caused by breaches of those agreements.

In December 2012, we purchased a 100% equity interest in Baohe Xinshiji through Alpha Legend, our indirectly wholly-owned subsidiary. Prior to our acquisition, Baohe Xinshiji was 80% owned by Sichuan Xinshiji and 20% owned by Baohe Fushan. As of September 30, 2013, the capital commitments for assets under the Xinshiji Asset Transfer Agreement not provided for in our financial statements were RMB1.0 million. For additional information, see note 31(c)(iv)(a) in the Accountants' Report set out in Appendix I to this prospectus.

As of the Latest Practicable Date, title to the tangible assets under the Xinshiji Asset Transfer Agreement remained with Sichuan Xinshiji. We expect to obtain title to all of these tangible assets by the end of the first quarter of 2014. The transfer of trademarks has been completed.

Interim Processing Arrangements

We currently engage, and expect to continue to engage, Sichuan Xinshiji as a contract manufacturer for production of our power transmission and distribution cable products pending the completion of our Baohe Xinshiji facility. In September 2012, Baohe Xinshiji and Sichuan Xinshiji entered into a processing agreement, pursuant to which Baohe Xinshiji agreed to supply copper wirerods and wires to Sichuan Xinshiji and Sichuan Xinshiji agreed to source other ancillary raw materials and provide processing services to Baohe Xinshiji for a fee. The processing fees are negotiated and agreed between the parties on an order-by-order basis. On February 6, 2014, we entered into the Xinshiji Master Production Agreement to govern the terms and conditions of the transactions between our Group and Sichuan Xinshiji in connection with the provision of production and processing services for our power transmission and distribution cable products. We expect to terminate this agreement when the new facility of Baohe Xinshiji commences commercial production, which is expected to be in the second quarter of 2014. For more information, see the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions – Master Production Agreement with Sichuan Xinshiji" in this prospectus.

After we acquired Baohe Xinshiji, during the nine months ended September 30, 2013, Sichuan Xinshiji produced approximately 2,993 metric tons of power transmission and distribution cables (measured by weight of the copper component) for Baohe Xinshiji, for which Baohe Xinshiji agreed to pay an amount of approximately RMB26.4 million.

We expect the moving process to cause interruption to the production arrangement between Baohe Xinshiji and Sichuan Xinshiji and as a result impact our results of operations. We aim to mitigate such interruption by commencing the moving process after completion of a production line capable of producing all major power transmission and distribution cables at the new facility. Under the Xinshiji Asset Transfer Agreement, Sichuan Xinshiji is responsible for any damage caused to the equipment during the transfer, and Baohe Xinshiji is responsible for the transfer and the transportation expenses incurred during the transfer process as well as the expenses incurred during the installment, testing and trial production.

Pursuant to the Xinshiji Asset Transfer Agreement, Sichuan Xinshiji is entitled to use those assets under the agreement for its own production and sales (including to customers to whom we sell) before completion of the transfer, and to retain any profit. However, it is required to give priority to the production under the processing arrangement.

Under the agreement, Sichuan Xinshiji is responsible for any damage to the assets before completion of the transfer. The original consideration of RMB30.0 million will be adjusted if certain assets under the agreement cannot be successfully transferred or installed, fail the operational tests or are not otherwise in good working condition.

We are in the process of finalizing our plans for the transfer. We have engaged an installation engineering company to oversee the demolition, delivery and installation of certain equipment of Baohe Xinshiji, and are in the process of engaging other installation engineering companies for the remaining equipment. The equipment transfer has not started and we expect the transfer to be completed by the end of the first quarter of 2014. For additional information on the moving process and related risks, see the sections headed "History, Reorganization and Corporate Structure" and "Risk Factors – Risks Relating to Our Business – Production of our cable products may be affected by the equipment transfer and equipment may be damaged or lost during the equipment transfer" in this prospectus.

Integration of Our Cable Business

In December 2012, we expanded into downstream cable businesses by acquiring Baohe Taiyue and Baohe Xinshiji and are in the process of integrating the cable businesses into our Group. We are currently constructing or planning to construct new facilities for our cable businesses and plan to install the equipment that has been or will be transferred from Guangzhou Taiyue and Sichuan Xinshiji at our new facilities for our future production of cables. We have engaged an installation engineering company to oversee the demolition, delivery and installation of certain equipment of Baohe Xinshiji, and are in the process of engaging other installation engineering company for the remaining equipment of Baohe Xinshiji and Baohe Taiyue. We expect to obtain title to all tangible assets from Guangzhou Taiyue in the second quarter of 2014 and from Sichuan Xinshiji by the end of the first quarter of 2014. The transfer of trademarks from Guangzhou Taiyue and Sichuan Xinshiji has been completed.

Each of Guangzhou Taiyue and Sichuan Xinshiji has also agreed to transfer operation-related information including customer information and sales channels to us, enabling us to roll out our business smoothly. In addition, we plan to employ key personnel from Guangzhou Taiyue and Sichuan Xinshiji to ensure access to industry knowledge and know how. To enhance our operating efficiency and help us to better manage the risks associated with raw material supply and inventory management, we are also taking other steps which include centralizing the supervision and planning of the raw material supply and working capital for our operating subsidiaries, centralizing our sales and marketing functions and unifying our financial management, internal control and human resources management systems. We plan to establish a centralized sales and marketing department, accounting and finance department, risk management department and human resources management department supervised by members of our senior management during the first half of 2014. Transitional arrangements, including training of personnel of the acquired businesses, have been put in place to facilitate their integration.

To manage the procurement of a significantly larger amount of scrap copper to support our enlarged capacity, we have entered into purchase agreements with certain suppliers with a view to enhancing the stability of our scrap copper supply and in an effort to reduce our reliance on top suppliers. In addition, in order to better manage our exposure to copper price fluctuations, we adopted a hedging policy in September 2013 to regulate the approval and risk management procedures in connection with our hedging activities and established a decision-making committee and a futures department at each of Tongxin and Xiangbei. Furthermore, we have taken steps to secure orders from customers, including entering into annual contracts with our key customers. For major terms of the purchase agreements with suppliers and annual sales contracts with our key customers, please refer to the section headed "Business – Raw Materials, Procurement and Suppliers – Recycled Copper Products – Purchase Agreements" and "Business – Pricing Policy, Terms of Sales and Credit Policy" of this prospectus.

We have adopted certain measures which we believe will enable us to further expand our business operations and support our enlarged capacity. Our subsidiaries, Xiangbei and Tongxin, are qualified as dealers to trade our copper wirerods through the electronic systems of China Power Cable Material Exchange. We believe trading our copper wirerods on an electronic platform, which is designated for trading materials used in manufacturing cable products, enables us to reach a broader customer base. Furthermore, to be admitted as a dealer on such trading platform, Xiangbei and Tongxin must satisfy the relevant quality standards. We believe such admission helps to promote our brand awareness and brand recognition. Trading on the exchange can also help to reduce our receivable turnover days as buyers are usually required to pay the purchase price within a certain period of time, which is generally shorter than the time periods we agree to when negotiating with our customers on a case-by-case basis. Separately, we plan to establish a warehouse facility in Shanghai from which our customers will be able to collect our products directly. We believe this collection option will provide an attractive alternative to our customers in the surrounding area.

For the nine months ended September 30, 2013, we sold approximately 2,170 metric tons and 8,446 metric tons of communication cable and power transmission and distribution cable products, respectively. Some of our cable products are produced at our interim manufacturing facilities temporarily housed in our Tongxin facility while most of these cable products are produced by Guangzhou Taiyue and Sichuan Xinshiji as part of our interim processing arrangements until construction of our two cable production facilities is completed and these facilities become fully operational. Our interim facilities and contract manufacturers use copper wirerods we produce as raw materials. The selling prices of our recycled copper products supplied to our cable business are determined on an arm's length basis and are comparable to the selling prices of our recycled copper products sold to third-party independent customers. We expect to use, under the interim processing arrangements and through our own manufacturing, between one quarter and one third of the recycled copper that we expect to produce to supply our communication cable and power transmission and distribution cable operations in 2014.

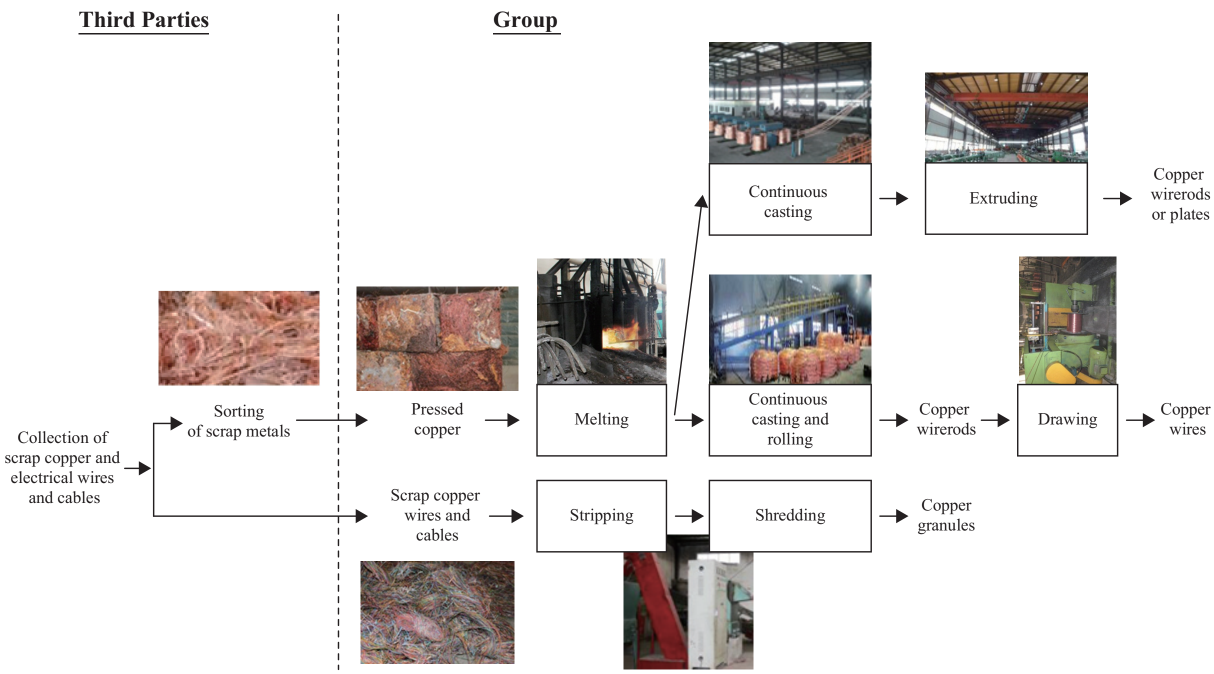
Production Processes

We process scrap copper into copper concentrates and through melting, continuous rolling and casting, and drawing, into copper wirerods and wires. We also process scrap copper wires and cables using copper wire granulators to strip off their plastic coating and then shear and cut them into copper granules in a shredding machine.

Copper wirerods are the principal raw materials for our communication cable and power transmission and distribution cable products, the production process of which involves copper wirerods being drawn, stranded and insulated.

Recycled Copper Products

The following chart illustrates the production process for our recycled copper products:



Copper Wirerods, Wires and Plates

Key steps in our copper wirerod, wires, bar and plate production processes are baling, pressing, feeding, melting and cold casting. We manually select copper raw materials out of the scrap copper we have obtained from our suppliers and press them into blocks using metal balers. The scrap copper blocks are then fed into the furnace and melted into liquid copper. In our Jinxin and Tongxin facilities, after oxidizing and restoring, liquid copper flows into chutes and processed into copper wirerods in casting and rolling machines. Copper wirerods are then drawn into wirerods or wires by drawing machines based on different specifications or in accordance with different requirements of the customers. Generally, thicker copper wirerods are drawn into thinner copper wirerods with diameters ranging from 3.00mm to 8.00mm and copper wires with diameters ranging from 0.125mm to 3.00mm. In our Xiangbei facility, liquid copper is processed into copper wirerods or bars in casting machines, which are then fed into extrusion machines to produce copper plates, wirerods or bars of different specifications.

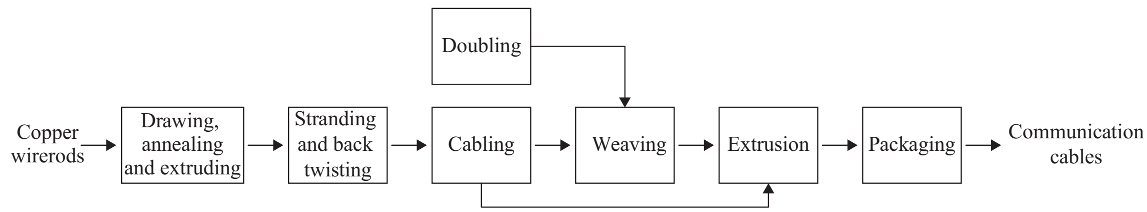
Production time for our recycled copper products varies from facility to facility. For example, the production process from scrap copper to recycled copper products at our Jinxin and Xiangbei facilities generally takes 20 to 26 hours and 30 to 40 hours, respectively, while it takes 15 to 18 hours at our Tongxin facility.

Copper Granules

Copper granules are produced from plastic-coated copper wires or cable scrap. In the separation process, a copper wire granulator is used to remove the insulating and outer layers of the copper wires and cable scrap and then further separate the copper cores. The shredders inside the machine then turn the copper cores into copper granules.

Communication Cable Products

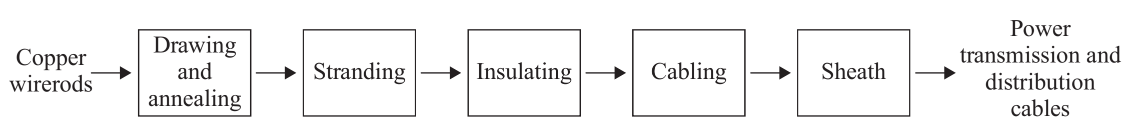
The following chart illustrates the production process for our communication cables by our contract manufacturer, Guangzhou Taiyue, which is expected to be substantially similar to our own production process.



Production of our communication cable products begins by drawing a copper wirerod through the drawing and annealing equipment until it reaches the desirable diameter, after which a sheath of PE and color masterbath composites are extruded onto the single wire to produce insulated cores of different colors. Every two cores are stranded at different back-twisting rates to form a twisted pair. Four different twisted pairs are then stranded tightly together through the stranding machine, some are further braided to become anti-jamming cables. The process ends with PE and PVC composites being fed into an extrusion machine, dyed and extruded evenly onto the stranded wires at the requisite temperature, pressure and speed.

Power Transmission and Distribution Cable Products

The following chart illustrates the production process for our power transmission and distribution cables by our contract manufacturer, Sichuan Xinshiji, which is expected to be substantially similar to our own production process.



Production of our power transmission and distribution cable products begins by drawing a copper wirerod until it reaches the desired diameter, after which the drawn wire goes through an annealing machine, in which the wire is heated in order to make the wire softer and more pliable. In order to improve the flexibility of the cable for easy installation, the conductor of the cable is typically made of several copper wires wound together by a stranding machine. In this process, wires are stranded and pressed together. Insulating materials such as PE and PVC and rubber composites are fed into an extrusion machine, dyed and extruded evenly and tightly onto the single wire or stranded wires at the requisite temperature, pressure and speed. The finished products of this process are referred to as “cores” or “insulated cores”. The insulated cores are stranded into a cable assembly through a process called “cabling”. An inner sheath of plastic or rubber composites is put through the extrusion machine and wrapped onto the cable assembly to hold the insulated cores together. At this stage, to add special characteristics to the cables, such as to increase the resistance of the cables to fire or erosion, different materials may be used. Some of our products also require an armoring process, which involves using an armoring machine to wrap steel wires or tapes over the inner-sheathed cable assemblies. To protect the insulating layer from erosion, a protective layer of plastic or rubber composites may be wrapped over the cable assembly or armored cable assembly.

Production time for our cable products varies from production line to production line. We expect the production process at our Baohe Taiyue and Baohe Xinshiji facilities to take between two to 20 hours.

Raw Materials, Procurement and Suppliers

Recycled Copper Products

Raw materials

The raw materials for our recycled copper products primarily consist of scrap copper from a variety of sources, including used household appliances, electrical equipment and transportation equipment, and used cables and wires as well as scrap materials from certain industrial manufacturing processes.

Procurement

We have established an extensive raw materials procurement network, covering the Chengdu-Chongqing Economic Zone, the Pearl River Delta, the Yangtze River Delta, the Central Plains Economic Zone and the Wanjiang Urban Belt. During the Track Record Period, direct material costs accounted for over 95% of our cost of sales. Our major copper raw material suppliers were private enterprises and individuals engaged in the collection of unprocessed scrap copper in China. We have been sourcing more of our scrap copper from vendors who do not provide VAT invoices, which results in greater VAT refunds to us. All of these vendors are individuals.

Direct Branch of Mianyang State Taxation Bureau (綿陽市國家稅務局直屬稅務分局) issued a confirmation on November 28, 2013 to the effect that Jinxin can purchase raw materials from individual suppliers who do not provide VAT invoices and the tax bureau will continue to provide VAT refunds under the Comprehensive Utilization of Resources Policy so long as the raw materials Jinxin purchases and its products comply with the policy. In addition, Mianyang Youxian District State Taxation Bureau (綿陽市游仙區國家稅務局) issued a confirmation on November 29, 2013 to the effect that Tongxin can purchase raw materials from individual suppliers who do not provide VAT invoices and the tax bureau has issued and will continue to provide VAT refunds to Tongxin so long as the raw materials Tongxin purchases and its products comply with the Comprehensive Utilization of Resources Policy. Furthermore, Miluo State Taxation Bureau Tuanshan Branch (汨羅市國稅局團山分局) issued a confirmation on November 28, 2013 to the effect that (i) it is aware of Xiangbei's practice of purchasing scrap copper from individual suppliers who do not provide VAT invoices, (ii) such practice is in compliance with PRC laws and regulations, and (iii) the tax bureau has issued and will continue to provide VAT refunds to Xiangbei according to the relevant laws and regulations. Our PRC legal advisors, Chen & Co. are of the view that such confirmations were issued by relevant authorities in charge of such matters and are unlikely to be challenged by any higher level authorities based on (i) the stipulations under the Law of PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》), (ii) the reasonable investigations and due inquiries of officers of the abovementioned authorities by our PRC legal advisors, Chen & Co., and (iii) the fact that Jinxin, Tongxin and Xiangbei have never been penalized by tax authorities at any level during the Track Record Period. Based on the confirmations issued by relevant authorities, Chen & Co. are of the opinion that our practice of purchasing scrap copper from individual suppliers who do not provide VAT invoices complies with applicable PRC laws and regulations, and is acceptable to the relevant PRC authorities providing VAT refunds and there are no adverse legal consequences to us. For additional information, see the section headed "Regulatory Overview" in this prospectus.

Although the average ex-VAT price at which we purchase scrap copper from suppliers that do not provide VAT invoices is generally higher than the average ex-VAT price at which we purchase scrap copper from suppliers that provide VAT invoices, we prefer suppliers that do not provide VAT invoices in our selection process so long as such higher purchase prices can be offset by our corresponding VAT refund income. For additional information, see the section headed "Financial Information – Factors Affecting our Results of Operations and Financial Condition – VAT refunds and other government incentives" in this prospectus.

According to a report from the Department of Circulation Industry Development of the Ministry of Commerce of the PRC, the recycling collection industry in the PRC is fragmented, consisting of a majority of small-scale participants, including enterprises and individuals. Established enterprises generally only account for 10% to 20% of the volume of recyclables collected. In the nine months ended September 30, 2013, approximately 86% of our scrap copper were sourced from individuals.

We mainly purchase scrap copper from suppliers on a spot basis, with pricing based on market prices at the time of purchase. Our suppliers invoice us promptly after shipping the scrap copper to our production facilities. The price of copper has fluctuated significantly since 2010. For example, the average monthly spot prices of copper (ex VAT) on the Shanghai Metal Exchange Market ranged from a low of approximately RMB50,475 per metric ton to a high of RMB73,283 per metric ton during the Track Record Period. Given the significant impact that market prices for copper have on our raw material costs, we use derivative contracts to manage our exposure to changes in the prices of scrap copper. The amount of derivative contracts we buy or sell is mainly determined by our scrap copper inventory level, which we target to maintain at a level that is sufficient for approximately 10 to 18 days of our manufacturing needs. If our inventory exceeds our target level, we will enter into cash-settled futures contracts to sell the excessive amount. If our scrap copper inventory falls below, we will enter into cash-settled futures contracts to purchase the amount of discrepancy. The contracts are usually settled when our inventory returns to our target level.

During the Track Record Period, the unrealized change in fair value on the futures contracts premeasured at fair value was a loss of RMB3,000 and RMB321,000 as of December 31, 2012 and September 30, 2013, respectively. We recognized a net loss on copper futures contracts of RMB1.5 million for the year ended December 31, 2011 and a net gain of nil, RMB0.9 million and RMB2.2 million for the period ended December 31, 2010, the year ended December 31, 2012 and the nine months ended September 30, 2013, respectively. Our cost associated with the hedging activities is not significant and we are of the view that the purpose of our hedging activities has generally been achieved, and the impacts of fluctuations in copper price to our cost of raw materials have been partially reduced and the hedging activities have been overall beneficial to us.

We did not have a formal hedging policy to govern our hedging activities until September 2013. Currently, we plan to conduct our hedging activities through Tongxin and Xiangbei only and we have established at each of Tongxin and Xiangbei a decision-making committee and a futures department. All hedging activities to be entered into by Jinxin must be approved by the decision-making committee and executed by the futures department at Tongxin. We plan to conduct the hedging activities necessary for Jinxin through its wholly-owned subsidiary, Tongxin. We have not established a decision-making committee and a futures department at Jinxin because we believe that it is more cost-effective to handle any hedging activities required by Jinxin through Tongxin, which is under the same management as Jinxin.

Under the policy, the decision-making committees are responsible for planning our hedging activities based on market condition and our business needs, such as our inventory level and product demand. The futures departments are responsible for submitting plans to the relevant subsidiary's general manager for approval, executing transactions related to our hedging activities as well as monitoring the related risks. The decision-making committees consist of the general managers and heads of the sales, procurement and finance departments of the relevant subsidiary. The futures department at Tongxin has one member, who has more than two years of experience in the finance industry and joined us in 2013. The futures department at Xiangbei has two members, of whom one has more than seven years of experience in the finance industry and joined us in 2013 and one joined us in 2011 with no prior experience in the copper industry. The decision-making committee at Tongxin has three members, which includes Mr. Liu Hanjiu, its general manager who is also in charge of procurement, Mr. Peng Lin, its vice president for sales and Ms. Zhu Yufen, its vice president for finance. The decision-making committee at Xiangbei has three members, which includes Mr. Huang Weiping, its general manager which is also in charge of sales, Mr. Xiong Mingfei, its procurement manager and Mr. Huang Shuming, its finance manager. Mr. Peng Lin has more than 10 years of experience in the copper industry and joined us in 2010. Mr. Xiong Mingfei has more than five years of experience in the copper industry and joined us in 2012. Mr. Huang Shuming has more than 10 years of experience in the finance industry and joined us in 2011. For experience and qualifications of Mr. Liu Hanjiu, Mr. Huang Weiping and Ms. Zhu Yufen, see the section headed "Directors and Senior Management" in this prospectus. Two of the three members of our futures departments have also received tertiary education or training in securities.

As stated in the policy, the futures departments are required to submit hedging plans to the relevant subsidiary's general manager for approval and approved hedging plans will be submitted to our risk control center, which is headed by our Vice General Manager, Mr. Chen Wei, for risk assessment. Upon occurrence of any abnormal price fluctuation, the futures departments are required to report to the relevant subsidiary's general manager and our risk control center promptly. In addition, the futures departments are required to prepare monthly reports of our hedging activities and provide them to their respective decision-making committees and other officers involved in the decision-making process. The futures departments and the decision-making committees at Tongxin and Xiangbei are required to prepare bi-annual reports, analyzing our hedging activities, our needs and the market trends and submit such reports to our Board for review.

Although the amount of derivative contracts we buy or sell is required under the policy not to exceed the actual amount of product we sold or an amount sufficient for 10 days of our manufacturing needs, the policy requires different levels of approvals if the margins demanded by the futures contracts or the transaction volume exceeds a certain amount. The following table specifies the reviews and approvals required if the margins demanded by the futures contracts or the transaction volume exceeds a certain amount:

	Review/Approval required
Margins	
Less than RMB1 million	An approval from the relevant subsidiary's general manager
Between RMB1 million and RMB10 million	A review by the risk management manager and an approval by our Vice General Manager
Over RMB10 million	Approvals from our Chief Financial Officer and our Chairman
Volume/position limit in each transaction	
200 lots(1) or below	An approval from our Vice General Manager
More than 200 lots(1)	Approvals from our Chief Financial Officer and our Chairman

Note:

(1) Each lot represents five tons.

Each of Tongxin's and Xiangbei's finance department prepares reports of the futures transactions of Tongxin and Xiangbei, respectively, on a weekly basis. After checking the weekly reports against the transaction reports prepared by third-party brokerage firms to ensure accuracy, the finance departments are required to submit such weekly reports to risk control center and to our Chief Financial Officer for review. Based on such weekly reports and the historical variations of copper prices, our Chief Financial Officer assesses the potential loss in the value of our future contracts. Our Chief Financial Officer is also required to report to and discuss with our Chairman any potential significant loss.

For additional information on our commodity risk, see "Financial Information – Qualitative And Quantitative Disclosure About Market Risk – Commodity Risk".

During the Track Record Period, we entered into contracts with most of scrap copper suppliers on an order-by-order basis and did not enter into long-term purchase contracts. None of our major suppliers failed to meet our purchase orders and we did not experience difficulties in any material aspects with our suppliers or in obtaining from them a sufficient supply of raw materials that materially and adversely affected our business during the Track Record Period. Although some of our suppliers experienced financial difficulties or ceased operation, none of our major suppliers fall into this category.

Our scrap copper suppliers generally grant us credit periods of approximately five to 10 days. We pay our suppliers in cash or by bank transfer. Some of our major suppliers require us to prepay approximately 30% of the purchase price before delivery.

For sensitivity analysis and breakeven analysis of our cost of raw materials, see the section headed "Financial Information – Factors Affecting Our Results of Operations and Financial Condition – Supply and prices of scrap copper and recycled copper products" in this prospectus.

During the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, we also purchased copper wirerods in the aggregate amount of approximately 10,246 metric tons from certain of our suppliers in addition to scrap copper.

Arrangement with Anhui Xingang Luliao

In order to enable Anhui Xingang Luliao, one of our largest suppliers during the Track Record Period, and its wholly-owned subsidiary, Anhui Xingang Zaisheng, to produce copper wirerods to supply to us, on June 25, 2012, Jinxin and Anhui Xingang Zaisheng entered into two lease agreements, pursuant to which Anhui Xingang Zaisheng is permitted to use certain equipment in our Jinxin facility and related production permits for an aggregate fee of RMB0.8 million.

On June 27, 2012, Jinxin entered into an annual purchase contract with Anhui Xingang Zaisheng, under which Jinxin is required to purchase and Anhui Xingang Zaisheng is required to sell 500 metric tons of copper wirerods and wires per month at prices to be determined at the time of purchase based on market prices.

In addition, on October 25, 2012, Jinxin and Anhui Xingang Luliao entered into two lease agreements, pursuant to which Anhui Xingang Luliao is permitted to use certain equipment in our Jinxin facility and related production permits for an aggregate fee of RMB0.8 million.

On October 27, 2012, each of Jinxin and Tongxin entered into an annual purchase contract with Anhui Xingang Luliao, under which each of Jinxin and Tongxin is required to purchase and Anhui Xingang Luliao is required to sell to each of Jinxin and Tongxin, 500 metric tons and 1,500 metric tons of copper wirerods and wires per month at prices to be determined at the time of purchase based on market prices.

On November 1, 2012, Jinxin, on behalf of Jinxin and Tongxin and Anhui Xingang Luliao entered into a supplemental agreement, under which Anhui Xingang Luliao is required to sell all of the copper wirerods it produces at our Jinxin facility to Jinxin and Tongxin.

We entered into these arrangements mainly because Anhui Xingang Luliao and Anhui Xingang Zaisheng are entitled to enjoy a preferential tax policy of a refund of 50% of the VAT paid and are able to produce copper wirerods at a more competitive price than us. We have terminated all related agreements because since late 2012, Tongxin has been enjoying the same preferential policy of a refund of 50% of the VAT paid.

Impacts of our acquisitions of Baohe Taiyue and Baohe Xinshiji

Because our acquisitions of Baohe Taiyue and Baohe Xinshiji were only completed on December 31, 2012 and we have since then sourced most of the copper needs for our cable businesses internally, our top five suppliers during the Track Record Period were all suppliers to our recycled copper product business and were all located in China. We maintained business relationships for over two years on average with our five largest suppliers during the Track Record Period. They are all private enterprises or individuals in the business of collecting and separating unprocessed scrap copper in China. The table below sets forth our top five suppliers during the Track Record Period:

Rank for 2013 9M		Background	Credit terms granted	Years of relationship with us(1)
1st	Supplier A	principally engaged in recycling, processing and sales of used metal materials, cables, environmental friendly devices, and others	5 days	3 years
2nd	Supplier B	an individual engaged in the metal recycling business	10 days	2 years
3rd	Supplier C	principally engaged in recycling, processing and sales of used home appliances, used electronics, used plastics, and others	10 days	3 years
4th	Supplier D	an individual engaged in the metal recycling business	10 days	2 years
5th	Supplier E	an individual engaged in the metal recycling business	5-7 days	1 year

Note:

(1) Rounded to the nearest whole year.

Rank for 2012		Background	Credit terms granted	Years of relationship with us(1)
1st	Supplier A	principally engaged in recycling, processing and sales of used metal materials, cables, environmentally friendly devices, and others	5 days	2 years
2nd	Supplier F	principally engaged in producing and sales of copper pipes, cable related devices, environmentally friendly cable devices, and others	5 days	1 year
3rd	Supplier G	principally engaged in acquiring and sales of the used metal materials, used home appliances, electric products and machines, and others	7 days	2 years
4th	Supplier C	principally engaged in recycling, processing and sales of used home appliances, used electronics, used plastics, and others	10 days	2 years
5th	Supplier H	principally engaged in processing and sales of non-ferrous metals; sales of mining products, metal devices, and others	10 days	1 year

Note:

(1) Rounded to the nearest whole year.

Rank for 2011		Background	Credit terms granted	Years of relationship with us[(1)]
1st	Supplier C	principally engaged in recycling, processing and sales of used home appliances, used electronics, used plastics, and others	7 days	2 years
2nd	Supplier I	principally engaged in dismantling and processing of used electric products, used cable wires, and others	0 day	1 year
3rd	Supplier G	principally engaged in acquiring and sales of the used metal materials, used home appliances, electric products and machines, and others	7 days	1 year
4th	Supplier J	principally engaged in recycling used automobiles and used electronic devices, used metal materials, and others	0 day	1 year
5th	Supplier K	principally engaged in import and sales of metal materials, mining product, petrochemical products, and others	0 day	1 year

Note:

(1) Rounded to the nearest whole year.

Rank for 2010		Background	Credit terms granted	Years of relationship with us[(1)]
1st	Supplier C	principally engaged in recycling, processing and sales of used home appliances, used electronics, used plastics, and others	7 days	1 year
2nd	Supplier L	principally engaged in recycling and sales of used metal materials	7 days	1 year
3rd	N/A			
4th	N/A			
5th	N/A			

Note:

(1) Rounded to the nearest whole year.

Suppliers

For the period ended December 31, 2010, we had two scrap copper suppliers who supplied all of the raw materials for our recycled copper product business, while our largest supplier represented 70.6% of our total cost of purchases. In 2011, our five largest suppliers accounted for 60.6% of our total cost of purchases, while our largest supplier represented 18.0% of our total cost of purchases. In 2012, our five largest suppliers accounted for 45.6% of our total cost of purchases, while our largest supplier represented 17.7% of our total cost of purchases. For the nine months ended September 30, 2013, our five largest suppliers accounted for 32.3% of our total cost of purchases, while our largest supplier represented 11.1% of our total cost of purchases.

We also source power transmission and distribution cable products from Sichuan Xinshiji. For the nine months ended September 30, 2013, we sourced 4,195 metric tons of power transmission and distribution cable products, or 49.6% of all of our power transmission and distribution cable products. On February 6, 2014, we entered into the Xinshiji Master Purchase Agreement with Baohe Xinshiji. For additional information, see the section headed "Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions – Master Purchase Agreement with Sichuan Xinshiji" in this prospectus.

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, we used 4,404 metric tons, 23,177 metric tons, 24,390 metric tons and 36,189 metric tons of scrap copper, respectively, in our recycled copper product business. With the exception of Baohe Jiahao, which was our largest external supplier in 2012 and the first half of 2013 and which is 20.0% owned by Baohe Fushan, none of our Directors or their associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of the above five largest suppliers in each of the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013. For additional information regarding Baohe Fushan and us, see the section headed "History, Reorganization and Corporate Structure – Background of Baohe Fushan and its joint venture investment in Baohe Taiyue" in this prospectus.

Purchase Agreements

With a view to enhancing the stability of its supply of scrap copper and to prepare for commencement of operations at our new Tongxin facility, which has an estimated annual production capacity for recycled copper products of 100,000 metric tons, we entered into purchase agreements in early 2013 with 19 of our suppliers, including Baohe Jiahao and certain individuals in the business of collecting and separating unprocessed scrap copper. The agreements are effective for one year. The contractual amount under the agreements is approximately 66,800 metric tons. We are only required to purchase and the suppliers are only required to sell the scrap copper if the parties agree on price for specific purchases, which is to be determined at the time of purchase based on market price and the amount to be purchased, and these agreements do not impose any penalty on us in case the target volume for the year is not met. Although the purchase agreements are subject to further agreement between the parties on purchase price for individual orders as copper prices fluctuates, the agreements provide the approximate supply amount, and strengthen the business relationship between us and the suppliers, and confirm the suppliers' willingness and ability to provide such raw materials. Under the agreements, the suppliers grant us a credit period of 10 days.

The actual amount procured under the agreements from January 1, 2013 to December 31, 2013 was approximately 24,349 metric tons. We do not expect to purchase the full amounts contemplated under these agreements in 2013, but expect to continue to do business with these suppliers in 2013. From January 1, 2013 to December 31, 2013, we purchased approximately 38,448 metric tons of scrap copper from suppliers with whom we do not currently have purchase agreements. We intend to revise the threshold or roll-over the excess to 2014 with the suppliers.

For additional information on our counterparty risk and concentration risk, see the sections headed "Risk Factors – Risks Relating to Our Business – We are exposed to counterparty risks in our contracts" and "Risk Factors – Risks Relating to Our Business – Our dependence on a limited number of third-party raw material suppliers could increase our costs or adversely impact our production, which could materially and adversely affect our business, results of operations and financial condition" in this prospectus.

Communication Cable Products

Copper wirerod is the principal raw material for our communication cable products. Other raw materials include PE, PVC, aluminum foil and modular plugs. Under the interim processing arrangement with our contract manufacturer, Guangzhou Taiyue, we are required to supply to Guangzhou Taiyue principal raw materials such as copper wirerods and rubber and Guangzhou Taiyue is required to purchase auxiliary materials. We expect to source most of the copper needs for our communication cable business internally.

Power Transmission and Distribution Cable Products

Copper wirerod is the principal raw material for our power transmission and distribution cable products, and other raw materials include PE, PVC, rubber, aluminum foil and modular plugs. Under the interim processing arrangement with our contract manufacturer, Sichuan Xinshiji, we are required to supply to Sichuan Xinshiji copper wirerods or wires. We expect to source most of the copper needs for our power transmission and distribution business internally.

Utilities

We rely on electricity, natural gas and water in the operation of our production facilities. Accordingly, the successful operation of our production facilities requires a reliable supply of such utilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruptions in water supply; however, we experienced periodic disruptions in the supply of electricity and natural gas at our Jinxin facility since the electricity and natural gas infrastructure of the district where the facility is located was designed for agricultural purposes and is not adequate for industrial use. In March 2013, we completed the construction of a 2,500 kVA indoor power distribution system and a 1,000 kVA transformer project at our Tongxin facility. Under the Baohe Taiyue Project Investment Agreement and the Baohe Xinshiji Project Investment Agreement, Baohe Fushan guaranteed that Baohe Taiyue and Baohe Xinshiji would get sufficient electricity and gas for their production. Also, we entered into a natural gas supply contract on March 12, 2013 with Sichuan Tianxin Gas Company Limited (四川天新燃氣有限責任公司), pursuant to which a daily supply of 10,000 cubic meters will be available to our Tongxin facility from March 12, 2013 to December 31, 2013. We believe these facilities will have a more reliable supply of utilities.

Sales and Marketing

Each of our operating subsidiaries conducts its direct sales through marketing by its own sales personnel. As of the Latest Practicable Date, we employed 19 sales and marketing personnel for our recycled copper product business and 12 sales and marketing personnel for our communication cable and power transmission and distribution cable businesses, most of the sales and marketing personnel for our cable business were previously with Guangzhou Taiyue and Sichuan Xinshiji. Our sales and marketing personnel have accumulated experience of five years on average in the copper or cable industries. Our sales teams place a strong emphasis on building long-term relationships with our customers, with a focus on product quality, credibility and a high level of service. We plan to centralize all of our sales and marketing activities to manage all of our products and brands, to have more of our subsidiaries admitted as dealers for trading our products through electronic systems in order to promote our brand awareness, broaden our customer base and reduce our receivable turnover days, and to set up warehouses in cities, such as Shanghai, where our customers can collect our products directly, thereby reducing transportation time and expenses. We are in the process of setting up a sales and marketing office in Shanghai.

Members of our sales team are mainly responsible for contacting potential customers, preparing sales plans, negotiating sales terms, following up on outstanding payables and providing after-sales services, including coordinating on transportation logistics and obtaining and handling feedback on our products.

Recycled copper products

We sell our recycled copper products to customers located throughout China under our “Jinxin”, “Tongxin” and “Xiangbei” brands.

Communication cable products

We sell our communication cable products mainly to domestic PRC customers and customers in Southeast Asia, and we also plan to sell to Guangzhou Taiyue’s customers in Europe, United States, Mexico, Brazil, Australia, New Zealand and other Asian countries. Pursuant to the Taiyue Asset Transfer Agreement, all trademarks of Guangzhou Taiyue should be transferred to us. The Trademark Office of the State Administration for Industry & Commerce of PRC has approved the transfer of trademarks on December 13, 2013 and it has been completed. We plan to sell our communication cable products under these trademarks. In addition to selling communication cable products under these brands, we may also act as an original equipment manufacturer, or an OEM, for other communication cable companies.

Power Transmission and Distribution Cable Products

We sell our power transmission and distribution cable products to customers located throughout China. Pursuant to the Xinshiji Asset Transfer Agreement, all trademarks of Sichuan Xinshiji, which include “新世纪线缆”, “ ”, “龍騰新川东”, “海乘新世纪” and “坤佑新世纪”, have been transferred to us. We plan to sell our communication cable products under these trademarks.

Distribution

We ship our products to customers promptly after we accept the orders and to the extent that our products need to be made to customer specifications, we ship our products to customers promptly after the production of such products is completed. We invoice our customers promptly following shipment of our products. We are generally responsible for the delivery of our products to customers as well as the cost of delivery and transportation. We distribute our recycled copper products and power transmission and distribution cable products to our customers, and our communication cable products to our domestic customer, by trucks, and our communication cable products to overseas customers by sea. We use our own trucks and engage other transportation service providers on an as-needed basis to distribute our products. Currently, we also deliver our communication cable and power transmission and distribution products through our contract manufacturers, Guangzhou Taiyue and Sichuan Xinshiji. During the Track Record Period, we did not experience any material disruptions to or delays in the delivery of our products.

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our selling and distribution expenses accounted for approximately 0.6%, 0.3%, 0.4% and 0.4%, respectively, of our consolidated turnover.

Customers

Customers of our recycled copper products are primarily power transmission and distribution cable manufacturers, communication cable manufacturers and companies in various industries such as electrical engineering, municipal engineering, transportation, construction and mechanical manufacturing. We also sell our recycled copper products to trading companies and other copper processing manufacturers.

We currently provide our contract manufacturers, Guangzhou Taiyue and Sichuan Xinshiji, with copper wirerods and wires we manufactured for further processing into communication cables and power transmission and distribution cables under the processing arrangements and expect to use between one quarter and one third of the recycled copper products that we expect to produce to supply our communication cable and power transmission and distribution cable operations in 2014. We expect to conduct communication cable and power transmission and distribution cable production ourselves upon completion of our facilities.

Our acquisitions of Baohe Taiyue and Baohe Xinshiji were only completed on December 31, 2012 and we source most of the copper needs for our cable businesses internally. For the period ended December 31, 2010 and the two years ended December 31, 2011 and 2012, all of our customers were customers of our recycled copper product business and most of our five largest customers were power transmission and distribution cable manufacturers. For the nine months ended September 30, 2013, one of our five largest customers was a customer of our communication cable products, while the remaining four largest customers were customers of our recycled copper products, which included power transmission and distribution cable manufacturers, copper processing companies and trading companies. We typically grant our five largest customers credit periods of up to 30 days. As of September 30, 2013, we had maintained business relationships with our five largest customers ranging from over three months to over three and a half years. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our five largest customers contributed approximately 54.1%, 46.5%, 41.6% and 26.2% of our consolidated turnover, respectively, while our largest single customer contributed approximately 19.9%, 14.3%, 18.0% and 9.8% of our consolidated turnover, respectively. For the period ended December 31, 2010, two of our customers each accounted for more than 10.0% of our consolidated turnover. In 2011, three of our customers each accounted for more than 10.0% of our consolidated turnover. In 2012, one of our customers accounted for more than 10.0% of our consolidated turnover. In the nine months ended September 30, 2013, none of our customers accounted for more than 10.0% of our consolidated turnover. None of our Directors or their associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of the above five largest customers during the Track Record Period. The table below sets forth our top five customers during the Track Record Period:

Rank for 2013 9M		**Background**	**Credit terms granted**	**Years of relationship with us(1)**
1st	Customer A	principally engaged in sales of metal materials, construction materials, office supplies, and others	10 days	1 year
2nd	Customer B	principally engaged in the business of domestic and international trading	30 days	1 year
3rd	Customer C	principally engaged in the sales of metal materials, chemical products and materials, mining products, among others	30 days	4 years
4th	Customer D	principally engaged in processing copper materials, aluminum, and coal rods	10 days	3 years
5th	Customer E	principally engaged in producing, manufacturing and sales of computer software and hardware, electric equipment, metal materials, and others	30 days	less than 1 year

Note:

(1) Rounded to the nearest whole year.

Rank for 2012		Background	Credit terms granted	Years of relationship with us[(1)]
1st	Customer F	principally engaged in manufacturing and sales of flame-retardant wire, cable, plastic, and others	5 days	2 years
2nd	Customer G	principally engaged in producing and sales of copper, aluminum conductor wires, tinned wires, cable materials, and others	15 days	3 years
3rd	Customer D	principally engaged in processing of copper, aluminum, and coal rods	10 days	2 years
4th	Customer H	principally engaged in producing and sales of cable and copper	15 days	3 years
5th	Customer I	principally engaged in producing and sales of cables	5 days	3 years

Note:

(1) Rounded to the nearest whole year.

Rank for 2011		Background	Credit terms granted	Years of relationship with us[(1)]
1st	Customer F	principally engaged in the manufacturing and sales of flame-retardant wire, cable, plastic, and others	5 days	1 year
2nd	Customer J	principally engaged in producing, marketing and processing wires and cables, electronic products, and others	5 days	2 years
3rd	Customer I	principally engaged in producing and sales of electrical cables	5 days	2 years
4th	Customer H	principally engaged in producing and sales of cables and copper materials	7 days	2 years
5th	Customer K	principally engaged in manufacturing and sales of wires, cables, and high and low voltage switch devices	5 days	2 years

Note:

(1) Rounded to the nearest whole year.

Rank for 2010		Background	Credit terms granted	Years of relationship with us[1]
1st	Customer L	principally engaged in processing non-ferrous metal, and sales of wires, motors, and others	0 day	1 year
2nd	Customer M	principally engaged in producing and processing copper pipes, tape, foil, and others	3 days	1 year
3rd	Customer J	principally engaged in producing, marketing and processing wires and cables, electronic products, and others	7 days	1 year
4th	Customer N	principally engaged in producing and sales of wires, cables, and others	0 day	1 year
5th	Customer O	principally engaged in producing, processing and sales of wires, cables and cable accessories	5 days	1 year

Note:

(1) Rounded to the nearest whole year.

For additional information on our counterparty risk and concentration risk, see the sections headed "Risk Factors – Risks Relating to Our Business – We are exposed to counterparty risks in our contracts" and "Risk Factors – Risks Relating to Our Business – We derive a significant portion of our turnover from a small number of customers and the loss of any of our major customers may cause significant declines in our turnover" in this prospectus.

Sales of recycled copper products to two of our customers, Guangzhou Taiyue and Sichuan Xinshiji, have been affected since 2013 because we are required under the processing arrangements to supply them with copper wirerods. We expect sales to Guangzhou Taiyue and Sichuan Xinshiji to discontinue since they will discontinue all of their business activities which might compete with us once the equipment transfer is completed. For additional information, see the section headed "Connected Transactions" in this prospectus.

Following our entry into the communication cable and power transmission and distribution cable businesses in late 2012, we have expanded our customer base to include companies in industries such as power transmission, household appliance manufacturing, installation engineering, real estate, mechanical engineering, electrical equipment manufacturing, telecommunications, electronics manufacturing and mining. In addition, we sell our cable products to trading companies.

On January 24, 2013 and April 10, 2013, respectively, Xiangbei and Tongxin entered into an agreement with China Power Cable Material Exchange pursuant to which each of them is qualified as a dealer eligible to sell its copper wirerods on China Power Cable Material Exchange, an electronic trading platform for materials used in manufacturing power transmission and distribution cables. We believe trading on such electronic trading systems can broaden our customer base and help to reduce our receivable turnover days as buyers are usually required to pay the purchase price within a certain period of time, which is generally shorter than the time periods we agree to when negotiating with our customers on a case-by-case basis.

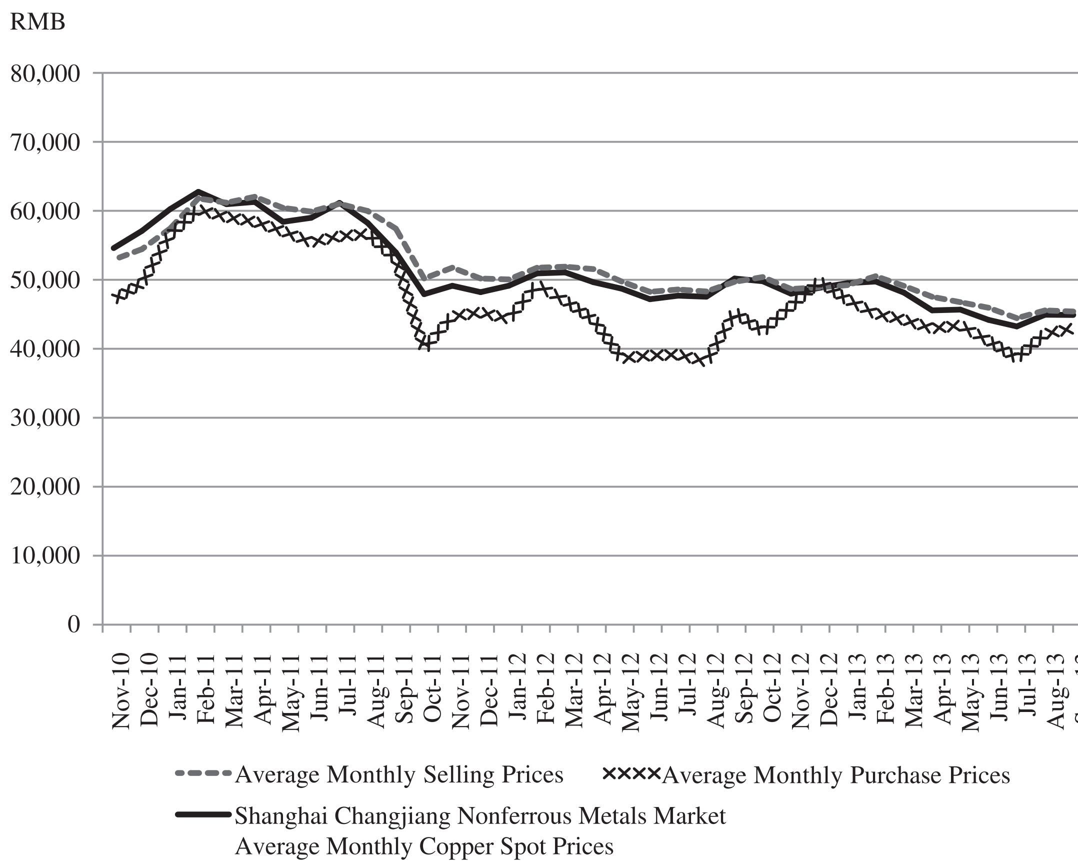
In addition, on February 1, 2013, we entered into a framework agreement with Huayi Compressor Co., Ltd. (華意壓縮機股份有限公司), the largest shareholder of which is Sichuan ChangHong Electric Co., Ltd. Huayi Compressor Co., Ltd., which has been listed on the Shenzhen Stock Exchange since June 1996 and is one of the largest manufacturers in PRC of compressors used by refrigerators, freezers, water dispensers, ice machines and other refrigeration appliances. Huayi Compressor Co., Ltd. is headquartered in Jingdezhen, China and has more than 6,500 employees and accounts for about 16% of the global market share, with total assets RMB4.2 billion. Huayi Compressor Co., Ltd. typically has a procurement volume of approximately 20,000 metric tons of enameled wires per annum. Pursuant to the terms of the framework agreement, Huayi Compressor Co., Ltd. has agreed to purchase from us no less than 50% of its total procurement of enameled wires after we are qualified as one of its suppliers and assuming that we offer the same products of same price and quality as its other suppliers. The exact quantity and other material terms, such as procurement time, will be determined in each purchase order. The price of our copper enameled wires under the agreement is based on the sum of the weighted average of the futures prices of copper on the Shanghai Changjiang Nonferrous Metals Market in the preceding month, the procurement price of copper wirerods quoted on the Shanghai Futures Exchange as specified by Huayi Compressor Co., Ltd. and our processing fee. The price of our aluminum enameled wires under the agreement is based on the sum of the weighted average of the futures prices of aluminum on the Shanghai Changjiang Nonferrous Metals Market in the preceding month, the procurement price of aluminum wirerods quoted on the Shanghai Futures Exchange as specified by Huayi Compressor Co., Ltd. and our processing fee. Our processing fee in both cases is determined by the prices quoted in the procurement tenders of Huayi Compressor Co., Ltd. and the payment method will be specified in the procurement tenders. The framework agreement will be valid for five years from the date of the agreement and will be renewed automatically unless the parties agree otherwise. As of the Latest Practicable Date, we had not yet sold any of our products to Huayi Compressor Co., Ltd. and Huayi Compressor Co., Ltd. had not entered into purchase order with us since we had not yet commenced our enameled wire production.

Pricing Policy, Terms of Sale and Credit Policy

We sell recycled copper products to over half of our major customers under annual contracts where volume and pricing are determined under specific sales contracts to be entered into when they place purchase orders with us.

We believe that we are generally able to reflect, to a certain extent, increases in raw material prices in the selling prices of our products. The selling prices of our recycled copper products are generally based on market rates that follow the movements of the spot prices of copper on the Shanghai Changjiang Nonferrous Metals Market. We typically grant credit periods of approximately five to 30 days to major customers of our recycled copper products and sell to other customers on a cash-on-delivery basis. The sales contracts typically provide for the product name, specification, quantity, price, settlement and payment terms, delivery terms and transportation arrangement. The sales contracts normally require our customers to raise any quality concern within three to five days after they receive the delivery and product return is permitted only due to quality issues. During the Track Record Period, we did not have any material product returns.

The following chart and table set forth the average monthly selling prices of our recycled copper products (ex VAT), our average monthly purchase prices of scrap copper and electrolytic copper (ex VAT) and the average monthly spot prices of copper (ex VAT) on the Shanghai Changjiang Nonferrous Metals Market for the periods indicated:



Notes:

(1) The average monthly selling prices are calculated by dividing the total amount of sales by the total volume of recycled copper products sold in a given month. The average monthly purchase prices are calculated by dividing the total amount of scrap and electrolytic copper purchases by the total volume of raw materials purchased in a given month. Thus, there is no guarantee that we bought scrap copper and electrolytic copper or sold recycled copper products at such prices.

(2) In December 2012, the average monthly purchase prices of our scrap copper and electrolytic copper was higher than the average monthly selling prices of our recycled copper products. It is mainly because we increased the purchase of raw materials in anticipation of an increase in copper prices in December 2012, but the price of copper products did not increase as expected. To a lesser extent, as Tongxin became entitled to the preferential tax treatment of 50% VAT refund starting from December 3, 2012, we have been sourcing more of our scrap copper from vendors who do not provide VAT invoices, which results in greater VAT refunds to us, and these vendors generally sell scrap copper at a higher price.

(3) the differences between our average monthly purchase prices of scrap copper and electrolytic copper (ex VAT) and the average monthly spot prices of copper (net of tax) on the Shanghai Changjiang Nonferrous Metals Market may not be meaningful, since the latter is an average of spot prices and we do not purchase scrap copper and electrolytic on a daily basis. Therefore, the differences could be the result of the timing of our purchases.

Selected Selling and Purchase Price Information in Our Recycled Copper Products Segment

	2010		2011											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average Selling Price (ex VAT, in RMB'000/metric ton)	52.81	54.33	57.32	61.67	61.06	61.92	60.31	59.77	60.90	59.86	57.30	50.09	51.65	50.08
Monthly Revenue (ex VAT, in RMB million)	83.0	120.4	89.1	23.8	107.5	104.0	78.6	118.0	146.4	185.5	123.2	123.1	116.7	106.4
Monthly Sales (in metric tons)	1,571.5	2,215.9	1,553.5	386.1	1,761.2	1,680.0	1,302.9	1,974.2	2,404.4	3,099.2	2,150.3	2,457.5	2,260.1	2,124.5
Average Purchase Price (ex VAT, in RMB thousands/metric tons)	47.05	49.38	56.43	60.04	58.98	58.30	56.93	55.34	56.19	56.52	52.88	39.90	44.61	45.16
Monthly Cost of Purchase (ex VAT, in RMB million)	101.6	191.0	34.4	31.2	68.4	57.3	70.4	91.1	177.7	153.2	102.6	142.0	82.3	125.9
Monthly Purchases (in metric tons)	2,159.3	3,868.0	610.3	520.2	1,158.8	982.9	1,236.9	1,645.8	3,162.1	2,710.1	1,941.0	3,559.5	1,845.3	2,786.9

	2012											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average Selling Price (ex VAT, in RMB'000/metric ton)	49.95	51.62	51.79	51.44	49.64	48.15	48.49	48.20	49.60	50.29	48.56	48.79
Monthly Revenue (ex VAT, in RMB million)	28.1	123.3	118.8	65.6	71.9	63.0	98.9	121.8	135.2	160.2	144.2	355.3
Monthly Sales (in metric tons)	561.7	2,386.7	2,294.1	1,275.8	1,448.2	1,308.8	2,038.8	2,527.3	2,725.1	3,185.9	2,970.4	7,282.5
Average Purchase Price (ex VAT, in RMB thousands/metric tons)	44.26	49.14	46.84	44.12	38.53	38.93	39.06	38.05	45.15	42.46	46.07	49.62
Monthly Cost of Purchase (ex VAT, in RMB million)	54.8	83.4	110.6	67.3	88.1	98.3	63.2	53.6	65.7	142.0	97.0	136.3
Monthly Purchases (in metric tons)	1,237.9	1,696.8	2,361.5	1,525.2	2,285.0	2,525.1	1,617.0	1,407.7	1,455.9	3,344.4	2,104.9	2,747.3

	2013								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Average Selling Price (ex VAT, in RMB'000/metric ton)	49.11	50.42	49.01	47.43	46.65	45.84	44.34	45.46	45.30
Monthly Revenue (ex VAT, in RMB million)	172.7	62.8	93.1	195.3	137.2	170.5	81.5	139.3	136.8
Monthly Sales (in metric tons)	3,517.2	1,245.1	1,898.7	4,117.3	2,940.9	3,720.2	1,838.4	3,064.8	3,020.4
Average Purchase Price (ex VAT, in RMB thousands/metric tons)	46.99	44.97	44.09	42.85	43.28	41.06	38.56	42.06	42.85
Monthly Cost of Purchase (ex VAT, in RMB million)	148.1	110.7	191.6	57.8	214.9	190.0	185.5	275.8	280.1
Monthly Purchases (in metric tons)	3,151.9	2,461.3	4,345.4	1,349.2	4,964.8	4,627.2	4,810.9	6,556.4	6,536.0

For our communication cable and power transmission and distribution cable products, we typically do not enter into long-term contracts with our customers. Although our customers are required to pay us once the quality check is complete, we generally grant customers in our communication cable business a credit period up to 30 days and customers in our power transmission and distribution cable business a credit period up to 90 days. The sales contracts normally require our customers to raise any quality concern within seven days after they receive the delivery and product return is permitted only due to quality issues. We price our communication cable and power transmission and distribution cable products by adding a mark-up to our cost of raw materials, mainly copper wirerods. The mark-up is determined based on various factors, such as China Shanghai Changjiang Copper Spot Prices, demand and supply of the specific product in the market, the quantity of the order, and the prevailing market rate at the location where the purchase orders are placed.

We require some of our recycled copper products customers to pay a portion of the contract amount to us in advance. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our receipts in advance was approximately RMB1.5 million, RMB1.9 million, RMB7.6 million and RMB9.0 million, respectively. We require some of our communication cable and power transmission and distribution cable product customers to pay 30% of the contract price upon entering into the sale contracts, with the remaining balance to be paid upon completion of the quality check at delivery by customer. The payments made by domestic customers of our communication cable and power transmission and distribution cable businesses are mainly settled in RMB by way of direct bank transfers. We expect the overseas customers of our communication cable business to settle payments in US dollars by way of direct payments into our domestic bank account. Other than the period during which we allow our customers to raise quality concerns, we do not provide warranties for replacement of any defective products.

To minimize credit risk, we implemented certain internal control procedures for our recycled copper product business, including determination of credit limits for each customer, credit evaluation based on the customer's past history of making payments when due and current ability to pay, and credit approvals by our risk control officer for contracts with a value between RMB5 million to RMB10 million and by our directors for contracts with a value over RMB10 million. We adjust the credit limits for our customers based on their business condition and credit record and evaluate their payment history periodically. We also closely monitor the credit limits for each customer. In the event that the outstanding amount of accounts receivable exceeds the credit limits for particular customers, we will cease entering into sales contracts with these customers and will stop delivery of our products. We apply the same policy in our communication cable and power transmission and distribution cable businesses. For additional information on our credit policy, please see the section headed "Financial Information – Qualitative and Quantitative Disclosure about Market Risk – Credit risk" in this prospectus. Our senior managers, Mr. Chen Wei and Ms. Luo Guidi, are responsible for our business and financial risk management policies. For addition information, see the section headed "Directors and Senior Management – Senior Management" in this prospectus.

In the first half of 2013, we ceased to sell to a customer who had been one of our five largest customers in 2011 and 2012 because the customer did not fulfill the volume requirement under its annual contract with us and was late in its payments due to us in 2012. In the third quarter of 2013, we resumed our business relationship with this customer after considering our relationship history with this customer and the fact that all outstanding amounts had been paid. For the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, sales of recycled copper products to this customer amounted to RMB8.5 million, RMB154.3 million, RMB56.3 million and RMB1.8 million, respectively. As of September 30, 2013, we had no outstanding receivables from this customer. We evaluated operation condition of this customer and granted it a credit term of 10 days. After resumption of business relationship, our sale to this customer is conducted on a single transaction basis to minimize credit risk. During the period from October 1, 2013 to the Latest Practicable Date, sales of recycled copper products (net of value-added taxes) to this customer amounted to approximately RMB11.8 million and all the outstanding receivables due from this customer had been received as at the Latest Practicable Date. We believe our reduced reliance on this customer will not have any material adverse impact on our business.

In late 2012 and early 2013, we entered into annual contracts with some of our customers, mainly power transmission and distribution cable manufacturers and trading companies. Under these contracts, we are required to sell to our customers and our customers are required to buy from us copper wirerods and wires over a period of one year an aggregate of approximately 39,504 metric tons, subject to agreement on price for specific purchases as described below. Such amount is approximately 8% more than the total amount of recycled copper products we sold in 2012. Our sales volume of recycled copper products increased by 52.1% from 16,341 metric tons for the nine months ended September 30, 2012 to 24,854 metric tons for the nine months ended September 30, 2013.

Under these sales contracts, the price is to be determined when a purchase order is placed, and purchases and sales will only occur if the parties agree on price. Consequentially, there is no assurance that our customers will purchase the full amounts specified in these contracts. From the effective date of the sales contracts until November 30, 2013, we sold approximately 9,243 metric tons under these sales contracts. The total contractual amount is determined on the basis of estimated amount of purchase provided by the customers. These agreements do not impose any penalty on us or the customers in case the target volume for the year is not met. Although the sales contracts are subject to further agreement between the parties on the sales price for individual orders, the contracts provide approximate sales amount, confirm the customers' willingness and ability to purchase such products and strengthen the business relationship between us and the customers. Our products must meet the applicable national quality standard stipulated therein. Our customers may raise any quality concern within two days of receipt of our products. Any dispute over product quality is to be determined by the relevant national quality examination department. Under these sales contracts, we are responsible for the delivery of the products and the expenses of such delivery.

Inventory Management

We monitor inventory levels of our raw materials and finished products to balance our production needs and our exposure to changes in copper prices. For our recycled copper products, to minimize the risk of raw material price fluctuations, our scrap copper purchase amounts are generally based on our customer orders and our inventory levels. We also use commodity futures contracts to hedge our exposure against short-term price fluctuations of copper raw materials. For our downstream cable business, we typically source our copper needs internally after our customers place their purchase orders and enter into sales contracts with us. In order to monitor our inventory level, our procurement departments prepare monthly procurement plans based on our sales and production plans as well as our current inventory level. The plans must be approved by the managers of our PRC subsidiaries and submitted to our risk management department and futures departments. In addition, our futures departments also monitor our inventory level on a daily basis based on the information provided by our warehouse departments and finance departments. If our inventory level is above or below the level we usually maintain, our futures departments will consider entering into futures contracts and submit their proposals to our decision-making committees for their approval. For additional information on our commodity risk, please see the sections headed "Financial Information – Qualitative and Quantitative Disclosure about Market Risk – Commodity risk" and "– Raw Materials, Procurement and Suppliers" in this prospectus.

All of our inventories are stored in our warehouses, workshops and outdoor areas at our production facilities. We generally maintain an inventory of scrap copper sufficient for approximately 10 to 18 days of manufacturing needs.

We do not engage in scrap material trading apart from sale of scrap material generated from our manufacturing processes. For a breakdown of our turnover from sales of scrap materials, see the section headed "Financial Information – Discussion of Certain Key Income Statement Items – Turnover" in this prospectus.

COMPETITION

Many of our products are made to industry specifications, and are therefore functionally interchangeable with those of competitors. Some competitors have greater financial, engineering, manufacturing, and marketing resources than we have. The market can be influenced by economic downturns as some competitors that are highly leveraged both financially and operationally could become more aggressive in their pricing. However, we believe that significant opportunities exist to differentiate our products on the basis of quality, consistent availability, conformity to manufacturer's specifications and customer service. We believe our competitive strengths include breadth of product offering, brand recognition, distribution and logistics, strong customer relations, operating efficiency, and commitment to quality control and continuous improvement.

Recycled Copper Products

The recycled copper industry in China is fragmented and highly competitive. We compete with numerous other recycled copper companies, especially those located close to our production facilities, for both raw materials and sales of recycled copper products. Competition for raw materials is based on price and proximity to the source of raw materials. Competition for sales is primarily based on price, quality of products, production capacity, customer services and proximity to customers. Due to the fragmented nature of the industry, we compete primarily with local metal recycling companies. The barriers to entry in the copper recycling industry are relatively low. However, many copper recycling companies in China have small production capacity and relatively low efficiency. We also compete with companies who import recycled scrap copper from overseas. Further appreciation of the Renminbi, which may have the effect of lowering the cost of imported scrap copper, may intensify the competition in the recycled copper industry.

Communication Cable and Power Transmission and Distribution Cable Products

The markets for our communication cable and power transmission and distribution cable products are both relatively competitive. The number and size of our competitors vary depending on the product line.

We expect the ability to use our own copper raw materials in our communication cable and power cable businesses to provide us with an advantage over many of our competitors who source principal raw materials from independent parties. The vertical integration of our mid-stream product business with our downstream cable business is expected to increase the stability of raw material supply for our downstream cable business, broaden our overall product range, enable us to benefit from synergies between the two businesses and give us a competitive advantage over companies engaged solely in the manufacture of either mid-stream or downstream products.

However, we only entered communication cable and power transmission and distribution cable businesses in December 2012 and full integration of our mid-stream and downstream businesses may take significant time and might be challenging. For additional information on related risks, see the sections headed "Risk Factors – Risks Relating to Our Business – We face significant competition, and if we do not compete successfully against existing and new competitors as well as competing technologies and other products, we may lose our market share and our results of operations may be materially and adversely affected" and "Risk Factors – Risks Relating to Our Business – We may not successfully integrate our newly acquired businesses or achieve expected profitability from our acquisitions" in this prospectus.

QUALIFICATIONS, PERMITS AND LICENSES

We require various qualifications, permits, licenses and registration for our business which include the Registration Certificate for Operators of Renewable Resources Recycling Business (《再生資源回收經營者備案證明》) granted by local MOFCOM or its authorized institutions and the Registration for Security Administration of Scrap Metal Recycling (《廢舊金屬收購業治安管理備案登記》) granted by local public security authorities. Except for the Registration of Security Administration of Scrap Metal Recycling of Xiangbei, which expires on January 17, 2031, the registration certificates obtained by our subsidiaries in the recycling copper business do not contain an expiry date. Our PRC legal advisors, Chen & Co., have confirmed that we have obtained all necessary licenses and approvals for our operations in China.

Upon completion of the construction of our Baohe Xinshiji facilities, we are also required to obtain the National Production License for Industrial Products (《全國工業產品生產許可證》) granted by the local Administration of Quality Supervision, Inspection and Quarantine, the National Compulsory Authentication Product Certification (《中國國家強制性產品認證證書》) granted by China Quality Certification Center, the Safety Certificate of Approval for Mining Products (《礦用產品安全標誌證書》) granted by the Mining Products Safety Approval and Certification Center for manufacturing our own power transmission and distribution cable product. For additional information, see the section "Regulatory Overview" in this prospectus.

For certificates related to tax benefits granted under preferential tax policies and additional information on the tax benefits, please see the sections headed "Financial Information – Factors Affecting our Results of Operations and Financial Condition – VAT refunds and other governmental incentives", "Regulatory Overview – Value-Added Tax" and "Regulatory Overview – Corporate Income Tax" in this prospectus.

QUALITY CONTROL

We conduct rigorous quality control tests at different stages of our production processes, including rigorous quality tests of our raw materials and products in process, and quality testing on finished products to ensure their compliance with our customers' specifications and applicable national or international industrial standards.

We assess our raw material suppliers regularly in accordance with specified criteria on pricing, quality of raw materials supplied, source of scrap copper and quality of service. Before entering into a business relationship with a new supplier, we conduct diligence on the supplier's background and reputation in the market to assess its suitability. In addition, we physically inspect each delivery of raw materials to ensure its compliance with contract specifications, including purity and copper content.

For our recycled copper products, we focus primarily on their electrical resistance, electrical conductivity, tensile strengths, elongation, bending rate and torsional properties by using equipment such as electronic universal testing machines, digital resistance meter, portable digital conductivity meter and torsion testing machine.

For our communication cable products, our contract manufacturer, Guangzhou Taiyue, uses equipment such as electronic inspection machines, micrometers, diameter gauges, resistance meters and density meters to conduct quality test of our communication cable products. We expect to use the same equipment for testing our products in our Baohe Taiyue facility. In addition, for our power cable products, our contract manufacturer, Sichuan Xinshiji, uses equipment such as voltage withstanding testing system, deviation meter and fault locators to test our power transmission and distribution cable products on voltage, concentricity of the insulation or sheath and other quality requirements. We expect to use the same equipment for testing our products in our Baohe Xinshiji facility.

Our PRC legal advisors, Chen & Co., have confirmed that Guangzhou Taiyue and Sichuan Xinshiji, our contract manufacturers, have all necessary certificates and qualifications for the production of the cable products they manufacture for us.

As of the Latest Practicable Date, we had not encountered any significant quality issues relating to our finished products nor had we received any material complaints or claims in relation to the products sold that would affect our financial position or results of operations.

As of the Latest Practicable Date, our quality control department had 13 employees with experience in the copper industry, the communication cable industry and the power transmission and distribution cable industry. These employees are mainly responsible for conducting quality control tests on our raw materials, products in process and finished products in accordance with our quality control manual.

Our Xiangbei facility obtained ISO 9001 certification on quality control management systems on April 26, 2013. We will apply for ISO 9001 certification for our Baohe Taiyue and Baohe Xinshiji facilities upon completion of their construction.

AWARDS AND CERTIFICATIONS

We have received a number of awards and certifications from various PRC government authorities and other associations. Some of these awards and certifications are summarized as follows:

Recipient	Year	Award/Certificate	Issuing organization
Jinxin	2012	Advance Enterprise Award for Employing the Disabled Persons (安置殘疾人就業先進單位)	Disabled Persons' Federation of Mianyang City (綿陽市殘疾人聯合會)
	2012	Advance Enterprise Award for Employing the Disabled Persons (安置殘疾人就業先進單位)	Disabled Persons' Federation of Santai County (三台縣殘疾人聯合會)
	2010	Top 50 Enterprises of Mianyang City (綿陽市50強企業)	League of Enterprises of Mianyang City (綿陽市企業聯合會)and Enterprisers Association of Mianyang City (綿陽市企業家協會)
Xiangbei	2011	Advanced Enterprise for the Promotion of New Industrialization (推進新型工業化先進企業)	The Team of Leaders in the Evaluation Office of Miluo City (汨羅市考評辦領導小組)
	2011	Top 50 Enterprises of Nonferrous Metal Industry in Hunan Province (湖南省有色金屬行業50強企業)	Administration of Nonferrous Metals, Hunan Province (湖南省有色金屬管理局)
Tongxin	2012	Largest-Scale Enterprise in Scrap and Recycled Copper Processing Industry (最大規模—廢料及再生銅加工業)	Sichuan Development and Reform Commission (四川省發展和改革委員會), Sichuan Provincial Economic and Information Commission (四川經濟和資訊化委員會) and State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省政府國有資產監督管理委員會)

Recipient	Year	Award/Certificate	Issuing organization
	2012	Most Efficient Enterprise in Scrap Metals and Recycled Copper Processing Industry (最佳效益—金屬廢料及再生銅加工業)	Sichuan Development and Reform Commission (四川省發展和改革委員會), Sichuan Provincial Economic and Information Commission (四川經濟和資訊化委員會) and State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省政府國有資產監督管理委員會)
	2012	Advanced Entity in Social Consolidated Governance (社會綜合治理先進單位)	Political and Legal Affairs Commission of Youxian District (游仙區委政法委員會)
	2012	Financial Contribution Award (財政貢獻獎)	People's Government of Youxian District (游仙區人民政府)

RESEARCH AND DEVELOPMENT

We focus our research and development efforts on the efficiency of manufacturing processes and application of new technologies in manufacturing. We possess the proprietary know-how in copper wirerods manufacturing; specifically, the use of a combination of shaft furnace, energy-efficient, flat-plate refining furnace and continuous casting and rolling machines. As of the Latest Practicable Date, we had 13 employees working on research and development projects. They have accumulated experience of 11 years on average in the copper or cable industry.

We also co-operate with certain external research institutions on research and development. We have an arrangement with Central Research Institute of Building and Construction of China Metallurgical Group Corporation pursuant to which both parties agreed to develop and improve the fuel-efficiency and environmental friendliness of furnaces, intelligent control of burning systems and casting and rolling production as well as rapid analysis of product quality during copper wirerod production for a period of three years. Under the arrangement, we are required to provide the raw materials and equipment reasonably necessary for the development and share the intellectual property rights of technologies developed or improved with Central Research Institute of Building and Construction of China Metallurgical Group Corporation equally, and Central Research Institute of Building and Construction of China Metallurgical Group Corporation is required to send its specialists and technicians to our Jinxin facility for formulating research and development topics with our technicians.

In addition, we have a technology development arrangement with Central South University in Hunan Province for developing continuous extrusion technics for copper particles for a period from January 25, 2013 to December 31, 2014. Under the arrangement, both Xiangbei and Central South University are entitled to apply for patents regarding the technologies developed and such applicant or applicants will enjoy the intellectual property ownership rights of such technologies, and we are required to pay a technology fee of RMB250,000 to Central South University.

Pursuant to a technology development cooperation agreement, Baohe Xinshiji formed a strategic partnership with Chengdu Product Quality Supervision and Inspection Institute to develop fire-resistant, flame retardant, rat-proof and ant-proof power cables as well as power cables for wind power for a period of five years. No fee is required to be paid under the agreement and we will share the ownership of any intellectual property rights emerging from this partnership with Chengdu Product Quality Supervision and Inspection Institute.

In addition, Xiangbei also received a one-time unconditional grant of RMB8.0 million in 2012 from the National Development and Reform Commission of Hunan Province in relation to the Integrated Use of Scrap Copper Project.

Historically, our research and development activities have not entailed any substantial capital investment. Therefore, the costs incurred in our research and development activities have been relatively low as compared to our sales and were recognized as part of our production cost and administration cost during the Track Record Period. However, we may allocate further resources on specific research and development projects in the future, where we find necessary and appropriate. We estimate that our research and development expenses for 2013 will be in excess of RMB10.0 million, of which approximately 43%, 31% and 26% is allocated to our recycled copper, communication cable and power transmission and distribution cable businesses, respectively. These expenditures will be used principally to purchase research and development equipment for our new Baohe Taiyue and Baohe Xinshiji facilities, testing equipment for our Jinxin facility and accessories for research and development equipment in our Xiangbei facility and to pay the salaries and cash incentives of our employees working on research and development projects. We plan to fund these expenditures by our operating cash flows and proceeds from the Global Offering. The scope of our research and development projects in 2013 includes technological improvement in our recycled copper production techniques, such as the utilization of a vertical oxidation furnace and a refining furnace, and improvement of the quality of our cable products.

The table below sets forth details regarding our research and development projects and the relevant expenses.

			As of December 31, 2013		
No.	**Entities**	**Project name**	**Actual expenses incurred**	**Total estimated expenditure**	**Expected source of funding**
			(RMB in millions)		
1.	Tongxin	Joint production of copper billets with vertical oxidation furnace, energy-saving flat refining furnace, and continuous casting and rolling research and development project and other applied research	1.39	1.70	Working capital

No.	Entities	Project name		As of December 31, 2013 Actual expenses incurred	Total estimated expenditure	Expected source of funding
				(RMB in millions)		
2.	Tongxin	Anti-clogging vertical oxidation furnace front chamber research and development project (using purple mixed copper particles as raw material and melting at the rate of 16 to 20 metric tons per hour)		0.08	0.59	Working capital
3.	Tongxin	Regenerative combustion technology in refining furnace		0.05	0.25	Working capital
4.	Tongxin	Pure oxygen combustion technology in refining furnace		0.14	1.04	Working capital
5.	Tongxin	Copper refinery natural gas reduction technology research and development project		0.01	0.09	Working capital
			Subtotal	1.67	3.67	
6.	Baohe Taiyue	Category 6 Double vessel single shielded cable research and development project		0.13	1.28	Proceeds from the Global Offering
7.	Baohe Taiyue	High temperature cable (cable performance not to change at 60 degree Celsius) research and development project		0.10	1.03	Proceeds from the Global Offering
			Subtotal	0.23	2.31	
8.	Baohe Xinshiji	Aluminum cable rare earth material ratio, conductive, extensive, twisting and fatigue resistance research and development project		1.18	2.30	Proceeds from the Global Offering

No.	Entities	Project name		As of December 31, 2013 Actual expenses incurred	 Total estimated expenditure	Expected source of funding
				(RMB in millions)		
9.	Baohe Xinshiji	Use of new insulation material research		0.07	0.38	Proceeds from the Global Offering
10.	Baohe Xinshiji	Insulation and conductor package manufacturing research and development project		0.03	0.17	Proceeds from the Global Offering
			Subtotal	1.28	2.85	
11.	Xiangbei	Continuous extrusion of purple mixed copper particles technology		0.52	0.52	Working capital
12.	Xiangbei	Vertical and flat energy efficient copper refining furnace		0.22	0.30	Working capital
13.	Xiangbei	Copper furnace energy saving applications		0.09	0.17	Working capital
14.	Xiangbei	New product hot extrusion mould development and application		1.16	1.50	Working capital
15.	Xiangbei	Continuous casting and rolling production line control system upgrade		0.17	0.26	Working capital
			Subtotal	2.16	2.75	
		Total		5.34	11.58	

For our strategy and incentive policy in relation to research and development, see the section headed "– Business Strategies – Improve our operating efficiency and strengthen our research and development capacity" in this prospectus.

For information on the patents we have obtained, see the section headed "C. Further Information About Our Business – 2. Intellectual property rights of our Group" in Appendix VI in this prospectus.

We are developing a new technology for producing aluminum-alloy power cables and aluminum-alloy enameled wires. We believe that successful development of such technology could greatly benefit us.

MAINTENANCE

As of the Latest Practicable Date, we had approximately 19 employees responsible for regular repairs and maintenance of our equipment and machinery at our production facilities. The maintenance employees carry out regular monthly, quarterly or annual inspections and maintenance of our principal equipment and facilities in accordance with our maintenance plans to extend their lifespan and enhance their performance and safety.

The flat-topped refining furnaces at our Jinxin facility generally require replacement of the refractory materials every six to 12 months, with each replacement taking approximately 15 to 18 days. The upward casting production line and downward semi-continuous casting production line at our Xiangbei facility require replacement of the refractory materials in the line-frequency induction furnaces every six to 12 months, with each replacement taking approximately seven to ten days. The main equipment in our Jinxin and Xiangbei facilities generally has a lifespan of ten years, and most of this equipment has been used for two to three years, and the main equipment in our Tongxin, Baohe Xinshiji and Baohe Taiyue facilities will generally have a lifespan of no less than ten years.

We use our back-up equipment and facilities during maintenance. We plan to extend our rigorous maintenance program to our new production facilities. During the Track Record Period, we did not experience any maintenance issues leading to material disruptions to our operations.

INSURANCE AND SAFETY MEASURES

We maintain insurance policies for certain of our properties, including our production facilities, equipment, and inventory that cover loss arising from fire, floods and a wide range of other natural disasters, other than earthquakes.

Consistent with customary industry practice in the PRC, we do not carry any business interruption insurance, third-party liability insurance for personal injury or insurance covering potential liability relating to the release of hazardous materials. Neither do we carry insurance coverage against war or acts of terrorism. Although we do not maintain product liability insurance for our recycled copper product business, we maintain product liability insurance for some of our power transmission and distribution cable products. We believe that our insurance policies are adequate and consistent with industry practice in the PRC. For additional information, see the section headed "Risk Factors – Risks Relating to Our Business – Our insurance coverage may not be sufficient" in this prospectus.

In July 2013, heavy rains in Sichuan province resulted in flooding and a suspension of 34 days of production in our Jinxin facility and a repairment cost of approximately RMB130,000 in relation to the roof of our Jinxin facility. Our business (including sales and procurement of raw materials) was not materially affected by the rains or this suspension. Also, none of our employees was injured as a result. We have implemented a policy to minimize flooding risks. The policy requires, among other things, periodic cleaning of drains and taking water discharge into consideration in designing our new facilities.

Our management team has implemented policies to proactively safeguard against accidents. We have also implemented safety procedures at all of our production facilities and we will implement the same safety procedures at our new facilities. Our production staff are provided with regular training on operation of production equipment and occupational safety gears. All of our five PRC subsidiaries have established a system of recording and handling accidents. During the Track Record Period, we did not experience any material industrial accidents or any claims under our product liability policies.

As advised by our PRC legal advisors, Chen & Co., during the Track Record Period and up to the Latest Practicable Date, we were in compliance with all applicable occupational health and safety laws and regulations in all material respects.

EMPLOYEES

As of the Latest Practicable Date, we had 621 employees, of which 618 are located in the PRC and three are located in Hong Kong. The following table sets forth the number of employees in our different departments as of the Latest Practicable Date:

Department	**Number**
Administration	34
Executive management	31
Finance	21
Production (including maintenance and logistics)	325
Purchasing	16
Research and development	13
Sales and marketing	31
Others	150
Total	621

In accordance with the Labor Contract Law that became effective on January 1, 2008, we have entered into labor contracts with all of our employees in the PRC. Most of our employees in our communication cable business and our power transmission and distribution business were formerly with Guangzhou Taiyue and Sichuan Xinshiji. We expect to recruit a majority of the employees of Guangzhou Taiyue and Sichuan Xinshiji after the completion of our manufacturing facilities. For additional information, see the sections headed "– Acquisitions of Cable Businesses and Interim Processing Arrangements" in this prospectus. Our PRC legal advisors, Chen & Co., have confirmed that we are not liable for any disputes, if any, between Guangzhou Taiyue and its former employees or between Sichuan Xinshiji and its former employees.

We recruit personnel from the open market and a large number of our employees are disabled persons. We provide technical as well as operational training to our new employees and on-going training for all employees. The compensation package of the employees includes salary, bonus and other cash subsidies. In general, the salaries of our employees largely depend on their performance and length of service with us.

Two of our PRC subsidiaries, Xiangbei and Baohe Xinshiji, have labor unions; however, our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material labor disputes with our employees. For additional information about certain of our employees, see the section headed "Directors and Senior Management" in this prospectus.

In accordance with the relevant national and local labor and social welfare laws and regulations, we are required to pay for and on behalf of our employees a monthly social insurance and housing reserve fund. Except for the above contributions, we are not required by laws to pay other employee benefits.

For additional information of our non-compliance with respect to social insurance and housing fund, see the sections headed "– Compliance" and "Risk Factors – Risks Relating to Our Business – Non-compliance with PRC employee social welfare contribution regulations could lead to the imposition of fines or penalties" in this prospectus.

In Hong Kong, we participate in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance. Under such ordinance, the employer and its employees are each required to make monthly contributions to the plan at 5% of the employee's relevant income. For this purpose, the monthly relevant income is subject to a cap of HK$25,000.

We are in compliance with applicable PRC laws and regulations in relation to occupational health and safety. During the Track Record Period, we did not have any violation, material safety claims, lawsuits, penalties, disciplinary actions or any material work accidents.

PROPERTIES

As of the Latest Practicable Date, we occupied land with an aggregate site area of approximately 283,013 square meters, of which we held land use rights for land with an aggregate site area of approximately 148,240 square meters in the eastern suburb of Mianyang, Sichuan Province and 24,563 square meters in Miluo Industrial Park, Miluo, Hunan Province. As of the Latest Practicable Date, we had not obtained land use rights to two parcels of land of approximately 110,210 square meters, of which an area of 53,200 square meters is for Baohe Taiyue facility and 57,010 square meters is for Baohe Xinshiji facility, and we expect to obtain land use rights by the end of the first quarter of 2014 for these two parcels of land in the Youxian Industrial Park through public tender, auction or listing. According to the written confirmations issued by Mianyang Municipal Government on March 27, 2013, the uses of the land by Baohe Taiyue and Baohe Xinshiji are in compliance with the Regulations on Post-Wenchuan Earthquake Rehabilitation and Reconstruction (《汶川地震災害恢復重建條例》). Our PRC legal advisors, Chen & Co., are of the view that these government confirmations were issued by competent PRC authorities and are unlikely to be challenged by higher authorities.

As of the Latest Practicable Date, our offices, production, residential and other ancillary buildings or units had an aggregate gross floor area of approximately 121,007 square meters in the PRC, and additionally, we had begun construction of six buildings or units which after the construction is completed, will have an aggregate gross floor area of approximately 9,316 square meters. Among the 32 buildings or units whose construction has already completed, we have obtained the building ownership certificates or real estate ownership certificates for 16 buildings or units, with an aggregate gross floor area of approximately 56,145 square meters, and we are in the process of obtaining the building ownership certificates or real estate ownership certificates for the additional 16 buildings or units, with an aggregate gross floor area of approximately 64,862 square meters. According to the confirmation from the Mianyang Youxian District Real Estate Administration (綿陽市游仙區房產管理局) and the legal opinion of our PRC legal advisors, Chen & Co., there will not be any material legal impediment for us to obtain the building ownership certificates for the additional 16 buildings or units. For the six buildings or units which are still under construction, we have obtained construction approvals for four buildings or units and are in the process of obtaining relevant construction approvals for the remaining two buildings or units. As advised by our PRC legal advisors, Chen & Co., enforcement by the Mianyang Urban and Rural Planning Bureau Youxian District Branch Bureau (綿陽市城鄉規劃局游仙規劃分局) and Mianyang Youxian District Urban and Rural Planning Construction and Housing Security Bureau (綿陽市游仙區城鄉規劃建設和住房保障局) due to lack of these certificates or approvals is remote.

We commenced construction of certain production workshops or other ancillary facilities in our Jinxin, Tongxin and Baohe Xinshiji facilities prior to obtaining the construction approval required by PRC construction law. However, according to the Regulations on Post-Wenchuan Earthquake Rehabilitation and Reconstruction (《汶川地震災害恢復重建條例》) and the Notice of Ministry of Land and Resources on the Policies of Special Supports for Post-Earthquake Rehabilitation and Reconstruction (《國土資源部關於實行保障災後恢復重建特殊支持政策的通知》), land for approved projects of the post-earthquake restoration and reconstruction can be used in accordance with the overall planning of land use while construction approval is in the process of being obtained and relevant approvals for land used for approved projects of the post-earthquake restoration and reconstruction can be obtained while the projects are being constructed. For additional information, see the section headed "Regulatory Overview – regulation of post-Wenchuan earthquake rehabilitation and reconstruction" in this prospectus. Local governmental authorities have confirmed the projects as Post-Wenchuan-Earthquake Restoration and Reconstruction and therefore the construction is permitted to commence prior to obtaining such construction approval.

The table below sets forth details of the buildings in respect of which we failed to obtain construction approvals or building ownership certificates and the status of such approvals and certificates:

		Jinxin facility	Tongxin facility	Baohe Xinshiji facility	Xiangbei facility
Buildings completed	Location	Songya Town, Nongke District, Mianyang, Sichuan Province	Youxian Industrial Park, Mianyang, Sichuan Province	Youxian Industrial Park, Mianyang, Sichuan Province	–
	Description of buildings	8 buildings with an aggregate GFA of approx. 13,881 sq.m.	4 buildings with an aggregate GFA of approx. 305 sq.m.	4 buildings with an aggregate GFA of approx. 50,676 sq.m.	–
	Status of construction approvals	Obtained	Not yet obtained	Not yet obtained	–
Buildings under construction	Location	–	–	Youxian Industrial Park, Mianyang, Sichuan Province	Miluo Industrial Park, Miluo, Hunan Province
	Description of buildings	–	–	2 buildings with an aggregate GFA of approx. 2,020 sq.m.	4 buildings with an aggregate GFA of approx. 7,296 sq.m.
	Status of construction approvals	–	–	Not obtained	Obtained
	Status of building ownership certificate	Not yet obtained	Not yet obtained	Not yet obtained	Not yet obtained
Covered by Regulations on Post-Wenchuan Earthquake Rehabilitation and Reconstruction		Yes	Yes	Yes	No
Governmental confirmations obtained	Date of the confirmation Identity of the governmental authorities	August 13, 2013 Mianyang Youxian District Municipal Real Estate Administration Bureau (綿陽市游仙區房產管理局)	August 13, 2013 Mianyang Youxian District Municipal Real Estate Administration Bureau (綿陽市游仙區房產管理局) August 14, 2013 Mianyang Urban and Rural Planning Bureau Youxian District Branch Bureau (綿陽市城鄉規劃局游仙規劃分局)	August 13, 2013 Mianyang Youxian District Municipal Real Estate Administration Bureau (綿陽市游仙區房產管理局) August 13, 2013 Mianyang Youxian District Urban and Rural Planning, Construction and Housing Security Bureau (綿陽市游仙區城鄉規劃建設和住房保障局) August 14, 2013 Mianyang Urban and Rural Planning Bureau Youxian District Branch Bureau (綿陽市城鄉規劃局游仙規劃分局)	– –

Our PRC legal advisors, Chen & Co., are of the view that the governmental confirmations set forth above were issued by competent PRC authorities and are unlikely to be challenged by higher authorities.

For additional information and our non-compliance with respect to properties, see the sections headed "– Compliance" and "Risk Factors – Risks Relating to Our Business – We do not possess valid title to certain buildings that we occupy and we commenced construction of certain buildings prior to obtaining the requisite construction approvals, and we are applying for land use right certificates with respect to the land where our certain facilities are or will be located" in this prospectus.

Please refer to the valuation report prepared by DTZ Debenham Tie Leung Limited, an independent property valuer, in "Property Valuation Report" in Appendix IV in this prospectus for further details on the valuation. Except for the property interests set forth in Appendix IV in this prospectus, no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

ENVIRONMENTAL MATTERS

According to PRC environmental laws and regulations, we are required to adopt effective measures to prevent and control pollution to the environment in connection with our businesses. We are committed to following environmentally responsible practices and have adopted measures to lower the impact and risk of our operations on the environment. We monitor our compliance with applicable environmental regulations relating to noise and solid waste discharge and have established an environmental control system pursuant to the applicable regulations.

Our environmental control system consists of three major components, dust precipitation system, smoke reduction system and wastewater processing system. Dust precipitation system and smoke reduction system are used for removal of dust and smoke generated in our production processes, and wastewater processing system is used for wastewater treatment and disposal. As advised by our PRC legal advisors, Chen & Co., no permit or approval is required for installing or using the equipment that is part of our environmental control system.

In addition, we have adopted environmental protection manuals to govern environmental related matters of the Group, including standard procedures for waste management. We also have an environmental officer at each of our operating subsidiaries to ensure implementation and compliance of the environmental protection manuals.

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, we incurred environmental protection costs of RMB0.8 million, RMB3.7 million and RMB20.2 million and RMB0.2 million, respectively, of which RMB0.8 million, RMB3.6 million, RMB19.8 million and RMB0.1 million were incurred for the purchase and installation of environmental protection system at our facilities. We estimate that our environmental protection costs incurred in 2013 are approximately of RMB4.6 million and have budgeted to incur environmental protection costs of RMB10.4 million in the first half of 2014. The substantial increase in environmental protection costs from RMB3.7 million in 2011 to RMB20.2 million in 2012 was mainly due to the establishment of an environmental control system at our new Tongxin facility. Our environmental protection costs incurred in 2013 were mainly for the improvement of the existing environmental control system and environmental protection equipment at our Xiangbei facility. In the first half of 2014, we plan to establish environmental control systems and purchase environmental protection equipment for our new Baohe Taiyue and Baohe Xinshiji facilities and to further improve the existing environmental control system and environmental protection equipment at our Xiangbei facility. We intend to purchase "explosion-proof low pressure pollutant precipitator" and "high-temperature smoke channeling system" to improve our dust precipitation and smoke reduction systems in our Xiangbei facility which is estimated to cost approximately RMB8.3 million in the last quarter of 2013 and the first quarter of 2014. For our Baohe Taiyue and Baohe Xinshiji facilities, we intend to purchase and install "air exchange and smoke purification system" for each facility which is expected to cost approximately RMB4.4 million and RMB1.0 million, respectively, in the first quarter and the second quarter of 2014.

Other than the non-compliances described in the section headed "– Compliance" of this prospectus, all of our facilities and products meet the relevant requirements under PRC laws and we have not been subject to any material fines or legal action involving non-compliance with any relevant environmental regulation, nor are we aware of any threatened or pending action, including by any environmental regulatory authority.

For additional information, see the section headed "Risk Factors – Risks Relating to Our Business – Failure to comply with environmental regulations could harm our business" in this prospectus.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had registered the trademark " " and had obtained " WE COM ", " 豪达 ", " HOWPOWER 劳尔 " and " ROQQIA 络奇亚 " trademarks from Guangzhou Taiyue and " 新世纪线缆 ", " ", " 龍騰新川东 ", " 海秉新世纪 " and " 坤佑新世纪 " trademarks from Sichuan Xinshiji in China and had obtained ten patents relating to certain of our manufacturing processes. We have also filed eight patent applications relating to certain of our manufacturing processes with the State Intellectual Property Office of the PRC and five trademark applications with the Trademark Office of the State Administration for Industry and Commerce of the PRC. Details of our intellectual property rights are set forth in the section headed "C. Further Information About Our Business – 2. Intellectual property rights of our Group" in Appendix VI in this prospectus.

During the Track Record Period, we did not have any pending or threatened claims against us, nor has any claim made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

For information on our know-how, see "– Research and Development".

LEGAL PROCEEDINGS

There are no pending or threatened litigation or other proceedings that may, and we are not involved in any litigation or other proceedings the outcome of which we believe might, individually or taken as a whole, materially and adversely affect our business, financial condition or results of operations.

COMPLIANCE

We confirm that as of the Latest Practicable Date, save as disclosed in this prospectus, we had obtained and held all licenses, permits, approvals and certificates necessary to conduct our business operations and have complied with all applicable laws, rules and regulations in all material aspects.

The table below sets out summaries of certain incidents of our non-compliance with applicable regulations during the Track Record Period. Our Directors are of the view that these incidents of non-compliance, whether individually or collectively, will not have a material operational or financial impact on us, and we will disclose the progress of rectification in our interim or annual reports.

Non-compliance incident	Reason for the non-compliance	Legal consequences and potential maximum penalties	Remedies and measures to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
Xiangbei did not make any contribution to maternity insurance for its employees from January 2011 to March 2013 and Baohe Xinshiji did not make contribution to the social insurance scheme for certain of its employees from September 2012 to June 2013. As of the Latest Practicable Date, we had been making contributions to the social insurance schemes for our employees based on the local minimum wage in their work locations instead of their actual wages as required by relevant laws. As of September 30, 2013, the total outstanding amount payable by us in relation to the social insurance was approximately RMB0.6 million.	The non-compliance is mainly caused by our local management at the relevant time being not familiar with the relevant regulatory requirements, different levels of acceptance of the social insurance scheme by our employees, and inconsistent implementation or interpretation by local authorities in the PRC of the relevant regulations.	As advised by our PRC legal advisors, Chen & Co., if we fail to pay the full amount of the social insurance as required, the relevant authorities may order us to make payment within a stipulated period and (i) in respect of any overdue social insurance incurred before July 1, 2011, if payment is not made within the stipulated period, the relevant authorities may levy a surcharge equal to 0.2% of the overdue social insurance for each day from the date on which the social insurance became overdue; and (ii) in respect of any overdue social insurance incurred on or after July 1, 2011, the relevant authorities may levy a surcharge equal to 0.05% of the overdue social insurance for each day from the date on which the social insurance became overdue. In addition, if payment is not made within the stipulated period, the relevant administration department may impose a fine between one to three times the amount of overdue social insurance on us.	Miluo Labor and Social Insurance Administrative Station (汨羅社會勞動保險事業管理站), Miluo Job-related Injury Insurance Funds Administrative and Service Center (汨羅市工傷保險基金管理服務中心), Miluo Employment Service Bureau (汨羅市就業服務局) and Miluo Medical Insurance Funds Administrative and Service Center (汨羅市醫療保險基金管理服務中心) issued written confirmations on July 26, 2013. Mianyang Youxian District Human Resources and Social Security Bureau (綿陽市游仙區人力資源與社會保障局) and Mianyang Fucheng District Social Insurance Administrative Bureau (綿陽市涪城區社會保險事業管理局) issued written confirmations on August 12 and August 13, 2013, respectively. Based on such confirmations, we are not liable for any administrative penalty and the risk of such confirmations to be revoked or invalidated government authorities is low. Based on independent research, interview with officers of the above-mentioned authorities and the confirmations from the above-mentioned authorities, our PRC legal advisors, Chen & Co., are of the view that such confirmations were issued by the competent PRC authorities.	Mr. Chen Wei, our Vice General Manager	Our PRC legal advisors, Chen & Co., are of the opinion that, although our PRC subsidiaries' social insurance contribution is not in strict compliance with the relevant laws, the possibility that we will be required by local authorities to make payments for the outstanding social insurance contributions is remote. We did not make any provision for this non-compliance during the Track Record Period because we believe that the risk of being requested by the relevant authorities to pay this amount is low.

Non-compliance incident	Reason for the non-compliance	Legal consequences and potential maximum penalties	Remedies and measures to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
			We have applied for making contributions to the social insurance schemes for our employees based on their actual wages in November 2013. According to written responses from Mianyang Youxian District Social Insurance Administrative Bureau (綿陽市游仙區社會保險事業管理局), Miluo Job-related Injury Insurance Funds Administrative and Service Center (汨羅市工傷保險基金管理服務中心), Miluo Employment Service Bureau (汨羅市就業服務局), Miluo Medical Insurance Funds Administrative and Service Center (汨羅市醫療保險基金管理服務中心), Miluo Social Insurance Administrative Institution (汨羅市社會勞動保險事業管理機構) and Mianyang Fucheng District Social Insurance Administrative Bureau (綿陽市涪城區社會保險事業管理局), the calculation basis of contributions under the social insurance schemes can only be adjusted once every year and based on the confirmations from the relevant government authorities, we have requested to resubmit our applications for Baohe Taiyue, Baohe Xinshiji, Tongxin, Jinxin and Xiangbei. As at the Latest Practicable Date, we were still awaiting notification from the authorities to resubmit the applications. On October 26, 2013, Mr. Yu gave an irrevocable and unconditional undertaking to make full compensation to us if we are required to make payments into the social insurance schemes by the competent social insurance authorities for any outstanding contribution to the social insurance schemes. We plan to prevent the recurrence of similar incident of non-compliance by providing relevant trainings to our employees in respect of the relevant rules and regulations and we engaged our PRC legal advisors, Chen & Co., to provide the relevant training in September 2013.		

Non-compliance incident	Reason for the non-compliance	Legal consequences and potential maximum penalties	Remedies and measures to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
None of our PRC subsidiaries participated in the housing fund schemes operated by the relevant government authorities for our employees from their inception to April 2013. We made housing fund contributions only for certain employees from May 2013 to September 2013. We started to make contributions to the housing fund schemes for all of our employees in October 2013. Furthermore, as of the Latest Practicable Date, we had been making contributions to housing fund schemes for our employees based on the local minimum wage in their work locations instead of their actual wages as required by relevant laws. As of September 30, 2013, the outstanding amount payable by us in relation to our required contribution was approximately RMB1.4 million.	The non-compliance is mainly caused by our local management at the relevant time being not familiar with the relevant regulatory requirements, different levels of acceptance of the housing fund scheme by our employees, and inconsistent implementation or interpretation by local authorities in the PRC of the relevant regulations.	As advised by our PRC legal advisors, Chen & Co., under the relevant PRC laws and regulations, our PRC subsidiaries may be ordered by the relevant housing fund authorities to pay the outstanding housing fund contributions within a prescribed period of time and may be liable for a fine between RMB10,000 to RMB50,000. If one of our employees succeeds in a labor dispute against us with respect to such outstanding housing fund contributions, we may be required to make the outstanding contributions to such employee. Our PRC legal advisors, Chen & Co., have advised us that our employees, including those who are no longer employed by us, are entitled to request that we make the relevant housing fund contributions.	Each of our PRC subsidiaries registered and established an account of housing fund in April 2013. Mianyang City Youxian District Housing Funds Administrative Center (綿陽市游仙區住房公積金管理中心), Mianyang City Housing Funds Administrative Center (綿陽市住房公積金管理中心) and Miluo Department of Yueyang Municipal Housing Funds Administration Center (岳陽市住房公積金管理中心汨羅市管理部) issued confirmations on August 13, 14 and 15, 2013, respectively. Based on such confirmations, we are not liable for any administrative penalty and the risk of such confirmations to be revoked or invalidated by government authorities is low. Based on independent research, interview with officers of the above- mentioned authorities and the confirmations from the above-mentioned authorities, our PRC legal advisors, Chen & Co., are of the view that such confirmations were issued by the competent PRC authorities. We have applied for making contributions to the housing fund schemes for our employees based on their actual wages in November 2013. According to the written responses from Miluo Department of Yueyang Municipal Housing Funds Administrative Center (岳陽市住房公積金管理中心汨羅市管理部), Mianyang City Youxian District Housing Funds Administrative Center (綿陽市游仙區住房公積金管理中心) and Mianyang City Housing Funds Administrative Center (綿陽市住房公積金管理中心), the calculation basis of contributions under the housing fund schemes can only be adjusted once every year and based on the confirmations from the relevant government authorities, we have requested to resubmit our applications for Baohe Taiyue, Baohe Xinshiji, Tongxin, Jinxin and Xiangbei. As at the Latest Practicable Date, we were still awaiting notification from the authorities to resubmit the applications. On October 26, 2013, Mr. Yu gave an irrevocable and unconditional undertaking to make full compensation to us if we are required to make payments into the housing fund by the competent housing fund authorities for any outstanding contribution to the employee housing fund. We plan to prevent the recurrence of similar incident of non-compliance by providing relevant trainings to our employees in respect of the relevant rules and regulations and we engaged our PRC legal advisors, Chen & Co., to provide the relevant training in September 2013.	Mr. Chen Wei, our Vice General Manager	Our PRC legal advisors, Chen & Co., are of the opinion that, although our PRC subsidiaries' housing fund contribution is not in strict compliance with the relevant laws, the possibility that we will be required by local authorities to make payments for the outstanding housing fund contributions is remote. We did not make any provision for this non-compliance during the Track Record Period because we believe that the risk of being requested by the authorities to pay this amount is low.

Non-compliance incident	Reason for the non-compliance	Legal consequences and potential maximum penalties	Remedies and measures to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
One equipment upgrade project which involves our existing copper wirerod production line in our Jinxin facility commenced production in September 2010 before obtaining the required environmental assessment approval and completion verification.	The non-compliance was because our local management at the relevant time were not familiar with the relevant regulatory requirements and the application progress of an environmental completion verification took longer than expected.	As advised by our PRC legal advisors, Chen & Co, according to Article 28 of the "Regulations on the Administration of Construction Project Environmental Protection" adopted and promulgated by the State Council in 1998 and Article 23 of the "Environment-related Acceptance of Construction Projects Measures" issued by the State Environmental Protection Administration, if the main body of a project formally goes into production or is delivered for use without the completion of the construction of matching environmental protection facilities required by law, without going through acceptance checks or without passing the acceptance checks, we may be ordered by the competent department or environmental protection administration to stop the production or use, and may be liable for a maximum fine of RMB100,000.	Mianyang City Environmental Protection Bureau (綿陽市環境保護局) issued a confirmation on April 18, 2013 that the project is a project of the post-earthquake restoration and reconstruction, and we have not been subject to environmental administrative penalty. Based on independent research, interview with officers of the above- mentioned authority and the confirmation from the above-mentioned authority, our PRC legal advisors, Chen & Co., are of the view that such confirmation was issued by the competent PRC authority. We have obtained the required environmental assessment approval from the local environmental protection bureau in Mianyang on August 20, 2013. We have submitted our application for an environmental completion verification and have obtained the required completion verification on November 25, 2013. We plan to prevent the recurrence of similar incident of non-compliance by providing relevant trainings to our employees in respect of the relevant rules and regulations and we engaged our PRC legal advisors, Chen & Co., to provide the relevant training in September 2013.	Mr. Chen Wei, our Vice General Manager	Our PRC legal advisors, Chen & Co., are of the opinion that, although this project is not in strict compliance with the relevant environmental laws, the possibility that we will be penalized by local authorities is remote and there will not be any material legal impediment for us to obtain the required completion verification. We did not make any provision for this non-compliance during the Track Record Period because we believe that the risk of being fined by the authorities is low.

Non-compliance incident	Reason for the non-compliance	Legal consequences and potential maximum penalties	Remedies and measures to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
Xiangbei commenced construction of some ancillary facilities with an aggregate GFA of approximately 7,296 sq.m. in June 2013 prior to obtaining the construction approvals.	The non-compliance was because our local management at the relevant time were not familiar with the relevant regulatory requirements.	As advised by our PRC legal advisors, Chen & Co., under the relevant PRC laws and regulations, Xiangbei may be ordered by the relevant authorities to suspend the construction, and construction which affects planning but can still be remedied shall be corrected within a prescribed period of time and be concurrently punishable with a fine of not less than 5% but not more than 10% of the total cost of the construction project; construction which affects planning but cannot be remedied shall be removed within a prescribed period of time or be punishable by the confiscation of any products and illegal income and be concurrently punishable with a fine of not more than 10% of the total cost of the construction project, and the maximum amount of penalty for this non-compliance is RMB985,000.	Xiangbei has obtained the land planning approval, the construction planning approval and the construction permit. Miluo Industrial Park District Land Planning Bureau (汨羅工業園區國土規劃局) and Miluo Circular Economy and Industrial Park District Construction and Real Estate Administration Bureau (汨羅循環經濟產業園區建設房產局) issued confirmations respectively on August 15, 2013 that we are not liable for any administrative penalty and the risk that such confirmations will be rebutted or invalidated by other government authorities is low. Based on independent research, interview with officers of the above- mentioned authorities and the confirmations from the above-mentioned authorities, our PRC legal advisors, Chen & Co., are of the view that such confirmations were issued by the competent PRC authorities. We plan to prevent the recurrence of similar incident of non-compliance by providing relevant trainings to our employees in respect of the relevant rules and regulations and we engaged our PRC legal advisors, Chen & Co., to provide the relevant training in September 2013.	Mr. Chen Wei, our Vice General Manager	Our PRC legal advisors, Chen & Co., are of the opinion that, although some construction of Xiangbei is not in strict compliance with the relevant laws and regulations, the possibility that we will be required by local authorities to stop construction and pay the fine is remote, and there will not be any material legal impediment for us to obtain the building ownership certificates. We did not make any provision for this non-compliance during the Track Record Period because we believe that the risk of being fined by the authorities is low.

Non-compliance incident	Reason for the non-compliance	Legal consequences and potential maximum penalties	Remedies and measures to prevent future breach and ensure ongoing compliance	Senior management in charge of rectification	Potential impact on our operations and financial condition
We entered into a loan agreement, as borrower, with Mianyang Fule Investment Company Limited in the amount of RMB60.0 million in August 2013 for our working capital. In addition, there are loan and advances between our PRC subsidiaries and other companies in the PRC. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the aggregate amounts due from other companies in the PRC were nil, nil, RMB1.4 million and nil, respectively, and the aggregate amounts due to other companies in the PRC were nil, RMB8.0 million, RMB10.0 million and RMB70.0 million, respectively. During the Track Record Period, the principal amount of loans and advances that we made to other companies in the PRC was RMB1.4 million.	The non-compliance is because our management at the relevant time being was not familiar with the relevant regulatory requirements.	As advised by our PRC legal advisors, Chen & Co., under the General Lending Provision (貸款通則), PBOC may impose on the lender a fine equivalent to one to five times of the income derived by the lender. We may be required to repay the amount outstanding under the loans and advances. Also, we may be imposed a fine equivalent to one to five times of the income we derived from the loans which were in violation of the General Lending Provision.	Mianyang Fule Investment Company Limited gave confirmations on October 18, 2013 and November 25, 2013 that it has not mainly engaged in the lending business nor depended on lending interest as its major income source, and the capital it provided to Tongxin is self-owned. It undertook not to demand early repayment, terminate the agreement or seek invalidation of the loan through litigation or arbitration. It further undertook not to seek early repayment even if the loan is declared invalid, so long as the loan is not in violation of any PRC law, regulation or specific order by relevant authorities. We will not borrow or lend any further loans or advances in violation of the General Lending Provisions. We have replaced the loan from Mianyang Fule Investment Company Limited with an entrusted loan in January 2014 and have repaid in full all other such loans and advances made to us. All loans and advances made by us to other companies have been repaid in full.	Mr. Chen Wei, our Vice General Manager	Our PRC legal advisors, Chen & Co., are of the opinion that, based on judicial precedents in the PRC, loans and/or advances received from a non-financial institution lender are still valid, provided that (a) the lender is not primarily engaged in lending business and (b) the lender does not depend on the interest derived from lending as its major source of income. In light of the above and the confirmations from Mianyang Fule Investment Company Limited, our Directors believe that the risk of having such loans and advances declared invalid is low. In the nine months ended September 30, 2013, without taking into account the loan from Mianyang Fule, we obtained bank loans and other borrowings with an aggregate principal amount of RMB226.0 million.

In order to enhance the effectiveness of our internal control system, we engaged RSM China Consulting Co., Ltd. ("RSM") in January 2013 to advise us on the adequacy of our accounting and management procedures, systems and controls. RSM is the consulting arm of RSM International in Greater China with a client base of over 40 state-owned enterprises and 125 publicly trade companies and with expertise in providing transaction support, risk management, capital market and corporate services. RSM performed a first round on-site review from January 14, 2013 to February 8, 2013. After completion of such review, RSM conducted monthly conference calls with us to discuss the status of remediation measures recommended by RSM. In November 2013, RSM performed a week-long on-site follow up review. The table below sets forth RSM's major findings and recommendations and our status of implementation:

Major findings	Recommendations	Status of implementation
We did not have a clear organizational structure and division of work responsibilities of the senior management due to our recent restructuring.	We should establish a clear organizational structure and clearly define the responsibilities of our senior management. Members of the management should, on a regular basis, conduct review of their respective responsibilities and update their responsibilities promptly to be in line with our development or change.	In July 2013, we adopted a clear organizational structure and clearly defined the responsibilities of our senior management.
We had not formally established a board of directors, an audit committee, a remuneration committee, a nomination committee, and other committees of the board. The memorandum and articles of association appropriate for a listed company and the charters for these committees were still being prepared.	We should establish the board of directors as soon as possible, and adopt the revised memorandum and articles of association, appoint non-independent directors, define the responsibilities of each director of the board and the format of board meetings in accordance with the Listing Rules. We should establish an audit committee, a remuneration committee and a nomination committee in accordance with the suggested responsibilities in Appendix 14 of the Listing Rules.	In August 2013, we appointed four additional executive directors and three independent non-executive directors to the board of directors. In September 2013, we established the audit and corporate governance committee, the remuneration committee and the nomination committee, and adopted respective terms of reference in accordance with the Listing Rules. We will adopt memorandum and articles of association in compliance with the Listing Rules prior to Listing.

Major findings	Recommendations	Status of implementation
We did not have an effective management and approval system for related party transactions.	We should develop a system for managing related party transactions and major transactions in accordance with the Listing Rules. We should clearly define related parties and implement an approval process and disclosure procedures for related party transactions. We should periodically ask our directors and principal shareholders to fill in questionnaires in order to obtain the updated information on related party transactions. Such information should be delivered to our finance department promptly.	In September 2013, we adopted a related party transaction management policy to clearly define related parties and related party transactions, and to set out procedures for identification, approval, supervision and disclosure of related party transactions.
We did not have a formal information disclosure procedure or standardized checklists to ensure proper and sufficient disclosure of our financial information required under the Listing Rules.	We should have a complete financial statement disclosure procedure, including standardized information disclosure checklists to ensure compliance with the disclosure requirements under the Listing Rules. The management should review the information disclosure checklists periodically to ensure compliance and accuracy of the disclosure. Further, a designated personnel should be appointed to ensure the compliance of disclosure requirements under the Listing Rules.	In September 2013, we adopted an information disclosure management policy, and arranged for training of relevant management personnel in respect of the relevant disclosure regulations in Hong Kong.

Major findings	Recommendations	Status of implementation
We did not have adequate review and approval procedures for hedging transactions.	Jinxin and Xiangbei should have a hedging policy, which sets out review and approval procedures. The policy should include details of hedged items and related risks and any details required by the PRC GAAP.	In September 2013, we adopted a hedging policy. For additional information, see the section headed "Business – Our Products and Business Activities – Raw Materials, Procurement and Suppliers – Recycled Copper Products – Raw materials" in this prospectus.
We did not have adequate supervision of compliance with terms of our bank loans.	We should strengthen our supervision of compliance with bank loan covenants and designate personnel to monitor the status of compliance. In the event of potential non-compliance instances, we need to obtain written consent from the relevant banks prior to the potential breach.	In September 2013, we adopted a loan management policy. For additional information, see the section headed "Finance Information – Indebtedness" in this prospectus.

In conducting its review, RSM followed, where applicable, the guidance manual, Internal Control and Risk Management – A Basic Framework, issued by the Hong Kong Institute of Certified Public Accountants. In addition, RSM held discussions with our management to assess whether internal policies and procedures were in place, identified and recorded issues discovered, and tested and implemented internal control plans to assess their effectiveness.

RSM did not identify any material weakness in our internal control system which led to the non-compliance incidents.

In addition, we have prepared a licensing and approval requirement checklist, which has been reviewed by the PRC legal advisors, Chen & Co.. We have also assigned our Vice General Manager, Mr. Chen Wei, to closely monitor the compliance status of each of our operating subsidiaries in accordance with the checklist. Mr. Chen Wei is also responsible for supervising the renewal of all required licenses, permits and approvals by monitoring the pending expiration dates of all licenses, permits and approvals and coordinating the timely preparation and submission of the relevant renewal applications and report to our Board to ensure that we have obtained all required permits, licenses and approvals and these permits, licenses and approvals are valid. We have also established an audit and corporate governance committee to oversee our internal control procedures.

Furthermore, we have engaged Chen & Co. as our PRC compliance advisors which will conduct annual compliance training for our employees to enhance their understanding of the current laws and regulations applicable to us, the obligations to fulfill the conditions of our licenses, permits, approvals held or required, the importance of compliance and consequences of non-compliance, the methods to improve compliance and ensure that the relevant rules are implemented in practice. In addition, to prevent the recurrence of non-compliances, the internal control measures outlined above have been designed to enhance our understanding of the local rules and regulations. We have implemented the abovementioned remedial actions.

As of the Latest Practicable Date, we had established internal procedures to comply with all of the regulatory and legal requirements imposed on us by the approvals, permits, licenses and certificates held by us. Our Vice General Manager, Mr. Chen Wei, is responsible for monitoring the continued compliance with such regulatory and legal requirements imposed by the approvals, permits, licenses and certificates and will be advised by our PRC compliance advisors. Our audit and corporate governance committee will also oversee the continued compliance with such regulatory and legal requirements.

In light of the reasons for and the legal, operational and financial impacts on us resulting from these incidents of non-compliance as well as the remedial measures taken by us, our Directors are of the view that our enhanced internal control measures are adequate and effective under Rule 3A.15(5) of the Listing Rules, our Directors are suitable to be directors of our Company under Rules 3.08 and 3.09 of the Listing Rules, and we are suitable for listing under Rule 8.04 of the Listing Rules. The Sole Sponsor concurs with the views of our Directors.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalization Issue and the Global Offering (without taking into account the Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted or the Share Option Scheme), Mr. Yu Jianqiu, our Chairman, will be interested in approximately 45.68% of the issued share capital of our Company through his interest in the entire issued share capital in Epoch Keen. Therefore, Mr. Yu and Epoch Keen will be our Controlling Shareholders after the Listing.

Save and except for their interests in our Company and its subsidiaries, neither of our Controlling Shareholders nor any of their associates had interests in any other companies as at the Latest Practicable Date which may, directly or indirectly, compete with our business.

INFORMATION ON THE GUSHAN GROUP

Mr. Yu Jianqiu, our Chairman, owns 100% of the issued share capital of Gushan. Gushan was founded by Mr. Yu in May 2006. On August 17, 2010, Gushan became the sole shareholder of Engen. As part of the Corporate Reorganization, Gushan distributed all of its shareholding interest in Engen by way of dividend in specie to Trillion Energy, a company wholly-owned by Mr. Yu on March 19, 2013. Trillion Energy transferred all of its shareholding interest in Engen to Epoch Keen on March 19, 2013. For further details on the corporate reorganization of our Group, please refer to the section headed "History, Reorganization and Corporate Structure – Corporate Reorganization".

Gushan's American depositary shares ("ADSs") were registered under the Securities Exchange Act of 1934 and were listed on the New York Stock Exchange ("NYSE") in December 2007, at an initial public offering price of US$9.60 per Gushan ADS, each representing two Gushan shares at that time. On October 15, 2012, the shareholders of Gushan approved a merger of Gushan with Trillion Energy, a company indirectly wholly-owned by Mr. Yu (the "Merger"). In the Merger, Trillion Energy offered to acquire all the issued shares in the capital of Gushan at an offer price of US$0.165 per Gushan share. Subsequent to the Merger, which became effective on October 17, 2012, Gushan ceased to be a publicly traded company and became a company indirectly wholly-owned by Mr. Yu. The total amount paid by Trillion Energy to the shareholders of Gushan for the Merger was approximately US$21.03 million, representing US$0.165 per Gushan share. On October 29, 2012, Gushan terminated the registration of the American depositary shares under the Securities Exchange Act of 1934 with the U.S. Securities and Exchange Commission.

According to the Gushan's public filings with US SEC in relation to the Merger, the principal reasons, among others, for the Merger were:

- The board of directors of Gushan, with knowledge of Gushan's business, financial condition, results of operations, prospects and competitive position, believed that the Merger was more favorable to the shareholders and holders of ADSs than any other alternative reasonably available to the Gushan and its shareholders and ADS holders, including the alternative of remaining a publicly-traded company;

- Global economic conditions since the second half of 2008 had resulted in reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and lack of market confidence, and that the uncertainty and volatility of credit and capital markets and the overall slowdown in the PRC economy might have an adverse effect on the business and financial statements of the Company; and

- Trading volume of Gushan's ADSs on the NYSE was limited.

During the time when Gushan's ADSs were listed on the NYSE, there were two instances where Gushan did not satisfy the continued listing requirements of the NYSE:

(1) On May 27, 2010, Gushan was notified by the NYSE that its ADSs, each represented two Gushan shares, had been trading below the minimum average closing price of US$1.00 over a consecutive 30-trading day period. Gushan was required to bring the average security price back above US$1.00 within six months. Gushan announced a share repurchase program on October 7, 2010 and a change of ratio of Gushan's ADSs from one ADS representing two Gushan shares to one ADS representing ten Gushan Shares, which became effective on November 12, 2010. The instance was rectified by the change of ratio restored the 30-day average of the trading price of Gushan's ADS to above US$1.00.

(2) On January 9, 2012, Gushan received a letter from the NYSE that it was near the regulatory minimum thresholds for market capitalization and stockholders' equity and average closing price for listed securities, but no breach was alleged in this letter. Subsequently, on May 1, 2012, the NYSE notified Gushan that it had fallen below the minimum requirement of maintaining a total market capitalization of not less than US$50 million over a consecutive 30 trading-day period and stockholders' equity of not less than US$50 million. Gushan was required to submit a plan in 90 days to rectify the non-conformity within 18 months. The Merger was subsequently completed on October 29, 2012 and therefore no further action in relation to this incident was required.

The Gushan Group was principally engaged in the production of biodiesel and its major by-products, including glycerine, plant asphalt, erucic acid and erucic amide. According to Gushan's public filings with the US SEC, in 2006, Gushan was the largest biodiesel producer in the PRC as measured by annual production capacity in 2006. As of December 1, 2007, Gushan operated five production facilities in Beijing, Shanghai, Sichuan, Hebei and Fujian in the PRC. The annual biodiesel production capacity of Gushan increased from 190,000 tons at the end 2007 to 290,000 tons at the end of 2008. However, sales of biodiesel products of Gushan have declined significantly since 2009 for several reasons, including raw material shortages, increases in raw material costs, a decline in the prices of and demand for biodiesel, and higher consumption tax rates on refined oil products. The number of operating biodiesel production facilities of Gushan decreased from five as of December 2007 to one at the end of 2011.

The production of Gushan's biodiesel business is currently suspended for the same reasons as set forth above. Gushan is currently evaluating the prospects of the biodiesel business, and is studying factors such as the market prices of raw materials and the demand for biodiesel products, Gushan may consider reviving the business if Gushan is satisfied with its future prospects.

The following table sets forth the turnover, gross profit and net profit of Gushan for the five years ended December 31, 2011, as extracted from the audited financial statements in accordance with the US GAAP in Gushan's public filings with the U.S. Securities and Exchange Commission:

	Years ended December 31,				
	2007	**2008**	**2009**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	1,008,056	1,495,614	628,186	408,498	1,449,734
Gross profit (loss)	439,083	533,008	(138,500)	(73,359)	44,808
Net profit (loss)	230,273	269,010	(283,509)	(1,106,265)	(736,623)

While Gushan's ADSs were listed on the NYSE, it did not receive any VAT refunds for its biodiesel business and the amount of government grants provided to Gushan was not material to its revenue. For the years ended December 31, 2007, 2008, 2009, 2010 and 2011, government grants received by Gushan amounted to approximately RMB2.7 million, RMB0.1 million, RMB0.2 million, RMB4.0 million and RMB11.3 million, respectively.

As the biodiesel business of Gushan is unrelated to our core business, it was excluded from the Group during the Corporate Reorganization to refine and focus our business to manufacturing of recycled copper products and the sale of power distribution and communications cables. As at the Latest Practicable Date, the Gushan Group did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our business. Upon inquiries of directors of Gushan, the Directors are not aware of any outstanding class actions against any directors of Gushan as at the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

On February 6, 2014, each of our Controlling Shareholders, Epoch Keen and Mr. Yu (each a "Covenantor" and collectively, "Covenantors") and the Company entered into a Deed of Non-competition (the "Deed of Non-competition") in favor of our Company pursuant to which the Covenantors have undertaken to our Company (for itself and as trustee for the benefit of each of the members of the Group from time to time) that the Covenantors will not, and will procure that their respective associates (except for any members of our Group) will not, during the restricted period set out below, amongst others, either on its/their own account or in conjunction with or on behalf of or through any person, company, firm or organization, directly or indirectly, be interested or engaged in or assist others to be interested in or engaged (in each case whether as a shareholder, agent, partner, employee or otherwise and whether for profit, reward or otherwise) in any business which is or may be in competition with the businesses of the Company as described in the prospectus in the markets in which the Company currently operates.

Such non-compete undertaking does not apply to the Covenantors or their respective associates in respect of:

(a) their interests in the shares of any member of our Group; or

(b) their interests in the shares of a company other than our Group which shares are listed on the Stock Exchange or a recognized stock exchange provided that the total number of the shares held by each of the Covenantors (including their respective associates) does not exceed 5% of the issued shares or securities of that class of the company in question and it/he and its/his associates, whether acting individually or jointly, are not entitled to appoint a majority of the board of directors of that company.

The "restricted period" stated in the Deed of Non-competition refers to the period commencing on the Listing Date and expiring on the earliest of (i) the date on which our Shares cease to be listed and traded on the Stock Exchange; (ii) in relation to each of the Covenantors, the date on which it/he and its/his associates cease to hold any of our Shares; and (iii) the date on which the Covenantors (including their respective associates), jointly or severally, cease to be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company.

The Deed of Non-Competition also provides that:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;

- each of our Controlling Shareholders has undertaken to us that it/he will, and will procure its/his associates to provide all information reasonable necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-competition;

- we will disclose the review by the independent non-executive Directors on the compliance with the Deed of Non-competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-competition in accordance with the principle of voluntary disclosure in the corporate governance report.

DIRECTORS

Each of the Directors confirms that he or she does not have any interest in business competing with our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that we are capable of carrying on our business independently of our Controlling Shareholders and their associates after the Global Offering.

Management Independence

Our Board comprises five executive Directors and three independent non-executive Directors.

Although Mr. Yu, our Chairman, chief executive officer and one of our executive Directors, is also our ultimate Controlling Shareholder, each of our Directors, including Mr. Yu, is aware of his or her fiduciary duties as a Director of our Company. These fiduciary duties require, among other things, that a Director acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that they are capable of managing our business independently from the Controlling Shareholders after the Global Offering.

Operational Independence

We have established our own organizational structure made up of individual departments, each with specific areas of responsibilities. We have independent access to sources of supplies or raw materials for production as well as customers. We are the licensee/owner of the brands/trademarks. We own our manufacturing facilities and do not lease any property from our Controlling Shareholders. We have also established a set of internal control procedures to facilitate the effective operation of our business.

Financial Independence

We have our own accounting system, accounting and finance department, and we make financial decisions according to our own business needs. As of the Latest Practicable Date, we had an outstanding amount of approximately RMB112.6 million due to Mr. Yu, our Controlling Shareholder and his associates, and a RMB40.0 million bank loan secured by the property, plant and equipment of a private company controlled by Mr. Yu. The outstanding amount mainly consisted of loans and advances extended by Mr. Yu and his associates to us to fund our working capital, the listing expenses in preparation for the Global Offering and operating expenses of our Hong Kong office. On October 16, 2013, Mr. Yu exercised the Yu Options in full. The subscription price payable upon the exercise was approximately RMB64.0 million, which was offset against the same amount due by us to Mr. Yu. In addition, we will repay the RMB40.0 million bank loan prior to Listing. Our Directors have also confirmed that we are in the process of obtaining the bridge loan for the purpose of repaying in full the outstanding amount due to Mr. Yu and his associates and such outstanding advances will be repaid or waived in full prior to Listing. The loans and advances from Mr. Yu and his associates during the Track Record Period provided a more economical source of funding for us than bank borrowings and were in the commercial interests of us and our shareholders. A significant portion of such advances was utilized to fund the expenses in relation to our various acquisition during the Track Record Period. If such loans were not available, we would have financed our needs with alternative financing from financial institutions or capital investments. In addition, we have successfully obtained new bank loans and other borrowings with a principal amount of RMB286.0 million in the nine months ended September 30, 2013, and an additional RMB192.9 million in the three months ended December 31, 2013, without any guarantees or collateral provided by related parties, which we believe demonstrates that we are able to raise funds on a stand-alone basis without any credit support from our related parties. Based on the forgoing, we believe we will be financially independent from our Controlling Shareholders or their associates after completion of the Global Offering.

We have entered into certain agreements with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing, and transactions contemplated under such agreements will constitute continuing connected transactions of our Company under the Listing Rules.

OVERVIEW OF CONTINUING CONNECTED TRANSACTIONS AND WAIVERS

The following is a summary of our connected transactions upon Listing, and the relevant waivers sought:

Nature of transaction	Applicable Listing Rule	Waiver sought
Master Production Agreement with Guangzhou Taiyue	Rule 14A.34	Waiver from announcement requirement
Master Production Agreement with Sichuan Xinshiji	Rule 14A.34	Waiver from announcement requirement
Master Sale Agreement with Guangzhou Taiyue	Rule 14A.34	Waiver from announcement requirement
Master Sale Agreement with Sichuan Xinshiji	Rule 14A.34	Waiver from announcement requirement
Master Purchase Agreement with Sichuan Xinshiji	Rule 14A.34	Waiver from announcement requirement

CONNECTED PERSONS

The table below sets forth the connected persons of our Company who will conduct continuing connected transactions with our Group and the nature of their connection with our Group:

Name	Connected relationship
Guangzhou Taiyue	Guangzhou Taiyue is 40% owned by Mr. Fan Dunxian, a director of Baohe Taiyue, our wholly-owned subsidiary. Accordingly, Guangzhou Taiyue is our connected person pursuant to Rules 1.01 and 14A.11(1) of the Listing Rules.
Sichuan Xinshiji	Sichuan Xinshiji is 19.5% owed by Mr. Chen Hai, a director of Baohe Xinshiji, our wholly-owned subsidiary. Mr. Chen Hai is also in charge of the daily operation of Sichuan Xinshiji and has de facto control of the board of directors. Accordingly, Sichuan Xinshiji is our connected person pursuant to Rules 1.01 and 14A.11(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

Continuing Connected Transactions which are subject to the Reporting, Annual Review, Announcement Requirements but exempted from the Independent Shareholders' Approval Requirements

Following the Listing Date, the following transactions will be regarded as continuing connected transactions exempt from the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules, but subject to the reporting, annual review and announcement requirements under the Listing Rules.

Master Production Agreement with Guangzhou Taiyue

We are currently planning to construct Baohe Taiyue's facility in Mianyang, Sichuan Province. Prior to the completion of the construction of this facility and the transfer of assets of Guangzhou Taiyue to Baohe Taiyue as agreed in the Taiyue Asset Transfer Agreement, Guangzhou Taiyue has been engaged and will continue to be engaged by Baohe Taiyue as a contract manufacturer. For information on the asset transfer and interim production and processing arrangement, see the section headed "Business – Our Products and Business Activities – Acquisitions of Cable Businesses and Interim Processing Arrangements" in this prospectus. We acquired 80% and 20% of the equity interests in Baohe Taiyue from Guangzhou Taiyue and Baohe Fushan, respectively, on December 31, 2012. As Guangzhou Taiyue is 40% held by Mr. Fan Dunxian, a director of Baohe Taiyue, the production and processing arrangement between our Group and Guangzhou Taiyue will constitute continuing connected transactions of our Company upon Listing.

Baohe Taiyue has entered into a series of processing agreements with Guangzhou Taiyue on an order-by-order basis since November 2012. In January 2013, Baohe Taiyue entered into a processing agreement with Guangzhou Taiyue, pursuant to which Guangzhou Taiyue agreed to provide production and processing services for communication cable products for a fee. On February 6, 2014, we entered into the Taiyue Master Production Agreement to govern the terms and conditions of the transactions between our Group and Guangzhou Taiyue in connection with the provision of production and processing services for our communication cable products.

Subsequent to our acquisition of Baohe Taiyue, for the nine months ended September 30, 2013, Baohe Taiyue paid approximately RMB9.4 million to Guangzhou Taiyue for the production and processing services.

The Taiyue Master Production Agreement will take effect upon Listing and will continue until December 31, 2014. The Taiyue Master Production Agreement is subject to an annual cap of RMB5.0 million for the financial year ending December 31, 2014. In arriving at the annual cap, our Directors considered the following factors:

- the monthly average of the historical transaction values and volume of the production and processing service provided by Guangzhou Taiyue for the nine months ended September 30, 2013; and

- the expected termination of the production and processing arrangement with Guangzhou Taiyue after the new production facility of Baohe Taiyue commences commercial production, which is currently expected to be in the second or third quarter of 2014.

Taking into account such factors, the annual cap has been primarily calculated by multiplying the monthly average of the historical transaction values for the nine months ended September 30, 2013 by four, and adding a buffer to provide the Company with some flexibility to cater for any unexpected increase in transactions.

The production and processing fee is determined by reference to Guangzhou Taiyue's cost plus a profit margin not exceeding 5% in providing the production and processing service. Our Directors (including the independent non-executive Directors) consider that the Taiyue Master Production Agreement was entered into on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and the Shareholders as a whole. As the applicable percentage ratios (other than the profit ratio) (as defined under Chapter 14A of the Listing Rules) for the Taiyue Master Production Agreement are expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions under the Taiyue Master Production Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master Production Agreement with Sichuan Xinshiji

We are currently constructing Baohe Xinshiji's facility in Mianyang, Sichuan Province. Prior to the completion of the construction of this facility and the transfer of assets of Sichuan Xinshiji to Baohe Xinshiji as agreed in the Xinshiji Asset Transfer Agreement, Sichuan Xinshiji has been engaged and will continue to be engaged by Baohe Xinshiji as a contract manufacturer. For information on the asset transfer and interim production and processing arrangement, see the section headed "Business – Our Products and Business Activities – Acquisitions of Cable Businesses and Interim Processing Arrangements" in this prospectus. We acquired 80% and 20% of the equity interests in Baohe Xinshiji from Sichuan Xinshiji and Baohe Fushan, respectively, on December 31, 2012. As Mr. Chen Hai, a director of Baohe Xinshiji, has de facto control over Sichuan Xinshiji, the production and processing arrangement between our Group and Sichuan Xinshiji will constitute continuing connected transactions of our Company upon Listing.

In September 2012, Baohe Xinshiji entered into a processing agreement with Sichuan Xinshiji, pursuant to which Sichuan Xinshiji agreed to provide production and processing services for power transmission and distribution cable products for a fee. On February 6, 2014, we entered into the Xinshiji Master Production Agreement to govern the terms and conditions of the transactions between our Group and Sichuan Xinshiji in connection with the provision of production and processing services for our power transmission and distribution cable products.

Subsequent to our acquisition of Baohe Xinshiji, for the nine months ended September 30, 2013, Baohe Xinshiji paid approximately RMB26.4 million to Sichuan Xinshiji for the production and processing services.

The Xinshiji Master Production Agreement will take effect upon Listing and will continue until December 31, 2014. The Xinshiji Master Production Agreement is subject to an annual cap of RMB30.0 million for the financial year ending December 31, 2014. In arriving at the annual cap, our Directors considered the following factors:

- the continuous increase in the historical transaction values and volume of the production and processing service provided by Sichuan Xinshiji in the nine months ended September 30, 2013;
- the actual sales of Baohe Xinshiji for the nine months ended September 30, 2013 and the expected continuing growth of our power transmission and distribution cable business; and
- the expected termination of the production and processing arrangement with Sichuan Xinshiji after the new production facility of Baohe Xinshiji commences commercial production, which is currently expected to be in the second quarter of 2014.

Taking into account such factors, the annual cap has been primarily calculated by multiplying the monthly average of the historical transaction value for October and November 2013, which amount to RMB7.8 million and RMB8.8 million, respectively, by three and adding a buffer to the product to provide the Company with some flexibility to cater for any unexpected increase in transactions. We believe that the monthly average of the transaction values for October and November 2013 is a more appropriate basis for determining the annual cap for the Xinshiji Master Production Agreement as we expect the level of transaction in October and November 2013, which is higher than the level in the previous months in 2013, will continue in 2014.

The production and processing fee is determined by reference to Sichuan Xinshiji's cost plus a profit margin not exceeding 5% in providing the production and processing service. Our Directors (including the independent non-executive Directors) consider that the Xinshiji Master Production Agreement was entered into on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and the Shareholders as a whole. As the applicable percentage ratios (other than the profit ratio) (as defined under Chapter 14A of the Listing Rules) for the Xinshiji Master Production Agreement are expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions under the Xinshiji Master Production Agreement constitute continuing connected transactions for our Company and are subject to the reporting, annual review, announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master Sale Agreement with Guangzhou Taiyue

We have been selling copper products, mainly copper wires, to Guangzhou Taiyue as part of our ordinary and usual course of business since September 2012. We acquired 80% and 20% of the equity interests in Baohe Taiyue from Guangzhou Taiyue and Baohe Fushan, respectively, on December 31, 2012. As Guangzhou Taiyue is 40% held by Mr. Fan Dunxian, a director of Baohe Taiyue, the sale of copper products by our Group to Guangzhou Taiyue will constitute continuing connected transactions of our Company upon Listing.

Subsequent to our acquisition of Baohe Taiyue, for the nine months ended September 30, 2013, Guangzhou Taiyue paid approximately RMB32.3 million to us for our products.

On February 6, 2014, we entered into the Taiyue Master Sale Agreement to govern the terms and conditions of the transactions between our Group and Guangzhou Taiyue in connection with the sale of copper products (mainly copper wires). The Taiyue Master Sale Agreement will take effect upon Listing and will continue until December 31, 2014. The Taiyue Master Sale Agreement is subject to an annual cap of RMB17.0 million for the financial year ending December 31, 2014. The annual cap has been determined with reference to the market rates for copper products which our Group sells to Independent Third Parties. In arriving at the annual cap, our Directors have considered the following factors:

- the monthly average of the historical transaction values and volume of the sale of products to Guangzhou Taiyue for the nine months ended September 30, 2013; and

- the expected decrease in sales to Guangzhou Taiyue after the new facility of Baohe Taiyue commences commercial production, which is expected to be in the second or third quarter of 2014. For information on the asset transfer, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Baohe Taiyue Facility" in this prospectus.

Taking into account such factors, the annual cap has been calculated by multiplying the monthly average of the historical transaction value for the nine months ended September 30, 2013 by four, and adding a buffer to the product to provide the Company with some flexibility to cater for any unexpected increase in transactions.

Given that the sale of products to Guangzhou Taiyue is based on the market price of relevant copper products, our Directors (including the independent non-executive Directors) consider that the Taiyue Master Sale Agreement was entered into on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and the Shareholders as a whole. As the applicable percentage ratios (other than the profit ratio) (as defined under Chapter 14A of the Listing Rules) for the Taiyue Master Sale Agreement are expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions under the Taiyue Master Sale Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master Sale Agreement with Sichuan Xinshiji

We have been selling copper products, mainly copper wirerods and copper wires, to Sichuan Xinshiji as part of our ordinary and usual course of business since November 2010. We acquired 80% and 20% of the equity interests in Baohe Xinshiji from Sichuan Xinshiji and Baohe Fushan, respectively, on December 31, 2012. As Mr. Chen Hai, a director of Baohe Xinshiji, has de facto control over Sichuan Xinshiji, the sale of copper products by our Group to Sichuan Xinshiji will constitute continuing connected transactions of our Company upon Listing. Subsequent to our acquisition of Baohe Xinshiji, for the nine months ended September 30, 2013, the amount that

Sichuan Xinshiji paid to us for our products was approximately RMB125.8 million. For further details in relation to the recognition of such amount in the consolidated income statement of the Group for the nine months ended September 30, 2013, please refer to note 29(a)(ii) of the Accountants' Report in Appendix I to this prospectus.

On February 6, 2014, we entered into the Xinshiji Master Sale Agreement to govern the terms and conditions of the transactions between our Group and Sichuan Xinshiji in connection with the sale of copper products including copper wirerods and copper wires. The Xinshiji Master Sale Agreement will take effect upon Listing and will continue until December 31, 2014. The Xinshiji Master Sale Agreement is subject to an annual cap of RMB50.0 million for the financial year ending December 31, 2014. The annual cap has been determined with reference to the market rates for copper products which our Group sells to Independent Third Parties. In arriving at the annual cap, our Directors have considered the following factors:

- the monthly average of the historical transaction values and volume of the sale of products to Sichuan Xinshiji for the nine months ended September 30, 2013; and

- the expected decrease in sales to Sichuan Xinshiji after the new facility of Baohe Xinshiji commences commercial production, which is expected to be in the second quarter of 2014. For information on the asset transfer, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Baohe Xinshiji Facility" in this prospectus.

Taking into account such factors, the annual cap has been calculated by multiplying the monthly average of the historical transaction value for the nine months ended September 30, 2013 by three, and adding a buffer to the product to provide the Company with some flexibility to cater for any unexpected increase in transactions.

Given that the sale of products to Sichuan Xinshiji is based on the market price of relevant copper products, our Directors (including the independent non-executive Directors) consider that the Xinshiji Master Sale Agreement was entered into on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and the Shareholders as a whole. As the applicable percentage ratios (other than the profit ratio) (as defined under Chapter 14A of the Listing Rules) for the Xinshiji Master Sale Agreement are expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions under the Xinshiji Master Sale Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master Purchase Agreement with Sichuan Xinshiji

Baohe Xinshiji has been purchasing power transmission and distribution cables from Sichuan Xinshiji as part of its ordinary and usual course of business since November 2012. We acquired 80% and 20% of the equity interests in Baohe Xinshiji from Sichuan Xinshiji and Baohe Fushan, respectively, on December 31, 2012. As Mr. Chen Hai, a director of Baohe Xinshiji, has de facto control over Sichuan Xinshiji, the purchase of copper products by our Group from Sichuan Xinshiji will constitute continuing connected transactions of our Company upon Listing. Subsequent to our acquisition of Baohe Xinshiji, for the nine months ended September 30, 2013, the amount that we paid to Sichuan Xinshiji for the products we purchased was approximately RMB146.2 million.

On February 6, 2014, we entered into the Xinshiji Master Purchase Agreement to govern the terms and conditions of the transactions between our Group and Sichuan Xinshiji in connection with the purchase of certain cable products including power transmission and distribution cables. The Xinshiji Master Purchase Agreement will take effect upon Listing and will continue until December 31, 2014. The Xinshiji Master Purchase Agreement is subject to an annual cap of RMB55.0 million for the financial year ending December 31, 2014. In arriving at the annual cap, our Directors have considered the following factors:

- the monthly average of the historical transaction values and volume of the purchase of products from Sichuan Xinshiji for the nine months ended September 30, 2013; and

- the expected decrease in purchases from Sichuan Xinshiji after the new facility of Baohe Xinshiji commences commercial production, which is expected to be in the second quarter of 2014. For information on the asset transfer, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Baohe Xinshiji Facility" in this prospectus.

Taking into account such factors, the annual cap is calculated by multiplying the monthly average of the historical transaction value for the nine months ended September 30, 2013 by three, and adding a buffer to the product to provide the Company with some flexibility to cater for any unexpected increase in transactions.

The price of the cable products is determined with reference to Sichuan Xinshiji's cost plus a profit margin not exceeding 5% in producing the relevant cable products. As a result, our Directors (including the independent non-executive Directors) consider that the Xinshiji Master Purchase Agreement was entered into on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and the Shareholders as a whole. As the applicable percentage ratios (other than the profit ratio) (as defined under Chapter 14A of the Listing Rules) for the Xinshiji Master Purchase Agreement are expected to be more than 0.1% but less than 5.0% on an annual basis, the transactions under the Xinshiji Master Purchase Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Confirmation of the Directors

Our Directors (including our independent non-executive Directors) are of the view that (1) all the continuing connected transactions disclosed above have been entered into, and will be carried out in the ordinary and usual course of business of our Company, are on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of all of the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Confirmation of the Sole Sponsor

After review of the relevant documentation and historical figures provided by us, the Sole Sponsor is of the opinion that (i) the agreements in relation to the non-exempt continuing connected transactions referred to in the section headed "Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions" above have been entered into in the ordinary and usual course of business of our Company and on normal commercial terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the annual caps for the continuing connected transactions referred to in the section headed "Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions" above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

WAIVER FROM THE STOCK EXCHANGE

In respect of the transactions under the section headed "Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions – Continuing Connected Transactions which are subject to the Reporting, Annual Review, Announcement Requirements but exempted from the Independent Shareholders' Approval Requirements" above, since the applicable percentage ratios (other than the profit ratio) are expected to be more than 0.1% but less than 5.0% on an annual basis, such transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting, annual review and announcement requirements under the Listing Rules.

As described above, we expect these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time, and our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs to our Company. Accordingly, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules at the time of the Listing of our Shares on the Stock Exchange in respect of the transactions referred to in the section headed "Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions – Continuing Connected Transaction which are subject to the Reporting, Annual Review, Announcement Requirements but exempted from the Independent Shareholders' Approval Requirements" above. In addition, we will comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

Name	Age	Position	Date of appointment	Key role
Yu Jianqiu (俞建秋)	49	Chairman, Executive Director, Chief Executive Officer	February 22, 2013 (redesignated as executive director on August 16, 2013)	In charge of the overall business and strategy
Liu Hanjiu (劉漢玖)	49	Executive Director	August 16, 2013	In charge of overall operations of the Company
Kwong Wai Sun Wilson (鄺偉信)	48	Executive Director	August 16, 2013	In charge of the corporate and strategic development
Huang Weiping (黃偉萍)	53	Executive Director	August 16, 2013	In charge of production technology and engineering
Zhu Yufen (朱玉芬)	51	Executive Director	August 16, 2013	In charge of financial reporting and accounting affairs
Pan Liansheng (潘連勝)	49	Independent Non-executive Director	August 16, 2013	Independent advice to the Board
Lee Ting Bun Denny (李廷斌)	46	Independent Non-executive Director	August 16, 2013	Independent advice to the Board
Liu Rong (劉蓉)	48	Independent Non-executive Director	August 16, 2013	Independent advice to the Board
Chan Ngai Chi (陳毅馳)	41	Chief Financial Officer	September 1, 2013	Financial management of the Company
Chen Wei (陳偉)	33	Vice General Manager	September 1, 2013	Business risk management

Name	Age	Position	Date of appointment	Key role
Luo Guidi (羅桂娣)	39	Controller	September 1, 2013	Financial risk management
Chen Hai (陳海)	51	General manager for subsidiary	February 22, 2013	Management of Baohe Xinshiji
Fan Dunxian (范敦現)	44	General manager for subsidiary	February 22, 2013	Management of Baohe Taiyue
Cheung Ying Kwan (張應坤)	53	Company Secretary	March 8, 2013	Company secretary

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yu Jianqiu (俞建秋), is the founder of our Group and the Chairman, Chief Executive Officer and an executive Director of our Company. Mr. Yu is primarily responsible for the overall business and strategy of our Group. He also serves as a director in all of our subsidiaries. Through his holdings in Epoch Keen, Mr. Yu is a major Controlling Shareholder of our Company. Mr. Yu has over 20 years of experience in corporate operations and management in the petrochemical, automobile and renewable energy sectors. He was the chairman and principal executive officer of Gushan, a company whose American depositary shares were listed on the New York Stock Exchange from December 2007 to October 2012. Mr. Yu also founded a number of subsidiaries of the Gushan Group between 1996 and 2008. Mr. Yu received his degree of Executive Master of Business Administration (EMBA) from Hautes Etudes Commerciales de Paris on December 13, 2010. In 2002, he was elected as a member of the Fuzhou Committee of the 10th Chinese People's Political Consultative Committee and a member of the Santai County Committee of the 11th Chinese People's Political Consultative Committee. He was appointed as a Director of our Company on February 22, 2013 and redesignated as an executive Director on August 16, 2013.

Code provision A.2.1 of the Corporate Governance Code in Appendix 14 of the Listing Rules stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Yu is Chairman of the Board and Chief Executive Officer of the Company. As Mr. Yu is the founder of our Group and has extensive experience in corporate operations and management, the Board believes that it is in the best interest of our Group to have Mr. Yu taking up both roles for effective management and business development.

Mr. Liu Hanjiu (劉漢玖), is an executive Director of our Company. He co-founded Jinxin in February 2009 and currently serves as a director and the general manager of Jinxin and Tongxin. Mr. Liu is primarily responsible for the overall operation of our Group. Mr. Liu has over 30 years of experience in the metal recycling sector in Mianyang City, Sichuan Province. In addition to Jinxin, he also founded Mianyang Changjiu Metal Processing Co., Ltd. (綿陽市長玖金屬加工有限公司), the principal business of which is the manufacture of copper granules, in 2003 and served as its general manager between 2003 and 2008. Between 2000 and 2003, Mr. Liu held the position as the general manager of Mianyang Longjiu Metal Recycling Co., Ltd. (綿陽市龍玖金屬回收有限公司), the principal business of which is the manufacture of copper granules, which was also established by him in 2000. Prior to establishing his own companies which specialized in scrap metal recycling and process, Mr. Liu was the factory chief of Mianyang Mianzhong Metal Processing and Smelting Factory (綿陽市綿中金屬加工冶煉廠), the principal business of which is the refining of copper slag, from 1990 to 2000 and Mianyang Fucheng District Jinfeng Smelting Factory (綿陽市涪城區金峰冶煉廠), the principal business of which is the refining of copper slag, from 1986 to 1990. Mr. Liu was a sole proprietor engaged in the recycling of waste and scrap materials between 1983 and 1986, after he had acquired the techniques for processing and smelting non-ferrous metal through his apprenticeship between 1979 and 1983. Mr. Liu currently serves as a people's representative to the People's Congress of Mianyang Nongke District Songya Town Committee. He was also elected as a people's representative to the People's Congress of Shitang Town, Fucheng District, Mianyang City in 2002 and 2005, respectively. Mr. Liu studied in middle school. Mr. Liu was appointed as an executive Director of our Company on August 16, 2013.

In 2009, Mr. Liu as a minority shareholder of Mianyang Jinlong Metal Processing Co., Ltd. (綿陽金龍金屬加工有限公司) ("Jinlong Processing") together with his daughter, who was the other shareholder, were involved in a personal injuries claim by an employee of Jinlong Processing ("Claimant"). In early 2009, the Claimant brought a claim against Jinlong Processing at a local employment tribunal to seek a compensation for his work injuries, and an award of approximately RMB120,000 was made by the tribunal in favour of the Claimant. Jinlong Processing appealed to the People's Court of Fucheng District, Mianyang City ("People's Court of Fucheng"). While the appeal was pending, Jinlong Processing was voluntarily dissolved. As part of the process of the dissolution, the shareholders of Jinlong Processing made a statement confirming that the Processing Company had no outstanding liability as of June 30, 2009 and undertook to settle any outstanding liability or dispute personally. The People's Court of Fucheng upheld the employment tribunal's award and held that the undertaking given by the shareholders was effective and that Mr. Liu and his daughter were personally liable to pay the compensation to the Claimant. The decision of the People's Court of Fucheng was upheld in a subsequent appeal and the shareholders of Jinlong Processing were held liable for a payment of approximately RMB140,000 to the Claimant. Mr. Liu and his daughter have subsequently settled the amount payable.

Jinlong Processing was unrelated to the Group and any of the companies, businesses or assets currently comprising the Group.

The Company's PRC legal advisors have confirmed that the court's decision does not render Mr. Liu unsuitable or unqualified to act as a director, supervisor or member of senior management under PRC law, and to the best knowledge of the Company and Mr. Liu, no further proceedings (whether civil, regulatory or otherwise) are pending or threatened in relation to the circumstances giving rise to the claim against Mr. Liu.

Mr. Kwong Wai Sun Wilson (鄺偉信), is an executive Director of our Company. He is in charge of our corporate and strategic development. Mr. Kwong is also a director of Engen, True Excel, Alpha Legend, Alpha Business and Alpha Universe. Mr. Kwong was President of Gushan, a company whose American depositary shares were listed on the New York Stock Exchange from December 2007 to October 2012. He is also an independent non-executive director of C.banner International Holdings Limited, the principal business of which is the manufacture and sale of branded fashion footwear, since August 26, 2011 and China Outfitters Holdings Limited, the principal business of which is the design, manufacture, marketing and sale of apparel products and accessories in China with a focus on menswear, since June 8, 2011, both of which are listed on the Main Board of the Stock Exchange since September 23, 2011 and December 9, 2011, respectively. Mr. Kwong has 12 years of experience in corporate finance and equity capital markets in Asia, having previously worked at a number of investment banks in Hong Kong. Prior to joining Gushan in 2006, he was the managing director of investment banking and he held the position as the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited since March 2004. From 2002 to 2003, Mr. Kwong was a director and the head of equity capital markets for Cazenove Asia Limited, an investment bank. After graduating from University of Cambridge, England with a bachelor's degree in Arts in 1987, he qualified as a chartered accountant in the United Kingdom in 1991. Mr. Kwong is currently an associate member of the Institute of Chartered Accountant in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Mr. Kwong was appointed as an executive Director of our Company on August 16, 2013.

Mr. Huang Weiping (黃偉萍), is an executive Director of our Company. Mr. Huang co-founded Xiangbei in 2010 and is currently a director and the general manager of Xiangbei. Mr. Huang is in charge of production technology and engineering of our Group. Mr. Huang has more than 10 years of experience in the PRC metal material industry. Prior to the establishment of Xiangbei, Mr. Huang was a manager at Fujian Lingzhi Environmental Technology Co., Ltd. (福建淩志環保科技有限公司), the principal business of which is the design and construction of environmental projects, from 2009 to 2011, Fuzhou Kebi Chemical Materials Co., Limited (福州科比化工材料有限公司), the principal business of which is the manufacture and sale of synthetic wax, from 2006 to 2009 and Tricon Chemicals Inc., the principal business of which is the trade of chemicals and metal materials, from 2001 to 2005. He is a fellow member of the Investment Casting Institute and an executive member of China Precision Casting Branch Association of China Foundry Association (中國鑄造協會精密鑄造分會). Mr. Huang also serves as an executive member of the Chinese and Foreign Entrepreneurs' Club of Fujian Province (福建省中外企業家聯誼會) and the Association of Entrepreneurs of Private Companies of Fuzhou City (福州市私營企業家協會). Mr. Huang was appointed as an executive Director of our Company on August 16, 2013.

Ms. Zhu Yufen (朱玉芬), is an executive Director of our Company. Ms. Zhu has over 20 years of experience in accounting and financial management. She is primarily responsible for our financial reporting and accounting affairs. Ms. Zhu is also vice president in charge of finance of Jinxin, since July 2009. Prior to joining Jinxin, she was a vice general manager and the head of finance department of Mianyang Santai Vise Co., Ltd. (綿陽三台縣台鉗有限公司), the principal business of which is the manufacture and sale of vises, from 1978 to 2009. Ms. Zhu was appointed as an executive Director of our Company on August 16, 2013.

Independent Non-executive Directors

Mr. Pan Liansheng (潘連勝), is an independent non-executive Director of our Company. Mr. Pan is engaged in non-ferrous metal and carbon fiber composite materials research and possesses rich knowledge on the non-ferrous metal industry. Mr. Pan also worked for the Third Research Institute of the then Ministry of Astronautics of the PRC (中國航天工業部第三研究院), which is involved in the research of aerospace metals and carbon fibre composite materials, between 1990 and 1993, focusing on research relating to non-ferrous metal and carbon fiber composite materials. From 1993 to 1994, Mr. Pan was seconded to Sanwa Machinery Trading Co., Ltd., the principal business of which is the design and manufacture of electrical machinery. From 1996 to 1998, Mr. Pan worked as an assistant professor at Waseda University. From 1998 to 2008, Mr. Pan worked as a chief researcher in the research and development center of Toshiba Ceramics Co., Ltd. (東芝陶瓷株式會社), the principal business of which is the research and production of high-end electronic ceramic and silicon semi-conductors. From 2008 to April 2013, Mr. Pan worked as the general manager at Toshiba Ceramics Co., Ltd. Currently, Mr. Pan is the Chairman of Thinkon Semiconductor Technology (Shanghai) Corporation (矽康半導體科技(上海)有限公司), the principal business of which is the supply of semiconductor material technology, a position which he has held since April 2013. Mr. Pan graduated with a bachelor's degree from Beijing University of Aeronautics and Astronautics where he focused on research relating to non-ferrous metal and carbon fiber reinforced composite in 1985. He further obtained his doctorate degree from Waseda University in 1998. Mr. Pan was appointed as an independent non-executive Director of our Company on August 16, 2013.

Mr. Lee Ting Bun Denny (李廷斌), is an independent non-executive Director of our Company. He was an independent director of Gushan, a company whose American depositary shares were listed on the New York Stock Exchange between December 2007 and October 2012. He was the chief financial officer of NetEase.com Inc., one of the China's leading internet and online game service providers from 2002 to 2007. Prior to joining NetEase, Mr. Lee worked in the Hong Kong office of KPMG for more than ten years specializing in auditing international clients. Mr. Lee currently serves as an independent non-executive director on the board of NetEase.com, Inc., which is listed on the NASDAQ Global Select Market and as an independent non-executive director and the chairman of the audit committee of Qunar Cayman Islands Limited, a Chinese search-based online travel company, which is listed on NASDAQ Global Market. He also serves as an independent non-executive director of New Oriental Education & Technology Group Inc., the provider of private educational services in China, and Concord Medical Services Holdings Ltd., the principal business of which is the operation of a network of radiotherapy and diagnostic imaging centers in China, both of which are listed on the New York Stock Exchange. Mr. Lee was also an independent non-executive director of Acorn International Inc., a media and branding company in China which is listed on the New York Stock Exchange, between 2007 and 2010. Mr. Lee graduated from Hong Kong Polytechnic University and was awarded the Professional Diploma in Accounting in November 1990. He is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee was appointed as an independent non-executive Director of our Company on August 16, 2013.

Ms. Liu Rong (劉蓉), is an independent non-executive Director of our Company. Ms. Liu is currently dean of the School of Public Finance and Taxation of Southwest University of Finance and Economics in China, a position she has held since 2008. Ms. Liu devoted almost her entire 25-year career to the teaching and research on taxation and fiscal science at the School of Public Finance and Taxation of Southwest University of Finance and Economics. Ms. Liu has authored or co-authored more than 10 taxation textbooks and has published a number of articles and thesis regarding taxation policy and taxation system on various nation-wide journals and publications such as Economic Perspective (《經濟學動態》) and Public Finance Research (《財政研究》). Her academic achievement has won her the Outstanding Research Achievement Award (Band II) handed down by the State Administration of Taxation of the PRC and the Chinese Tax Institute (國家稅務總局、中國稅務學會優秀科研成果二等獎) in 2003. In recognition of her contribution, she was also selected as an academic and technical leader (reserve candidate) of Sichuan Province (四川省學術技術帶頭人後備人選) in 2004. She has also received the accolade as a Famous Teacher of Sichuan Province (四川省教學名師) and as an Expert With Extraordinary Contribution of Sichuan Province (四川省有突出貢獻專家). Ms. Liu is currently a chartered PRC tax accountant and a fellow member of the China Public Finance Society (中國財政學會), the Chinese Tax Institute (中國稅務學會) and Sichuan Association of Chartered Tax Accountants (四川註冊稅務師協會). She also serves as vice president of the International Taxation Association of Sichuan Province (四川省國際稅收協會) and the International Taxation Association of Chengdu City (成都市國際稅收學會). Ms. Liu obtained her doctorate degree in fiscal science from Southwest University of Finance and Economics in 1999. Ms. Liu was appointed as an independent non-executive Director our Company on August 16, 2013.

Save as disclosed above, none of our Directors (i) held other positions in our Company or other members of our Group as at the Latest Practicable Date; and (ii) held any other directorships in public listed companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the section headed "Substantial and Selling Shareholders" and the section headed "E. Further information about our Directors and Substantial Shareholders" in Appendix VI to this prospectus, none of our Directors had any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, none of our Directors have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group. Please refer to Appendix VI to this prospectus for further information about our Directors, including details of the interests of our Directors in the Shares and underlying shares of our Company (within the meaning of Part XV of the SFO) and particular of their service contract and remuneration.

Except as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Listing Rules.

Senior Management

Mr. Chan Ngai Chi (陳毅馳), is the Chief Financial Officer of our Company. Mr. Chan is responsible for our financial management. Mr. Chan has over 19 years of experience in financial management, compliance and auditing. Since August 2007, Mr. Chan was the principal financial officer and principal accounting officer of Gushan, a company whose American depository shares were listed on the New York Stock Exchange from December 2007 to October 2012. Prior to joining Gushan, Mr. Chan worked in the audit division of PricewaterhouseCoopers Hong Kong from 1994 to 1999. He also served as financial controller and company secretary of Tong Ren Tang Technologies Co. Ltd., a company in the production and distribution of Chinese medicine, from 2004 to 2007 and TopSearch International (Holdings) Limited, a manufacturer of printed circuit boards, from 2000 to 2003, both of which are companies listed on the Main Board of the Stock Exchange since July 9, 2010 and June 21, 2002, respectively. He has served as an independent non-executive director of Beijing Tong Ren Tang Chinese Medicine Company Limited, a company in the retail and wholesale of China medicine products, since April 15, 2013, which is listed on the Growth Enterprise Market of the Stock Exchange since May 7, 2013. Mr. Chan graduated from The Hong Kong University of Science and Technologies with a bachelor's degree in business administration in 1994 and The Chinese University of Hong Kong with a master's degree in economics in 2003. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Chen Wei (陳偉), is Vice General Manager of our Company and a director of Tongxin. Mr. Chen is in charge of business risk management. Mr. Chen has over 10 years of management experience in automobile, renewable energy and environmental protection sectors. Mr. Chen joined Gushan in 2008 and served as assistant to the chairman of the board and head of the group office from 2009 to 2012. Since January 2013, he has been the vice president of Gushan, a company whose American depository shares were listed on the New York Stock Exchange from December 2007 to October 2012. Prior to joining Gushan in 2008, Mr. Chen worked for Handan Gushan Bio-sources Energy Co. Ltd., the principal business of which is the production and sale of bio-diesel products in China, as assistant to general manager from 2005 to 2008 and as acting general manager from 2008 to 2009. Between 2002 and 2005, he was a sales executive at Fuzhou CTE Co., Ltd (福州中端電器有限公司), the principal business of which is the production and sale of wire and harness and electronic parts of vehicles in China. Mr. Chen graduated with a bachelor's degree in management from Zhengzhou Institute of Technology (currently known as Henan University of Technology) in June 2002. He further obtained the qualification of assistant economist from the Fuzhou City Human Resources Bureau (福州市人事局) in January 2009.

Ms. Luo Guidi (羅桂娣), is Controller of our Company. She is mainly responsible for financial risk management. She has also been appointed as the risk management officer of Company and is responsible for overseeing the Group's compliance with bank loan covenants. Ms. Luo has over 15 years of experience in accounting and internal audit. Since January 2013, Ms. Luo was the manager of the audit department of Gushan from 2008 to 2012 and has been director of the risk management unit at Gushan, a company whose American depository shares were listed on the New York Stock Exchange from December 2007 to October 2012. Prior to joining Gushan in 2008, she worked as an audit manager at Fujian Jianyou Certified Public Accountants Limited (福建建友會計師事務所有限

公司) from 2007 to 2008. Ms. Luo was an audit assistant and audit project manager at Fujian Lixin Mindu Certified Public Accountants Limited (福建立信閩都會計師事務所有限公司) from 2003 to 2007. From 1997 to 2002, she worked as a cashier and accountant at Fuzhou Yaolong Chemical Group Co., Ltd (福州耀隆化工集團公司), a manufacture of chemicals. Ms. Luo obtained an undergraduate qualification in accounting from Fuzhou University through self-study in June 2009. Ms. Luo is a member of the Chinese Institute of Certified Public Accountants and China Institute of Internal Audit. She is also qualified as a land valuer and a Registered Real Estate Appraiser in the PRC.

Mr. Chen Hai (陳海), is the general manager and director of Baohe Xinshiji, a subsidiary of our Company. Mr. Chen is responsible for formulating, overseeing and executing the day-to-day management of the operation of Baohe Xinshiji. Mr. Chen has over 10 years of experience in the cable industry. Mr. Chen currently serves as a director, the general manager and the legal representative of Baohe Xinshiji. Mr. Chen was a founder of Sichuan Xinshiji, the principal business of which is the manufacturing and sales of power transmission and distribution cables in China, and has been a director and the general manager of Sichuan Xinshiji since its establishment in 2000. It is expected that Mr. Chen will cease to hold his current position in Sichuan Xinshiji in the second quarter of 2014. Mr. Chen was deputy director of the national laboratory for the heat-resistance performance testing of power cables and wire in Chengdu since September 2007 and was responsible for its technology management. From November 1999 to August 2000, Mr. Chen was vice general manager of Chengdu Jiasheng Cables Co., Ltd (成都嘉晟線纜有限公司), a producer of electrical wires and cables. Mr. Chen obtained the qualification as an associate engineer specializing in electromechanical equipment in October 1998. Mr. Chen was named as an "Outstanding Entrepreneur" (優秀民營企業創業家) by the China Federation of Private Companies (中國民營企業聯合管理會) in November 2010. Mr. Chen graduated with a junior college qualification from Sichuan Normal University via a correspondence course in June 1989 majoring in chemistry.

Mr. Fan Dunxian (范敦現), is the general manager and director of Baohe Taiyue, a subsidiary of our Company. Mr. Fan is responsible for formulating, overseeing and executing the day-to-day management of the operation of Baohe Taiyue. Mr. Fan has over 5 years of experience in the cable industry. He currently serves as a director, the general manager and the legal representative of Baohe Taiyue. Mr. Fan was a founder of Guangzhou Taiyue, the principal business of which is the manufacturing and sales of communication cables in China, and has been a director and the general manager of Guangzhou Taiyue since its establishment in 2007. It is expected that Mr. Fan will cease to hold his current position in Guangzhou Taiyue in the second quarter of 2014. Mr. Fan completed his junior college education with Fujian Agriculture University (currently known as Fujian Agriculture and Forestry University) in July 1996, majoring in phytomedicine and medical science.

Company Secretary

Mr. Cheung Ying Kwan (張應坤), is the company secretary of our Company. Mr. Cheung has over 21 years of experience in financial management. Mr. Cheung has been the financial controller of Gushan since March 2006. Mr. Cheung also served from April 2001 to March 2006 as the qualified accountant and company secretary of Goldigit Atom-tech Holdings Limited (currently known as

Jinchuan Group International Resources Co. Ltd), a developer and producer of pesticides in China which is listed on the Main Board of the Stock Exchange since October 23, 2003. Mr. Cheung was an independent non-executive director of Auto Italia Holdings Limited, a company which has been listed on the Main Board of the Stock Exchange since July 16, 1991 and whose principal business is the import, marketing, distribution and after-sales services of high quality, branded products in Asia including cars, electronic appliances, fashion apparels and accessories, from November 2005 to May 2013, and has been an independent non-executive director of Tian Shan Development (Holding) Limited, a property developer in China, since June 16, 2010, which is listed on the Main Board of the Stock Exchange since July 15, 2010. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung obtained a diploma in fabric manufacturing from the Hong Kong Polytechnic in 1981. He was appointed as our company secretary on March 8, 2013.

BOARD COMMITTEES

Audit and Corporate Governance Committee

We established an audit and corporate governance committee pursuant to a resolution of our Directors passed on September 4, 2013 in compliance with Rule 3.21 of the Listing Rules and to perform the corporate governance duties of the board pursuant to the Corporate Governance Code in Appendix 14 of the Listing Rules. The primary duties of the audit and corporate governance committee are mainly to make recommendation to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; oversee the internal control procedures of our Company and to review and monitor various matters on corporate governance. At present, the audit and corporate governance committee of our Company consists of three members who are Mr. Lee Ting Bun Denny, Ms. Liu Rong and Mr. Pan Liansheng. Mr. Lee Ting Bun Denny is the chairman of the audit and corporate governance committee.

Remuneration Committee

We established a remuneration committee on September 4, 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The primary duties of the remuneration committee are mainly to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance-based remuneration; and ensure none of our Directors is involved in determining his own remuneration. The remuneration committee consists of three members, namely Mr. Pan Liansheng, Mr. Lee Ting Bun Denny and Ms. Liu Rong. Mr. Pan Liansheng is the chairman of the remuneration committee.

Nomination Committee

We established a nomination committee on September 4, 2013 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, comprising Ms. Liu Rong, Mr. Pan Liansheng and Mr. Lee Ting Bun Denny. Ms. Liu Rong is the chairman of the nomination committee. The primary function of the nomination committee is to make recommendation to the Board regarding candidates to fill vacancies on the Board.

DIRECTORS' REMUNERATION

During Track Record Period, our executive Directors have received remuneration in the form of salary, allowances, benefits in kind and share-based payments. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, the aggregate of the remuneration paid (including salaries, allowance, benefits in kind, retirement scheme contributions and share-based payments) to our Directors by us and our subsidiaries was approximately RMB33,000, RMB10.7 million, RMB2.4 million and RMB420,000.

Under the arrangement currently in force, it is estimated the aggregate amount of emoluments payable by our Group to our Directors for the year ending December 31, 2014 will be approximately RMB4.3 million.

SHARE OPTION SCHEME

Pursuant to a written resolution of our shareholders passed on January 28, 2014, our Company has conditionally approved and adopted the Share Option Scheme. Please refer to the section headed "Statutory and General Information – E. Other Information – 2. Share Option Scheme" in Appendix VI to this prospectus.

COMPLIANCE ADVISOR

We have appointed Fortune Financial Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following matters:

(i) the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The terms of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue and assuming that the options granted under the Over-allotment Option or options which may be granted under the Share Option Scheme have not been exercised, the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance of general meetings of our Company:

Name	Capacity in which interests are held	Number of Shares	Percentage of shareholding
Mr. Yu Jianqiu(1)	Interest in a controlled corporation	958,574,400	45.68%
Epoch Keen(1)	Legal and beneficial owner	958,574,400	45.68%
Mr. Chen Gonghao(2)	Interest in a controlled corporation	167,952,400	8.00%
First Harvest(2)	Legal and beneficial owner	167,952,400	8.00%

Notes:

(1) Epoch Keen is wholly-owned by Mr. Yu Jianqiu. Mr. Yu Jianqiu is deemed to be interested in the Shares held by Epoch Keen.

(2) First Harvest is wholly-owned by Mr. Chen Gonghao. Mr. Chen Gonghao is deemed to be interested in the Shares held by First Harvest.

Save as disclosed in this prospectus, our Directors are not aware any person who will, immediately following the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and no Shares are to be issued upon the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SELLING SHAREHOLDERS

The particulars of the Selling Shareholders are set out below:

Name	Address	Number of Sale Shares
Wit Great	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	59,102,400
Praise Get	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	34,356,000
	Total:	93,458,400

AUTHORIZED AND ISSUED SHARE CAPITAL

The authorized and issued share capital of our Company is as follows:

Authorized Share Capital

Number of Shares comprised in the authorized share capital		Authorized share capital *(HK$)*
100,000,000,000	Shares	10,000,000,000

Issued share capital

Assuming the Over-allotment Option is not exercised at all, our Company's issued share capital immediately following the Capitalization Issue and the Global Offering will be as follows:

Number of Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalization Issue and Global Offering		Nominal value *(HK$)*
11,238,000	Shares in issue as at the date of this prospectus	1,123,800
1,562,082,000	Shares to be issued under the Capitalization Issue	156,208,200
525,001,600	Shares to be issued under the Global Offering	52,500,160
2,098,321,600	Shares in total	209,832,160

Assuming the Over-allotment Option is exercised in full, our Company's issued share capital immediately following the Capitalization Issue and the Global Offering will be as follows:

Number of Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalization Issue and Global Offering		Nominal value *(HK$)*
11,238,000	Shares in issue as at the date of this prospectus	1,123,800
1,562,082,000	Shares to be issued under the Capitalization Issue	156,208,200
617,761,600	Shares to be issued under the Global Offering and the Over-allotment Option	61,776,160
2,191,081,600	Shares in total	219,108,160

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and does not take into account any options which may be granted under the Share Option Scheme.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue and/or to be issued as set out in the above table, and will qualify for all dividends or other distribution declared, made or paid after the date of this prospectus, save for the entitlement under the Capitalization Issue.

CAPITALIZATION ISSUE

Pursuant to a resolution of our Shareholders passed on January 28, 2014, subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, the Directors were authorized to allot and issue a total of Shares credited as fully paid at par to the holders of the Shares on the register of members of the Company on January 28, 2014 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of Share) by way of capitalization of the sum of HK$156,208,200 standing to the credit of the share premium account of the Company and the Shares to be allotted and issued as such shall rank *pari passu* in all respects with existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Assuming the Global Offering becomes unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to allot, issue and deal with Shares, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (but before any exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme).

This mandate will expire at the earliest of:

(a) the conclusion of the Company's next annual general meeting;

(b) the expiration of the period within which the Company's next annual general meeting is required to be held under any applicable laws or the Articles of Association; or

(c) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For further details of the general mandate to issue shares, please see the section headed "Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 4. Resolution in writing of the Shareholders of our Company passed on January 28, 2014" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Assuming the Global Offering becomes unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme).

This general mandate only relates to repurchase made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules.

This mandate will expire at the earliest of:

(a) the conclusion of the Company's next annual general meeting;

(b) the expiration of the period within which the Company's next annual general meeting is required to be held under any applicable laws or the Articles of Association; or

(c) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate to repurchase shares, please see the section headed "Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 4. Resolution in writing of the Shareholders of our Company passed on January 28, 2014" in Appendix VI to this prospectus.

SHARE OPTION SCHEME

Pursuant to a written resolution of our shareholders passed on January 28, 2014, our Company have conditionally approved and adopted the Share Option Scheme. Please refer to the section headed "Statutory and General Information – E. Other Information – 2. Share Option Scheme" in Appendix VI to this prospectus.

THE CORNERSTONE PLACING

As part of the International Placing, we and the Sole Global Coordinator have entered into a cornerstone investment agreement (the "Cornerstone Investment Agreement") with the Cornerstone Investor, pursuant to which the Cornerstone Investor has agreed to acquire at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 4,000 Shares) that may be purchased for an aggregate amount of US$20 million (approximately HK$155.3 million) (the "Cornerstone Placing"). Assuming an Offer Price of HK$1.00, HK$1.10 and HK$1.20 (being the minimum, mid-point and maximum of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 155,284,000, 141,164,000 and 129,400,000 Shares respectively, representing (i) approximately 7.4%, 6.7% and 6.2% respectively of the Shares in issue and outstanding upon the completion of the Global Offering and the Capitalization Issue; and (ii) approximately 25.1%, 22.8%, and 20.9% of the total number of Offer Shares, respectively (in both case assuming that the Over-allotment Option is not exercised).

The Cornerstone Investor is an independent third party and is not a connected person of our Company. The Cornerstone Investor will acquire the Offer Shares pursuant to, and as part of, the International Placing and through the Sole Global Coordinator or its affiliates in its capacity as International Underwriter of the International Placing. The Cornerstone Investor will not acquire any Offer Shares under the Global Offering, other than pursuant to the Cornerstone Investment Agreement.

The Offer Shares to be acquired by the Cornerstone Investor will rank *pari passu* with the fully paid Shares then in issue and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any representation on the Board or become our substantial shareholder. No special rights have been granted to the Cornerstone Investor as part of the Cornerstone Placing.

The Offer Shares to be acquired by the Cornerstone Investor will not be subject to re-allocation of Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering or be affected by any exercise of the Over-allotment Option to be granted by the Company to the Sole Global Coordinator.

CORNERSTONE INVESTOR

We and the Sole Global Coordinator entered into a Cornerstone Investment Agreement with VMS Investment Group Limited ("VMS") on February 6, 2014 in respect of the Cornerstone Placing.

VMS Investment Group Limited

VMS is a company incorporated in British Virgin Islands and is the holding company of an investment group of companies covering businesses of proprietary investments, asset management, securities brokerage and corporate advisory services.

CONDITIONS PRECEDENT

The obligations of the Cornerstone Investor to acquire the Offer Shares under the Cornerstone Investment Agreement are subject to, among other things, the following conditions precedent:

(a) the Underwriting Agreements having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) by no later than the time and date as specified thereafter or as subsequently waived or varied;

(b) none of the Underwriting Agreements having been terminated;

(c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) the Offer Price having been agreed upon between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters);

(e) no law having been enacted or promulgated by any governmental authority which prohibits the consummation of the investment thereunder and there being no order or injunction of a court of competent and relevant jurisdiction in effect precluding or prohibiting consummation of the investment thereunder;

(f) the representations, warranties, acknowledgements and undertakings given by the Cornerstone Investor and the Company, respectively, being true, accurate and not misleading, and there being no breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor or the Company as of the date of the Cornerstone Investment Agreement and the Listing Date; and

(g) that immediately upon the completion of the Global Offering, the expected number of Shares in issue and outstanding will not be lower than 2,098,321,600 Shares.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that, without the prior written consent of the Company and the Sole Global Coordinator, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "Lock-up Period"), dispose of any of the Shares acquired under the Cornerstone Investment Agreement or securities deriving from such Shares.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, as of and for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013 included in the Accountants' Report set out in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The following discussion and analysis and other parts of this prospectus contain forward looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the sections headed "Forward-Looking Statements" and "Risk Factors" in this prospectus.

OVERVIEW

We are a fast growing manufacturer of recycled copper products, also known as copper semis, in Southwest China. We process recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wirerods, copper wires, copper plates and copper granules. Beginning in 2013, we also sell a range of communication cables and power transmission and distribution cables, using copper wirerods that we produce as the principal raw material. We are increasing our production capacity and plan to broaden our product range and pursue opportunities for further vertical integration.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations are affected by a number of factors. Set forth below is a discussion of the most significant factors we believe may affect our results of operations in the future as well as those factors that have affected our results of operations and may continue to have such impact. Factors other than those set forth below could also have a significant impact on our results of operations and financial condition in the future.

VAT refunds and other government incentives

During the Track Record Period, we benefited from significant VAT refunds due to government policies in promoting reducing, reusing and recycling activities conducted in the process of production, circulation and consumption and due to our employment of disabled people at one of our subsidiaries. VAT refunds accounted for a significant portion of our profit during the Track Record Period. Our subsidiaries, Xiangbei and Tongxin, became entitled to VAT refunds in September 2012 (with retroactive effect from August 2011) and December 2012 (with retroactive effect from October 2012), respectively. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our VAT refunds amounted to RMB0.8 million, RMB7.9 million, RMB48.6 million and RMB100.2 million, respectively. This represented 6.3%, 11.8%, 39.6% and 61.6% of our consolidated profit before taxation, respectively, for those periods.

Entities engaging in sales of products, provision of processing, repairs and replacement services or importation of goods within the territory of the PRC are subject to VAT. The VAT rate applicable to our business operation is 17%. Three of our subsidiaries, Jinxin, Xiangbei and Tongxin, are entitled to VAT refunds under two governmental policies issued by the PRC Ministry of Finance and the PRC State Administration of Taxation, the Notice on Adjusting and Improving the Comprehensive Utilization of Resources Policy and the Social Welfare Enterprise Policy. Jinxin is entitled to VAT refunds under the Social Welfare Enterprise Policy and the amount of VAT refunds equals to the multiple of the number of disabled persons that Jinxin employs in the relevant period and six times of the Sichuan Province's authorized minimum wages per year, with a maximum annual limit of RMB35,000. During the Track Record Period, the number of disabled employees employed by Jinxin for the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, was 131, 349, 357 and 258, respectively. Xiangbei, Tongxin and Jinxin are entitled to VAT refunds under the Comprehensive Utilization of Resources Policy and the VAT refund level for these three subsidiaries currently stands at 50%.

We have been sourcing scrap copper from the suppliers that provide VAT invoices and the suppliers that do not provide such invoices. All of our suppliers that do not provide VAT invoices are individuals. According to our PRC legal advisors, Chen & Co., our purchases of scrap copper from suppliers that do not provide VAT invoices complies with the applicable PRC laws and regulations and is acceptable to the relevant PRC tax authorities.

We are required to make monthly VAT filings for our purchases of scrap copper, among other things, and sales of our products to the PRC State Tax Bureau at local level. Our filings are based on the VAT invoices we receive from our suppliers and those we issue to our customers. Since some of our suppliers do not provide us with VAT invoices, our filings do not include purchases from these suppliers. Our VAT payables are based on the calculations set out in our monthly VAT filings, which is equal to the difference between output VAT (VAT we collected from customers as shown by the VAT invoices we issued) and input VAT (VAT we paid to suppliers as shown by the VAT invoices we received), and our purchases from suppliers that do not provide VAT invoices do not count towards our input VAT.

The VAT payments to the PRC State Tax Bureau at the local level are remitted to the local office of the PRC Treasury (國家金庫地方支庫) in accordance with the Budget Law of the PRC (《中華人民共和國預算法》).

The table below sets forth the average time required for us to receive VAT refunds under the Welfare Enterprise Policy and the Comprehensive Utilization of Resources Policy during the Track Record Period:

Subsidiaries	Policy	Average time of submitting applications for VAT refunds after each month end	Average time required to receive VAT refunds after submitting applications(1)	Total average time required to receive VAT refunds after each month end
Jinxin	Welfare Enterprise Policy	Within 1 month	Within 1.5 months	Within 2.5 months
Jinxin and Tongxin	Comprehensive Utilization of Resources Policy	Within 1 month	Within 1 month	Within 2 months
Xiangbei	Comprehensive Utilization of Resources Policy	Within 1.5 months	Within 3 months	Within 4.5 months

Note:

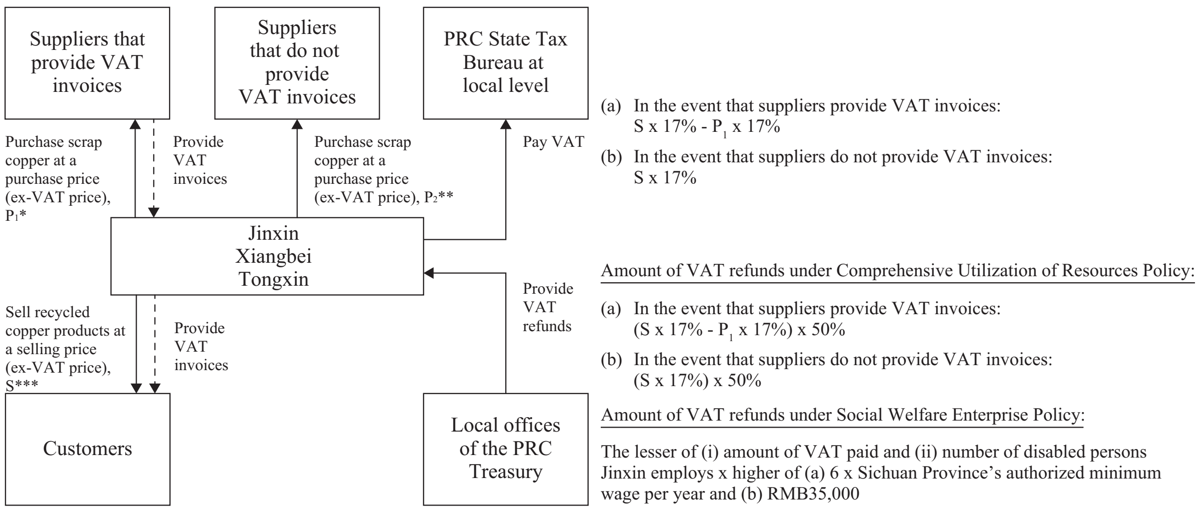
(1) The review period for VAT refunds varies between different tax authorities.

If our application for VAT refunds is approved by the relevant tax authority, VAT refunds will be provided by the local office of the PRC Treasury upon a notification from such tax authority. All VAT refunds were received in cash during the Track Record Period.

Unlike VAT refunds under the Social Welfare Enterprise Policy, VAT refunds under the Comprehensive Utilization of Resources Policy are subject to corporate income tax.

During the Track Record Period, we recognized VAT refunds under the Comprehensive Utilization of Resources Policy on an accrual basis upon submission of application for such refunds. For VAT refunds under the Welfare Enterprise Policy, we recognized the income on a receipt basis. For other government grants and subsidies, we recognized the income on a receipt basis and when the grants and subsidies became unconditional.

The following chart illustrates the mechanism of our VAT refunds under the Comprehensive Utilization of Resources Policy and the Social Welfare Enterprise Policy:



Notes:

* The ex-VAT price at which we purchase scrap copper from suppliers that do not provide VAT invoices (P_2) is often higher than the ex-VAT price at which we purchase scrap copper from suppliers that provide VAT invoices (P_1).

** The price at which we purchase scarp copper from suppliers that do not provide VAT invoices does not have a VAT component and equals to the ex-VAT price in this situation.

*** The total amount collected from customers when we sell our recycled copper products is S x 117%. VAT in the amount of S x 17% is paid by our customers regardless whether scrap copper is sourced from suppliers that do not provide VAT invoices or suppliers that provide VAT invoices.

VAT is a kind of turnover tax which is collected by the vendors from buyers and does not impact our income statement. Since the ex-VAT price at which we purchase scrap copper from suppliers that do not provide VAT invoices is often higher than the ex-VAT price at which we purchase scrap copper from suppliers that provide VAT invoices, our gross profit is lower if we purchase more scrap copper from suppliers that do not provide VAT invoices. In order to assess whether the higher costs incurred in purchasing scrap copper from suppliers that do not provide VAT invoices will be sufficiently offset by the VAT refund, we only purchase scrap copper from suppliers that do not provide VAT invoices if the prices quoted by them do not exceed the prices quoted by suppliers that provide VAT invoices by more than 8.5%, which is half of the VAT rate applicable to our business operation, and the current VAT refund level under the Comprehensive Utilization of Resources Policy. In addition, the procurement departments of our PRC subsidiaries compare the price quotes from at least three suppliers on a daily basis in order to determine the best overall purchase price and in September 2013, we established a procedure to record price quotations from different suppliers in a purchase price comparison form.

Payment of VAT does not affect our cost of sales because our cost of raw materials is recognized on a net-of-VAT basis. However, unlike payment of VAT, VAT refund is a kind of government incentive and is recognized as other revenue in the income statement. The amount of VAT refund under the Comprehensive Utilization of Resources Policy is calculated based on the net VAT paid, which is equal to the difference between output VAT (VAT collected from customers) and input VAT (VAT paid to suppliers). If we purchase scrap copper from suppliers that do not provide VAT invoices, our input VAT will be reduced. Accordingly, the amount of net VAT paid by us and the amount of VAT refunds to which we are entitled (equal to 50% of net VAT paid) increase with the amount of scrap copper we purchase from suppliers that do not provide VAT invoices. As a result, when our VAT refund income is higher than the increase in material cost, our net profit will become higher. Accordingly, we expect to continue to source from suppliers that do not provide VAT invoices as long as the higher costs in purchasing scrap copper from them can be offset by the VAT refund income. Our PRC legal advisors, Chen & Co., are of the opinion that our VAT refund arrangement complies with the applicable PRC laws and regulations. For additional information, see the sections headed "Regulatory Overview – Regulation of Recycling", "Regulatory Overview – Value-Added Tax" and note 4(a) in the Accountants' Report set out in Appendix I in this prospectus.

The following table sets forth a breakdown of the VAT refunds recognized by us for the periods indicated:

	Period ended December 31,	**Years ended December 31,**		**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
VAT refunds under the Social Welfare Enterprise Policy for employing disabled people					
– Jinxin	770	7,927	8,598	7,487	10,276
VAT refunds under the Comprehensive Utilization of Resources Policy					
– Xiangbei	–	–	26,319	–	32,333
– Tongxin	–	–	13,682	–	57,634
	770	7,927	48,599	7,487	100,243

Two of our subsidiaries, Jinxin and Tongxin, were approved in May 2013 to enjoy a preferential corporate income tax rate of 15% under the preferential policy for promoting the development of Western China, applicable retrospectively to the period beginning on January 1, 2012.

We also seek and obtain other government grants and subsidies. Pursuant to the Project Investment Agreements, Baohe Fushan has agreed to assist three of our subsidiaries, namely Tongxin, Baohe Taiyue and Baohe Xinshiji, to obtain certain land in the Youxian Industrial Park and subsidies from the government, and the three subsidiaries have agreed in exchange to pay to Baohe Fushan an amount equal to 50% of all government grants and subsidies that Baohe Fushan assists them in obtaining. These agreements expire in 2015. For additional information on these agreements, please see the section headed "Business – Our Products and Business Activities – Project Investment Agreements and Management Consultancy Agreements" in this prospectus.

In addition, during the nine months ended September 30, 2013, we received advances from the local government, and as of September 30, 2013, the total balance of such advances amounted to RMB33.0 million. For additional information, see the section headed "– Trade and other payables" in this prospectus.

Any changes in the levels of preferential tax treatment or government incentives available to us could have a material impact on our financial condition and results of operations. For additional information, see the section headed "Risk Factors – Risks Relating to Our Business – Any change in the preferential tax policies or government grants and subsidies we enjoy in China may significantly impact our financial condition and results of operations" in this prospectus.

Acquisitions and integration of newly acquired businesses

During the Track Record Period, acquisitions have been an important driver of the growth of our revenue and profits. We acquired Jinxin in November 2010 and Xiangbei in August 2011. We also acquired the subsidiaries which operate our cable business, Baohe Taiyue and Baohe Xinshiji, in December 2012. Although we plan to rely less on acquisitions as part of our overall growth strategy and more on organic growth going forward, how we manage our recent acquisitions will have a significant impact on our results of operations over the next few years.

We expect to face a range of challenges in integrating our cable business acquisitions. Some of the specific challenges we expect to face include:

- possible differences in corporate culture and management styles as well as disparate company policies and practices;
- the need to coordinate raw material procurement and sales and marketing activities and to manage additional customer and supplier relationships;
- additional government regulation; and
- retention of key personnel.

Furthermore, we are in the process of transferring the machinery and equipment we have agreed to acquire from Guangzhou Taiyue to our new facility in the Youxian Industrial Park, and have transferred temporarily some of the machinery and equipment to our Tongxin facility pending completion of the construction of our Baohe Taiyue facility. We also plan to transfer the machinery and equipment we have agreed to acquire from Sichuan Xinshiji to our new facility in the Youxian Industrial Park. Other than the machinery and equipment transferred temporarily to our Tongxin facility, other machinery and equipment are partly used by Guangzhou Taiyue and Sichuan Xinshiji to manufacture cables for us pursuant to our processing arrangements with them. As a consequence, we expect to experience a degree of interruption in our cable businesses while the remaining equipment is being transferred, which is likely to impact our results of operations. While we anticipate and have planned for this, longer than anticipated delays in commencing production at our new facilities due to factors such as a longer than expected moving process, delays in obtaining all production permits and delays in obtaining the required environmental permits would harm our sales during the period of the delay and could also harm our customer relationships. For additional information, see the sections headed "Risk Factors – Risks Relating to Our Business – We may not successfully integrate our newly acquired businesses or achieve expected profitability from our acquisitions", "Risk Factors – Risks Relating to Our Business – Production of our cable products may be affected by the equipment transfer and equipment may be damaged or lost during the equipment transfer" and "Business – Our Products and Business Activities – Acquisitions of Cable Business and Interim Processing Arrangements" in this prospectus.

Supply and prices of scrap copper and recycled copper products

We are exposed to movements in the market prices of scrap copper and the recycled copper products we sell, as well as changes in the spread between those prices. Scrap copper is the primary raw material for our recycled copper products, which we principally sell to downstream manufacturers or use in our cable business. Copper prices affect both our raw material costs and the market prices for our recycled copper products. Copper prices are also one of the factors which affect prices of the cable products we sell. We do not enter into long-term purchase contracts with our suppliers and instead purchase scrap copper on an order-by-order basis at prevailing market prices. Our sales of recycled copper products are also generally made at prevailing market prices.

We generally hedge a portion of our exposure to changes in the prices of scrap copper by entering into copper futures contracts from time to time. The amounts of copper futures contracts we buy or sell are mainly determined by our scrap copper inventory levels. We typically hold inventory sufficient for approximately 10 to 18 days of our manufacturing needs. If our inventory exceeds the desired level, we typically enter into cash-settled futures contracts to sell an amount equivalent to some or all of the excess. If our scrap copper inventory falls below the desired level, we typically enter into cash-settled futures contracts to purchase an amount equal to some or all of the shortfall. Our purchases and sales of future contracts help to shield us from sudden movements in the cost of scrap copper while we are adjusting our inventory levels, although we remain exposed to the effects of long-term changes in the spread between the prices at which we purchase scrap copper and the prices at which we are able to sell our copper products. We may from time to time accumulate inventory in excess of our usual carrying amounts, without hedging, when scrap is available at attractive prices.

Increases in the prices of scrap copper generally increase our needs for working capital and financing, which increases the costs of operating our business. In addition, increases in prices of scrap copper may not immediately result in higher prices for our products, as a result of competitive conditions or otherwise. In a rising market we may also benefit from the relatively lower costs of our inventories compared to the prices at which we can sell our recycled copper products.

When copper prices decrease, the market values of our inventories also decrease, and we may be required to mark our inventory to market value at the end of period, which we would record as an expense. During the Track Record Period, we did not recognize any impairment loss on our inventory because of our relatively short inventory turnover days and the relatively gradual decline in copper prices during the Track Record Period. Furthermore, in a falling market, we may suffer if the costs of our inputs are relatively higher than the prices at which we are able to sell our recycled copper products.

The supply of scrap copper is also a factor in our results of operations. A sharp decrease in scrap copper prices, termination of governmental stimulus programs or a significant slowdown in industrial activities in the areas where we source scrap copper could reduce the supply of scrap copper. A fluctuation of raw materials supply could adversely affect our production and, consequently, sales volumes, and associated higher prices could increase our raw material costs. For example, during the fourth quarter of 2011, we experienced difficulties in obtaining sufficient quantities of raw materials at then-prevailing market prices following a decrease of the market price of scrap copper as compared to the third quarter of 2011. In 2012, our profitability benefited from an increase in the average spread between the prices at which we were able to purchase raw materials and the prices at which we were able to sell our recycled copper products when compared to that in 2011. By contrast, in 2011, we experienced the opposite trend in comparison to the period ended December 31, 2010, which adversely affected our profitability.

During the nine months ended September 30, 2013, the average spread between the prices at which we were able to purchase raw materials and the prices at which we were able to sell our products decreased because we have been sourcing more of our scrap copper from vendors who do not provide VAT invoices, which results in higher VAT paid by us and, consequently, greater VAT refunds to us, and on an ex-VAT basis, these vendors generally sell scrap copper at a higher price. For additional information on risks related to our raw materials and our commodities risk, see the sections headed "Risk Factors – Risks Relating to Our Business – Our operations are materially affected by the cost and availability of raw materials" and "– Qualitative And Quantitative Disclosure About Market Risk – Commodity Risk" in this prospectus.

An increase in the prices of scrap copper, our principal raw material, would negatively impact our profit margins if we were not able to transfer the increased cost resulting from such higher prices through increases in the selling prices of our products. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our cost of raw materials was RMB189.1 million, RMB1,294.2 million, RMB1,366.0 million and RMB1,523.6 million, respectively. The following table shows the increase/decrease in our net profit assuming changes in our average purchase prices of scrap copper with all other factors, including the sales prices of our products, remaining the same, for the periods indicated. Since it is highly unlikely that all other factors would have remained the same, the following should not be taken as an indication of what our actual profits would be at any particular scrap copper price:

	Increase/ (decrease) in net profit for the period ended December 31, 2010	**Increase/ (decrease) in net profit for the year ended December 31, 2011**	**Increase/ (decrease) in net profit for the year ended December 31, 2012**	**Increase/ (decrease) in net profit for the nine months ended September 30, 2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Decrease in average purchase price of scrap copper[(1)]				
5%	7,091	48,533	51,225	58,273
10%	14,182	97,066	102,451	116,546
15%	21,273	145,600	153,676	174,819
20%	28,363	194,133	204,901	232,950
25%	35,454	242,666	256,127	291,365

Note:

(1) Absolute value of the minimum, the average, and the maximum changes (in percentages) in our monthly purchase cost of scrap copper during the Track Record Period were 0.3%, 5.9%, 24.5%, respectively.

	Increase/ (decrease) in net profit for the period ended December 31, 2010	Increase/ (decrease) in net profit for the year ended December 31, 2011	Increase/ (decrease) in net profit for the year ended December 31, 2012	Increase/ (decrease) in net profit for the nine months ended September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Increase in average purchase price of scrap copper(1)				
5%	(7,091)	(48,771)	(51,225)	(58,273)
10%	(15,837)	(111,196)	(109,093)	(121,648)
15%	(25,292)	(174,385)	(173,033)	(194,935)
20%	(34,746)	(239,096)	(241,172)	(270,872)
25%	(44,201)	(303,807)	(309,472)	(346,874)

Note:

(1) The absolute values of the minimum, the average, and the maximum changes (in percentages) in our monthly purchase costs of scrap copper during the Track Record Period were 0.3%, 5.9%, 24.5%, respectively.

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and nine months ended September 30, 2013, our gross profit was RMB13.4 million, RMB74.9 million, RMB111.7 million and RMB98.6 million, respectively. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, if our average purchase price of scrap copper had increased by 7.1%, 5.8%, 8.2% and 6.5%, respectively, and assuming all other factors, including the sales prices of our products, had remained the same, our gross profit would have been nil. For information in relation to our average selling prices, sales volumes, average purchase prices and purchase volumes, see the section headed "Business – Our Products and Business Activities – Pricing Policy, Terms of Sale and Credit Policy" in this prospectus.

Market dynamics for cable products

During the Track Record Period, a significant portion of our revenues were derived from the sale of recycled copper products. Beginning in 2013, we also earn revenue from the sale of power transmission and distribution cables and communication cables. Although demand and the selling prices for our cable products are influenced by copper prices, a range of other factors, including general levels of economic growth in China, investment in power and communications infrastructure, and competition in the cable business, also affect demand and pricing for these products. Going forward, our results of operations will be affected both by the market dynamics of our cable business and by our product mix, both between recycled copper products and cable products and among the various cable products we produce.

Operating efficiency and production capacity

Historically, we have not fully utilized our production capacity, mainly due to working capital constraints on purchases of scrap copper. In addition, on occasion we have experienced interruptions in our electricity and natural gas supply at our Jinxin facility. Furthermore, we have expanded, and are continuing to expand, the scale of our operations through the acquisition of new businesses and the addition of new production facilities and equipment. We intend to continue to expand our production capacity and invest in additional equipment as well as modifying our existing production lines to improve our production efficiency. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities".

Capacity utilization and scale of production affect our results of operations, as higher utilization levels allow us to spread our fixed operating expenses over a larger volume of products, lowering unit costs and improving our performance. Furthermore, greater production capacity enhances our ability to meet customer demands and our competitiveness in the market. To the extent that we do not increase our capacity utilization, the costs associated with our additional capital investments will not result in the additional revenue we expect, which would likely have an adverse effect on our results of operations, and our return on investment will be lower than expected.

Availability of financing for our business

As a result of a combination of increases in our sales and the relatively high market prices for copper and scrap copper, we require a relatively high level of working capital to sustain our operations. Historically, we have financed our working capital through cash from operations derived from customer payments, short-term bank loans, capital contributions and loans and advances from shareholders, related parties and the local governments. During the Track Record Period, our results of operations were affected by the impact of our working capital constraints on our purchases of scrap copper, in part resulting in relatively low utilization rates for our facilities. We expect our working capital requirements to continue to grow as we expand our operations. As a result, our business will continue to be dependent on our ability to satisfy our working capital requirements and the terms on which we are able to do so.

For the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, the monthly average balance of interest-free advances from related parties amounted to RMB31.7 million, RMB30.2 million, RMB28.6 million and RMB103.2 million, respectively. During the same period, the amount of interest expenses we would have incurred if these advances were charged at then prevailing bank interest rates of 5.7%, 7.4%, 7.3% and 10.0%, would be RMB0.3 million, RMB2.2 million, RMB2.1 million and RMB7.7 million, respectively. The following table sets forth the amount of interest-free advances received from our related parties as of the dates indicated:

	As of December 31,			As of September 30,	As of the Latest Practicable Date
	2010	**2011**	**2012**	**2013**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Yu	–	–	27,268	75,730	18,075
Mr. Liu Hanjiu	10,749	2,100	19,555	–	–
Mr. Chen Lian	19,960	–	–	–	–
Mr. Huang Weiping	–	21,920	19,135	–	–
Mr. Zhang Huayi	–	11,980	980	–	–
Gushan	47,851	88,525	8,656	10,216	11,830
Carling	13	45	68	155	154
Gold Hero	–	493	–	–	–
Silver Harvest	–	411	–	106	141
Baohe Fushan	–	8,000	22,000	11,330	–
Sichuan Xinshiji	–	–	24,000	–	–
Guangzhou Taiyue	–	–	24,000	–	–
Total	78,573	133,474	145,662	97,537	30,200

Some of these interest-free advances are between our PRC subsidiaries and a company in the PRC and do not comply with the General Lending Provision (貸款通則). These advances amounted to nil, RMB8.0 million, RMB10.0 million and RMB10.0 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively. The PBOC may impose on the lender a fine equivalent to one to five times of the income derived by the lender. However, our PRC legal advisors, Chen & Co., are of the opinion that, based on judicial precedents in the PRC, advances received from a non-financial institution lender are still valid, provided that (a) the lender is not primarily engaged in lending business; and (b) the lender does not depend on the interest derived from lending as its major source of income. Therefore, our Directors believe that the risk of it having any adverse impact on us as a result is low.

Economic, political and social conditions in China

We conduct all of our production in China and we derive a majority of our revenue from sales to customers in China. As such, economic conditions in China and the geographic markets where we operate will affect virtually all aspects of our operations, including the demand for our products, the availability and prices of our raw materials and our other expenses. Demand for our products is dependent on the financial strength, business operations and capital expenditures of our customers as well as the government driven policies and directives for the industries in which our customers operate, such as infrastructure construction and transportation. The copper recycling and cable industries tend to be cyclical in nature, reflecting general economic conditions. During the past three decades, the PRC government has implemented a series of economic reform measures to expand the influence of market forces in the development of the domestic economy. As a result of these reforms, China experienced significant economic growth, achieving a compound annual growth rate, or CAGR, of 14.0% in GDP from 1999 through 2008. Due in part to the global financial crisis, however, the PRC economy slowed down significantly in the second half of 2008.

In November 2008, the PRC Government announced ten economic stimulus measures featuring spending of RMB4 trillion in 2009 and 2010, focusing on accelerating infrastructure construction, rural area development and accelerating the reconstruction of regions affected by the Sichuan earthquake in 2008. In December 2007, the Ministry of Finance and the Ministry of Commerce of the PRC introduced a pilot project called 'home appliances to the countryside' which was a policy on subsidizing the purchase of electronic home appliances in rural areas. Phase 1 was to be held in three provinces (Shandong, Henan and Sichuan) and one city (Qingdao) by offering rural residents a 13% subsidy on consuming the selected three categories (televisions, refrigerators and mobile phones) of home appliances items. In February 2009, the government announced the 'home appliances to the countryside' program would be extended on a nationwide scale with the subsequent phases.

According to CRU, demand for copper in China has been relatively weak in 2011 and 2012, principally due to a slowdown in copper consuming end-uses caused by the government's macroeconomic policies. However, an increase in construction of government housing for low income families is expected to support copper demand from 2013, offsetting the slowdown in real estate. Refined copper consumption in China is forecast to grow at a CAGR of 5.8% between 2012 and 2016. It is also expected that copper wire and cable consumption in China will grow at a slower rate, at a CAGR of approximately 4.8%, between 2013 and 2016. We believe that economic conditions in China and the geographic markets where we operate will continue to affect our business and results of operations.

BASIS OF PRESENTATION

Engen was incorporated in August 2010 and was a subsidiary of Gushan. Gushan completed an initial public offering in the United States and listed its American depositary shares on the New York Stock Exchange in December 2007, with Mr. Yu Jianqiu being the major shareholder of Gushan. In October 2012, the shareholders of Gushan approved a merger of Gushan with Trillion Energy Holdings Limited, a company indirectly wholly-owned by Mr. Yu Jianqiu and subsequent to the merger, which was completed in October 2012, Gushan ceased to be a publicly traded company and became a company indirectly wholly owned by Mr. Yu Jianqiu.

Engen was established with the view of becoming the holding company of the copper business of Gushan. The copper business started when Engen acquired Jinxin in November 2010.

Prior to the Corporate Reorganization, Mr. Yu Jianqiu controlled Engen and its subsidiaries which are principally engaged in the manufacture and sales of recycled copper and related products through Gushan. For additional information on the Corporate Reorganization, please see the section headed "History, Reorganization and Corporate Structure" in this prospectus. To rationalize the corporate structure in preparation for the Listing, our Company was incorporated in the Cayman Islands on February 22, 2013 and our Group underwent the Corporate Reorganization. Upon completion of the Corporate Reorganization on March 19, 2013, our Company became the ultimate parent company of Engen and the holding company of the companies now comprising our Group.

The companies that took part in the Corporate Reorganization were controlled by the same ultimate equity shareholder, Mr. Yu Jianqiu, before and after the Corporate Reorganization and therefore there were no changes in the economic substance of the ownership and the business and operations of Engen and its subsidiaries. The Corporate Reorganization only involved incorporating the newly formed company with no prior substantive operations as the holding company of Engen and the holding company of our Group. Accordingly, the Corporate Reorganization has been accounted for using a principle similar to that for a reverse acquisition as set out in IFRS 3 "Business combinations" with Engen treated as the acquirer for accounting purposes. The consolidated financial information has been prepared and presented as a continuation of the consolidated financial statements of Engen and its subsidiaries recognized and measured at their historical carrying amounts prior to the Corporate Reorganization.

The acquisition method has been applied to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by our Group. Goodwill represents the excess of the consideration transferred over the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

Each of Jinxin, Xiangbei, Baohe Taiyue and Baohe Xinshiji was consolidated into our Group from the respective dates of acquisition, being November 3, 2010, August 1, 2011, December 31, 2012 and December 31, 2012. Tongxin was consolidated into our Group from the date of its establishment on June 1, 2011. Intra-group balances and transactions have been eliminated in full on consolidation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are those accounting policies and estimates that involve significant judgments and uncertainties and potentially yield materially different results under different assumptions and conditions. Our consolidated financial statements have been prepared in accordance with IFRS, which requires that we adopt accounting policies and make estimates that we believe are the most appropriate in the circumstances for the purposes of giving a true and fair view of our results of operations and financial condition. Estimates and judgments are based on historical experience, prevailing market conditions and rules and regulations, and are reviewed on a continual basis taking into account the changing environment and circumstances. We did not recognize any impairment loss during the Track Record Period.

For more details, see notes 1 and 34 to the Accountants' Report set forth in Appendix I to this prospectus.

Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to us and the turnover and costs, if applicable, can be measured reliably, turnover is recognized. Turnover from sale of goods is recognized when the customer has accepted the goods and the related risks and rewards of ownership. Turnover excludes value-added tax or other sales taxes and is recognized after deduction of any trade discounts.

Contract manufacturing income is recognized when the processing services are rendered.

Recognition of VAT refunds and government grants and subsidies

Unconditional VAT refunds and government grants and subsidies are recognized in profit or loss as other revenue when the grant becomes receivable, other government grants and subsidies are recognized in the consolidated balance sheets initially when there is reasonable assurance that they will be received and that we will comply with the conditions attached to them. Grants and subsidies that compensate us for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants and subsidies that compensate us for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expenses.

Income tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. Our management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets, if any, are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using the weighted average formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature.

It could change significantly as a result of competitor actions in response to severe industry cycles or changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realizable value.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

Buildings	The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
Plant and machinery	5 to 10 years
Furniture, fittings and equipment	3 to 10 years
Motor vehicles	4 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on our historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Contingent consideration for acquisitions

Certain of our business acquisitions involved post-acquisition performance-based contingent consideration. The fair values of the contingent consideration paid for acquisitions, as of their respective acquisition dates form part of the consideration transferred in exchange for the acquired business. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgment on time value of money. Contingent consideration shall be re-measured at fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognized in the consolidated income statements.

Impairment of assets

Impairment of trade and other receivables

Investments in current and non-current trade and other receivables that are stated at cost or amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to our attention about one or more of the following loss events:

- significant financial difficulty of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the debtor will enter bankruptcy or other financial reorganization; and

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognized as follows:

For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (which is the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortized cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss must not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When we are satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- lease prepayments;
- non-current prepayments for property, plant and equipment;
- intangible asset; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

SEGMENT REPORTING

For the period ended December 31, 2010 and for the years ended December 31, 2011 and 2012, we have only identified one reportable segment, recycled copper products segment. During the nine months ended September 30, 2013, following the acquisitions of Baohe Xinshiji and Baohe Taiyue on December 31, 2012, we have identified the following three reportable segments:

(i) Recycled copper products segment: use of scrap copper and electrolytic copper for the manufacturing of copper products;

(ii) Power transmission and distribution cables segment: sales of power transmission and distribution cables; and

(iii) Communication cables segment: manufacturing and sales of communication cables.

SELECTED FINANCIAL DATA

The following consolidated income statements for the period ended December 31, 2010, the years ended December 31, 2011, 2012 and the nine months ended September 30, 2012 and 2013 and the consolidated balance sheets as of December 31, 2010, 2011 and 2012 and September 30, 2013 are derived from, and should be read in conjunction with, our consolidated financial statements, including the notes thereto, included in the Accountants' Report set forth in Appendix I to this prospectus.

Consolidated Income Statements

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Turnover	205,059	1,396,375	1,513,133	839,527	1,708,013
Cost of sales	(191,697)	(1,321,586)	(1,401,445)	(761,290)	(1,609,455)
Gross profit	13,362	74,789	111,688	78,237	98,558
Other revenue	2,276	28,575	55,886	10,081	136,175
Other net income/(loss)	26	2,412	(1,509)	381	1,081
Selling and distribution expenses	(1,311)	(4,227)	(5,927)	(4,797)	(6,558)
Administrative expenses	(1,360)	(22,553)	(20,413)	(13,996)	(45,876)
Profit from operations	12,993	78,996	139,725	69,906	183,380
Finance costs	(720)	(11,920)	(16,850)	(12,025)	(20,617)
Profit before taxation	12,273	67,076	122,875	57,881	162,763
Income tax	(2,899)	(18,396)	(30,583)	(13,284)	(30,312)
Profit for the period/year	9,374	48,680	92,292	44,597	132,451
Earnings per share *(Note)*					
Basic (RMB)	0.94	4.87	9.11	4.41	12.95
Diluted (RMB)	0.94	4.87	9.11	4.41	12.95

Note: The earnings per share for all periods presented have not been adjusted to reflect the proposed Capitalization Issue as described in the section headed "History, Reorganization and Corporate Structure – Corporate Reorganization – Capitalization Issue and Global Offering" in this prospectus.

Consolidated Balance Sheets

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	59,282	92,354	272,849	365,178
Lease prepayments	5,226	9,538	9,332	87,815
Prepayments for property, plant and equipment and land use rights	1,225	781	42,634	47,058
Intangible assets	–	–	10,968	8,226
Goodwill	16,081	38,847	39,308	39,308
Pledged deposits	–	–	–	1,500
Deferred tax assets	1,286	575	351	166
	83,100	142,095	375,442	549,251
Current assets				
Inventories	140,929	114,912	113,724	353,544
Trade and other receivables	73,215	292,322	465,072	381,332
Amounts due from related parties	–	4,466	4,569	297
Pledged deposits	2,000	2,000	14,619	46,032
Cash and cash equivalents	13,366	42,781	19,609	81,091
	229,510	456,481	617,593	862,296
Current liabilities				
Trade and other payables	91,335	112,986	253,810	410,049
Bank loans and other borrowings	60,000	110,000	175,000	287,550
Amounts due to related parties	78,573	133,474	145,662	97,537
Loans from related parties	29,675	105,435	94,315	85,672
Current taxation	10,075	12,740	23,863	24,260
	269,658	474,635	692,650	905,068
Net current liabilities	(40,148)	(18,154)	(75,057)	(42,772)
Total assets less current liabilities	42,952	123,941	300,385	506,479
Non-current liabilities				
Bank loans and other borrowings	–	–	–	70,000
Deferred tax liabilities	–	2,277	2,063	1,896
	–	2,277	2,063	71,896
NET ASSETS	42,952	121,664	298,322	434,583
CAPITAL AND RESERVES				
Share capital	67	67	68	827
Reserves	42,885	121,597	298,254	433,756
TOTAL EQUITY	42,952	121,664	298,322	434,583

DISCUSSION OF CERTAIN KEY INCOME STATEMENT ITEMS

Turnover

Our turnover represents the fair value of consideration received or receivable for sales of goods and services in the ordinary course of business. Turnover is shown net-of-VAT and other taxes, returns and discounts after eliminating sales within our Group.

The following table sets forth a breakdown of our turnover by business line for the periods indicated:

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Sales of recycled copper products	203,373	1,322,384	1,486,238	815,050	1,164,750
Sales of power transmission and distribution cables	–	–	–	–	338,947
Sales of communication cables	–	–	–	–	189,514
Sales of scrap materials	1,107	69,550	24,290	22,429	11,891
Contract manufacturing income	579	4,441	2,605	2,048	2,911
	205,059	1,396,375	1,513,133	839,527	1,708,013

Turnover from sales of goods included sales of copper wirerods, copper wires and copper granules by Jinxin from November 2010, sales of copper wirerods and copper plates by Xiangbei from August 2011 and sales of copper wirerods, copper wires and copper granules by Tongxin from June 2012. From 2013, turnover from sales of goods also include sales of communication cables and power transmission and distribution cables by Baohe Taiyue and Baohe Xinshiji, respectively. Some of our customers in our communication cable business are located overseas.

Our acquisition of Xiangbei in August 2011 and increases in our sales of our recycled copper products contributed to the growth in our sales of recycled copper product during the Track Record Period. However, our sales of recycled copper products have also been affected by fluctuations in copper prices. For a period-to-period comparison of the turnover attributable to Jinxin, Tongxin and Xiangbei, see the sections headed "– Nine months ended September 30, 2013 compared to nine months ended September 30, 2012 – Turnover" and "– Year ended December 31, 2012 compared to year ended December 31, 2011 – Turnover" in this prospectus.

The importance of copper granule production to our business has been decreasing. Although we will continue to produce copper granules opportunistically based on the availability of suitable scrap, we do not view copper granule production as a core part of our business and expect that its importance to our business will continue to decrease. In contrast, the importance of communication cables and power transmission and distribution cables to our business will continue to increase.

During the nine months ended September 30, 2013, we sold recycled copper products in the amount of RMB125.8 million to Sichuan Xinshiji and purchased from Sichuan Xinshiji power transmission and distribution cable products in the amount of RMB146.2 million. As the recycled copper products sold by us to Sichuan Xinshiji were or were expected to be used by Sichuan Xinshiji as raw materials for its production of power transmission and distribution cables products, for financial reporting purposes, the sales of recycled copper products in the amount of RMB125.8 million by us were not recognized as turnover in our consolidated income statement for the nine months ended September 30, 2013 but as a reduction of the cost of our purchases of power transmission and distribution cables from Sichuan Xinshiji. For further details in relation to the recognition of such amount in our consolidated income statement for the nine months ended September 30, 2013, please refer to note 29(a)(ii) of the Accountants' Report in Appendix I to this prospectus.

Cost of sales

Our cost of sales primarily consists of direct material costs, depreciation expense and, to a lesser extent, other overhead costs. Starting from 2013, we also purchase finished goods from Sichuan Xinshiji, and for financial reporting purposes, our cost of sales also includes the difference between the amount of sales of copper wirerods to Sichuan Xinshiji and our cost of purchasing the power transmission and distribution cables from it. Direct material costs are the costs of raw materials, mainly scrap copper, that we use in the manufacturing of our products. We buy scrap copper at prevailing market prices. As such, our cost of raw materials is affected by fluctuations in the market price of copper. Direct material cost is the largest component of our cost of sales, accounting for approximately 98.6%, 97.9%, 97.5% and 94.7% of our total cost of sales for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, respectively. The table below sets forth our cost of sales during the Track Record Period:

	Period ended December 31,	**Years ended December 31,**		**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Direct materials	189,089	1,294,218	1,366,009	741,314	1,523,589
Manufacturing overheads	2,384	15,625	19,860	13,111	14,732
Depreciation of property, plant and equipment and amortization of land use rights	224	5,087	6,450	4,652	12,273
Processing fee	–	–	–	–	35,711
VAT surtax	–	6,656	9,126	2,213	23,150
	191,697	1,321,586	1,401,445	761,290	1,609,455

Gross profit and gross profit margin

Our gross profit from sales of recycled copper products is determined primarily by the cost of raw materials and recycled copper products prices. The table below sets forth our gross profit during the Track Record Period:

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Gross profit	13,362	74,789	111,688	78,237	98,558

Currently, there is a close correlation between cost of raw materials and prices of recycled copper products. Depreciation and overhead costs are relatively stable so our gross profit margin is largely determined by the direct materials costs, which are directly affected by copper prices.

Other revenue

Our other revenue mainly comprises VAT refunds and government grants and subsidies from local tax bureaus and local finance bureaus in Mianyang, Sichuan Province and Miluo, Hunan Province, interest income and sundry income. The table below sets forth the breakdown of our other revenue during the Track Record Period:

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
VAT refunds					
– Employment of disabled staff	770	7,927	8,598	7,487	10,276
– Comprehensive Utilization of Resources	–	–	40,001	–	89,967
Government grants	1,500	20,522	6,844	2,183	18,211
Government subsidies	–	–	–	–	17,067
Interest income	6	116	443	411	654
Sundry income	–	10	–	–	–
	2,276	28,575	55,886	10,081	136,175

In 2012, Tongxin and Xiangbei recognized VAT refunds under the Policies for Products Generated from Comprehensive Utilization of Resources (Cai Shui [2011] No.115) jointly issued by the PRC State Administration of Taxation and Ministry of Finance. For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, Jinxin recognized VAT refunds in connection with the employment of disabled people. In addition, Jinxin was approved in November 2013 by the local State Administration of Taxation for a refund of 50% of the VAT paid by it since September 2013.

The amounts also include government grants and subsidies received by our operating subsidiaries as financial support to the subsidiaries for general operating use with no future related cost. No specific conditions are attached to the grants and subsidies.

Other net income/(loss)

Other net income/(loss) mainly include gains or losses from futures contracts on copper, change in fair value of contingent consideration liabilities, net foreign exchange gains or losses and loss on disposal of property, plant and equipment. The table below sets forth the breakdown of our other net income or loss during the Track Record Period:

	Period ended December 31,	**Years ended December 31,**		**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net (loss)/gain on copper futures contracts	–	(1,511)	935	433	2,157
Change in fair value of contingent consideration liabilities	–	3,937	(2,211)	–	–
Net foreign exchange gain/(loss)	26	281	(9)	1	(458)
Loss on disposal of property, plant and equipment	–	–	(111)	–	(448)
Others	–	(295)	(113)	(53)	(170)
	26	2,412	(1,509)	381	1,081

Change in fair value of contingent consideration liabilities

In 2010 and 2011, we acquired Jinxin and Xiangbei. For additional information on the acquisitions and related earn-out arrangements, see the section headed "Statutory and General Information – B. Further Information About Our Business" in Appendix VI to this prospectus.

Under IFRS, the contingent consideration shares in connection with Gushan's ordinary shares are classified as an additional contribution of equity from Gushan and stated at fair value at the acquisition date. The contingent consideration shares in connection with Engen's ordinary shares are classified as a liability and stated at fair value at the acquisition date and each reporting date. The subsequent change in the fair value of the contingent consideration shares in connection with Engen's ordinary shares at each reporting date is recognized in our consolidated income statements. We recognized a gain resulting from a decrease in fair value of RMB3.9 million in 2011, mainly due to a decrease in the expected number of Engen's ordinary shares to be issued, a decrease in the fair value of Engen's ordinary shares and an increase in discount rates used to calculate such fair value of contingent consideration. We recognized a loss resulting from an increase in fair value of RMB2.2 million in 2012 when we settled the earn-out for the year ended December 31, 2011 and terminated the subsequent earn-out arrangements. Such increase in fair value of contingent consideration was due to termination of the earn-out arrangements.

Selling and distribution expenses

Our selling and distribution expenses include salaries and other benefits for our sales personnel, transportation costs and other miscellaneous expenses related to our sales activities. We usually deliver our recycled copper products to our customers by truck, using third-party service providers. As most of customers in our recycled copper business are located near our production facilities, our selling expenses with respect to our recycled copper business have been small relative to our turnover. We expect that our selling and distribution expenses will increase in anticipation of the continued expansion of our business. The table below sets forth our selling and distribution expenses during the Track Record Period:

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Transportation	1,075	3,465	5,086	4,161	5,308
Staff cost	184	492	488	360	889
Travelling	32	129	289	218	126
Others	20	141	64	58	235
	1,311	4,227	5,927	4,797	6,558

General and administrative expenses

Our general and administrative expenses include salaries and other benefits for our administrative staff, depreciation of office equipment, professional service fees and other miscellaneous expenses related to our administrative corporate activities.

Our general and administrative expenses also include share-based compensation expenses attributable to options that Gushan had granted to our directors and executives in connection with Gushan's ordinary shares and options Engen granted to Mr. Yu Jianqiu, one of our Directors. No further options were granted by Gushan or Engen. We expect that our general and administrative expenses will also increase in anticipation of our continued expansion of our business.

Our general and administrative expenses incurred for the nine months ended September 30, 2013 included listing expenses of RMB19.8 million, administrative and consultancy fees to Baohe Fushan of RMB2.3 million under the Management Consultancy Agreements and amortization of intangible assets of RMB2.7 million in relation to our acquisitions of Baohe Taiyue and Baohe Xinshiji. No such expenses were incurred for the period ended December 31, 2010 and the years ended December 31, 2011 and 2012. The table below sets forth our general and administrative expenses during the Track Record Period:

	Period ended December 31,	**Years ended December 31,**		**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Listing expenses	–	–	–	–	19,843
Staff costs	795	6,148	10,462	7,069	9,251
Amortization of intangible assets	–	–	–	–	2,742
Depreciation of property, plant and equipment and amortization of land use rights	153	1,461	2,229	1,642	2,433
Other taxes	171	1,244	1,256	666	1,517
Professional fee	10	154	27	8	459
Share-based compensation in connection to Gushan's ordinary shares	–	3,433	2,527	1,336	–
Share-based compensation in connection to Engen's ordinary shares	–	7,659	–	–	–
Others	231	2,454	3,912	3,275	9,631
	1,360	22,553	20,413	13,996	45,876

In connection with share options that Gushan granted to Mr. Liu Hanjiu, one of our Directors, and certain other executives and employees, we recognized share-based compensation expenses in the amount of approximately RMB3.6 million in 2011 and RMB2.6 million in 2012.

On October 31, 2011, the board of directors of Engen granted share options to Mr. Yu Jianqiu, which were fully vested on the grant date, to purchase up to 1,013 ordinary shares of Engen at an exercise price of RMB63,179 per ordinary share. We recognized share-based compensation expense for these options of approximately RMB7.7 million in 2011. These share options were replaced by share options to subscribe for an aggregate of 1,013,000 Shares under the Yu Share Option Agreement. In addition to replacing the Engen Option Agreement, the Yu Share Option Agreement aims to reward Mr. Yu Jianqiu for his contributions to our Company, our subsidiaries and business. For additional information, see the section headed "Statutory and General Information – E. Other Information – 1. Yu Share Option Agreement" in Appendix VI to this prospectus.

Finance costs

Such finance costs mainly included interest expenses on bank loans borrowed by Jinxin for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, and also on bank loans borrowed by Tongxin and Xiangbei in 2012. Furthermore, Engen and True Excel also incurred interest expenses on loans from shareholders. For more information, see note 5(a) in the Accountants' Report set out in Appendix I to this prospectus. The table below sets forth the breakdown of our finance costs during the Track Record Period:

	Period ended December 31,	**Years ended December 31,**		**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expense on bank loans and other borrowings wholly repayable within five years	687	5,595	9,511	7,138	15,235
Interest expense on loans from related parties	–	5,329	5,942	4,503	4,212
Guarantee fees and other charges	33	996	1,397	384	1,170
	720	11,920	16,850	12,025	20,617

Income tax expense

Under the current laws of the Cayman Islands and British Virgin Islands, we are not subject to any income or capital gains tax and dividend payments we make are not subject to any withholding tax in the Cayman Islands or British Virgin Islands.

Under the current laws of Hong Kong, we are not subject to any income or capital gains tax and dividend payments and we are not subject to any withholding tax in Hong Kong.

Under the CIT Law, foreign invested enterprises, such as our subsidiaries, and domestic companies are subject to corporate income tax at a uniform rate of 25%. Two of our subsidiaries, Jinxin and Tongxin, were approved in May 2013 to enjoy a preferential corporate income tax rate of 15% under the preferential policy for promoting the development of Western China, applicable retrospectively to the period beginning on January 1, 2012. The difference between our income tax expenses recognized in 2012 and the income tax expenses that we are required to pay under the preferential policy was credited against our income tax expenses for the nine months ended September 30, 2013.

According to the CIT Law and its relevant regulations, PRC-resident enterprises are levied withholding tax at 10% on dividends distributed to their non-PRC-resident corporate investors for earnings accumulated beginning on January 1, 2008. Since we can control the quantum and timing of distribution of profits of our subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

During the Track Record Period and through the Latest Practicable Date, we paid all taxes applicable to us and did not have any material disputes with any tax authority. The table below sets forth the breakdown of our income tax expense during the Track Record Period:

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax – PRC Corporate Income Tax					
Provision for the period/year	3,683	17,876	30,573	13,106	38,324
Effect of reduction in tax rate for prior year	–	–	–	–	(8,030)
	3,683	17,876	30,573	13,106	30,294
Deferred tax					
Origination and (reversal) of temporary differences	(784)	520	10	178	18
	2,899	18,396	30,583	13,284	30,312

Nine months ended September 30, 2013 compared to nine months ended September 30, 2012

Turnover

Turnover for the nine months ended September 30, 2013 amounted to RMB1,708.0 million, representing an increase of 103.4% from RMB839.5 million for the nine months ended September 30, 2012. This increase was mainly due to the consolidation of Baohe Taiyue's and Baohe Xinshiji's results from January 1, 2013 and an increase in the sales volume of recycled copper products, partially offset by a decrease in the average selling price for recycled copper products.

Turnover from sales of communication cables amounted to RMB189.5 million, representing a sales volume of 2,170 metric tons and an average selling price of RMB87,322 per metric ton for the nine months ended September 30, 2013. Turnover from sales of power transmission and distribution cables amounted to RMB338.9 million, representing a sales volume of approximately 8,446 metric tons and an average selling price of RMB39,947 per metric ton for the nine months ended September 30, 2013. We did not recognize any turnover from sales of communication cables and power transmission and distribution cables for the nine months ended September 30, 2012.

Turnover from recycled copper products amounted to RMB1,164.8 million for the nine months ended September 30, 2013, representing an increase of 42.9% from RMB815.1 million for the nine months ended September 30, 2012, reflecting mainly an increase of 52.1% in the sales volume of recycled copper products from 16,341 metric tons for the nine months ended September 30, 2012 to 24,854 metric tons for the nine months ended September 30, 2013. The increase in sales volume was mainly because we were able to increase our production due to our higher working capital level. The overall average selling price of our recycled copper products decreased by 6.0% from RMB49,878 per metric ton for the nine months ended September 30, 2012 to RMB46,863 per metric ton for the nine months ended September 30, 2013.

Turnover from Xiangbei (after intra-group elimination) amounted to RMB409.2 million for the nine months ended September 30, 2013, representing an increase of 99.6% from RMB205.0 million for the nine months ended September 30, 2012. This primarily reflected an increase in the sales volume of Xiangbei's recycled copper products by 113.9% from 4,073 metric tons for the nine months ended September 30, 2012 to 8,712 metric tons for the nine months ended September 30, 2013. The increase in sales volume was mainly because we were able to increase our production due to our higher working capital level from bank borrowings and cash generated from operations. The increase was offset partly by a decrease of 6.4% in the average selling price of Xiangbei's recycled copper products from RMB50,154 per metric ton for the nine months ended September 30, 2012 to RMB46,935 per metric ton for the nine months ended September 30, 2013. The decrease in the average selling price followed the general price trend of the PRC copper market.

The total turnover of Jinxin and Tongxin (after intra-group elimination) amounted to RMB770.4 million for the nine months ended September 30, 2013, representing an increase of 21.4% from RMB634.5 million for the nine months ended September 30, 2012. This primarily reflected an increase in the total sales volume of Jinxin's and Tongxin's recycled copper products by 31.6% from 12,267 metric tons for the nine months ended September 30, 2012 to 16,142 metric tons for the nine months ended September 30, 2013, the increase in volume was mainly because we were able to increase our production due to our higher working capital level from bank borrowings and cash generated from operations. The increase was offset partly by a decrease of 6.0% in the average selling price of Jinxin's and Tongxin's recycled copper products from RMB49,787 per metric ton for the nine months ended September 30, 2012 to RMB46,824 per metric ton for the nine months ended September 30, 2013. The decrease in the average selling price followed the general price trend of the PRC copper market.

Cost of sales

Cost of sales for the nine months ended September 30, 2013 totaled RMB1,609.5 million, representing an increase of 111.4% from RMB761.3 million for the nine months ended September 30, 2012. The increase was mainly due to the additional cost of sales arising from the consolidation of Baohe Taiyue's and Baohe Xinshiji's results from January 1, 2013 and an increase in the sales volume of our recycled copper products. The average unit cost of raw materials in our recycled copper business decreased by 1.5% from RMB45,366 per metric ton for the nine months ended September 30, 2012 to RMB44,679 per metric ton for the nine months ended September 30, 2013. The average unit costs of raw materials in our communication cables business and power transmission and distribution cables business were RMB70,064 per metric ton and RMB33,409 per metric ton, respectively, for the nine months ended September 30, 2013.

Cost of sales, other than raw materials and cost of finished goods from Sichuan Xinshiji, was RMB85.9 million for the nine months ended September 30, 2013, representing an increase of 329.5% from RMB20.0 million for the nine months ended September 30, 2012. The increase was mainly attributable to the processing fees of RMB9.4 million paid by Baohe Taiyue to Guangzhou Taiyue and RMB26.4 million paid by Baohe Xinshiji to Sichuan Xinshiji. The increase was also attributable to an increase in other taxes from RMB2.2 million to RMB23.1 million. Such other taxes are calculated with reference to the amounts of net VAT paid to the tax authorities. For the nine months ended September 30, 2013, we increased our purchases of raw materials from individual suppliers who did not provide VAT invoices, as a result, our net VAT paid after deducting input VAT increased as compared to the amount paid for the same period last year.

Gross Profit

Our gross profit was RMB98.6 million for the nine months ended September 30, 2013, representing an increase of 26.1% from RMB78.2 million for the nine months ended September 30, 2012. Our gross profit margin in the nine months ended September 30, 2013 decreased to 5.8% from 9.3% in the nine months ended September 30, 2012. The deterioration in gross profit margin was mainly due to the decrease in average selling price of recycled copper products by 6.0% without a comparable decrease in the average raw materials costs. The lower gross profit margin was mainly because we had been sourcing more of our scrap copper from vendors who did not provide VAT invoices, which resulted in greater VAT refunds to us, and on an ex-VAT basis, these vendors generally sold scrap copper at a higher price.

Other revenue

Other revenue increased significantly to RMB136.2 million for the nine months ended September 30, 2013 from RMB10.1 million for the nine months ended September 30, 2012. The following table shows VAT refunds and government grants and subsidies recognized by Jinxin, Tongxin, Xiangbei and Baohe Xinshiji for the nine months ended September 30, 2012 and 2013.

	Jinxin		**Tongxin**		**Xiangbei**		**Baohe Xinshiji**	
	Nine months ended September 30,		**Nine months ended September 30,**		**Nine months ended September 30,**		**Nine months ended September 30,**	
	2012	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**
	RMB'000		*RMB'000*		*RMB'000*		*RMB'000*	
	(unaudited)		*(unaudited)*		*(unaudited)*		*(unaudited)*	
VAT refunds	7,487	10,276	–	57,634	–	32,333	–	–
Government grants and subsidies	450	1,100	–	21,650	1,733	12,461	–	67

Tongxin and Xiangbei began to receive VAT refunds under the Comprehensive Utilization of Resources Policy from the third quarter of 2012 when they obtained the relevant approvals from the tax authorities. The increase in Jinxin's VAT refunds was primarily due to difference in timing of receiving such VAT refunds under the Social Welfare Enterprise Policy. Starting from 2013, Tongxin and Baohe Xinshiji receive government grants and subsidies under the Project Investment Agreements. For additional information, see the section headed "Business – Our Products and Business Activities – Project Investment Agreements and Management Consultancy Agreements" in this prospectus.

Other net income/(loss)

Our other net income for the nine months ended September 30, 2013 was RMB1.1 million as compared to our other net income of RMB0.4 million for the nine months ended September 30, 2012. Our other net income for the nine months ended September 30, 2012 mainly comprised a net gain of RMB0.4 million on copper futures contracts trading on the Shanghai Futures Exchange. Our other net income for the nine months ended September 30, 2013 mainly comprised a net gain of RMB2.2 million on copper futures contracts trading on the Shanghai Futures Exchange.

Selling and distribution expenses

Our selling and distribution expenses for the nine months ended September 30, 2013, were RMB6.6 million, representing an increase of 37.5% from RMB4.8 million for the nine months ended September 30, 2012. The increase was primarily due to the consolidation of Baohe Taiyue's and Baohe Xinshiji's results for the nine months ended September 30, 2013.

Administrative expenses

Our administrative expenses for the nine months ended September 30, 2013 were RMB45.9 million, representing an increase of 227.9% from RMB14.0 million for the nine months ended September 30, 2012. The increase was primarily due to the recognition of listing expenses of

RMB19.8 million in preparation for the Global Offering, administrative and consultancy fees of RMB2.3 million to Baohe Fushan under the Management Consultancy Agreements, amortization of intangible assets of RMB2.7 million in relation to Baohe Taiyue and Baohe Xinshiji and consolidation of Baohe Taiyue's and Baohe Xinshiji's results from January 1, 2013.

Income Tax

Income tax expense for the nine months ended September 30, 2013 was RMB30.3 million, representing an increase of 127.8% from RMB13.3 million for the nine months ended September 30, 2012. The increase was mainly due to an increase in the taxable profit generated by our recycled copper products business and the consolidation of our communicable cable business and power transmission and distribution cable business from January 1, 2013. Furthermore, income tax for the nine months ended September 30, 2013 also included a withholding tax of RMB2.5 million on Xiangbei's retained earnings of RMB25.0 million which was re-invested to increase registered capital.

Under the Notice on Corporate Income Tax Issues concerning the In-depth Implementation of the Western Development Strategy, Jinxin and Tongxin received approvals from local tax authorities in May 2013 to enjoy a preferential corporate income tax rate of 15%, applicable retrospectively to the period beginning on January 1, 2012. The difference between our income tax expenses recognized in 2012 and the income tax expenses that we are required to pay under the preferential policy was credited against our income tax expenses for the nine months ended September 30, 2013.

Profit for the period

As a result of the foregoing, our profit for the nine months ended September 30, 2013 was approximately RMB132.5 million, representing an increase of 197.1%, from approximately RMB44.6 million for the nine months ended September 30, 2012. Our net profit margin increased from 5.3% for the nine months ended September 30, 2012 to 7.8% for the nine months ended September 30, 2013.

Year ended December 31, 2012 compared to year ended December 31, 2011

Turnover

Turnover for the year ended December 31, 2012 amounted to RMB1,513.1 million, representing an increase of 8.4% from RMB1,396.4 million for the year ended December 31, 2011.

This increase was mainly due to the consolidation of Xiangbei's full-year results for 2012. We started to consolidate Xiangbei's results from August 2011. Xiangbei's full-year turnover contribution (after intra-group elimination) was RMB407.6 million for the year ended December 31, 2012, as compared to a five-month turnover contribution of RMB184.5 million for the year ended December 31, 2011. The volume of recycled copper products sold by Xiangbei increased by 184.2% from 2,866 metric tons for the five-month period for 2011 to 8,145 metric tons for 2012. The average selling price of Xiangbei's products decreased by 6.5% from RMB53,249 per metric ton for the five-month period in 2011 to RMB49,787 per metric ton for 2012.

The total turnover of Jinxin and Tongxin (after intra-group elimination) amounted to RMB1,105.6 million for 2012, representing a decrease of 8.8% from RMB1,211.9 million for 2011, reflecting mainly a decrease of 14.3% in the average selling price of recycled copper products from RMB57,667 per metric ton for 2011 to RMB49,417 per metric ton for 2012, a decrease in sales of scrap materials and a decrease in contract manufacturing fee income as a number of our customers switched from using our processing services to purchasing our recycled copper products in 2012. The decrease was offset partly by an increase in the sales volume of Jinxin's and Tongxin's recycled copper products by 7.8% from 20,288 metric tons for 2011 to 21,869 metric tons for 2012.

The overall average selling price of our recycled copper products decreased by 13.3% from RMB57,120 per metric ton in 2011 to RMB49,518 per metric ton in 2012, mainly due to a decrease in the market price of copper.

Cost of sales

Cost of sales for the year ended December 31, 2012 totaled RMB1,401.4 million, representing an increase of 6.0% from RMB1,321.6 million for the year ended December 31, 2011. The increase was mainly due to an increase in the sales volume of our recycled copper products by 29.6% from 23,154 metric tons for 2011 to 30,014 metric tons for 2012 because Xiangbei contributed only five-month results to our operating results in 2011 but full-year results in 2012. The average unit cost of raw materials decreased by 18.6% from RMB55,903 per metric ton for 2011 to RMB45,512 per metric ton for 2012.

Manufacturing staff costs for 2012 was RMB5.9 million, representing an increase of 40.5% from RMB4.2 million for 2011. Depreciation on production facilities and amortization of land use rights for 2012 was RMB6.4 million, representing an increase of 25.5% from RMB5.1 million for 2011. Other taxes on sales for 2012 amounted to RMB9.1 million, representing an increase of 51.7% from RMB6.0 million for 2011. Manufacturing overheads for 2012 amounted to RMB14.0 million, representing an increase of 15.7% from RMB12.1 million for 2011. All of these increases were mainly due to the combination of Xiangbei's full-year results in 2012 as compared to Xiangbei's five-month results in 2011.

Gross Profit

Our gross profit was RMB111.7 million for 2012, representing an increase of 49.3% from RMB74.8 million for 2011. Our gross profit margin in 2012 increased to 7.4% from 5.4% in 2011.

The improvement of the gross profit margin was mainly because the average spread between the average selling price of recycled copper products and the average unit cost of raw materials, which primarily consist of scrap copper, in 2012 was larger than that in 2011. The average unit cost of raw materials used in the production of our recycled copper products decreased by 18.6%, while the average selling price of our recycled copper products decreased by 13.3% during the same period, resulting in an improvement of our profit margin which was partly offset by a decrease in the profit derived from the sales of scrap materials, the proportion of which decreased but which have higher profit margins than sales of recycled copper products.

Other revenue

Other revenue was RMB55.9 million for the year ended December 31, 2012, representing an increase of 95.5% from RMB28.6 million for the year ended December 31, 2011 which was mainly due to an increase in VAT refunds. Jinxin contributed RMB8.6 million of VAT refunds and RMB0.8 million of government grants in 2012 as compared to RMB7.9 million of VAT refunds and RMB10.2 million of government grants in 2011. Tongxin contributed RMB13.7 million of VAT refunds in 2012 as compared to nil in 2011. Xiangbei contributed RMB26.3 million of VAT refunds and RMB6.0 million of government grants in 2012 as compared to RMB10.3 million of government grants in 2011. Xiangbei obtained the approval under the Policies for Products Generated from Comprehensive Utilization of Resources in September 2012 which entitles it to enjoy VAT refunds with retrospective effect from August 2011 and Tongxin was approved in December 2012 under the same policy with retrospective effect from October 2012.

Other net income/(loss)

Our other net loss for 2012 was RMB1.5 million as compared to our other net income of RMB2.4 million for 2011. Other net loss for 2012 mainly included a loss of RMB2.2 million from change in fair value of contingent consideration liabilities in connection with the issuable ordinary shares of Engen, partially offset by a net gain of RMB0.9 million on copper futures contracts trading on the Shanghai Futures Exchange.

We recognized a loss resulting from an increase in fair value of contingent consideration liabilities of RMB2.2 million in 2012 when we settled the earn-out arrangement in respect of Xiangbei for the year ended December 31, 2011 and terminated the subsequent earn-out arrangements for 2012 and 2013.

Selling and distribution expenses

Our selling and distribution expenses for the year ended December 31, 2012 were RMB5.9 million, representing an increase of 40.5% from RMB4.2 million for the year ended December 31, 2011. The increase was primarily due to the consolidation of Xiangbei's full-year results for 2012.

Administrative expenses

Our administrative expenses for the year ended December 31, 2012 were RMB20.4 million, representing a decrease of 9.7% from RMB22.6 million for the year ended December 31, 2011. The decrease was primarily due to a decrease in share-based compensation expense by 77.0% to RMB2.6 million for 2012 from RMB11.3 million for 2011, because the share options granted to Mr. Yu Jianqiu to purchase 1,013 ordinary shares of Engen were fully vested on the grant date in 2011. The share-based compensation in connection with Gushan's share option will not be further amortized after 2012 as the share options were canceled in October 2012 and all previously measured but unrecognized amount were fully recognized in 2012. The decrease in share-based compensation expense was partly offset by an increase in overall administrative expenses resulting from the combination of Xiangbei's full-year results in 2012.

Income Tax

Income tax expense for 2012 was RMB30.6 million, representing an increase of 66.3% from RMB18.4 million for 2011. The increase in CIT was mainly due to an increase in the taxable profit. The effective tax rate decreased to 24.9% for 2012 from 27.4% for 2011. The decrease in effective tax rate was mainly due to a decrease in share-based compensation expense by RMB8.6 million incurred by Engen during 2012, which was not tax deductible.

Profit for the year

As a result of the foregoing, our profit for the year was approximately RMB92.3 million for the year ended December 31, 2012, representing an increase of approximately RMB43.6 million, or 89.6%, from approximately RMB48.7 million for the year ended December 31, 2011. Our net profit margin increased from 3.5% for the year ended December 31, 2011 to 6.1% for the year ended December 31, 2012.

Year ended December 31, 2011 compared to period ended December 31, 2010

Turnover

Turnover for the year ended December 31, 2011 was RMB1,396.4 million, representing an increase of 581.0% from RMB205.1 million for the period ended December 31, 2010.

This increase was mainly due to the consolidation of Jinxin's full-year results in 2011. We started to consolidate Jinxin's results from November 3, 2010. The increase was also attributable to the consolidation of Xiangbei's results beginning in August 2011. Jinxin's full-year revenue contribution in 2011 was RMB1,211.9 million, as compared to a two-month revenue contribution of RMB205.1 million for the period ended December 31, 2010. The recycled copper products sold by Jinxin increased by 435.7% from two-month sales of 3,787 metric tons for the period ended December 31, 2010 to full-year sales of 20,288 metric tons in 2011. Jinxin also sold more scrap materials in 2011. The five-month revenue of Xiangbei in 2011 was RMB184.5 million, reflecting sales of 2,866 metric tons of recycled copper products since August 2011. The average selling price of recycled copper products increased by 6.4% to RMB57,120 per metric ton for 2011 from RMB53,697 per metric ton for the period ended December 31, 2010.

Cost of sales

Cost of sales for 2011 was RMB1,321.6 million, representing an increase of 589.4% from RMB191.7 million for the period ended December 31, 2010. The increase was mainly due to an increase in the sale volume of our recycled copper products by 511.4% from 3,787 metric tons for the period ended December 31, 2010 to 23,154 metric tons for 2011 as a result of the consolidation of Jinxin's full-year results in 2011, as compared to two-month results in 2010, and the consolidation of Xiangbei's five-month results in 2011. The average unit cost of raw materials increased by 12.0% from RMB49,926 per metric ton for the period ended December 31, 2010 to RMB55,903 per metric ton for 2011.

Manufacturing staff costs for 2011 was RMB4.2 million, representing an increase of 223.1% from RMB1.3 million for the period ended December 31, 2010. Depreciation on production facilities and amortization of land use rights for the period ended December 31, 2011 was RMB5.1 million, representing an increase of RMB4.9 million from RMB0.2 million for the period ended December 31, 2010. Other taxes on sales increased to RMB6.0 million for 2011 from less than RMB0.1 million for the period ended December 31, 2010. Manufacturing overheads increased to RMB12.1 million for 2011 from RMB1.1 million for the period ended December 31, 2010. These increases were due to the consolidation of Jinxin's full-year results and Xiangbei's five-month results in 2011.

Gross Profit

Our gross profit for 2011 was RMB74.8 million, representing an increase of 458.2% from RMB13.4 million for the period ended December 31, 2010. Gross profit margin for the period ended December 31, 2011 decreased to 5.4% from 6.5% for the period ended December 31, 2010.

The deterioration of the gross margin was mainly because the average spread between the average selling price of recycled copper products and the average unit cost of raw materials, which primarily consist of scrap copper, in 2011 is lower than that for the period ended December 31, 2010. The average unit cost of raw materials used in the production of our recycled copper products increased by 12.0%, while the average selling price of our recycled copper products increased by 6.4% during the same period, resulting in a deterioration of our profit margin which was partly offset by an increase in the profit derived from the sales of scrap materials, the proportion of which increased and which have higher profit margins than sales of recycled copper products.

Other revenue

Other revenue was RMB28.6 million for the year ended December 31, 2011, representing an increase of 1,143.5% from RMB2.3 million for the period ended December 31, 2010 which was mainly due to an increase in VAT refunds and government grants. In 2011, Jinxin contributed RMB7.9 million of VAT refunds and RMB10.2 million of government grants as compared to RMB0.8 million of VAT refunds and RMB1.5 million of government grants in 2010 due to the consolidation of Jinxin's full-year results in 2011. Xiangbei contributed RMB10.3 million of government grants in 2011.

Other net income

Other net income for 2011 increased significantly to RMB2.4 million from RMB26,000 for the period ended December 31, 2010. Other net income for 2011 mainly included a gain of RMB3.9 million from change in fair value of contingent consideration liabilities in connection with the issuable ordinary shares of Engen, partially offset by a loss of RMB1.5 million on copper futures contracts trading on the Shanghai Futures Exchange, while our net income for the period ended December 31, 2010 was resulted from our net foreign exchange gain.

We recognized a gain resulting from a decrease of RMB3.9 million in the fair value of contingent consideration liability for 2011, mainly due to a decrease in the expected number of ordinary shares of Engen to be issued subject to the Xiangbei earn-out arrangement, a decrease in the fair value of Engen's ordinary shares and an increase in discount rates used to calculate such fair value of contingent consideration.

Selling and distribution expenses

Our selling and distribution expenses were RMB4.2 million for the year ended December 31, 2011, representing an increase of 223.1% from RMB1.3 million for the period ended December 31, 2010. The increase was primarily due to the combination Jinxin's full-year results for 2011 and the combination Xiangbei's results beginning in August 2011.

Administrative expenses

Our administrative expenses were RMB22.6 million for the year ended December 31, 2011, representing an increase of 1,514.3% from RMB1.4 million for the period ended December 31, 2010. The increase was primarily due to (i) the consolidation of Jinxin's full-year results for 2011 and the consolidation of Xiangbei's results beginning from August 2011, and (ii) the inclusion of a share-based compensation expense of RMB11.3 million, comprising RMB7.7 million in connection with the share options granted to Mr. Yu Jianqiu to purchase 1,013 ordinary shares of Engen and RMB3.6 million in connection with the share options granted by Gushan to Jinxin's executives and staff to purchase three million shares of Gushan.

Income Tax

Income tax expense was RMB18.4 million, representing an increase of 534.5% from RMB2.9 million for the period ended December 31, 2010. The increase in CIT was mainly due to an increase in the taxable profit. The effective tax rate increased to 27.4% in 2011 from 23.6% for the period ended December 31, 2010. The increase in effective tax rate was mainly resulting from the recognition of the share-based compensation expense of approximately RMB11.3 million by Engen during 2011, which is not tax deductible.

Profit for the year/period

As a result of the foregoing, our profit was RMB48.7 million for the year ended December 31, 2011, representing an increase of RMB39.3 million or 418.1% from RMB9.4 million for the period ended December 31, 2010. Our net profit margin decreased to 3.5% for the year ended December 31, 2011 from 4.6% for the period ended December 31, 2010.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Property, plant and equipment

Property, plant and equipment consist of buildings, plants and machineries, furniture, fittings and equipment, motor vehicles and construction in progress. The increase of the balance of our property, plant and equipment from December 31, 2010 to September 30, 2013 was primarily due to the construction of our new production facilities and our acquisitions of Xiangbei, Baohe Xinshiji and Baohe Taiyue.

Lease prepayments

The lease prepayments represent costs of the land use rights and other related costs and taxes in respect of the land located in the PRC, on which we build our production facilities. The increase of the balance of our lease prepayments from December 31, 2010 to September 30, 2013 was primarily due to acquisitions of an additional piece of land for our Jinxin facilities and the land for the construction of our Tongxin and Baohe Xinshiji facilities in 2013.

Goodwill

Our goodwill increased from RMB16.1 million as of December 31, 2010 to RMB38.8 million as of December 31, 2011 and further to RMB39.3 million as of December 31, 2012, mainly due to our acquisitions of Jinxin for the period ended December 31, 2010, Xiangbei in 2011, and Baohe Xinshiji and Baohe Taiyue in 2012. Our goodwill as of September 30, 2013 remained at RMB39.3 million.

Intangible assets (other than goodwill)

Our other intangible assets represent the estimated fair value of customer relationships as of December 31, 2012 acquired from Baohe Taiyue and Baohe Xinshiji. Customer relationships are to be amortized over their estimated useful lives, which we estimate to be three years.

Inventories

The following table sets out a summary of our inventory balances as of the end of the periods indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	108,821	79,889	76,858	225,805
Work in progress	–	5,450	10,374	35,352
Finished goods	32,108	29,573	26,492	92,387
	140,929	114,912	113,724	353,544

Our inventory balance of RMB140.9 million as of December 31, 2010 was relatively high as compared to RMB114.9 million as of December 31, 2011 and RMB113.7 million as of December 31, 2012. We purchased a considerable amount of raw materials at the end of 2010 mainly because the management anticipated an increase in raw materials price in the first few months in 2011.

The inventory balance as of December 31, 2011 and 2012 was fairly stable, mainly reflecting stable production plans for the first quarter of 2012 and for the first quarter of 2013. The inventory balance as of September 30, 2013 increased significantly to RMB353.5 million, mainly due to an increase in the procurement of raw material in anticipation of certain large purchase orders for our recycled copper products that were delivered in the last quarter of 2013 and potential temporary shortage of raw material supply during the Chinese national day holiday in October 2013. The increase was also due to an increase in the balance of finished goods (recycled copper products) resulted from the increased production volume in September 2013 in order to compensate for a temporary reduction in production activities during the Chinese national day holiday.

Our inventory turnover days were 27.2 days, 30.7 days, 29.7 days and 39.6 days for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013. Inventory turnover days equal average inventory (excluding inventory of Baohe Taiyue and Baohe Xinshiji) divided by cost of sales and multiplied by 59 for the period ended December 31, 2010, by 366 for the year ended December 31, 2012 and by 273 for the nine months ended September 30, 2013. For the year ended December 31, 2011, in calculating our inventory turnover days, Xiangbei's cost of sales is annualized by multiplying by 365/153. Our turnover days of inventory were relatively stable during the period ended December 31, 2010 and the years ended December 31, 2011 and 2012, and our inventory turnover day for the nine months ended September 30, 2013 increased to 39.6 days, mainly due to an increase in our raw materials and finished goods as of September 30, 2013 attributable to the reasons stated above. Sales of cable products, which are normally sold and delivered directly from Guangzhou Taiyue and Sichuan Xinshiji to our customers, also contributed to the decrease.

Trade and other receivables

Our trade and other receivables primarily consist of trade debtors and bills receivable, advance payments to suppliers, VAT refunds and government grants receivables, and other deposits and prepayments and receivables. Our trade receivables primarily consist of accounts receivable with customers, including related parties, in connection with the sale of our products. Our bills receivable primarily consist of bills issued by banks delivered by our customers in lieu of cash payment for purchases. Our advance payments to suppliers primarily consist of deposit payments made to suppliers for the procurement of raw materials, which we believe is consistent with general industry practice in China.

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors and bills receivable	56,859	226,602	329,315	266,922
Advance payments to suppliers	15	38,506	72,125	76,227
VAT refunds and government grants receivable	–	5,499	39,742	27,311
Other deposits, prepayments and receivables	16,341	21,715	23,890	10,872
	73,215	292,322	465,072	381,332

Our trade debtors and bills receivable increased from RMB56.9 million as of December 31, 2010 to RMB226.6 million as of December 31, 2011 to RMB329.3 million as of December 31, 2012, primarily due to the increase in our sales. Our trade debtors and bills receivable decreased to RMB266.9 million as of September 30, 2013 mainly because we sell to a greater number of customers of smaller scale which have a tendency to pay earlier and we enhanced our credit risk control by shortening the grace period given to our customers. In addition, we have also increased our effort in bill collection.

Our trade debtors receivable increased from RMB47.3 million as of December 31, 2010 to RMB215.8 million as of December 31, 2011, to RMB329.3 million as of December 31, 2012 primarily due to the increase in our sales. However, our trade debtors receivable decreased to RMB266.9 million as of September 30, 2013 mainly because we sell to a greater number of customers of smaller scale which have a tendency to pay earlier and we enhanced our credit risk control by shortening the grace period given to our customers. Our bills receivable accounted for a small portion of our trade debtors and bills receivable during the Track Record Period since, in our experience, our major customers in our recycled copper product business, which are power transmission and distribution cable manufacturers, generally do not use promissory notes. Our bills receivable increased slightly from RMB9.6 million as of December 31, 2010 to RMB10.8 million as of December 31, 2011, and we did not have any bills receivable as of December 31, 2012 and September 30, 2013.

We generally grant our customers in our recycled copper business a credit period of five to 30 days, customers in our communication cable business a credit period up to 30 days and customers in our power transmission and distribution cable business a credit period up to 90 days, and further extend the credit period by three to six months if at any point during the credit period the customer chooses to pay by promissory notes issued by banks, although such terms may vary based on our historical relationships with, and assessment of creditworthiness of, each customer, and our financial position and working capital needs. Accordingly, it is possible for customers to be extended a credit period of up to 210 days. We believe that settlement by promissory notes issued by banks is a customary practice in our industry. The promissory notes we receive are issued by reputable PRC banks, so we generally consider the risk of default is relatively low. We receive cash payments from the issuing banks when the promissory notes mature, unless we endorse or discount them. When we discount such bills to banks in exchange for cash, we incur finance costs for discounting.

The following is an aging analysis of our trade debtors and bills receivable, presented based on the transaction date as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	48,574	86,658	258,584	125,213
31 to 60 days	8,168	89,685	46,935	94,945
61 to 180 days	99	49,952	23,780	46,764
Over 180 days	18	307	16	–
	56,859	226,602	329,315	266,922

The increase in our trade debtors and bills receivable balance of over 30 days as of September 30, 2013 was mainly due to the consolidation of our power transmission and distribution cable and communication cable businesses. In line with the industry practice, we grant the customers of our power transmission and distribution cable and communication cable businesses a longer credit period than the customers of our recycled copper business.

The aging analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired is as follow:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	34,861	50,574	66,779	104,906
Less than 30 days past due	18,698	50,863	213,782	112,100
31 to 60 days past due	3,230	77,364	41,851	19,284
61 to 180 days past due	52	47,561	6,887	30,632
Over 180 days past due	18	240	16	–
Amounts past due	21,998	176,028	262,536	162,016
	56,859	226,602	329,315	266,922

As of January 31, 2014, we had subsequently received RMB265.7 million from our customers to settle our trade debtors and bills receivable outstanding as of September 30, 2013, the total of which represented 99.6% of the outstanding trade debtors and bills receivable as of September 30, 2013. As a result, trade debtors and bills receivable of RMB1.2 million as of September 30, 2013 were past due and not yet settled but not impaired.

Although we face increased pressure on our cash flow and risks related to non-payment of these past due receivables, we believe, considering the high creditworthiness of these customers, their good track record with us and the subsequent partial settlement by cash, no impairment allowance is necessary in respect of the remaining unsettled balances and we believe our overall risks are controllable. We do not hold any collateral over these balances because we expect to be able to collect all these receivables in the future.

The following is an aging analysis of our trade receivables from related parties presented based on the transaction dates as of the dates indicated:

	As of December 31, 2012		As of September 30, 2013	
	Due from Guangzhou Taiyue	Due from Sichuan Xinshiji	Due from Guangzhou Taiyue	Due from Sichuan Xinshiji
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	5,774	3,275	–	10,726
Less than 30 days past due	2,853	50,809	–	–
31 to 60 days past due	–	18,684	–	3,868
61 to 180 days past due	–	7	2,039	–
Over 180 days past due	–	–	–	–
Amounts past due	2,853	69,500	2,039	3,868
	8,627	72,775	2,039	14,594

The aging analysis of amount due from related parties that are neither individually nor collectively considered to be impaired is as follows:

	As of December 31, 2012		As of September 30, 2013	
	Due from Guangzhou Taiyue	Due from Sichuan Xinshiji	Due from Guangzhou Taiyue	Due from Sichuan Xinshiji
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	8,627	53,078	–	10,726
31 to 60 days	–	2,796	–	3,868
61 to 180 days	–	16,901	2,039	–
Over 180 days	–	–	–	–
	8,627	72,775	2,039	14,594

In determining the recoverability of amounts due from related parties, no impairment would be recognized if we consider our related parties financially sound. We consider that the risks of non-payment by related customers are relatively low given their long business relationship with us and good repayment history.

As of the Latest Practicable Date, we had subsequently received RMB14.6 million from Sichuan Xinshiji and RMB2.0 million from Guangzhou Taiyue, in full settlement of trade receivables due from the related parties.

Our trade debtors and bills receivable turnover days were 17.2 days, 35.2 days, 60.4 days and 47.6 days for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013. Trade debtors and bills receivable turnover days equal average balance of trade debtors and bills receivable (excluding trade debtors and bills receivable of Baohe Taiyue and Baohe Xinshiji for 2012) divided by total turnover and multiplied by 59 for the period ended December 31, 2010, by 366 days for the year ended December 31, 2012 and by 273 days for the nine months ended September 30, 2013. For the year ended December 31, 2011, in calculating our trade debtors and bills receivable turnover days, Xiangbei's turnover is annualized by multiplying by 365/153.

The increase in our trade debtors and bills receivable turnover days in 2011 was primarily because the two-month results in 2010 were not representative. The increase in our trade debtors and bills receivable turnover days in 2012 was primarily because we made, and recognized, relatively more sales in the fourth quarter of 2012, as a combined result of strong market demand, an addition of new customers and the availability of more working capital from bank borrowings. As a result, the increase in our average trade debtors and bills receivable in 2012 is disproportionate to the increase in our turnover in 2012. The decrease in our trade debtors and bills receivable turnover days in the first nine months of 2013 was primarily because we sell to a greater number of customers of smaller scale which have a tendency to pay earlier and we enhanced our credit risk control by shortening the grace period given to our customers. In addition, we have also increased our effort in bill collection. During the Track Record Period, our trade debtors and bills receivable turnover days were generally longer than the credit periods we granted to our customers because some of our customers did not pay within the relevant credit period. However, during the Track Record Period, we did not recognize any bad debts and substantially all of our trade debtors and bills receivable were settled within 180 days after they became due. We strive to maintain effective internal management and reduce our trade debtors and bills receivable related risks by performing periodic evaluations of the overdue balances and customer visits to ensure that our exposure to bad debts is not significant and that adequate impairment losses are made for irrecoverable amounts. We have also included receivables collection rates as one of the standards to evaluate the performance of our sales personnel to encourage them to collect amounts due from our customers.

Our prepayments to our suppliers increased from less than RMB0.1 million as of December 31, 2010 to RMB38.5 million as of December 31, 2011, to RMB72.1 million as of December 31, 2012 and further to RMB76.2 million as of September 30, 2013, primarily due to our strategy to secure sources of raw materials and to obtain better prices by offering advance payments to the suppliers. The size of such advance payments is also related to our business growth.

Amounts due from related parties

The following table sets forth the analysis of the amounts due from related parties as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from Gold Wide	–	2,680	–	–
Amount due from Silvery Boom	–	1,786	–	–
Amount due from Guangzhou Taiyue	–	–	1,379	–
Amount due from Mr. Fan Dunxian	–	–	3,190	–
Amount due from Mr. Liu Hanjiu	–	–	–	260
Amount due from Mr. Zhang Huayi	–	–	–	37
Amounts due from related parties	–	4,466	4,569	297

The amounts due from Gold Wide and Silvery Boom as of December 31, 2011 represented the subscription payable amount for Engen's ordinary shares, part of a series of transactions by which we acquired Xiangbei. Such amount was unsecured, interest-free and had no fixed repayment terms. In 2012, Gold Wide and Silvery Boom fully repaid such amount to Engen. For additional information on the series of transactions by which we acquired Xiangbei, see the section headed "History, Reorganization and Corporate Structure" in this prospectus.

The amounts due from Guangzhou Taiyue and Mr. Fan Dunxian as of December 31, 2012 represented advances of RMB1.4 million and RMB3.2 million, respectively, to Guangzhou Taiyue and Mr. Fan Dunxian when we acquired Baohe Taiyue in December 2012. Both amounts were unsecured, interest-free and repayable on demand. The amounts due from Mr. Fan Dunxian and Guangzhou Taiyue were fully repaid during the nine months ended September 30, 2013.

The amounts due from Mr. Liu Hanjiu and Mr. Zhang Huayi as of September 30, 2013 represented our petty cash advances to them principally to cover business travels and business development expenses. Both amounts are unsecured, interest-free and repayable on demand. After Listing, we expect to continue to have amounts due from our related parties resulting from similar advances for operating expenses.

Trade and other payables

Our trade and other payables primarily consist of trade and bills payable for purchases of raw materials from suppliers, receipts in advance from customers, and other payables and accruals including amounts payable for construction of our production facilities, payroll and welfare payables, VAT payables and contingent consideration liabilities in respect of acquisition of Xiangbei.

The following table sets forth a breakdown of our trade and other payable as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	76,575	93,680	76,137	121,089
Bills payable	–	–	41,400	51,400
Receipts in advance	1,503	1,854	7,568	9,028
Other payables and accruals	13,257	17,452	128,702	228,211
Derivative financial instruments	–	–	3	321
	91,335	112,986	253,810	410,049

Our trade and bills payable increased from RMB76.6 million as of December 31, 2010 to RMB93.7 million as of December 31, 2011, primarily due to increases in the purchases of raw materials in line with the overall business growth and the acquisition of Xiangbei. Our trade and bills payable increased further to RMB117.5 million as of December 31, 2012 primarily due to (i) increases in the procurement of raw materials in line with our business growth and in anticipation of an increase in raw material price, (ii) the acquisition of Baohe Xinshiji and (iii) longer credit periods extended by our suppliers as we increased our purchase volumes. Our trade and bills payable as of September 30, 2013 increased to RMB172.5 million, mainly due to an increase in the procurement of raw materials in anticipation of certain large purchase orders for our recycled copper products that were delivered in the last quarter of 2013 and the possible temporary shortage of raw material supply during the Chinese national day holiday in which the raw material supply from our suppliers may be temporarily suspended.

The credit period of our trade payables and bills payable is normally within 15 days and three to six months, respectively. Substantially all of our trade and other payables at the end of the relevant periods were due within three months.

The following table sets forth the aging analysis of our trade and bills payable presented based on the delivery date, as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	76,575	52,970	49,659	86,999
31 to 60 days	–	13,690	25,932	22,818
61 to 180 days	–	27,003	40,552	40,695
Over 180 days	–	17	1,394	21,977
	76,575	93,680	117,537	172,489

Our trade and bills payable turnover days were 12.7 days, 21.2 days, 25.4 days and 24.6 days for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013. Trade and bills payable turnover days equal average balance of trade and bills payable (excluding trade and bills payable of Baohe Taiyue and Baohe Xinshiji for 2012) divided by total cost of sales and multiplied by 59 for the period ended December 31, 2010, by 366 for the year ended December 31, 2012 and by 273 for the nine months ended September 30, 2013. For the year ended December 31, 2011, in calculating our trade and bills payable turnover days, Xiangbei's cost of sales is annualized by multiplying by 365/153.

Our trade and bills payable turnover days increased from December 31, 2010 to 2012 primarily due to (i) longer credit periods extended by our suppliers as we increased our purchase volumes in 2011 and 2012 and (ii) our increased use in 2012 of promissory notes issued by banks, which have a longer credit period, as a payment method to reduce pressure on our cash flow. The increase in trade and bills payable turnover days in 2012 was also attributable to our increased purchase of raw materials towards the end of 2012 in anticipation of an increase in the price of raw materials. Our trade and bills payable turnover days for the nine months ended September 30, 2013 decreased slightly to 24.6 days. Although our trade and bills payable as of September 30, 2013 increased, our trade and bills payable turnover days during the nine months ended September 30, 2013 were relatively stable. This was mainly due to an increase in our advance payments to suppliers which were used to offset the payment for goods upon suppliers' delivery of goods without the recognition of such amounts as payables on our balance sheet. We believe such advance payments help us to secure raw materials. We endeavor to keep our trade and bills payable turnover days relatively low mainly because our prompt payment pattern enhances our suppliers' willingness to supply raw materials to us and, therefore, helps us to secure raw materials.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages, bonus and other accrued benefits	1,811	2,544	2,761	3,281
Payables for the purchase of property, plant and equipment and intangible assets	10,175	8,743	74,953	93,304
Payable for land use rights	–	–	–	42,643
VAT payable	–	1,822	33,689	23,620
Contingent consideration in respect of acquisition of a subsidiary	–	1,880	–	–
Unearned government grants	–	1,000	10,300	9,300
Advances from local governments	–	–	–	33,000
Others	1,271	1,463	6,999	23,063
	13,257	17,452	128,702	228,211

Our payables for the purchase of property, plant and equipment and intangible assets as of December 31, 2010 amounted to RMB10.2 million, mainly representing the unpaid amounts for the construction of Jinxin's second production line which uses electrolytic copper as raw materials. The payables for the purchase of property, plant and equipment and intangible assets as of December 31, 2011 amounted to RMB8.7 million, mainly representing the retention money for the construction of Xiangbei's production line. The payables for the purchase of property, plant and equipment and intangible assets amounted to RMB75.0 million as of December 31, 2012 and RMB93.3 million as of September 30, 2013, mainly representing the payable amounts for the construction of our Tongxin and Baohe Xinshiji facilities and the payable amounts for Baohe Taiyue's and Baohe Xinshiji's intangible assets.

On August 19, 2013, through the listing process, we obtained the land use rights to two pieces of land at the Youxian Industrial Park for RMB42.6 million, which was paid by Baohe Fushan on our behalf. We recorded such amount as payable for land use rights as of September 30, 2013. As of the Latest Practicable Date, we had settled RMB33.0 million and the remaining RMB9.6 million was payable within one year.

Our VAT payable increased from RMB1.9 million as of December 31, 2011 to RMB33.7 million as of December 31, 2012, mainly due to our increased purchases of scrap copper from vendors who did not provide VAT invoices after Xiangbei and Tongxin began to enjoy the 50% VAT refunds. Our VAT payable decreased to RMB23.6 million as of September 30, 2013, mainly due to the use of VAT invoices for the equipment purchased for our Tongxin and Baohe Xinshiji facilities to reduce our VAT payable.

As of September 30, 2013, we received RMB8.0 million from local government of Miluo, Hunan Province as an unconditional government grant to Xiangbei for future capacity expansion plan. Such government grant is recorded as other payables until the expansion plan commences.

In addition, we have received additional advances from local governments in the aggregate amount of RMB33.0 million as of September 30, 2013 including advances in the amount of RMB16.0 million received by Tongxin from Mianyang City Youxian District Financial Bureau (綿陽市游仙區財政局) and advances in the amount of RMB17.0 million received by Xiangbei from Miluo Industrial Park District Financial Bureau (汨羅市工業園區財政局). The advances received by Tongxin and Xiangbei were unsecured and interest-free and have been repaid or used to offset the financial subsidies granted by local governments. Interest has not been imputed to these interest-free advances from local governments on the basis that it is not material to us.

Other items in other payables and accruals include, among others, other taxes payable as urban maintenance and construction tax and education supplementary tax which are calculated with reference to our VAT payable. Such other taxes payable increased in line with the increase in VAT payable in 2012 and the nine months ended September 30, 2013, respectively.

Loans from and amounts due to related parties

The following table sets forth the analysis of the loans from and the amounts due to related parties as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loan from Gushan	29,675	81,992	82,012	80,192
Loan from Gold Hero	–	12,776	6,698	–
Loan from Silver Harvest	–	10,667	5,605	5,480
Loans from related parties	29,675	105,435	94,315	85,672
Amount due to Gushan	47,851	88,525	8,656	10,216
Amount due to Carling	13	45	68	155
Amount due to Mr. Yu Jianqiu	–	–	27,268	75,730
Amount due to Gold Hero	–	493	–	–
Amount due to Silver Harvest	–	411	–	106
Amount due to Mr. Liu Hanjiu	10,749	2,100	19,555	–
Amount due to Mr. Chen Lian	19,960	–	–	–
Amount due to Mr. Huang Weiping	–	21,920	19,135	–
Amount due to Mr. Zhang Huayi	–	11,980	980	–
Amount due to Baohe Fushan	–	8,000	22,000	11,330
Amount due to Sichuan Xinshiji	–	–	24,000	–
Amount due to Guangzhou Taiyue	–	–	24,000	–
Amounts due to related parties	78,573	133,474	145,662	97,537

As of the Latest Practicable Date, the amount due to Baohe Fushan had been fully repaid. We intend to repay all other amounts due to and loans from our related parties with the proceeds of the Global Offering as soon as practicable following the Listing.

With respect to the related party transactions set out in note 18 to the Accountants' Report in Appendix I to the prospectus, our Directors confirm that these transactions were conducted on normal commercial terms, that such terms were no less favorable to us than terms available to independent third parties which are fair and reasonable and in the interest of the Shareholders as a whole and that these transactions would not make our historical results not reflective of our future performance.

Loan from and amount due to Gushan

During the period ended December 31, 2010, Gushan injected RMB77.5 million into True Excel for the purpose of acquiring a 100.0% equity interest in Jinxin for a purchase consideration of RMB17.7 million, enlarging Jinxin's registered capital by RMB30.0 million and injecting working capital in the form of a shareholder loan to Jinxin. Of the fundings from Gushan, RMB29.7 million was contracted in December 2010 as an interest-bearing loan at an annual interest rate of 5.56%. As such, the interest-free amount due to Gushan was RMB47.9 million for the period ended December 31, 2010.

During the year ended December 31, 2011, Gushan advanced an additional RMB88.6 million into True Excel for the purpose of acquiring a 100.0% equity interest in Xiangbei for a purchase consideration of RMB34.6 million and injecting working capital in the form of shareholder loans to Jinxin. Of the fundings from Gushan in 2012, RMB52.3 million was contracted as an interest-bearing loan at an annual interest rate of 6.06%. The loan of RMB29.7 million brought forward for the period ended December 31, 2010 was renewed during 2011 with an annual interest rate of 6.56%. During the year ended December 31, 2011, the accrued interest on the loans from Gushan amounted to RMB4.4 million. As of December 31, 2011, the interest-bearing principal due to Gushan totaled RMB82.0 million and the interest-free amount due to Gushan totaled RMB88.5 million.

During the year ended December 31, 2012, the loans from Gushan were renewed with an annual interest rate ranging from 6.06% to 6.56%, and the accrued interest on the loans from Gushan amounted to RMB5.4 million. We repaid RMB7.5 million to settle part of the loan from and amount due to Gushan during 2012, and Gushan waived RMB77.7 million out of the interest-free amount on December 31, 2012. As a result, the interest-free amount due to Gushan totaled RMB8.7 million as of December 31, 2012. The interest-bearing principal due to Gushan remained at RMB82.0 million as of December 31, 2012.

During the nine months ended September 30, 2013, the accrued interest on the loans from Gushan amounted to RMB4.0 million. During the same period, we repaid RMB2.2 million to Gushan and recognized an exchange difference in the amount of RMB0.2 million. As a result, the interest-free amount due to Gushan totaled RMB10.2 million as of September 30, 2013. The interest-bearing principal due to Gushan remained at RMB80.2 million as of September 30, 2013.

Loan from and amount due to Gold Hero and Silver Harvest

On January 1, 2011, Gold Hero and Silver Harvest granted loans of RMB12.8 million and RMB10.7 million, respectively, to Engen. The loans were interest bearing with an annual interest rate of 6.06%. During the year ended December 31, 2011, the accrued interest on the loans from Gold Hero and Silver Harvest amounted to RMB493,000 and RMB411,000, respectively, and these were recorded as amounts due to related parties. During the year ended December 31, 2012, the accrued interest on the loans from Gold Hero and Silver Harvest amounted to RMB318,000 and RMB265,000, respectively. As of December 31, 2012, the loans from Gold Hero and Silver Harvest amounted to RMB6.7 million and RMB5.6 million, respectively.

During the nine months ended September 30, 2013, the accrued interest on loan from Silver Harvest amounted to RMB106,000. As of September 30, 2013, the interest-bearing loan from Silver Harvest amounted to RMB5.5 million and the interest-free amount due to Silver Harvest amounted to RMB106,000.

As of September 30, 2013, Gold Hero ceased to be our related party. Consequently, the accrued interest on the loan from Gold Hero of RMB127,000 was included in trade and other payables. As of September 30, 2013, the interest-bearing loan from Gold Hero amounted to RMB6.6 million and the interest-free amount due to Gold Hero included in trade and other payables amounted to RMB127,000.

Amount due to Carling

During the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the six months ended September 30, 2013, Carling paid operating expenses of RMB13,000, RMB32,000, RMB23,000 and RMB87,000 respectively, on behalf of Engen, True Excel, Alpha Business, Alpha Legend and Alpha Universe. As of December 31, 2012 and September 30, 2013, we had an amount due to Carling of RMB68,000 and RMB155,000, respectively, which is interest-free.

Amounts due to Mr. Liu Hanjiu and Mr. Chen Lian

Jinxin owed RMB4.5 million to Mr. Liu Hanjiu and RMB29.5 million to Mr. Chen Lian when we acquired it in November 2010. In November and December 2010, Jinxin borrowed RMB6.2 million from Mr. Liu Hanjiu and repaid RMB9.5 million to Mr. Chen Lian. In 2011, Jinxin borrowed RMB19.1 million from Mr. Liu Hanjiu and repaid RMB27.7 million to him as well as fully repaid RMB20.0 million to Mr. Chen Lian. In 2012, Jinxin borrowed RMB20.0 million from Mr. Liu Hanjiu and repaid RMB2.5 million to him and in the nine months ended September 30, 2013, Jinxin fully repaid RMB19.6 million to Mr. Liu Hanjiu.

Amounts due to Huang Weiping and Zhang Huayi

Xiangbei owed RMB18.0 million to Mr. Huang Weiping and RMB12.0 million to Mr. Zhang Huayi when we acquired it in August 2011. During the five months ended December 31, 2011, Mr. Huang Weiping and Mr. Zhang Huayi advanced RMB20.0 million and RMB12,000, respectively, to Xiangbei, which repaid RMB16.1 million to Mr. Huang Weiping and RMB22,000 to Mr. Zhang Huayi. During the year ended December 31, 2012, Mr. Huang Weiping and Mr. Zhang Huayi advanced RMB132.1 million and RMB13.6 million, respectively, to Xiangbei, which repaid RMB134.9 million to Mr. Huang Weiping and RMB24.6 million to Mr. Zhang Huayi. During the nine months ended September 30, 2013, Xiangbei fully repaid RMB19.1 million to Mr. Huang Weiping and RMB1.0 million to Mr. Zhang Huayi.

Amounts due to Baohe Fushan, Guangzhou Taiyue and Sichuan Xinshiji

In 2011, Baohe Fushan granted a loan of RMB8.0 million to Jinxin, which was fully repaid in 2012. On December 31, 2012, we acquired Baohe Taiyue and Baohe Xinshiji for a cash consideration of RMB30.0 million each. Immediately before our acquisitions, Baohe Taiyue was 80% owned by Guangzhou Taiyue and 20% by Baohe Fushan while Baohe Xinshiji was 80% owned by Sichuan Xinshiji and 20% by Baohe Fushan. The purchase consideration was payable on December 31, 2012 and was fully paid in 2013. In addition, in 2012, Baohe Fushan granted a loan of RMB10.0 million to Tongxin. During the nine months ended September 30, 2013, Tongxin obtained government subsidies of RMB4.7 million. According to the Management Consultancy Agreement, Tongxin is obligated to pay administrative and consultancy fees equivalent to 50% of such government subsidies, or RMB2.3 million, to Baohe Fushan, of which Tongxin had repaid RMB1.0 million. As of September 30, 2013, our balance sheet reflected a payable of RMB1.3 million in respect of such obligation.

Amount due to Mr. Yu Jianqiu

During the year ended December 31, 2012, we borrowed RMB47.3 million from Mr. Yu Jianqiu to fund the working capital of Jinxin and operating expenses of our Hong Kong office and repaid RMB20.0 million to him. As of December 31, 2012, the amount due to Mr. Yu Jianqiu was RMB27.3 million, which is interest-free.

During the nine months ended September 30, 2013, we borrowed RMB71.5 million from Mr. Yu Jianqiu principally to settle the consideration for the acquisitions of Baohe Taiyue and Baohe Xinshiji and partly to fund the listing expenses in preparation for the Global Offering and operating expenses of our Hong Kong office. We have repaid RMB23.0 million. As of September 30, 2013, the amount due to Mr. Yu Jianqiu was RMB75.7 million, which is interest-free.

NET CURRENT ASSETS/LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2010	2011	2012	2013	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)
Current assets					
Inventories	140,929	114,912	113,724	353,544	140,160
Trade and other receivables	73,215	292,322	465,072	381,332	848,666
Amounts due from related parties	–	4,466	4,569	297	964
Pledged deposits	2,000	2,000	14,619	46,032	27,711
Cash and cash equivalents	13,366	42,781	19,609	81,091	78,615
	229,510	456,481	617,593	862,296	1,096,116
Current liabilities					
Trade and other payables	91,335	112,986	253,810	410,049	420,671
Bank loans and other borrowings	60,000	110,000	175,000	287,550	304,374
Obligations under finance lease	–	–	–	–	12,000
Amounts due to related parties	78,573	133,474	145,662	97,537	30,200
Loans from related parties	29,675	105,435	94,315	85,672	84,948
Current taxation	10,075	12,740	23,863	24,260	28,317
	269,658	474,635	692,650	905,068	880,510
Net current (liabilities)/assets	(40,148)	(18,154)	(75,057)	(42,772)	215,606

Our net current liabilities decreased to RMB42.8 million as of September 30, 2013 from RMB75.1 million as of December 31, 2012. The change was a result of an increase of RMB244.7 million in current assets partially offset by an increase of RMB212.4 million in current liabilities. The increase in current assets was primarily attributable to an increase of RMB239.8 million in inventory and an increase of RMB61.5 million in cash and cash equivalents, partially offset by a decrease of RMB83.7 million in trade and other receivables. The increase in current liabilities was primarily attributable to an increase of RMB112.6 million in short-term bank and other borrowings to satisfy our increasing working capital needs as we expand our business and an increase of RMB156.2 million in trade and other payables partly as a result of the advances from local governments, partially offset by a decrease of RMB48.1 million in amounts due to related parties as a result of our repayment of the amounts due to Mr. Liu Hanjiu, Mr. Huang Weiping, Mr. Zhang Huayi, and Sichuan Xinshiji. For additional information, see the section headed "Risk Factors – Risks Relating to Our Business – We had net current liabilities as of September 30, 2013, and we require a high level of working capital to sustain our operations, expansion and overall growth" in this prospectus.

Between October 1, 2013 and December 31, 2013, we obtained new bank loans and other borrowings in an aggregate principal amount of RMB192.9 million which included a new long term loan with a principal amount of RMB50.0 million. As of December 31, 2013, the outstanding amount of our bank loans and other borrowings was RMB424.4 million, of which RMB304.4 million was short term bank loans and other borrowings and RMB120.0 million was long term bank loans and other borrowings.

On December 27, 2013, we entered into a sale and finance lease-back arrangement with a term of five years. We received sales proceeds of RMB60.0 million, of which RMB12.0 million was recognized as current liability and RMB48.0 million was recognized as long term liability in our consolidated balance sheet as of December 31, 2013. On October 16, 2013, Mr. Yu exercised in full the Yu Options. The subscription price payable was approximately RMB64.0 million, which was offset against the amount due by us to Mr. Yu. Primarily due to the new long term loan, the finance lease and the exercise of share options by Mr. Yu, we recorded net current assets of RMB215.6 million as of December 31, 2013, as compared to net current liabilities of RMB42.8 million as of September 30, 2013.

Our trade and bills receivable balance increased significantly from RMB266.9 million as of September 30, 2013 to RMB677.1 million as of December 31, 2013, primarily due to the increase in our production and sales volume, in particular, of our recycled copper products. By utilizing the additional working capital from new loans and other borrowings we obtained during the fourth quarter of 2013, we purchased larger amount of raw materials and increased our production volume to meet the demand of our existing and new customers. In addition to our existing customers, we started selling recycled copper products to two new customers in Sichuan in the fourth quarter of 2013 which accounted for a significant portion of the increase in our sales during the period. We granted these two customers a credit period of 10 days, which is within the credit period range we generally offer to customers of our recycled copper products. The inventory balance decreased from RMB353.5 million as of September 30, 2013 to RMB140.2 million as of December 31, 2013, mainly due to increase in consumption of raw materials as a result of our increased production in the fourth quarter of 2013.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have financed our working capital, capital expenditure and other capital requirements primarily through customer payments, short-term bank loans, capital contributions and loans and advances from shareholders, related parties and the local governments.

Our future cash requirements will depend on many factors, including our operating income, terms of trade, costs to build additional production capacities and other changing business conditions and future developments.

Generally, we extend a credit period of five to 30 days to our customers with a further three to six months extension for payment by promissory notes issued by banks and our suppliers grant us a credit period of five to 15 days with a further three to six months extension if we pay by bills issued by banks. As such, we strive to match the credit terms extended by our suppliers to us with those extended by us to our customers to maintain balanced cash flows. However, during the Track Record Period, we occasionally extended longer credit period to our customers which were behind on their payments. We gave extended credit period only to customers which we deem to have good track record with us, high creditworthiness and low operational risks. Occasionally, we also extended longer credit periods in favor of new customers which we expect to have growth potential. We expect to improve our credit management by allowing less extended credit period to our customers in future. During the Track Record Period, we experienced negative cash flows from our operating activities for the period ended December 31, 2010 and the year ended December 31, 2011 primarily due to the increased inventory storage for the period ended December 31, 2010 and the increased trade receivables in 2011 caused by the increase in sales.

For risks related to the tightened credit control by the PRC government, see the section headed "Risk Factors – Risks Relating to Our Business – Rising interest rates would increase our and our customers' borrowing costs" in this prospectus.

In the future, if industry practice shifts away from our current practice and our trade terms with customers and suppliers change accordingly, we may need to fund our working capital needs with increasing bank or other borrowings, which will increase our finance costs. We may require additional cash to repay existing debt obligations or to re-finance our existing debts or due to changing business conditions or other future developments. We may seek to sell additional equity or debt securities or borrow from banks. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our existing shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer. For risks related to our working capital needs, see the section headed "Risk Factors – Risks Relating to Our Business – We had net current liabilities as of September 30, 2013, and we require a high level of working capital to sustain our operations, expansions and overall growth" in this prospectus.

We expect to fund our future capital expenditure, working capital and other cash requirements from cash generated from our operations, the net proceeds from the Global Offering and, when necessary, bank and other borrowings.

Cash Flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated:

	Period ended December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash (used in)/generated from operating activities	(32,023)	(72,258)	71,246	42,334	66,718
Net cash used in investing activities	(38,206)	(41,572)	(166,085)	(66,072)	(165,360)
Net cash generated from financing activities	83,595	143,756	71,664	11,241	160,198
Net increase/(decrease) in cash and cash equivalents	13,366	29,926	(23,175)	(12,497)	61,556
Cash and cash equivalents at the beginning of the period/year	–	13,366	42,781	42,781	19,609
Effect of foreign exchange rate changes	–	(511)	3	105	(74)
Cash and cash equivalents at the end of the period/year	13,366	42,781	19,609	30,389	81,091

Operating Activities

Our net cash generated from operating activities for the nine months ended September 30, 2013 was RMB66.7 million compared to net cash generated from operating activities of RMB42.3 million for the nine months ended September 30, 2012. The increase in cash inflow generated from operating activities was primarily due to an increase in cash generated from operations before changes in working capital from RMB77.1 million for the nine months ended September 30, 2012 to RMB201.4 million for the nine months ended September 30, 2013. The overall increase in working capital requirements was RMB104.8 million for the nine months ended September 30, 2013 as compared to a RMB21.5 million for the nine months ended September 30, 2012. The increase in working capital requirements for the nine months ended September 30, 2013 was mainly caused by an increase of RMB239.8 million in inventory. The increase in inventory is attributable to an increase in the procurement of raw materials in anticipation of certain large purchase orders for our recycled copper products that were delivered in the last quarter of 2013 and the potential temporary shortage of raw materials during the Chinese national day holiday. Such increase in working capital requirement was partly offset by a decrease in trade and other receivables by RMB87.4 million and an increase of RMB47.6 million in trade and other payables resulted from an increased advance payments to our suppliers.

Our net cash generated from operating activities for the year ended December 31, 2012 was RMB71.2 million compared to net cash used in operating activities of RMB72.3 million for the year ended December 31, 2011. The increase in cash inflow generated from operating activities was primarily due to an increase in cash generated from operating activities before changes in working capital from RMB95.6 million in 2011 to RMB152.9 million in 2012. The overall increase in working capital requirements was RMB61.3 million in 2012 as compared to RMB151.8 million in 2011. The increase in working capital requirements in 2012 was mainly caused by an increase of RMB129.2 million in trade and other receivables resulting from the expansion of our business, which was partially offset by an increase of RMB65.7 million in trade and other payables, mainly attributable to an increase in VAT payable by RMB31.9 million and an increase in trade and bills payable by RMB26.5 million due to growth of business.

Our net cash used in operating activities for the year ended December 31, 2011 was RMB72.3 million compared to RMB32.0 million for the period ended December 31, 2010. The increase in cash used in operating activities was primarily due to an increase of RMB192.3 million in trade and other receivables resulting from the expansion of our business in 2011, which was partially offset by a decrease of RMB40.5 million in inventories because we purchased a considerable amount of raw materials at the end of 2010 in anticipation of an increase in raw materials prices in 2011.

Our net cash used in operating activities for the period ended December 31, 2010 was RMB32.0 million. The cash used in operating activities was primarily due to an increase of RMB105.4 million in inventories and an increase of RMB8.3 million in trade and other receivables resulting from the expansion of our business for the period ended December 31, 2010, which was partially offset by an increase of RMB68.0 million in trade and other payables attributable to a considerable amount of raw materials we purchased at the end of 2010 in anticipation of an increase in raw materials prices in 2011.

Investing Activities

For the nine months ended September 30, 2013, we had a net cash outflow of RMB165.4 million from investing activities, primarily due to the construction, purchase and prepayments of property, plant and equipment of RMB123.8 million for our Tongxin, Baohe Xinshiji and Baohe Taiyue facilities, miscellaneous costs and taxes of RMB9.4 million for the purchase of the land where our Jinxin, Tongxin and Baohe Xinshiji facilities are located and an increase in pledged deposits of RMB32.9 million used as security for certain bank loans.

For the year ended December 31, 2012, we had a net cash outflow of RMB166.1 million from investing activities, primarily due to the purchase of property, plant and equipment for RMB140.7 million, lease prepayments of RMB13.4 million for the land for our Tongxin facility in Sichuan and an increase in pledged deposits of RMB12.6 million used as security for certain bank loans.

For the year ended December 31, 2011, we had a net cash outflow of RMB41.6 million from investing activities, primarily due to RMB14.1 million paid in connection with the construction and expansion of our production facilities and the acquisition of entire ownership interest in Xiangbei for RMB27.5 million, after netting out cash of RMB7.1 million acquired in connection with the acquisition of Xiangbei.

For the period ended December 31, 2010, we had a net cash outflow of RMB38.2 million from investing activities, primarily due to amounts paid in connection with the construction and expansion of our production facilities, totaling RMB23.5 million and the acquisition of entire ownership interest in Jinxin for RMB14.7 million, after netting out cash of RMB3.0 million acquired in connection with the acquisition of Jinxin.

Financing Activities

For the nine months ended September 30, 2013, we had a net cash inflow of RMB160.2 million from financing activities, primarily due to the proceeds from new bank loans and other borrowings of RMB286.0 million and advances of RMB50.0 million from local governments. Such advances from local governments are interest-free, unsecured and will be used to offset the financial subsidies to be granted by the local governments and are repayable within one year. The cash received from these sources was partly offset by our repayment of bank loans of RMB110.0 million, our repayment of RMB49.3 million to certain related parties, including RMB60.0 million used to fund our acquisitions of Baohe Taiyue and Baohe Xinshiji.

For the year ended December 31, 2012, we had a net cash inflow of RMB71.7 million from financing activities, primarily due to the proceeds from new bank loans and other borrowings of RMB175.0 million and from our receipt of RMB29.0 million from our related parties to finance our working capital. The cash received from these sources were partly offset by our repayment of bank loans of RMB110.0 million, our repayment of RMB11.2 million to certain related parties for their advances to us and payment of bank loan interest of RMB11.2 million.

For the year ended December 31, 2011, we had a net cash inflow of RMB143.8 million from financing activities, primarily due to the proceeds from new bank loans and other borrowings of RMB120.0 million, our receipt of RMB8.0 million from related parties as well as our receipt of RMB92.4 million from Mr. Yu Jianqiu, Carling and Gushan, of which RMB30.0 million was used to finance the acquisition of Xiangbei and RMB62.4 million was used to finance our working capital. The cash received from these sources were partly offset by our repayment of bank loans of RMB70.0 million and payment of bank loan interest of RMB6.6 million.

For the period ended December 31, 2010, we had a net cash inflow of RMB83.6 million from financing activities, primarily due to the proceeds from new bank loans and other borrowings of RMB10.0 million as well as our receipt of RMB77.6 million from Mr. Yu Jianqiu, Carling and Gushan, of which RMB17.7 million was used to finance the acquisition of Jinxin, RMB30.0 million was used to increase Jinxin's registered capital and RMB29.9 million was used to finance our working capital. The cash received from these sources were partly offset by our repayment of RMB3.3 million to certain related parties for their advances to us and payment of bank loan interest of RMB0.7 million.

Working capital

We had unutilized banking facilities in the amount of RMB20.0 million as of the Latest Practical Date. We intend to continue to finance our working capital with cash generated from our operations, by renewing our existing banking facilities and by obtaining new banking facilities in the future. As set out in the section headed "Financial Information – Indebtedness", our bank loans and other borrowings have increased significantly since the beginning of the Track Record Period.

We have closely monitored the level of our working capital and will continue to do so, particularly in view of the integration of our downstream cable business in which customers are generally granted longer credit periods. We will make necessary adjustments to our production and sales plans on a timely basis. Our risk management officer prepares a cash budget report which details the expected major cash inflow and outflow, including major amounts to be paid or received under trade payables, trade receivables and bank loans, at all our subsidiaries for the following months on a bi-weekly basis. Based on such reports, our management team discusses our production and sales plans. If the cash budget report indicates an estimated lower level of cash balance, our management team will adjust the upcoming production and sales plans to avoid negative cashflow. We also adopted new policies and procedures to enhance our credit control in September 2013. The new policies and procedures include establishing guidelines for assessment and classification of our customers based on their creditworthiness, adopting and requiring the use of standard template when recording assessment results and proposed credit periods, reviewing customers' credit status on a semi-annual basis and setting up a master file to record customer credit information. We believe these new measures will enhance our management of customer credit risk.

Our working capital requirements are affected by a range of factors, including the size of our business, the cost of inputs, trade terms with debtors and creditors and other factors. In assessing our working capital needs and the sufficiency of available working capital, we also considered the following:

- as disclosed in the section headed "Financial Information – Indebtedness" of this prospectus, we breached covenants in several loan agreements during and after the Track Record Period. Our loan breaches were not the result of working capital requirements but rather inadvertent oversights by our employees, and the breaches have not adversely affected our access to loans. If we had been required by our lenders to comply with the breached covenants, taking into account our then-available financial resources and cash on hand, we believe we would have had sufficient working capital to carry on our business by obtaining alternative financing by factoring bills receivable and drawing down banking facilities that had not been fully utilized. As of the Latest Practicable Date, after giving effect to the unconditional waivers which we had received, we were in compliance with the covenants of all of our outstanding loans, and none of our lenders had accelerated our loans or required us to rectify the breaches prior to repayment of loans. Going forward, with our enhanced loan management systems in place, we are in a better position to monitor and manage compliance with the covenants under our loan agreements;

- our trade debtors and bills receivable increased from RMB56.9 million as of December 31, 2010 to RMB226.6 million as of December 31, 2011 and to RMB329.3 million as of

December 31, 2012, primarily due to an increase in our sales. Our trade debtors and bills receivable decreased to RMB266.9 million as of September 30, 2013 mainly because we sell to a greater number of customers of smaller scale which have a tendency to pay earlier and we enhanced our credit risk control by shortening the grace period given to our customers. In addition, we have also increased our effort in bill collection. Our trade debtors and bills receivable turnover days increased from 2010 to 2012 but decreased in the first nine months of 2013. As stated above, we have implemented measures to closely monitor the level of our working capital and to enhance our credit control. For additional information, see the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Trade and other receivables" of this prospectus;

- we have benefited from loans and advances from related parties during the Track Record Period. These loans and advances are discussed in the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Loans from and amounts due to related parties" of this prospectus and "Financial Information – Indebtedness" of this prospectus. These loans were mainly used to fund our working capital, operating expenses and the acquisitions of Baohe Taiyue and Baohe Xinshiji. Following the completion of the Global Offering, we do not expect to rely on loans and advances from related parties for our working capital needs. As set out below in the section headed "Financial Information – Indebtedness", we expect that the loans and advances from related parties will be fully replaced by bank loans and other borrowings to satisfy our working capital needs; and

- we benefit significantly from VAT refunds and government grants and subsidies, which accounted for 45.1% and 83.3% of our consolidated profit before taxation, respectively, in 2012 and the first nine months of 2013, as discussed in the section headed " – Factors Affecting our Results of Operations and Financial Condition – VAT refunds and other government incentives" of this prospectus. A significant portion of our government incentives is due to Tongxin's and Xiangbei's entitlement to VAT refunds, under the Comprehensive Utilization of Resources Policy and to Jinxin's entitlement to VAT refunds, under the Social Welfare Enterprise Policy. These entitlement either has no specific expiry date or can be renewed so long as the relevant companies meet the relevant criteria.

Taking into account that (a) we have obtained unconditional waivers for the breaches of covenants in our outstanding loans and we expect to better monitor and ensure the compliance with the covenants under loan agreements in the future, (b) we have implemented measures to closely monitor the level of our working capital to avoid negative cashflow and to enhance our credit control, (c) the loans and advances from related parties will be fully replaced by bank loans and other borrowings, (d) our subsidiaries' entitlement to VAT refunds either has no specific expiry date or can be renewed so long as the relevant companies meet the relevant criteria, and (e) the financial resources available to us including cash on hand, cash generated from our operations, proceeds from new bank loans and the estimated net proceeds from the Global Offering and the expected use of proceeds as set out in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus, our Directors are of the opinion that we have sufficient working capital to meet our working capital requirements for at least the next 12 months from the date of the prospectus.

CAPITAL EXPENDITURES

Our capital expenditure represents additions to property, plant and equipment and payments for lease prepayments on lands of approximately RMB23.5 million, RMB14.1 million, RMB154.1 million and RMB133.1 million for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Our planned future capital expenditures mainly include the purchase of additional plant, machinery and land which we believe would facilitate the growth of our business. We estimate that capital expenditures for the year ended December 31, 2013 are approximately RMB220.0 million mainly for the construction of our Tongxin, Baohe Taiyue and Baohe Xinshiji facilities and expansion of our Xiangbei facility. No assurance can be given that any of our planned capital expenditures will proceed as planned. We may adjust our capital expenditure plan based on our future results of operations, cash flows, and overall financial condition.

INDEBTEDNESS

The following table sets forth our borrowings and other loans and advances as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2010	**2011**	**2012**	**2013**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)
Bank loans and other borrowings					
Repayable within 1 year	60,000	110,000	175,000	287,550	304,374
Repayable beyond 1 year	–	–	–	70,000	120,000
	60,000	110,000	175,000	357,550	424,374
Obligations under finance lease					
Repayable within 1 year	–	–	–	–	12,000
Repayable beyond 1 year	–	–	–	–	48,000
	–	–	–	–	60,000

	As of December 31,			As of September 30,	As of December 31,
	2010	2011	2012	2013	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)
Other loans and advances					
Amounts due to related parties	78,573	133,474	145,662	97,537	30,200
Loans from related parties	29,675	105,435	94,315	85,672	84,948
Advances from local governments	–	–	–	33,000	–
	108,248	238,909	239,977	216,209	115,148
	168,248	348,909	414,977	573,759	599,522
Bank loans and other borrowings are analyzed as:					
Secured	50,000	80,000	125,000	226,000	207,380
Unsecured	10,000	30,000	50,000	131,550	216,994
	60,000	110,000	175,000	357,550	424,374

Our short-term bank borrowings increased during the Track Record Period, as the increased production and sales of our products required additional working capital.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had amounts due to related parties in the amount of RMB78.6 million, RMB133.5 million, RMB145.7 million and RMB97.5 million, respectively, which included amounts used for financing the acquisitions, and funding the working capital, of Jinxin and Xiangbei, for financing the acquisitions of Baohe Taiyue and Baohe Xinshiji and for payments of professional fees in relation to the Listing. All such amounts were unsecured, interest-free and repayable on demand or within one year.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, we also had interest-bearing loans from related parties in the amount of RMB29.7 million, RMB105.4 million and RMB94.3 million and RMB85.7 million, respectively, which were used mainly for working capital of Jinxin and Xiangbei. These loans were unsecured, bore interest at 5.56% as of December 31, 2010, and bore interest ranging from 6.06% to 6.56% as of each of December 31, 2011 and 2012 and September 30, 2013, per annum and were repayable within one year.

The terms of some of our outstanding loans require our relevant subsidiaries, among other things, to maintain a debt to asset ratio of not more than 70% and not to distribute dividends in any form before the loans have been repaid in full. We have also pledged certain of our assets (including land use rights, equipment, accounts receivable and inventories) to secure the loans. We are required to obtain prior consent of the pledgee before we, among other things, dispose, donate, transfer, pledge any inventories or accounts receivable, or withdraw any accounts receivable. If the assets that we have pledged or which we may in the future pledge to our lenders are subject to enforcement actions, we may lose control and ownership of these assets. The financial covenants also limit our ability to incur additional indebtedness.

As of September 30, 2013, our secured bank loans of RMB226.0 million were secured by inventories, accounts receivables, property, plant and equipment, land use rights, government grants receivable and pledged deposits. The bank loans carried weighted average interest rates of 5.7%, 7.4%, 7.3% and 8.5% as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively. We were able to repay all of our bank borrowings by their respective due dates throughout the Track Record Period.

During the Track Record Period, we breached certain covenants under seven of our loan agreements by failing to maintain the required inventory levels of the pledged inventories and eight of our loan agreements by using funds received by us in respect of the pledged accounts receivable other than for payment of the loans without first obtaining relevant bank's consent.

As of December 31, 2011 and 2012, we were required under the terms of certain of our bank loans to maintain inventories with an aggregate value of no less than RMB135.4 million and RMB154.5 million, respectively. However, we only had relevant inventories with an aggregate value of RMB76.2 million and RMB89.8 million, respectively. In addition, during the period ended December 31, 2010, the two years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, we had used the fund received under pledged accounts receivables of RMB11.6 million, RMB13.6 million, RMB63.9 million and RMB66.8 million without first obtaining relevant bank's consent.

We were in compliance with the covenants requiring us to maintain a certain level of inventories as of December 31, 2010 and September 30, 2013. The following table sets out certain information about our loan breaches by failing to maintain a certain level of inventories as of the dates specified below:

	As of December 31, 2010	**As of December 31, 2011**	**2012**	**As of September 30, 2013**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Amount outstanding under the breached loans	–	70,000	76,000	–
Principal amount of the breached loans	–	70,000	76,000	–
Total amount of inventories required to be maintained under the breached loans	–	135,370	154,520	–
Total amount of relevant inventories maintained	–	76,246	89,802	–
Shortfall amount of inventories maintained(1)	–	59,124	64,718	–

Note:

(1) Shortfall amount refers to the difference between the total amount of inventories we were required to maintain under the breached loans and the amount of relevant inventories we had as of the relevant period end.

The table below sets forth further details of all of the breached loans in relation to which we failed to maintain a certain level of inventories during the Track Record Period.

Bank	Borrower	Borrowing date	Principal amount of the breached loans (RMB'000)	Inventory required (RMB'000)	Repayment date	Whether the inventory was pledged on an exclusive basis	Date of notice to relevant bank	Amount of new loans obtained after the date of notice up to the Latest Practicable Date[5] (RMB'000)
As of December 31, 2011								
Mianyang Commercial Bank, Fucheng Branch (綿陽市商業銀行涪城支行)	Jinxin	May 11, 2011	20,000	40,000	May 10, 2012	Yes[3]	March 2013	86,000
Mianyang Commercial Bank, Fucheng Branch (綿陽市商業銀行涪城支行)	Jinxin	July 11, 2011	30,000	60,000	July 10, 2012	Yes[3]	March 2013	86,000
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 20, 2011	20,000	35,370	October 17, 2012	Yes[4]	March 2013	92,000
Total			**70,000**	**135,370**[1]				
As of December 31, 2012								
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 30, 2012	20,000	30,920	October 16, 2013	Yes[4]	March 2013	92,000
Mianyang Commercial Bank, Fucheng Branch (綿陽市商業銀行涪城支行)	Jinxin	May 24, 2012	20,000	43,217	May 23, 2013	Yes[3]	March 2013	86,000
Mianyang Commercial Bank, Fucheng Branch (綿陽市商業銀行涪城支行)	Jinxin	July 26, 2012	30,000	60,383	January 24, 2014	Yes[3]	March 2013	86,000
Mianyang Commercial Bank, Youxian Branch (綿陽市商業銀行游仙支行)	Tongxin	December 21, 2012	6,000	20,000	December 20, 2013	Yes[3]	March 2013	86,000
Total			**76,000**	**154,520**[2]				

Notes:

(1) As of December 31, 2011, the total amount of inventory level pledged was approximately RMB76.2 million. In year 2011, the inventory level maintained by us ranged from RMB61.6 million to RMB123.9 million.

(2) As of December 31, 2012, the total amount of inventory level pledged was approximately RMB89.8 million. In year 2012, the inventory level maintained by us ranged from RMB136.6 million to RMB309.5 million.

(3) The pledged inventory cannot be disposed of, replaced, donated, transferred, mortgaged or pledged to a third party by the pledgor, as applicable, without the prior consent of the pledgee.

(4) The pledged inventory of which value is equal to or lower than the required minimum level cannot be pledged to a third party without lender's prior written consent; however, if the value of pledged inventory exceeds the required minimum level, the excessive portion can be pledged to a third party without lender's prior written consent.

(5) Refers to the amount of new loans that we borrowed from the same bank (including other branches of the same bank) after we gave the notice of the breach to the bank up to the Latest Practicable Date.

The following table sets out certain information about our loan breaches by using pledged accounts receivable other than for repayment without relevant bank's consent during the time period specified below:

	As of/ During the period ended December 31, 2010	As of/During the years ended December 31, 2011	2012	As of/ During the nine months ended September 30, 2013
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Amount outstanding under the breached loans	10,000	10,000	30,000	–
Principal amount of the breached loans	10,000	10,000	30,000	50,000
Total amount of pledged accounts receivable under the breached loans	11,624	13,576	63,854	66,802
Total amount of pledged accounts receivable used without banks' consent	11,624	13,576	63,854	66,802

The table below sets forth further details of all of the breached loans in relation to which we used the pledged accounts receivable other than for repayment without relevant bank's consent during the Track Record Period.

Bank	Borrower	Borrowing date	Principal amount of the breached loans	Amount of accounts receivable pledged	Amount of pledged accounts receivable used without banks' consent	Repayment date	Whether the accounts receivable were pledged on an exclusive basis	Date of notice to relevant bank	Amount of new loans obtained after the date of notice up to the Latest Practicable Date[1]
			(RMB'000)	*(RMB'000)*	*(RMB'000)*				*(RMB'000)*
During the period ended December 31, 2010									
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 28, 2010	4,000	4,822	4,822	April 27, 2011	Yes	March 2013	92,000
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 28, 2010	3,600	4,029	4,029	April 27, 2011	Yes	March 2013	92,000
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 28, 2010	2,400	2,773	2,773	April 27, 2011	Yes	March 2013	92,000
		Total	**10,000**	**11,624**	**11,624**				

Bank	Borrower	Borrowing date	Principal amount of the breached loans (RMB'000)	Amount of accounts receivable pledged (RMB'000)	Amount of pledged accounts receivable used without banks' consent (RMB'000)	Repayment date	Whether the accounts receivable were pledged on an exclusive basis	Date of notice to relevant bank	Amount of new loans obtained after the date of notice up to the Latest Practicable Date[(1)] (RMB'000)
During the year ended December 31, 2011									
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 17, 2011	10,000	13,576	13,576	April 10, 2012	Yes	March 2013	92,000
		Total	**10,000**	**13,576**	**13,576**				
During the year ended December 31, 2012									
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	October 16, 2012	20,000	41,186	41,186	April 9, 2013	Yes	March 2013	92,000
Mianyang Commercial Bank, Fucheng Branch (綿陽市商業銀行涪城支行)	Jinxin	November 29, 2012	10,000	22,668	22,668	November 28, 2013	Yes	March 2013	86,000
		Total	**30,000**	**63,854**	**63,854**				
During the nine months ended September 30, 2013									
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	Jinxin	March 29, 2013	20,000	29,061	29,061	September 26, 2013	Yes	March 2013	92,000
Construction Bank of China, Mianyang Branch (建設銀行綿陽分行)	Jinxin	February 28, 2013	30,000	37,741	37,741	August 27, 2013	Yes	March 2013	–
		Total	**50,000**	**66,802**	**66,802**				

Note:

(1) Refers to the amount of new loans that we borrowed from the same bank (including other branches of the same bank) after we gave the notice of the breach to the bank up to the Latest Practicable Date.

Our violation of these covenants constituted events of default under these loans, which, unless waived by our lenders, provided our lenders with the right to require us to post additional collateral, enhance our equity and liquidity, and accelerate our indebtedness and foreclose their liens on our inventories.

Some of our loan agreements also contain cross default provisions. Although we have informed the relevant banks of our covenant breaches, and have obtained unconditional waivers from these banks, the revocation of any waiver of our covenant breaches could result in our indebtedness under these loan agreements which contain cross-default provision being accelerated. For risks and additional information related to the covenant breaches, see the section headed "Risk Factors – Risks Relating to Our Business – We were in breach of certain covenants contained in our loan agreements. The lenders may revoke the waivers previously granted to us, declare an event of default and accelerate our outstanding indebtedness under the relevant agreements, all of which would impact our ability to continue to conduct our business" in this prospectus and note 23(b) to the Accountants' Report set forth in Appendix I to this prospectus.

During the period ended December 31, 2010 and the year ended December 31, 2011, we breached bank loans in the principal amount of RMB10 million and RMB80 million where we were required to maintain a certain inventory level or use accounts receivable only for repayment under the relevant loan, respectively. We were in breach of these loan agreements by failing to maintain the required inventory level or use accounts receivable collected other than for repayment under the relevant loan without first obtaining relevant bank's written consent. We repaid in full all such loans on time.

During 2012, we breached bank loans in the principal amount of RMB76.0 million and RMB30.0 million of bank loans where we were required to maintain a certain inventory level or use accounts receivable only for repayment under the relevant loan, respectively. We were in breach of these loan agreements by failing to maintain the required inventory level or use accounts receivable collected other than for repayment under the relevant loan without first obtaining relevant bank's written consent. We repaid RMB40.0 million and extended RMB30.0 million of such loans during the nine months ended September 30, 2013. We repaid RMB36.0 million subsequent to September 30, 2013 and obtained unconditional waivers from the relevant banks in respect of the breaches under the loans which were not repaid.

During the nine months ended September 30, 2013, we obtained RMB50.0 million of bank loans secured by certain accounts receivable and were in similar breach of the covenants by using funds received for purposes other than repayment of the relevant loans. We obtained unconditional waivers from relevant banks in respect of such breaches.

We identified the breaches during reviews of our management accounts by our Group level management in January and March 2013. The breaches resulted from inadvertent oversights by the local accounting teams of the relevant subsidiaries responsible for monitoring loan compliance. At the time the breaches were first identified in January 2013, we did not have in place a comprehensive loan management system, which was subsequently implemented. As a consequence, we did not in all cases take steps to promptly rectify the breaches or prevent subsequent breaches although, subsequently, unconditional waivers were sought and obtained from relevant banks or the relevant loans have since been repaid upon their respective maturity.

Subsequent to the Track Record Period, we have successfully borrowed new loans with a principal amount of RMB73.0 million with the lenders from whom waivers of the covenant breaches were previously obtained and there was no material change to the interest rates of these new loans as compared to loans in similar amount previously advanced by the same lender. As of the Latest Practicable Date, we were in compliance with the covenants of our new loans, and we had not breached the covenants of these new loans. Details of such new loans are set out in the table below:

Borrower	**Bank**	**The date of signing the loan agreement**	**Amount of bank loan** *(RMB'000)*	**Interest rate** *(%)*	**Material covenants of new loans**	**Interest rate of previous loans[(1)]** *(%)*
Jinxin	Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	October 21, 2013	20,000	7.00	withdrawal of the cash under the factoring account is subject to the lenders' prior consent	7.00
Jinxin	Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	November 5, 2013	20,000	7.00	withdrawal of the cash under the factoring account is subject to the lenders' prior consent	7.00
Baohe Taiyue	Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	December 12, 2013	12,000	8.40	Borrower's major change (merger, separation, reduction of capital, equity change, transfer of major assets, assignment of credit, major investment, the substantial increase of debt financing and any other actions that may have adverse effect on the bank's rights) are subject to the bank's prior written consent	7.5[(2)]

Borrower	Bank	The date of signing the loan agreement	Amount of bank loan *(RMB'000)*	Interest rate *(%)*	Material covenants of new loans	Interest rate of previous loans[1] *(%)*
Baohe Xinshiji	Mianyang Commercial Bank,Youxian Branch (綿陽市商業銀行遊仙支行)	December 2, 2013	10,000	9.00	Borrower cannot mortgage the assets purchased using the loan to another party without bank's prior consent before paying off the loan and the interest.	7.2[3]
Baohe Taiyue	Mianyang Commercial Bank,Youxian Branch (綿陽市商業銀行遊仙支行)	November 27, 2013	11,000	9.00	Borrower cannot mortgage the assets purchased using the loan to another party without bank's prior consent before paying off the loan and the interest.	7.2[4]

Notes:

(1) This refers to the interest rates of the latest breached loans we previously obtained from the same lenders.

(2) This interest rate refers to the interest rate of the breached loan of Jinxin, our another wholly-owned subsidiary. Baohe Taiyue has not breached any covenant under the loan agreements that it entered into with Industrial Commercial Bank of China, Mianyang Branch.

(3) This interest rate refers to the interest rate of the breached loan of Tongxin, our another wholly-owned subsidiary. Baohe Xinshiji has not breached any covenant under the loan agreements that it entered into with Mianyang Commercial Bank, Youxian Branch.

(4) This interest rate refers to the interest rate of the breached loan of Tongxin, our another wholly-owned subsidiary. Baohe Taiyue has not breached any covenant under the loan agreements that it entered into with Mianyang Commercial Bank, Youxian Branch.

During the interviews with the bank loan management officers at the relevant banks, the banks confirmed our good credit status and timely repayment of the relevant loans. They also confirmed that the banks would generally consider the overall creditworthiness of the borrower, and would only seek to strictly enforce loan covenants if they believe the borrower may fail to repay the outstanding loans and the likelihood of breaching other loan covenants is high. Based on the above fact, our PRC legal advisors, Chen & Co., are of the view that the risk of these waivers being revoked is low. We have not been required by any relevant lender to rectify the breaches prior to the repayment of the loans.

Given that the relevant banks have granted unconditional waivers without varying the terms of the relevant loans or requiring their early repayment, and that a number of such banks have continued to grant us new facilities, we believe our ability to raise debt financing has not been adversely affected by these prior breaches.

As of the Latest Practicable Date, after giving effect to the waivers which we had received, we were in compliance with the covenants of all of our outstanding loans.

In order to strengthen our internal controls with a view to ensuring that loan covenants will be complied with going forward, in September 2013, we established a loan management system as recommended by our internal control consultant, RSM. RSM found during its review that we did not have in place a system to supervise and manage our bank loans and ensure compliance with loan covenants. RSM recommended that we enhance supervision of our bank loans and monitor regularly compliance with our obligations under our bank loans.

The new system requires a bank loan compliance checklist to be approved and monitored by our finance officers and bank loan managers. According to the loan management policy, prior consent of the lending bank must be obtained before any use of charged or pledged assets including any trade receivables pledged under a loan agreement. Moreover, compliance with bank loan covenants will be monitored by staff in the finance department of each subsidiary, who must fill out a monthly compliance checklist. The compliance checklist will be reviewed monthly by the finance manager/controller of the subsidiary and further reviewed by a designated officer in the risk management department at the group level (the bank loan management officer), who must have prior work experience in a bank. The bank loan management officer will perform spot checks on any written consents required from lending banks.

We have appointed Ms. Lin Haiyan as our bank loan management officer. Ms. Lin has a bachelor's degree in management, majoring in accounting from Fuzhou University and more than five years of experience in commercial banking. Ms. Lin worked as a customer manager in the credit department of the Fuzhou Fuxin branch of Fujian Haixia Bank between 2007 and 2012. As our bank loan management officer, she is responsible for ensuring ongoing compliance with bank loan covenants and reports to our Controller and risk management officer, Ms. Luo Guidi.

In the follow-up review conducted in November 2013, RSM checked the latest loan summary sheet in which all loans were summarized. RSM also checked the loan compliance checklists and relevant written consents from lending banks for September and October of 2013. No new breach was noted in RSM's follow-up review, and we have not breached any loan covenant since the implementation of the loan management policy.

Based on RSM's review in November 2013, we have been following the procedures correctly. In RSM's view, the loan management system will serve as an effective measure to prevent further non-compliance with loan covenants if correctly followed.

Going forward, we will also ensure that when loan agreements are being negotiated, proposed terms and covenants will be carefully considered to ensure that we are, based on all surrounding circumstances and taking into account all relevant information available at such time, expected to be able to comply with the covenants under the loan agreements.

Save as disclosed above, we did not have material outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of the Latest Practicable Date. We continue to evaluate other potential sources of financing, including short- and long-term loans, capital leases and other financing structures.

On October 16, 2013, Mr. Yu exercised all of the share options he was entitled to under the Yu Share Option Agreement, pursuant to which we issued an additional 1,013,000 Shares to Epoch Keen, a company wholly-owned by Mr. Yu, and the RMB64.0 million required to be paid by Mr. Yu in exercising these share options was set off against our amount due to Mr. Yu.

Between October 1, 2013 and the Latest Practicable Date, we obtained new bank loans and other borrowings in an aggregated principal amount of RMB290.9 million. As of the Latest Practicable Date, the outstanding amount and the unutilized amount of our bank loans and other borrowings were RMB432.4 million and RMB20.0 million, respectively. The table below sets forth the usage, the principal and outstanding amount of each of our bank loans and other borrowings as of the Latest Practicable Date:

Bank/Other lender	**Loan principal amount** *(RMB'000)*	**Outstanding amount** *(RMB'000)*	**Interest rate** *% p.a.*	**Repayment due date**	**Usage of the loan+**	**Amount of assets pledged** *(RMB'000)*
Bank Loans						
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	20,000	20,000	7.50	March 25, 2014*	(1)	N/A
Sichuan Jiangyou Huaxia Rural Bank (四川江油華夏村鎮銀行)	5,000	5,000	9.23	September 22, 2015**	(1)	750
Mianyang Commercial Bank, Youxian Branch (綿陽市商業銀行游仙支行)	25,000	25,000	7.20	June 5, 2014*	(2)	62,657
Youxian Rural Credit Union (游仙農村信用合作聯社)	40,000	40,000	10.80	June 17, 2014*	(2)	N/A
Mianyang Commercial Bank, Youxian Branch (綿陽市商業銀行游仙支行)	40,000	40,000	9.00	September 29, 2014*	(2)	127,540

Bank/Other lender	Loan principal amount *(RMB'000)*	Outstanding amount *(RMB'000)*	Interest rate *% p.a.*	Repayment due date	Usage of the loan+	Amount of assets pledged *(RMB'000)*
Sichuan Jiangyou Huaxia Rural Bank (四川江油華夏村鎮銀行)	5,000	5,000	9.23	September 29, 2015**	(3)	750
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	20,000	20,000	7.00	April 14, 2014*	(1)	N/A
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	20,000	20,000	7.00	May 5, 2014*	(1)	N/A
Huarong Xiangjiang Bank, Yueyang Branch (華融湘江銀行岳陽分行)	8,690	8,690	6.72	April 28, 2014*	(5)	N/A
Miluo CDB Village Bank (汨羅國開村鎮銀行)	7,900	7,900	7.80	November 13, 2014*	(6)	N/A
Huarong Xiangjiang Bank, Yueyang Branch (華融湘江銀行岳陽分行)	2,790	2,790	6.72	June 10, 2014*	(5)	N/A
China Minsheng Bank, Changsha Branch (中國民生銀行長沙分行)	10,000++	10,000	7.20	December 12, 2014*	(7)	10,000
Mianyang Commercial Bank, Youxian Branch (綿陽市商業銀行游仙支行)	10,000	10,000	9.00	December 3, 2014*	(8)	N/A
Mianyang Commercial Bank, Youxian Branch (綿陽市商業銀行游仙支行)	11,000	11,000	9.00	November 26, 2014*	(9)	N/A
Industrial and Commercial Bank of China, Mianyang Branch (工商銀行綿陽分行)	12,000	12,000	8.40	December 3, 2014*	(3)	1,820

Bank/Other lender	Loan principal amount (RMB'000)	Outstanding amount (RMB'000)	Interest rate % p.a.	Repayment due date	Usage of the loan+	Amount of assets pledged (RMB'000)
Huarong Xiangjiang Bank, Yueyang Branch (華融湘江銀行岳陽分行)	18,000	18,000	7.80	January 14, 2015	(5)	11,740
Sub-total	**255,380**	**255,380**				
Entrusted loans by Mianyang Fule Investment Company Limited						
Mianyang Commercial Bank, Yingbin Branch (Correspondent bank) (綿陽市商業銀行迎賓支行(代理行))	50,000	50,000	12.00	June 5, 2015**	(4)	N/A
Mianyang Commercial Bank, Yingbin Branch (Correspondent bank) (綿陽市商業銀行迎賓支行(代理行))	60,000	60,000	12.00	February 28, 2015**	(4)	N/A
Mianyang Commercial Bank Yingbin Branch (綿陽市商業銀行迎賓支行(代理行))	20,000	20,000	12.00	July 21, 2015**	(4)	N/A
Entrusted loans by Miluo City Financial Bureau (汨羅市財政局)						
Miluo CDB Village Bank (汨羅國開村鎮銀行)	15,000	15,000	7.20	July 29, 2014*	(6)	N/A
Miluo CDB Village Bank (汨羅國開村鎮銀行)	5,500	5,500	6.72	June 25, 2014*	(6)	N/A

Bank/Other lender	Loan principal amount (RMB'000)	Outstanding amount (RMB'000)	Interest rate % p.a.	Repayment due date	Usage of the loan+	Amount of assets pledged (RMB'000)
Entrusted loan by Mianyang Jingkai Development Company Limited (綿陽經開置業有限責任公司)						
Mianyang Commercial Bank, Economic and Technology Development District Branch (綿陽商業銀行經濟技術開發區支行)	20,000	20,000	5.60	June 30, 2014*	(1)	N/A
Sub-total	**170,500**	**170,500**				
Other borrowings						
Gold Hero	6,494	6,494	6.06	January 1, 2015*	(10)	N/A
Total	**432,374**	**432,374**				

Notes:

\+ the relevant loans are required to be used only for specific purpose

++ the facility amount of this loan is RMB30.0 million, of which RMB10.0 million has been drawn down

* short-term borrowings

** long-term borrowings

(1) Purchase of raw materials for Jinxin

(2) Purchase of raw materials for Tongxin

(3) Purchase of raw materials for Baohe Taiyue

(4) Working capital of Tongxin

(5) Purchase of raw materials for Xiangbei

(6) Working capital of Xiangbei

(7) Repayment of bank loans by Xiangbei

(8) Working capital of Baohe Xinshiji

(9) Working capital of Baohe Taiyue

(10) Working capital of Jinxin

As of December 31, 2013, being the latest practicable date for determining our indebtedness, our bank loans and other borrowings were RMB424.4 million.

As of the Latest Practicable Date, we had not been subject to any notice of withdrawal of our existing or committed bank credit facilities, nor had we received any requests by banks or other creditors to repay outstanding loans or debt securities before their maturity dates or to increase the amount of collateral for any secured bank borrowings or debt securities.

LISTING EXPENSES

The total listing expenses, which are non-recurring in nature, are expected to amount to approximately RMB42.6 million (excluding underwriting commissions). Of this amount, we expect to bear approximately RMB40.1 million and the Selling Shareholders to bear approximately RMB2.5 million. In the nine months ended September 30, 2013, we recognized approximately RMB19.8 million of such expenses. We estimate that we will recognize approximately RMB2.5 million of such expenses in the fourth quarter of 2013 and expect to recognize a further RMB7.8 million of such expenses in the first half of 2014. The balance of approximately RMB10.0 million is expected to be deducted from our share premium account in the first half of 2014.

CAPITAL COMMITMENTS

The following table summarizes our capital commitments as of the dates indicated:

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for				
– Property, plant and equipment	–	20,230	95,363	95,365
– Land use rights	–	–	56,216	14,000
Authorized but not contracted for	–	–	4,490	122,806
	–	20,230	156,069	232,171

Our capital commitments increased significantly to RMB156.1 million as of December 31, 2012 from RMB20.2 million as of December 31, 2011, primarily due to the construction of our Tongxin facility and the equipment transfer under the Taiyue Asset Transfer Agreement and Xinshiji Asset Transfer Agreement. As of September 30, 2013, our capital commitments increased by 48.8% to RMB232.2 million, primarily due to entering into and authorization by our Board of Directors to enter into construction contracts and purchase contracts relating to equipment for our Baohe Taiyue, Baohe Xinshiji and Xiangbei facilities.

OPERATING LEASE ARRANGEMENT

Operating lease payments represent rental payable by us for offices and staff quarters in Sichuan. Leases are negotiated and the lease terms are between one and two years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
No later than one year	–	–	13	636
Late than one year but no later than five years	–	–	–	11
	–	–	13	647

CONTINGENT LIABILITIES

As of September 30, 2013, Jinxin had entered into a cross guarantee agreement with a bank in respect of bills payable facilities granted to Jinxin, Baohe Jiahao (which was our largest external supplier in 2012 and the first nine months of 2013 and which is 20.0% owned by Baohe Fushan) and two customers (the "Contracted Parties") totaling RMB40.0 million, of which Jinxin is entitled to an amount of RMB15.0 million. The cross guarantee will remain in force so long as there are outstanding amounts owed by the Contracted Parties under the banking facilities. According to the cross guarantee agreement, the Contracted Parties are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee. No cross guarantees were issued for the period ended December 31, 2010 and the year ended December 31, 2011.

As of September 30, 2013, the Directors did not consider it probable that a claim will be made against us under any of the above guarantees. Our maximum liabilities as of September 30, 2013 under the cross guarantee are the aggregate amount of the facilities available to the two customers and Baohe Jiahao in the amount of RMB25.0 million. On November 14, 2013, each of the Contracted Parties entered into a supplemental agreement with the bank. Pursuant to the supplemental agreements, the Contracted Parties agreed to place deposits in an aggregate amount of RMB40.0 million to secure the bills payable facilities in full. Jinxin is responsible for RMB15.0 million and other Contracted Parties are responsible for the remaining RMB25.0 million. On the same day, the Contracted Parties deposited the required amounts under the supplemental agreements. As such, we had no contingent liabilities under the cross guarantee arrangement as of the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet arrangements.

FINANCIAL RATIOS

The following table sets forth certain financial ratios of our Group as of the dates and for the periods indicated:

Financial ratios	Formulae	As of/ For the period ended December 31, 2010	As of/For the years ended December 31, 2011	2012	For the nine months ended September 30, 2012	As of/For the nine months ended September 30, 2013
Profitability ratios						
1. Growth						
a. Turnover growth		–	581.0%[(1)]	8.4%	N/A	103.4%
b. Profit for the period growth		–	418.1%[(1)]	89.6%	N/A	197.0%
2. Profit margins						
a. Gross margin	a. Gross profit for the period/Turnover x 100%	6.5%	5.4%	7.4%	9.3%	5.8%
b. Net profit margin before interest and tax	b. (Profit before tax + Finance costs)/ Turnover x 100%	6.3%	5.6%	9.1%	8.3%	10.7%
c. Net profit margin	c. Profit for the period/Turnover x 100%	4.6%	3.5%	6.1%	5.3%	7.8%
3. Return on equity						
a. Return on equity	a. Profit for the period/((Total equity at the beginning of the period + total equity at the end of the period)/2) x 100% [(1)(3)(9)]	151.6%	59.1%	43.9%	N/A	48.3%
b. Return on total assets	b. Profit for the period/((Total assets at the beginning of the period + total assets at the end of the period)/2) x 100% [(2)(3)(9)]	25.2%	10.7%	11.6%	N/A	14.7%
Liquidity ratios						
1. Liquidity ratios						
a. Current ratio	a. Current assets/Current liabilities	0.9	1.0	0.9	N/A	1.0
b. Quick ratio	b. (Current assets – Inventories)/Current liabilities	0.3	0.7	0.7	N/A	0.6

Financial ratios	Formulae	As of/ For the period ended December 31, 2010	As of/For the years ended December 31, 2011	2012	For the nine months ended September 30, 2012	As of/For the nine months ended September 30, 2013
2. Turnover ratios						
a. Inventories turnover days	a. Average inventories/Cost of sales x (59 days, 365 days, 366 days or 273 days)[(2)(3)(4)(9)]	27.2 days	30.7 days	29.7 days	N/A	39.6 days
b. Receivables turnover days (average collection period)	b. Average trade debtors and bills receivable/ Turnover x (365 days, 366 days or 273 days)[(3)(5)(6)(9)]	17.2 days	35.2 days	60.4 days	N/A	47.6 days
c. Payables turnover days(average payment period)	c. Average trade and bills payable/Cost of sales x (59 days, 365 days, 366 days or 273 days)[(3)(7)(8)(9)]	12.7 days	21.2 days	25.4 days	N/A	24.6 days
Capital adequacy ratio						
1. Gearing ratio	(Bank loans + Amounts due to related parties + other loans)/Total equity x 100%	391.7%	286.8%	139.1%	N/A	132.0%
2. Debt to net worth ratio						
a. Net debt to equity ratio	a. (Bank borrowings + Amounts due to related parties + other loans – Cash and cash equivalents)/ Total equity x 100%	360.6%	251.6%	132.5%	N/A	113.4%
b. Interest coverage	b. (Profit before tax + Finance costs)/Finance costs	18.1	6.6	8.3	5.8	8.9

Notes:

(1) Turnover growth and profit for the period growth in 2011 were not representative because we only had two-month results in 2010.

(2) Excluding inventory of Baohe Taiyue and Baohe Xinshiji as of December 31, 2012.

(3) Annualized for the period ended December 31, 2010 by multiplying by 365/59 days.

(4) For the year ended December 31, 2011, in calculating our inventories turnover days, Xiangbei's cost of sales is annualized by multiplying by 365/153.

(5) Excluding trade debtors and/or bills receivable of Baohe Taiyue and Baohe Xinshiji as of December 31, 2012.

(6) For the year ended December 31, 2011, in calculating our receivables turnover days, Xiangbei's turnover is annualized by multiplying by 365/153.

(7) Excluding trade and bills payable of Baohe Taiyue and Baohe Xinshiji as of December 31, 2012.

(8) For the year ended December 31, 2011, in calculating our trade and bills payable turnover days, Xiangbei's cost of sales is annualized by multiplying by 365/153.

(9) Annualized for the nine months ended September 30, 2013 by multiplying by 365/273.

Return on equity

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our return on equity was 151.6%, 59.1%, 43.9% and 48.3%, respectively. Return on equity decreased substantially from 151.6% for the period ended December 31, 2010 to 59.1% for 2011, mainly due to (i) a decrease in gross profit margin, (ii) an increase in share-based compensation of RMB11.3 million and (iii) an increase in financial cost as a result of increased bank borrowing. Return on equity decreased from 59.1% for 2011 to 43.9% for 2012, mainly due to capitalization of RMB77.7 million of amounts due to Gushan. Return on equity increased from 43.9% for 2012 to 48.3% for the nine months ended September 30, 2013, mainly due to (i) commencement of Tongxin's trial production in March 2013 and (ii) turnover from the sales of our cable products by Baohe Taiyue and Baohe Xinshiji.

Return on assets

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, our return on assets was 25.2%, 10.7%, 11.6% and 14.7%, respectively. Return on assets decreased from 25.2% for the period ended December 31, 2010 to 10.7% for 2011, mainly due to (i) a decrease in gross profit margin, (ii) an increase in share-based compensation of RMB11.2 million and (iii) an increase in financial cost as a result of increased bank borrowing. The ratio remained stable from 2011 to 2012. Return on assets increased from 11.6% for 2012 to 14.7% for the nine months ended September 30, 2013, mainly due to (i) commencement of Tongxin's trial production in March 2013 and (ii) turnover from the sales of our cable products by Baohe Taiyue and Baohe Xinshiji and the fact that the equipment under the Taiyue Asset Transfer Agreement and Xinshiji Asset Transfer Agreement is in the process of transfer and its value has not been fully reflected in our consolidated balance sheet.

Interest coverage

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, our interest coverage was 18.1, 6.6, 8.3, 5.8, and 8.9, respectively. The interest coverage decreased from 18.1 for the period ended December 31, 2010 to 6.6 for 2011, mainly due to the significant increase in borrowings from RMB89.7 million (including bank loans of RMB60.0 million and loans from related parties of RMB29.7 million) as of December 31, 2010 to RMB215.4 million (including bank loans of RMB110.0 million and loans from related parties of RMB105.4 million), as of December 31, 2011. The interest coverage increased from 6.6 for 2011 to 8.3 for 2012, mainly due to the improvement in profitability in 2012. The interest coverage increased from 5.8 for the nine months ended September 30, 2012 to 8.9 for the nine months ended September 30, 2013, mainly due to the improvement in our profitability during the first three quarters of 2013.

Current ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our current ratio was 0.9, 1.0, 0.9 and 1.0, respectively. Our current ratio during the Track Record Period remained relatively stable.

Quick ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our quick ratio was 0.3, 0.7, 0.7 and 0.6, respectively. Our quick ratio increased from 0.3 as of December 31, 2010 to 0.7 as of December 31, 2011, mainly because inventories decreased from RMB140.9 million as of December 31, 2010 to RMB114.9 million as of December 31, 2011. We procured a considerable amount of inventories at the end of 2010 mainly because the management anticipated an increase in price in the first few months in 2011. The ratio remained stable from 2011 through September 30, 2013.

Gearing ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our gearing ratio was 391.7%, 286.8%, 139.1% and 132.0%, respectively. Our gearing ratio decreased during the Track Record Period because the increase in equity was faster than the increase in total borrowings including bank loans, loans and advances from related parties.

Net debt to equity ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our net debt to equity ratio was 360.6%, 251.6%, 132.5% and 113.4%, respectively. Our net debt to equity ratio decreased during the Track Record Period mainly because the increase in equity was faster than the increase in total borrowings including bank loans, loans and advances from related parties.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in interest rates, changes in the selling prices for our products and movements in commodities prices. We manage our exposure to these and other market risks through regular operating and financial activities.

Commodity risk

The major raw materials used in the production of our recycled copper products are scrap copper. We are exposed to fluctuations in the prices of raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect our financial performance.

We use commodity futures contracts to hedge part of our exposure against price fluctuations of copper raw materials. The market value of futures contracts is based on quoted market price at the reporting date. The unrealized change in fair value on the futures contracts premeasured at fair value was a loss of RMB321,000 as of September 30, 2013 and loss of RMB3,000 as of December 31, 2012, and the net realized and unrealized gains, in aggregate, of nil, loss of RMB1.5 million, gain of RMB0.9 million, gain of RMB0.4 million and gain of RMB2.2 million were recognized in the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively.

Interest rate risk

Our interest rate risk arises primarily from interest bearing borrowings. Borrowings at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. As of December 31, 2010, 2011 and 2012 and September 30, 2013, all our interest-bearing borrowings were fixed rate borrowings and, therefore, we were not exposed to cash flow interest rate risk.

Credit risk

Our credit risk is primarily attributable to our trade and other receivables. We have a credit policy in place to ensure that our exposure to credit risk is monitored on an ongoing basis.

For all customers requiring credit over a certain amount, we perform individual credit evaluations, which focus on the customer's payment records and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Our trade receivables are normally due within 35 days from the date of billing. Normally, we do not obtain collateral from customers.

Our exposure to credit risk is influenced mainly by the individual characteristics of our customers rather than the industry in which they operate. As such, significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of December 31, 2010, 2011 and 2012 and September 30, 2013, nil, 5.8%, 17.2% and 13.2%, respectively, of our total trade and other receivables were due from our largest customer and 43.7%, 39.7%, 55.0% and 30.0%, respectively, of our total trade and other receivables were due from our five largest customers.

Liquidity risk

Our policy is to regularly monitor our liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

Foreign exchange rate risk

The functional currency of a majority of the entities within our Group is RMB and most of the transactions are settled in RMB. However, we are exposed to currency risk primarily related to amounts due to and from related parties, loans from related parties and cash balances that are denominated in US dollars. As of December 31, 2010, 2011 and 2012 and September 30, 2013, if RMB had weakened/strengthened by 3% against US dollars with all other variables held constant, our equity would have been approximately RMB0.6 million, RMB2.8 million, RMB3.0 million and RMB3.0 million lower/higher, respectively. As of December 31, 2010, 2011 and 2012 and September 30, 2013, if RMB had weakened/strengthened by 3% against HK dollars with all other variable held constant, our equity would have been approximately RMB1.4 million, RMB2.7 million, RMB70,000 and RMB2.0 million lower/higher, respectively. For additional information, see note 30 (d) in the Accountants' Report set out in Appendix I to this prospectus.

DISTRIBUTABLE RESERVES

Our Company was incorporated on February 22, 2013 and there were no distributable reserves as of December 31, 2010, 2011 and 2012. As of September 30, 2013, our Company's distributable reserves amounted to RMB277.5 million.

PROFIT ESTIMATE

Our Directors estimate on the bases set out in Appendix III to this prospectus, the consolidated profit attributable to equity holders of our Company for the year ended December 31, 2013 will not be less than RMB230.0 million. The profit estimate, for which our Directors are solely responsible, has been prepared by them based on consolidated results for the nine months ended September 30, 2013 as set out in the Accountants' Report in Appendix I to the prospectus and our unaudited consolidated results for the three months ended December 31, 2013. In addition, our Directors estimate that the aggregate amount of our pre-tax income from VAT refunds and government grants and subsidies for the year ended December 31, 2013 will not be less than RMB270.0 million.

DIVIDENDS AND DIVIDEND POLICY

After completion of the Global Offering, our Shareholders will be entitled to receive any dividends we declare. The payment and amount of any dividend will be at the discretion of the Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, interests of our shareholders, taxation conditions, statutory restrictions, and other factors that our Board deems relevant. The payment of any dividends will also be subject to the Companies Law and our constitutional documents, which indicate that payment of dividends out of our share premium account is possible on the condition that we are able to pay our debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Our ability to declare future dividends will also depend on the availability of dividends, if any, received from our PRC operating subsidiaries. Pursuant to the PRC laws, dividends may only be paid out of distributable profits, defined as retained earnings after tax payments as determined under the PRC GAAP less any recovery of accumulated losses and the required allocations to statutory reserves made by our PRC operating subsidiaries. In addition, the terms of certain of our outstanding loans prohibit the relevant subsidiaries from distributing dividends in any form before full repayment of the loans. As of the Latest Practicable Date, the outstanding amount of these loans was RMB49.5 million, of which RMB20.0 million is due for repayment on March 25, 2014, RMB8.7 million is due for repayment on April 28, 2014, RMB2.8 million is due for repayment on June 10, 2014 and RMB18.0 million is due for repayment on January 14, 2015. We may in the future enter into new loans with similar provisions. In general, we do not expect to declare dividends in a year where we do not have any distributable earnings.

We currently intend to retain most, if not all, of our available funds and future earnings to operate and expand our business and do not intend to distribute dividend to our Shareholders in respect of the year ended December 31, 2013. Future cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Our unaudited pro forma adjusted net tangible assets as of September 30, 2013 amounted to approximately RMB768.5 million (assuming an Offer Price of HK$1.00 per Offer Share, being the low end of the indicative Offer Price range) and approximately RMB848.8 million (assuming an Offer Price of HK$1.20 per Offer Share, being the high end of the indicative Offer Price range). The unaudited pro forma adjusted net tangible assets information prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purposes only, and is presented to illustrate the effect of the Global Offering on our consolidated net tangible assets as of September 30, 2013 as if the Global Offering had taken place on such date. It was prepared on the basis as described in Appendix II. See Appendix II to this prospectus for details.

PROPERTY INTERESTS AND PROPERTY VALUATION

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our certain property interests at RMB207.5 million as of November 30, 2013.

The table below sets forth the reconciliation of the aggregate amount of net book value of the corresponding property interests under assessment from our consolidated financial information as of September 30, 2013 and the valuation of such property interests as of November 30, 2013 set out in Appendix IV to this prospectus:

	RMB (million)	*RMB (million)*
Valuation of property interest held under development by the Group as of November 30, 2013 as set out in the property valuation report in Appendix IV to this prospectus		207.5
Net book value of the following properties as of September 30, 2013:		
– Buildings	174.2	
– Lease prepayments	57.5	
– Prepayment for property and land use rights	2.0	
Net book value as of September 30, 2013	233.7	233.7
Net valuation deficit		26.2

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business – Business Strategies" for further details of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$531.5 million after deducting the underwriting commissions and expenses (excluding approximately RMB19.8 million of listing expenses which have been accounted for prior to September 30, 2013) to be borne by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK$1.10 per Share, being the mid-point of the indicative Offer Price range of HK$1.00 to HK$1.20 per Share in this prospectus. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately HK$166.6 million (or approximately 31.3% of the net proceeds) to fund a portion of our planned capital expenditure in relation to additions to property, plant and equipment, and research and development projects of Baohe Taiyue. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Future Facilities – Baohe Taiyue Facility" in this prospectus;

- approximately HK$143.2 million (or approximately 26.9% of the net proceeds) to repay the bridge loan which we are in the process of obtaining for the purpose of repaying in full the loans from Gushan and amounts due to Gushan, Carling and Mr. Yu prior to Listing. The loans from Gushan bear interest rates ranging from 6.06% to 6.56% while the amounts due to Gushan, Carling and Mr. Yu are interest free. As of the Latest Practicable Date, the outstanding amount of the loans from Gushan was RMB79.5 million and the amounts due to Gushan, Carling and Mr. Yu were RMB12.3 million, RMB0.2 million and RMB20.6 million, respectively. Of the outstanding amount of the loans from Gushan, RMB29.7 million was incurred in 2010 and RMB49.8 million was incurred in 2011, both of which were used to fund our working capital. The amount due to Gushan represents the interest accrued on the loans from Gushan. The amount due to Carling was incurred in each of 2010, 2011, 2012 and 2013 and was used to fund operating expenses of our Hong Kong Office. The amount due to Mr. Yu was incurred in 2013 and was used to fund the listing expenses in preparation for the Global Offering. In the event that we are not able to obtain the bridge loan, the loans from Gushan and amounts due to Gushan, Carling and Mr. Yu will be waived in full prior to Listing and we intend to apply approximately HK$136.0 million (or approximately 25.6% of the net proceeds) to repay certain outstanding bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 9.00% which were incurred in or after June 2013 and are due before the end of the fourth quarter of 2014 and approximately HK$7.2 million (or approximately 1.4% of the net proceeds) for working capital. For additional information, see the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Loans from and amounts due to related parties";

- approximately HK$140.1 million (or approximately 26.4% of the net proceeds) to fund a portion of our planned capital expenditure in relation to additions to property, plant and equipment, and research and development projects of Baohe Xinshiji. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Future Facilities – Baohe Xinshiji Facility" in this prospectus;

- approximately HK$36.0 million (or approximately 6.8% of the net proceeds) to repay certain outstanding bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 7.50% and were incurred in or after December 2012 and will be due before the end of the second quarter of 2014;

- approximately HK$21.4 million (or approximately 4.0% of the net proceeds) to fund a portion of our planned capital expenditure in relation to expansion of production capacity at Xiangbei. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Existing Facilities – Xiangbei Facility" in this prospectus;

- approximately HK$17.6 million (or approximately 3.3% of the net proceeds) to fund a portion of our planned capital expenditure in relation to additions to property, plant and equipment at Tongxin. For additional information, see the section headed "Business – Our Products and Business Activities – Our Manufacturing Facilities – Our Existing Facilities – Tongxin Facility" in this prospectus; and

- approximately HK$6.6 million (or approximately 1.3% of the net proceeds) to repay the loan from Silver Harvest and the amount due to Silver Harvest, all of which are either repayable on demand or within one year. The loan from Silver Harvest bears an interest rate of 6.06% while the amount due to Silver Harvest is interest free. As of the Latest Practicable Date, the outstanding amount of the loan from Silver Harvest was RMB5.4 million, and the amount due to Silver Harvest was RMB0.2 million. The loan from Silver Harvest was incurred in 2011 and was used to fund our working capital. The amount due to Silver Harvest represents the interest accrued on the loan from Silver Harvest. For additional information, see the section headed "Financial Information – Discussion of Certain Key Balance Sheet Items – Loans from and amounts due to related parties".

We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering. The Selling Shareholders estimate that they will receive, in aggregate, net proceeds from the Global Offering of approximately HK$96.0 million, after deducting the estimated underwriting commissions and expenses payable by them in the Global Offering and assuming an Offer Price of HK$1.10 per Share.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$480.8 million. Under such circumstances, the net proceeds allocated to the above uses will be adjusted on a pro rata basis except for the amount used to repay the bridge loan if we are able to obtain such loan (or the amount used to repay certain outstanding bank loans and for working capital if we are not able to obtain such loan), and the loan and the amount due to Silver Harvest. In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK$98.5 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK$1.10 per Offer Share, being the mid point of the proposed Offer Price range. We intend to apply the additional net proceeds to the above uses on a pro rata basis other than for the repayment of the bridge loan if we are able to obtain such loan (or for the repayment of certain outstanding bank loans and for working capital if we are not able to obtain such loan), and the loan and the amount due to Silver Harvest. In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$582.2 million. Under such circumstances, the additional net proceeds of approximately HK$50.7 million will be used to repay certain bank loans, all of which are working capital loans with interest rates ranging from 7.20% to 9.00% which were incurred in or after December 2012 and are due before the third quarter of 2014. In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$689.6 million. The additional net proceeds of approximately HK$158.1 million (when compared to the net proceeds to our Company with the Offer Price being determined at the mid point of the proposed Offer Price range and assuming the Over-allotment Option is not exercised) of which HK$141.0 million will be used to repay certain bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 9.23% which were incurred in or after December 2012 and are due before the first quarter of 2015 and HK$17.1 million will be used for working capital. In the event that the Offer Price is set at the high end of the proposed Offer Price range, the Over-allotment Option is exercised in full and that we are not able to obtain the bridge loan, the additional net proceeds and the amount of waived loans will amount to an aggregate amount of approximately HK$301.3 million. Of this, we intend to apply approximately HK$276.0 million to repay certain bank loans, all of which are working capital loans with interest rates ranging from 7.00% to 12.00% which were incurred after December 31, 2012 and are due before the third quarter of 2015 and approximately HK$25.3 million for working capital. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

UNDERWRITERS

Hong Kong Underwriters

BNP Paribas Securities (Asia) Limited
CMB International Capital Limited
Convoy Investment Services Limited
Kingston Securities Limited

International Underwriters

BNP Paribas Securities (Asia) Limited
CMB International Capital Limited
Convoy Investment Services Limited
Kingston Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 61,848,000 Hong Kong Offer Shares (subject to adjustment and reallocation) for subscription by way of Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscriptions for their respective applicable proportions of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for Termination

If any of the following events occurs prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in this prospectus or the Application Forms and any amendments in the agreed form has become, untrue, incorrect or misleading in any material respect or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or the relevant application forms are not, in the sole and absolute opinion of Sole Global Coordinator, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom in a material respect; or

(iii) any material breach of any of the obligations imposed upon any party (other than the Sole Global Coordinator or any Hong Kong Underwriters) to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than on any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company, the Selling Shareholders, our Controlling Shareholders, Mr. Liu Hanjiu, Silver Harvest, Mr. Chen Gonghao, First Harvest, Mr. Huang Weiping and Gold Wide (the "Warrantors") pursuant to the Warrantors' indemnity in the Hong Kong Underwriting Agreement; or

(v) any material adverse change or development involving a prospective material adverse change in the conditions, assets, liabilities, business affairs, prospects, profits, losses or the financial or trading position or performance of the Company or the Group as a whole; or

(vi) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties; or

(vii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws any of this prospectus or the Application Forms (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or

(ix) any person (other than the Sole Global Coordinator and any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus or the Application Forms, or to the issue of any of this prospectus or the Application Forms; or

(b) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza (H5N1), swine flu (H1N1), influenza (H7N9) or such related or mutated forms); or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, regional, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including without limitation any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures in or affecting Hong Kong); or

(iii) any new law or change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the British Virgin Islands or the Cayman Islands or any other jurisdictions relevant to any member of the Group (the "Specific Jurisdictions"); or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York state level or otherwise), the United Kingdom or the PRC or a material disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions; or

(v) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States on any of the Specific Jurisdictions; or

(vi) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Specific Jurisdictions; or

(vii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or chief executive officer or chief financial officer of the Company vacating his office; or

(xi) the commencement by any governmental, regulatory or political body or organisation of any public action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xii) a contravention by any member of the Group of the Companies Ordinance or any of the Listing Rules or the applicable laws; or

(xiii) a prohibition on the Company or any of the Selling Shareholders for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this prospectus, the Offering Circular (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or

(xv) the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules; or

(xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(xvii) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xviii) a petition or an order is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group,

which in each case or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(a) is or will or could be expected to have an adverse effect on the shareholders' equity, general affairs, management, business, financial, trading or other condition or prospects of the Company or the Group as a whole; or

(b) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(d) would have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof,

then the Sole Global Coordinator, at its sole and absolute discretion, may, for itself and on behalf of the other Hong Kong Underwriters, upon giving notice in writing to the Company and the Selling Shareholders on or prior to 8:00 a.m. on the Listing Date (with a copy of such notice to each of the other Hong Kong Underwriters), terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain prescribed circumstances or pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme.

We have undertaken, pursuant to the Hong Kong Underwriting Agreement, that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), the Capitalization Issue as set forth in the section headed "Statutory and General Information", the Options which may be granted under the Share Option Scheme, or with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules,

(a) we will not, and will procure that our subsidiaries will not, (i) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase, any of our share capital or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, such share capital or any derivatives with our Shares as underlying securities; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above or to offer to or agree to do any of the forgoing or announce any intention to do so from the date hereof up to the expiry of the six months immediately following the Listing Date (the "First Six Month Period"); and

(b) we will not enter into any of the transactions described in paragraph (a) above or agree or contract to or publicly announce any intention to enter into any such transactions such that the Controlling Shareholder would cease to be our controlling shareholder (as defined in the Hong Kong Listing Rules) during the period of six months immediately following the expiry of the first six months period after the Listing Date (the "Second Six Month Period"); and

(c) we will ensure that if any of the transactions described in paragraph (a) are carried out during the Second Six Month Period, we will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities in our Company;

In addition, each of Mr. Yu and Epoch Keen has jointly and severally undertaken to each of our Company, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters that:

(a) during the First Six Month Period, he or it shall not, and shall procure that the relevant he or registered holder(s) and his or its associates or companies controlled by him or it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Sole Global Coordinator and unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "Relevant Securities"); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraph (a), (b) or (c) above;

(b) he or it shall not, and shall procure that the relevant registered holder(s) and his or its associates or companies controlled by it and any nominee or trustee holding in trust for him or it shall not, during the Second Six Month Period, without the prior written consent of the Sole Global Coordinator and unless in compliance with the Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by him or it or any of its associates or companies controlled by it or any nominee or trustee holding in trust for him or it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be our controlling shareholder (as defined in the Listing Rules) or would together with the other Warranting Shareholders cease to be our controlling shareholder (as defined in the Listing Rules);

i. in the event of a disposal of any Relevant Securities or securities of our Company or any interest therein within the Second Six Months Period, he or it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company; and

ii. he or it shall, and shall procure that his or its associates and companies controlled by and nominees or trustees holding in trust for him or it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it or by the registered holder controlled by it of any Shares.

Each of Mr. Yu and Epoch Keen has further undertaken to each of our Company, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters that, from the date hereof up to the expiry of the first twelve months from the Listing Date, he or it will:

(a) when he or it pledges or charges any securities or interests in the Relevant Securities, immediately inform our Company, the Sole Sponsor and the Sole Global Coordinator in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(b) when he or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Global Coordinator and the Sole Sponsor in writing of such indications, and we will inform the Stock Exchange as soon as it has been informed of the matters above (if any) by Mr. Yu or Epoch Keen and disclose such matters by way of a press announcement.

In accordance with Rule 10.07(1)(a) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that except pursuant to the Global Offering or the Over-allotment Option, (i) it will not, at any time during the period commencing from the date of this prospectus, and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and (ii) it will not, at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would then cease to be the controlling shareholder (as defined under the Listing Rules) of our Company.

Note (2) of Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder (as defined under the Listing Rules) from using the shares owned by it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Each of our Controlling Shareholders has further undertaken to the Stock Exchange that it will, within a period of 12 months from the Listing Date, immediately inform us of:

(a) any pledges or charges of any Shares or securities of our Company beneficially owned by it in favor of any authorized institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and

(b) any indication received by he/it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by each of our Controlling Shareholders or their shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible after being so informed by such a Controlling Shareholder or its shareholders.

Indemnity

Each of the Company, the Controlling Shareholders, Mr. Liu, Silver Harvest, Mr. Chen, First Harvest, Mr. Huang and Gold Wide (collectively, the "Indemnifying Parties") has agreed to indemnify, jointly and severally, the Hong Kong Underwriters for certain losses which the Hong Kong Underwriters may suffer, including (among other things) losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement, and for any breach by any of the Indemnifying Parties of the Hong Kong Underwriting Agreement.

In addition, each of the Selling Shareholders has agreed to indemnify, severally but not jointly, the Hong Kong Underwriters for certain losses which the Hong Kong Underwriters may suffer, including (among other things) losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement, and for any breach by any of the Selling Shareholders of the Hong Kong Underwriting Agreement.

International Placing

International Underwriting Agreement

In connection with the International Placing, we and the Selling Shareholders, among others, expect to enter into the International Underwriting Agreement with the International Underwriters and the other parties thereto. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares. The International Underwriting Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors will be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. It is expected that pursuant to the International Underwriting Agreement, we will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement as described in "– Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings".

Under the International Underwriting Agreement, we expect to grant the Over-allotment Option to the Sole Global Coordinator exercisable at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last date for the lodging of Application Forms under the Hong Kong Public Offering, to sell up to 92,760,000 Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price.

It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in our Company for a period similar to such undertakings given by it pursuant to the Hong Kong Underwriting Agreement, which is described in "– Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings".

Underwriting Commission and Expenses

The Hong Kong Underwriters will receive a gross commission of 3.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. We will bear our commission payable to the Underwriters in relation to the Offer Shares other than the Sale Shares. Each Selling Shareholder will bear its commission payable to the International Underwriters in relation to its Sale Shares. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we and the Selling Shareholders will pay an underwriting commission in proportion at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. In addition, certain other expenses in connection with the Global Offering and Listing will be shared between us and the Selling Shareholders. For further details on the arrangement on listing expenses, see the section headed "Financial Information – Listing Expenses".

Hong Kong Underwriters' Interests in our Company

Save as disclosed in this prospectus and other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. BNP Paribas Securities (Asia) Limited is the Sole Sponsor of the Global Offering.

The Global Offering consists of (subject to adjustment and the Over-allotment Option):

(i) the Hong Kong Public Offering of 61,848,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under the section headed "– The Hong Kong Public Offering;" and

(ii) the International Placing of 556,612,000 Shares, of which 463,153,600 Shares are to be offered by us and 93,458,400 Sale Shares are to be offered by the Selling Shareholders (subject to adjustment as mentioned below) outside the United States in accordance with Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Placing Shares under the International Placing, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Placing Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Placing Shares in Hong Kong and other jurisdictions outside the United States in accordance with Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares. Prospective investors will be required to specify the number of International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Placing Shares to be offered under the Hong Kong Public Offering and the International Placing respectively may be subject to reallocation as described in the section headed "– Pricing and Allocation".

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company (on behalf of itself and the Selling Shareholders) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, February 14, 2014 and in no event later than Tuesday, February 18, 2014. The Offer Price will be not more than the maximum Offer Price as stated in the Application Forms.

Based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with our consent) may reduce the number of Offer Shares being offered under the Global Offering that is stated in this prospectus and/or if appropriate, the indicative Offer Price range that is stated in the Application Forms at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering on Friday, February 14, 2014 cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus and the Application Forms, respectively, on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be higher than the maximum Offer Price as stated in the Application Forms.

The Hong Kong Offer Shares and the International Placing Shares may, in certain circumstances, be reallocated as between the Hong Kong Public Offering and International Placing at the discretion of the Sole Global Coordinator.

Allocation of the International Placing Shares pursuant to the International Placing will be determined by Sole Global Coordinator and us and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares after the listing of the Shares on the Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The applicable Offer Price, level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Placing, the results of applications and basis of allotment of the Hong Kong Offer Shares are expected to be announced on Thursday, February 20, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on our website and the website of the Stock Exchange at **www.hkexnews.hk**.

CONDITIONS TO THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (subject only to allotment and dispatch of the Share certificates in respect thereof and such other normal conditions acceptable to us and the Sole Global Coordinator, on behalf of the Underwriters) not later than Tuesday, February 18, 2014 (or such later date as we and the Sole Global Coordinator, on behalf of the Hong Kong Underwriters, may agree) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;

- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason, the Offer Price is not agreed by Tuesday, February 18, 2014 between us (on behalf of ourselves and the Selling Shareholders) and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving banker or other bank in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Offer Shares are expected to be issued on Thursday, February 20, 2014 but will only become valid certificates of title at 8:00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on Friday, February 21, 2014, if (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

We are offering 61,848,000 Shares at the Offer Price under the Hong Kong Public Offering, representing approximately 10% of the 618,460,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Hong Kong Public Offering will represent approximately 2.95% of our total issued share capital immediately after completion of the Global Offering. In Hong Kong, individual retail investors are expected to apply for Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Placing Shares will not be allotted International Placing Shares in the International Placing.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Hong Kong Offer Shares.

The Offer Price will be not more than the maximum offer price as stated in the Application Forms. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$1.20 per Share plus brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than the maximum Offer Price, we will refund the respective difference (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

For allocation only, the 61,848,000 Shares initially being offered for subscription under the Hong Kong Public Offering will be divided equally (to the nearest board lot) into two pools: Pool A comprising 30,924,000 Hong Kong Offer Shares and Pool B comprising 30,924,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications within either pool or between the pools and any application for more than 50% of the 61,848,000 Shares initially comprised in the Hong Kong Public Offering (that is 30,924,000 Hong Kong Offer Shares) are liable to be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The allocation of Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 185,544,000, 247,384,000 and 309,232,000 Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and such reallocation being referred to in this prospectus as "Mandatory Reallocation". In such cases, the number of Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deem appropriate, and such additional Shares will be allocated to Pool A and Pool B.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may, at its discretion, reallocate Shares initially allocated for the International Placing to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered. References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL PLACING

The number of International Placing Shares to be initially offered for subscription under the International Placing will be 556,612,000 Shares, representing approximately 90% of the Offer Shares under the Global Offering.

Pursuant to the International Placing, the International Underwriters will conditionally place the Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in accordance with Regulation S. The International Placing is subject to the Hong Kong Public Offering being unconditional.

We expect to grant the Over-allotment Option to the Sole Global Coordinator exercisable at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of Application Forms under the Hong Kong Public Offering. A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Company may be required to sell up to 92,760,000 Shares, representing approximately 15% of the maximum number of Offer Shares initially available under the Global Offering, at the Offer Price.

STOCK BORROWING AGREEMENT

The Stabilization Manager or any person acting for it may choose to borrow Shares from Epoch Keen, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Epoch Keen will only be effected by the Stabilization Manager for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares borrowed from Epoch Keen under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Epoch Keen or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, or (ii) the day on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

- no payment will be made to Epoch Keen by the Stabilization Manager or its authorized agents in relation to such stock borrowing arrangement.

OVER-ALLOCATION AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, BNP Paribas Securities (Asia) Limited, as Stabilization Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 92,760,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering. Stabilizing action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization and stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilization Manager, or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilization Manager, or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilization Manager or any person acting for it and selling in the open market may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on March 16, 2014, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilization action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

We will ensure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period. In connection with the Global Offering, the Stabilization Manager may over-allocate up to and not more than an aggregate of 92,760,000 Shares and cover such over-allocations by (among other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or by any combination of these means.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, February 21, 2014, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, February 21, 2014.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date.

We expect that we will, on or about Friday, February 14, 2014, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Placing.

Underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares by means of **White Form eIPO**, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity and stamped with your corporation's chop.

If an application is made by a person duly authorized under a valid power of attorney, the Sole Global Coordinator (or its respective agents or nominees) may accept it at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four, and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

We, the Sole Global Coordinator, or the designated **White Form eIPO** Service Provider (where applicable) or our respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

CHANNELS TO APPLY FOR HONG KONG OFFER SHARES

You may apply for Hong Kong Offer Shares by using one of the following channels:

- using a **WHITE** or **YELLOW** Application Form;
- apply online through the designated website of the **White Form eIPO** Service Provider, referred to herein as the "**White Form eIPO**" service; or
- **electronically instructing** HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

WHICH APPLICATION CHANNEL YOU SHOULD USE

- Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be registered in your own name.
- Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website at **www.eipo.com.hk**. Use **White Form eIPO** if you want the Hong Kong Offer Shares to be registered in your own name.

- Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

- Instead of using a **YELLOW** Application Form, you may **electronically instruct** HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf via CCASS. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

WHERE TO COLLECT THE APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, February 11, 2014 until 12:00 noon on Friday, February 14, 2014 from:

Any of the following addresses of the Hong Kong Underwriters:

1. BNP Paribas Securities (Asia) Limited
   62/F, Two International Finance Centre
   8 Finance Street
   Central
   Hong Kong

2. CMB International Capital Limited
   Units 1803-4, 18/F, Bank of America Tower
   12 Harcourt Road
   Central
   Hong Kong

3. Convoy Investment Services Limited
   Room C, 24/F, @CONVOY
   169 Electric Road
   North Point
   Hong Kong

4. Kingston Securities Limited
   Suite 2801, 28th Floor, One International Finance Centre
   1 Harbour View Street
   Central
   Hong Kong

or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	Branch name	Address
Hong Kong Island....	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon...........	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Lok Fu Shopping Centre Branch	Shop G201, G/F, Lok Fu Shopping Centre
New Territories......	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	New Town Plaza Branch	Shop 215, 222 & 223, Phase 1, New Town Plaza, Shatin
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, February 11, 2014 to 12:00 noon on Friday, February 14, 2014 from:

- the depository counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker, who may have such Application Forms and this prospectus available.

WHEN TO APPLY FOR THE HONG KONG OFFER SHARES

WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Friday, February 14, 2014, or, if the application lists are not open on that day, by the time and date stated in the section headed "– Effect of bad weather conditions on the opening of the application lists" below.

Your completed **WHITE** or **YELLOW** Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of the banks listed in the section headed "Where to collect the Application Forms" at the following times:

Tuesday, February 11, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, February 12, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, February 13, 2014	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, February 14, 2014	**–**	**9:00 a.m. to 12:00 noon**

ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

CCASS Clearing/Custodian Participants should input **electronic application instructions** via CCASS at the following times:

Tuesday, February 11, 2014	**–**	**9:00 a.m. to 8:30 p.m.(1)**
Wednesday, February 12, 2014	**–**	**8:00 a.m. to 8:30 p.m.(1)**
Thursday, February 13, 2014	**–**	**8:00 a.m. to 8:30 p.m.(1)**
Friday, February 14, 2014	**–**	**8:00 a.m.(1) to 12:00 noon**

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, February 11, 2014 until 12:00 noon on Friday, February 14, 2014 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** via CCASS (if you are a CCASS Participant) is 12:00 noon on Friday, February 14, 2014 or if the application lists are not open on that day, by the time and date stated in the section headed "– Effect of bad weather conditions on the opening of the application lists" below.

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Tuesday, February 11, 2014 until 11:30 a.m. on Friday, February 14, 2014 or such later time as described under the section headed "Effect of bad weather conditions on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, February 14, 2014, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed "Effect of bad weather conditions on the opening of the application lists" below.

You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon.

Application lists

The application lists will be opened from 11:45 a.m. to 12:00 noon on Friday, February 14, 2014, except as provided in the section headed "– Effect of bad weather conditions on the opening of the application lists" below. No proceedings will be taken on applications for the Hong Kong Offer Shares and no allocation of any such Shares will be made until after Friday, February 14, 2014.

Effect of bad weather conditions on the opening of the application lists

The application lists will be opened between 11:45 a.m. and 12:00 noon on Friday, February 14, 2014, subject only to weather conditions. The application lists will not open in relation to the Hong Kong Public Offering if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, February 14, 2014. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not fall within the above circumstances at any time between 9:00 a.m. and 12:00 noon in Hong Kong.

HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

Obtain a WHITE or YELLOW Application Form

You should read the instructions in this prospectus and the relevant Application Form carefully. If you do not follow the instructions, your application is liable to be rejected and returned by ordinary post together with the accompanying check(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on your Application Form.

Decide how many Hong Kong Offer Shares you want to subscribe. Calculate the amount you must pay on the basis of the maximum Offer Price of HK$1.20 per Hong Kong Offer Share, plus brokerage of 1%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%. This means that for one board lot of 4,000 Shares you will pay HK$4,848.38. The Application Forms have tables showing the exact amount payable for certain numbers of shares up to 30,924,000 Shares (as indicated on the **WHITE** and **YELLOW** Application Forms). Your application must be for a minimum of 4,000 Shares. Application for more than 4,000 Shares must be in one of the number of Shares set out in the table in the respective Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

Complete the Application Form in English (save as otherwise indicated) and sign it. Only written signatures will be accepted. Applications made by corporations, whether on their own behalf, or on behalf of other persons, must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, whose representative capacity must be stated. If you are applying for the benefit of someone else, you, rather than that person, must sign the Application Form. If it is a joint application, all applicants must sign it. If your application is made through a duly authorized attorney, our Company and BNP Paribas Securities (Asia) Limited, as Sole Global Coordinator for the Hong Kong Public Offering (or their respective agents or nominees), may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney.

Each Application Form must be accompanied by either one check or one banker's cashier order.

If you pay by check, the check must:

- be in Hong Kong dollars;
- not be post-dated;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name, which must either be pre-printed on the check, or be endorsed on the back by a person authorized by the bank. This account name must be the same as the name on the Application Form. If it is a joint application, the account name must be the same as the name of the first-named applicant;
- be made payable to "Horsford Nominees Limited – China Metal Resources Utilization Public Offer"; and
- be crossed "Account Payee Only".

Your application is liable to be rejected if your check does not meet all these requirements or is dishonored on its first presentation.

If you pay by banker's cashier order the banker's cashier order must:

- be issued by a licensed bank in Hong Kong and have your name certified on the back by a person authorized by the bank. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named joint applicant;
- be in Hong Kong dollars;
- not be post-dated;

- be made payable to "Horsford Nominees Limited – China Metal Resources Utilization Public Offer"; and

- be crossed "Account Payee Only".

Your application is liable to be rejected if your banker's cashier order does not meet all these requirements.

Lodge your Application Form in one of the collection boxes by the time and at one of the locations, as respectively referred to above.

Multiple or suspected multiple applications are liable to be rejected. Please refer to the section headed "– How Many Applications You Can Make" below.

You should note that by signing the Application Form, among other things:

(i) you confirm that you have only relied on the information and representations in this prospectus in making your application and not on any other information or representation concerning us and you agree that neither we, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisors or any other parties involved in the Global Offering will have any liability for any such other information or representations;

(ii) you agree that our Company, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, and any of their respective directors, officers, employers, partners, agents or advisors are liable only for the information and representations contained in this prospectus and any supplement thereto;

(iii) you undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Placing Shares, nor otherwise participate in the International Placing; and

(iv) you agree to disclose to our Company, the Selling Shareholders, Hong Kong Share Registrar, the receiving banker, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and their respective agents the personal data and any information which they require about you or the person(s) for whose benefit you have made this application.

In order for the **YELLOW** Application Forms to be valid, you, as the applicant(s), must complete the form as indicated below and sign on the second page of the Application Form. Only written signatures will be accepted.

- **If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):**
  - the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant I.D. in the appropriate box.
- **If you are applying as an individual CCASS Investor Participant:**
  - you must fill in your name and your Hong Kong identity card number; and
  - you must insert your CCASS Participant I.D. in the appropriate box.
- **If you are applying as a joint individual CCASS Investor Participant:**
  - you must insert all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all the joint CCASS Investor Participants; and
  - you must insert your CCASS Participant I.D. in the appropriate box.
- **If you are applying as a corporate CCASS Investor Participant:**
  - you must insert your company name and your company's Hong Kong business registration number; and
  - you must fill in your CCASS Participant I.D. and stamp your company chop (bearing your company name) in the appropriate box.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

If your application is made through a duly authorized attorney, we and the Sole Global Coordinator may accept it at their discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We and the Sole Global Coordinator will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" an identification number for each beneficial owner.

Personal data

The section of the Application Form headed "Personal data" applies to any personal data held by our Company, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, Hong Kong Share Registrar, the receiving banker, and their respective agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW MANY APPLICATIONS YOU CAN MAKE

(a) You may make more than one application for the Hong Kong Offer Shares only if you are a nominee, in which case you may make an application as a nominee by: (i) giving **electronic application instructions** to HKSCC (if you are a CCASS Participant); and (ii) lodging more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

– an account number; or

– another identification number,

for each beneficial owner. If you do not include this information, the application will be treated as being for your benefit.

Otherwise, multiple applications are not allowed. It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that the application made pursuant to the Application Form is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; or to the **White Form eIPO** Service Provider through the **White Form eIPO** service; or

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider through the **White Form eIPO** service, and that you are duly authorized to sign the Application Form as that other person's agent.

(b) All of your applications under the Hong Kong Public Offering are liable to be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service (**www.eipo.com.hk**);

- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service (**www.eipo.com.hk**);

- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly with others) or by giving **electronic application instructions** to HKSCC via CCASS or to the **White Form eIPO** Service Provider through the **White Form eIPO** service (**www.eipo.com.hk**) to apply for more than 30,924,000 Hong Kong Offer Shares (being 50% of the Hong Kong Offer Shares initially being offered for subscription by the public); or

- apply for or take up any Offer Shares under the International Placing or otherwise participate in the International Placing or indicate an interest for any International Placing Shares.

(c) All of your applications are liable to be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and: (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit. **Unlisted company** means a company with no equity securities listed on the Stock Exchange. **Statutory control** in relation to a company means you: (i) control the composition of the board of directors of that company; or (ii) control more than half of the voting power of that company; or (iii) hold more than one-half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

APPLY THROUGH WHITE FORM eIPO

(a) If you are an individual and meet the criteria set out in "How to Apply for Hong Kong Offer Shares – Who Can Apply for Hong Kong Offer Shares", you may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk**. If you apply through **White Form eIPO**, the Hong Kong Offer Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

(c) In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**.

You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our Hong Kong Share Registrar.

(e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 4,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(f) You should give **electronic application instructions** through **White Form eIPO** at the times set out in the section headed "How to Apply for Hong Kong Offer Shares – When to Apply for the Hong Kong Offer Shares – **White Form eIPO**".

(g) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Friday, February 14, 2014, or such later time as described under the section headed "When to Apply for the Hong Kong Offer Shares – Effect of bad weather conditions on the opening of the application lists", the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk**.

(h) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for the Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(i) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. **Our Company, our Directors, the Selling Shareholders, the Sole Global Coordinator, the Sole Sponsor, the Joint Lead Managers and the Hong Kong Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares**.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 per each "China Metal Resources Utilization Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of Dong Jiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. See "– How Many Applications You Can Make".

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through the **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or CCASS Internet System (https://ip.ccass.com) (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you come to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F., Infinitus Plaza
199 Des Voeux Road
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for Public Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your CCASS Clearing Participant or CCASS Custodian Participant to our Company and the Hong Kong Share Registrar.

Minimum subscription amount and permitted numbers

You may give **electronic application instructions** in respect of a minimum of 4,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form.

Application for Hong Kong Offer Shares by HKSCC Nominees on Your Behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does all the things on behalf of each of such persons who:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that that person has not indicated an interest for, applied for or taken up any Shares under the International Placing;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;

- understands that the above declaration will be relied upon by our Company, our Directors, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Underwriters in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- authorizes our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund money in accordance with the arrangements separately agreed between our Company and HKSCC;

- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations and that person agrees that neither our Company, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Underwriters or any other parties involved in the Global Offering will have any liability for any such other information or representations;

- agrees that our Company, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Underwriters and any of their respective directors, officers, employees, partners, agents, advisors or any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;

- agrees to disclose that person's personal data to our Company and Hong Kong Share Registrar, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers and the Underwriters, the receiving banker, advisors, agents and their respective agents, the personal data and any information which they require about that person or the person(s) for whose benefit the application is made;

- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before February 21, 2014, such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before March 13, 2014 except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- confirms that that person has received and/or read a copy of this prospectus and has relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agrees with our Company, for ourselves and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and the Articles of Association; and

- agrees that such person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, the SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies, in each case including brokerage, the SFC transaction levy and the Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Allocation of Hong Kong Offer Shares

For the purpose of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given shall be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

- No temporary documents of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Thursday, February 20, 2014 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) as described in the section headed "How to Apply for Hong Kong Offer Shares – Results of Allocations" in this prospectus on Thursday, February 20, 2014. The basis of allotment of the Hong Kong Public Offering will be published on the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Thursday, February 20, 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, February 20, 2014 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, February 20, 2014. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of any refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Offer Share paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, February 20, 2014. No interest will be paid thereon.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

Application for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Selling Shareholders, the Sole Global Coordinator, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and any parties involved in the Global Offering take no responsibility for the application and provide no assurance that any CCASS Participant will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS investor Participants are advised not to wait until the last minute to input instructions. If CCASS Investor Participants have problems in connecting to the CCASS Phone System or CCASS Internet System to submit **electronic application instructions**, they should either:

(a) **submit the WHITE or YELLOW Application Form (as appropriate); or**

(b) **go to HKSCC's Customer Service Center to complete an application instruction input request form for electronic application instructions before 12:00 noon on Friday, February 14, 2014 or such later time as described in the section headed "– Effect of bad weather conditions on the opening of the application lists" above.**

RESULTS OF ALLOCATIONS

We expect to announce the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Placing and the basis of allotment of the Hong Kong Offer Shares on Thursday, February 20, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) or on the website of the Stock Exchange at **www.hkexnews.hk** or our website at **www.cmru.com.cn**.

The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering, including applications made under **WHITE** and **YELLOW** Application Forms and by giving **electronic application instructions** to HKSCC and the **White Form eIPO** Service Provider which will include the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants and the number of the Hong Kong Offer Shares successfully applied for will be made available at the times and dates and in the manner specified below:

- Results of allocations will be available from the Stock Exchange's website at **www.hkexnews.hk**;
- Results of allocations will also be available from our website at **www.cmru.com.cn** and our results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Thursday, February 20, 2014 to 12:00 midnight on Wednesday, February 26, 2014. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, February 20, 2014 to Sunday, February 23, 2014; and

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, February 20, 2014 to Saturday, February 22, 2014 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "How to Apply for Hong Kong Offer Shares – Where to Collect the Application Forms".

DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) for applicants on **WHITE** Application Forms or by **White Form eIPO** service, (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (except for wholly successful and partially successful applicants on **YELLOW** Application Forms whose Share certificates will be deposited into CCASS as described below);

(b) for applicants on **WHITE** and **YELLOW** Application Forms, refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including brokerage at the rate of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005% but without interest;

(c) for applicants who apply through the **White Form eIPO** service by paying the application monies through a single bank account and whose application is wholly or partially unsuccessful and/or the final Offer Price being different from the Offer Price initially paid on the application, e-Refund payment instructions (if any) will be dispatched to the application payment account; or

(d) for applicants who apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts and whose application is wholly or partially unsuccessful and/or the final Offer Price being different from the Offer Price initially paid on the application, refund check(s) will be sent to the address as specified on the **White Form eIPO** application by ordinary post and at the applicant's own risk.

Subject as mentioned below, refund checks for surplus application monies (if any) in respect of wholly and partially unsuccessful applications under the **WHITE** or **YELLOW** Application Forms and Share certificates for successful applicants under the **WHITE** Application Form or to the **White Form eIPO** Service Provider via the **White Form eIPO** service are expected to be posted on or about Thursday, February 20, 2014. The right is reserved to retain any Share certificates and any surplus application monies pending clearance of check(s).

If you apply using a WHITE Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, you may collect your refund check(s) (where applicable) and/or Share certificate(s) (where applicable) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, February 20, 2014. If you are an individual, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your company chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund check(s) and Share certificate(s) within the time period specified for collection, they will be dispatched promptly thereafter to you by ordinary post to the address as specified in your Application Form at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) and/or refund check(s) (where applicable) will be dispatched to the address on your Application Form on or about Thursday, February 20, 2014 by ordinary post and at your own risk.

If you apply using a YELLOW Application Form:

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Thursday, February 20, 2014, or under a contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering as described in the section headed "How to Apply for Hong Kong Offer Shares – Results of Allocations" in this prospectus on Thursday, February 20, 2014. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, February 20, 2014 or such other date as will be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) (if any) will be sent to the address on your Application Form on the date of dispatch, which is expected to be on Thursday, February 20, 2014, by ordinary post and at your own risk.

If you apply through White Form eIPO service:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, February 20, 2014, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of e-Refund payment instructions/refund check(s)/Share certificate(s). If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on or before Thursday, February 20, 2014 by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service by paying the application monies through a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price being different from the Offer Price initially paid on your application, e-Refund payment instructions (if any) will be dispatched to the application payment account on or around Thursday, February 20, 2014.

If you apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts and your application is wholly or partially unsuccessful and/or the final Offer Price being different from the Offer Price initially paid on your application, refund check(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on or before Thursday, February 20, 2014 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in this section headed "– Apply through **White Form eIPO** – Additional Information" of this prospectus.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf or through the **White Form eIPO** service), and you should read them carefully. You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or your application is liable to be rejected:

If your application is revoked:

By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC, you agree that your application or the application made by HKSCC on your behalf is irrevocable until after the fifth day after the time of the opening of the application lists (which is expected to be Friday, February 21, 2014). This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or give your **electronic application instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before March 13, 2014 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before Friday, February 21, 2014 if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application will be notified that they are required to confirm their applications. If the applicants have been so notified but have not confirmed their applications in accordance with the procedures to be notified, all unconfirmed applications will be revoked.

If your application or the application made by HKSCC Nominee on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing of the application lists.

If you make applications under the Hong Kong Public Offering as well as the International Placing:

You or the person whose benefits you apply for have taken up or indicated an interest or applied for or received or have been or will be placed or allocated (including conditionally and/or provisionally) Shares in the International Placing. By filling in any of the Application Forms or giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service electronically, you agree not to apply for International Placing Shares under the International Placing. Reasonable steps will be taken to identify and reject applications under the Hong Kong Public Offering from investors who have received International Placing Shares, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering.

If our Company, the Sole Global Coordinator or their respective agents exercise their discretion:

Our Company, the Sole Global Coordinator, **White Form eIPO** Service Provider (where applicable) and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

Your application will be rejected or not be accepted if:

- your application is a multiple or a suspected multiple applications;
- your Application Form is not completed correctly in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- your payment is not made correctly or you pay by check or banker's cashier order and the check or banker's cashier order is dishonored on its first presentation;
- you or the person for whose benefit you are applying have applied for and/or received or will receive Offer Shares under the International Placing;
- we believe that by accepting your application would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located;
- if you apply for more than 100% of the Shares available for allocation in either Pool A or Pool B Hong Kong Offer Shares;
- if you apply for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; or
- any of the Underwriting Agreements does not become unconditional or it is terminated in accordance with their respective terms thereof.

REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any of, but not limited to, the above reasons, we will refund your application monies, including brokerage, SFC transaction levy and the Stock Exchange trading fee. No interest will be paid thereon.

If your application is accepted only in part, we will refund to you the appropriate portion of your application monies (including the related brokerage, SFC transaction levy and the Stock Exchange trading fee) without interest.

If the Offer Price as finally determined is less than the initial price per Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) paid on application, we will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, without interest.

All such interest accrued prior to the date of dispatch of refund monies will be retained for the benefit of our Company.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Global Coordinator, checks for applications made on Application Forms for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) is expected to be made on Thursday, February 20, 2014 in accordance with the various arrangements as described above.

COMMENCEMENT OF DEALINGS IN THE SHARES

- Dealings in the Shares on the Stock Exchange are expected to commence on Friday, February 21, 2014.

- The Shares will be traded in board lots of 4,000 each. The stock code of the Shares is 1636.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

- If the Stock Exchange grants the listing of, and permission to deal in the Shares and our Company comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

- All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

- Investors should seek advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect their rights and interests.

- All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

February 11, 2014

The Directors
China Metal Resources Utilization Limited

BNP Paribas Securities (Asia) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to China Metal Resources Utilization Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated balance sheets as at December 31, 2010, 2011 and 2012 and September 30, 2013, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the period from August 6, 2010 (date of inception) to December 31, 2010, the years ended December 31, 2011 and December 31, 2012 and the nine months ended September 30, 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated February 11, 2014 (the "Prospectus").

The Company was incorporated in the Cayman Islands on February 22, 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization completed on March 19, 2013 (the "Corporate Reorganization") as detailed in the section headed "History, Reorganization and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Corporate Reorganization.

As at the date of this report, no audited financial statements have been prepared for Engen Investments Limited ("Engen") and Alpha Universe Group Limited ("Alpha Universe") as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

All companies comprising the Group have adopted December 31, as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in note 35 of Section B. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") or the relevant requirements of the Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises (the "PRC GAAP") issued by the Ministry of Finance of the People's Republic of China (the "PRC").

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") on the same basis in respect of the preparation of the Financial Information as set out in Section B below. The Underlying Financial Statements for the period from August 6, 2010 (date of inception) to December 31, 2010, the years ended December 31, 2011 and December 31, 2012 and the nine months ended September 30, 2013 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to September 30, 2013.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in note 1(b) of Section B below, a true and fair view of the state of affairs of the Group as at December 31, 2010, 2011 and 2012 and September 30, 2013 and the Group's consolidated results and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A FINANCIAL INFORMATION

1 Consolidated income statements

	Section B Note	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Turnover	*2*	205,059	1,396,375	1,513,133	839,527	1,708,013
Cost of sales		(191,697)	(1,321,586)	(1,401,445)	(761,290)	(1,609,455)
Gross profit		13,362	74,789	111,688	78,237	98,558
Other revenue	*4(a)*	2,276	28,575	55,886	10,081	136,175
Other net income/(loss)	*4(b)*	26	2,412	(1,509)	381	1,081
Selling and distribution expenses		(1,311)	(4,227)	(5,927)	(4,797)	(6,558)
Administrative expenses		(1,360)	(22,553)	(20,413)	(13,996)	(45,876)
Profit from operations		12,993	78,996	139,725	69,906	183,380
Finance costs	*5(a)*	(720)	(11,920)	(16,850)	(12,025)	(20,617)
Profit before taxation	*5*	12,273	67,076	122,875	57,881	162,763
Income tax	*6(a)*	(2,899)	(18,396)	(30,583)	(13,284)	(30,312)
Profit for the period/year		9,374	48,680	92,292	44,597	132,451
Earnings per share *(Note)*	*10*					
Basic *(RMB)*		0.94	4.87	9.11	4.41	12.95
Diluted *(RMB)*		0.94	4.87	9.11	4.41	12.95

Note: The earnings per share for all periods presented have not been adjusted to reflect the proposed capitalization issue as described in Section C.

The accompanying notes form part of the Financial Information.

2 Consolidated statements of comprehensive income

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit for the period/year	9,374	48,680	92,292	44,597	132,451
Other comprehensive income for the period/year					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of non-PRC entities	285	7,222	(72)	(1,605)	3,810
Total comprehensive income for the period/year	9,659	55,902	92,220	42,992	136,261

The accompanying notes form part of the Financial Information.

3 Consolidated balance sheets

	Section B Note	At December 31, 2010	2011	2012	At September 30, 2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*11*	59,282	92,354	272,849	365,178
Lease prepayments	*12*	5,226	9,538	9,332	87,815
Prepayments for property, plant and equipment and land use rights		1,225	781	42,634	47,058
Intangible assets	*13*	–	–	10,968	8,226
Goodwill	*14*	16,081	38,847	39,308	39,308
Pledged deposits	*20*	–	–	–	1,500
Deferred tax assets	*15(b)*	1,286	575	351	166
		83,100	142,095	375,442	549,251
Current assets					
Inventories	*16*	140,929	114,912	113,724	353,544
Trade and other receivables	*17*	73,215	292,322	465,072	381,332
Amounts due from related parties	*18*	–	4,466	4,569	297
Pledged deposits	*20*	2,000	2,000	14,619	46,032
Cash and cash equivalents	*21(a)*	13,366	42,781	19,609	81,091
		229,510	456,481	617,593	862,296
Current liabilities					
Trade and other payables	*22*	91,335	112,986	253,810	410,049
Bank loans and other borrowings	*23*	60,000	110,000	175,000	287,550
Amounts due to related parties	*18*	78,573	133,474	145,662	97,537
Loans from related parties	*19*	29,675	105,435	94,315	85,672
Current taxation	*15(a)*	10,075	12,740	23,863	24,260
		269,658	474,635	692,650	905,068
Net current liabilities		(40,148)	(18,154)	(75,057)	(42,772)
Total assets less current liabilities		42,952	123,941	300,385	506,479
Non-current liabilities					
Bank loans and other borrowings	*23*	–	–	–	70,000
Deferred tax liabilities	*15(b)*	–	2,277	2,063	1,896
		–	2,277	2,063	71,896
NET ASSETS		42,952	121,664	298,322	434,583
CAPITAL AND RESERVES					
Share capital	*24*	67	67	68	827
Reserves	*25*	42,885	121,597	298,254	433,756
TOTAL EQUITY		42,952	121,664	298,322	434,583

The accompanying notes form part of the Financial Information.

4 Consolidated statements of changes in equity

	Section B Note	Share capital (Note 24) RMB'000	Exchange reserve (Note 25(a)) RMB'000	Capital reserve (Note 25(b)) RMB'000	Statutory reserves (Note 25(c)) RMB'000	Share-based payment reserve (Note 25(d)) RMB'000	Retained profits RMB'000	Total RMB'000
		Attributable to equity shareholders of the Company						
At August 6, 2010		–	–	–	–	–	–	–
Changes in equity for 2010:								
Profit for the period		–	–	–	–	–	9,374	9,374
Other comprehensive income		–	285	–	–	–	–	285
Total comprehensive income		–	285	–	–	–	9,374	9,659
Appropriations to statutory reserves		–	–	–	3,774	–	(3,774)	–
Issue of shares	*24*	67	–	–	–	–	–	67
Arising from business combination	*25(b)(i)*	–	–	33,226	–	–	–	33,226
At December 31, 2010 and January 1, 2011		67	285	33,226	3,774	–	5,600	42,952
Changes in equity for 2011:								
Profit for the year		–	–	–	–	–	48,680	48,680
Other comprehensive income for the year		–	7,222	–	–	–	–	7,222
Total comprehensive income		–	7,222	–	–	–	48,680	55,902
Appropriations to statutory reserves		–	–	–	6,494	–	(6,494)	–
Arising from business combination	*25(b)(ii)*	–	–	11,555	–	–	–	11,555
Share-based compensation	*26*	–	–	–	–	7,659	–	7,659
Share-based compensation settled by Gushan Environmental Energy Limited ("Gushan")	*25(b)(iii)*	–	–	3,596	–	–	–	3,596

	Section B Note	Share capital (Note 24) RMB'000	Exchange reserve (Note 25(a)) RMB'000	Capital reserve (Note 25(b)) RMB'000	Statutory reserves (Note 25(c)) RMB'000	Share-based payment reserve (Note 25(d)) RMB'000	Retained profits RMB'000	Total RMB'000
		Attributable to equity shareholders of the Company						
At December 31, 2011 and January 1, 2012		67	7,507	48,377	10,268	7,659	47,786	121,664
Changes in equity for 2012:								
Profit for the year		–	–	–	–	–	92,292	92,292
Other comprehensive income		–	(72)	–	–	–	–	(72)
Total comprehensive income		–	(72)	–	–	–	92,292	92,220
Appropriations to statutory reserves		–	–	–	9,890	–	(9,890)	–
Issue of shares for settlement of contingent consideration	*24, 25(b)(v), 31(b)(i)*	1	–	4,090	–	–	–	4,091
Capitalization of amount due to Gushan	*25(b)(iv)*	–	–	77,700	–	–	–	77,700
Share-based compensation settled by Gushan	*25(b)(iii)*	–	–	2,647	–	–	–	2,647
At December 31, 2012		68	7,435	132,814	20,158	7,659	130,188	298,322
Changes in equity for the period ended September 30, 2013								
At January 1, 2013		68	7,435	132,814	20,158	7,659	130,188	298,322
Profit for the period		–	–	–	–	–	132,451	132,451
Other comprehensive income		–	3,810	–	–	–	–	3,810
Total comprehensive income		–	3,810	–	–	–	132,451	136,261
Arising from Corporate Reorganization	*24*	759	–	(759)	–	–	–	–
Appropriations to statutory reserves		–	–	–	18,166	–	(18,166)	–
At September 30, 2013		827	11,245	132,055	38,324	7,659	244,473	434,583

	Section B Note	Attributable to equity shareholders of the Company Share capital (Note 24) RMB'000	Exchange reserve (Note 25(a)) RMB'000	Capital reserve (Note 25(b)) RMB'000	Statutory reserves (Note 25(c)) RMB'000	Share-based payment reserve (Note 25(d)) RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2012		67	7,507	48,377	10,268	7,659	47,786	121,664
Changes in equity for the period ended September 30, 2012 *(Unaudited)*								
Profit for the period		–	–	–	–	–	44,597	44,597
Other comprehensive income		–	(1,605)	–	–	–	–	(1,605)
Total comprehensive income		–	(1,605)	–	–	–	44,597	42,992
Appropriations to statutory reserves		–	–	–	5,363	–	(5,363)	–
Issue of shares for settlement of contingent consideration	*24,25(b)(v), 31(b)(i)*	1	–	4,090	–	–	–	4,091
Share-based compensation settled by Gushan	*25(b)(iii)*	–	–	1,400	–	–	–	1,400
At September 30, 2012 *(Unaudited)*		68	5,902	53,867	15,631	7,659	87,020	170,147

The accompanying notes form part of the Financial Information.

5 Consolidated cash flow statements

	Section B Note	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Operating activities						
Cash (used in)/generated from operations	*21(b)*	(32,023)	(56,161)	91,611	55,497	96,615
PRC Corporate Income Tax paid		–	(16,097)	(20,365)	(13,163)	(29,897)
Net cash (used in)/generated from operating activities		(32,023)	(72,258)	71,246	42,334	66,718
Investing activities						
Payment for the purchase of property, plant and equipment		(23,544)	(14,139)	(140,651)	(43,009)	(123,770)
Payment for lease prepayments		–	–	–	–	(9,367)
Payment for prepayments for land use rights		–	–	(13,410)	(13,410)	–
Receipt from disposal of property, plant and equipment		–	–	–	–	35
(Payment for)/proceeds from acquisitions of subsidiaries (net of cash and cash equivalents acquired)		(14,668)	(27,549)	152	–	–
Interest received		6	116	443	411	655
Increase in pledged deposits		–	–	(12,619)	(10,064)	(32,913)
Net cash used in investing activities		(38,206)	(41,572)	(166,085)	(66,072)	(165,360)
Financing activities						
Proceeds from new bank loans and other borrowings		10,000	120,000	175,000	114,000	286,000
Repayment of bank loans and other borrowings		–	(70,000)	(110,000)	(90,000)	(110,000)
Proceeds from advances from local governments		–	–	–	–	50,000
Interest paid		(720)	(6,591)	(11,166)	(7,488)	(16,529)
Advances from/(repayment to) related parties		44,573	23,184	28,991	5,890	(49,273)
Proceeds from issue of shares		67	–	1	1	–
Proceeds from/(repayment of) loans from related parties		29,675	77,163	(11,162)	(11,162)	–
Net cash generated from financing activities		83,595	143,756	71,664	11,241	160,198
Net increase/(decrease) in cash and cash equivalents		13,366	29,926	(23,175)	(12,497)	61,556
Cash and cash equivalents at the beginning of the period/year		–	13,366	42,781	42,781	19,609
Effect of foreign exchange rate changes		–	(511)	3	105	(74)
Cash and cash equivalents at the end of the period/year	*21(a)*	13,366	42,781	19,609	30,389	81,091

The accompanying notes form part of the Financial Information.

B NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with IFRSs which collective term includes International Accounting Standards ("IAS") and related interpretations, promulgated by the IASB. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2013 are set out in note 37.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the nine months ended September 30, 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation and presentation

Engen was incorporated on August 6, 2010 as a subsidiary of Gushan Environmental Energy Limited ("Gushan"). Gushan completed an initial public offering in the United States and listed its American Depositary Shares ("ADS") on the New York Stock Exchange ("NYSE") in December 2007, with Mr. Yu Jianqiu ("the Controlling Shareholder") being the major shareholder of Gushan. In October 2012, Gushan merged with Trillion Energy Holdings Limited, a company indirectly wholly-owned by Mr. Yu Jianqiu. Subsequent to the merger, Gushan ceased to be a publicly traded company (the "Privatization").

Engen was established with the view of becoming the holding company of the copper business of Gushan, which commenced when Engen acquired Mianyang Jinxin Copper Co., Ltd. ("Jinxin") in November 2010. During the Relevant Periods, Engen and its subsidiaries were principally engaged in the manufacturing and sales of copper and related products.

As detailed in the section headed "History, Reorganization and Corporate Structure" in the Prospectus, the Company was incorporated in the Cayman Islands on February 22, 2013. Upon completion of the Corporate Reorganization on March 19, 2013, the Company became the parent company of Engen and the holding company of the Group.

The companies that took part in the Corporate Reorganization were controlled by the same ultimate equity shareholder, Mr. Yu Jianqiu both before and after the Corporate Reorganization and there were no changes in the business and operations of Engen and its subsidiaries. The Corporate Reorganization only involved incorporating the Company with no prior substantive operations as the holding company of Engen and the holding company of the Group. Accordingly, the Corporate Reorganization has been accounted for using a principle similar to that for a reverse acquisition as set out in IFRS 3 *"Business combinations"* with Engen treated as the acquirer for accounting purposes. The Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Engen and its subsidiaries, with the assets and liabilities of the Group recognized and measured at their historical carrying amounts prior to the Corporate Reorganization.

Each of Jinxin, Hunan Yinlian Xiangbei Copper Co., Ltd. ("Xiangbei"), Mianyang Baohe Taiyue Communications Cable Co., Ltd. ("Baohe Taiyue") and Sichuan Baohe Xinshiji Cable Co., Ltd. ("Baohe Xinshiji") was consolidated into the Group from the respective dates of the acquisition by the Group, being November 3, 2010, August 1, 2011, December 31, 2012 and December 31, 2012. Mianyang Tongxin Copper Co., Ltd. ("Tongxin") was consolidated into the Group from the date of its establishment on June 1, 2011.

Intra-group balances and transactions are eliminated in full in preparing the Financial Information.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Name of company	Place and date of incorporation/ establishment	Issued and paid-in capital	Attributable equity interest held by the Company		Principal activities
			Direct	Indirect	
Engen Investments Limited	The British Virgin Islands ("BVI") August 6, 2010	United States dollars ("US$") 10,225	100%	–	Investment holding
True Excel Holdings Limited	Hong Kong August 12, 2010	Hong Kong dollars ("HK$") 1	–	100%	Investment holding
Alpha Legend Holdings Limited	Hong Kong June 21, 2011	HK$1	–	100%	Investment holding
Alpha Business Investments Limited	Hong Kong October 14, 2011	HK$1	–	100%	Investment holding
Alpha Universe Group Limited	Hong Kong November 1, 2012	HK$1	–	100%	Inactive
Mianyang Jinxin Copper Co., Ltd.*^ 綿陽金鑫銅業有限公司	The PRC February 3, 2009	Renminbi ("RMB") 70,000,000	–	100%	Recycling of scrap copper for the manufacturing of recycled copper products
Hunan Yinlian Xiangbei Copper Co., Ltd.*^ 湖南銀聯湘北銅業有限公司	The PRC January 18, 2011	RMB55,000,000	–	100%	Processing of scrap copper and electrolytic copper for the manufacturing of copper related related products
Mianyang Tongxin Copper Co., Ltd.* 綿陽銅鑫銅業有限公司	The PRC June 1, 2011	RMB50,000,000	–	100%	Recycling of scrap copper for the manufacturing of recycled copper products
Sichuan Baohe Xinshiji Cable Co., Ltd.*^ 四川保和新世紀線纜有限公司	The PRC September 19, 2012	RMB30,000,000	–	100%	Sale of power transmission and distribution cables
Mianyang Baohe Taiyue Communications Cable Co., Ltd.*^ 綿陽保和泰越通信線纜有限公司	The PRC August 13, 2012	RMB30,000,000	–	100%	Manufacturing and sale of communication cables

* The English translation of the name is for reference only. The official names of these companies are in Chinese.

^ These companies were acquired through business combinations during the Relevant Periods (see note 31).

(c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand unless otherwise indicated.

The Financial Information is prepared on the historical cost basis except for derivative financial instruments (see note 1(g)) and contingent consideration liabilities (see note 1(w)) that are stated at their fair values.

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 34.

(e) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

(f) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or group of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

On disposal of a cash-generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(l)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

Buildings	–	The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
Plant and machinery	–	5 to 10 years
Furniture, fittings and equipment	–	3 to 10 years
Motor vehicles	–	4 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see note 1(l)). The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(x)). Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided in respect of the construction in progress until it is substantially completed and ready for its intended use.

(j) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 1(l)).

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Customer relationships are amortized from the date they are available for use and their estimated useful lives are three years.

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

(l) Impairment of assets

(i) Impairment of trade and other receivables

Investments in current and non-current trade and other receivables that are stated at cost or amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognized as follows:

– For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortized cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– lease prepayments;

– non-current prepayments for property, plant and equipment;

– intangible assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(m) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using an effective interest method.

(p) Trade and other payables

Trade and other payables are initially recognized at fair value except for financial guarantee liabilities measured in accordance with 1(t)(i), trade and other payable are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward.

The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purpose, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Other provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of goods

Revenue is recognized when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Contract manufacturing income

Contract manufacturing income is recognized when the contract manufacturing services are rendered.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

(iv) Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable, other government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced deprecation expenses.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of operations with functional currency other than Renminbi are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Balance sheet items are translated into Renminbi at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than Renminbi, the cumulative amount of the exchange differences relating to that operation with functional currency other than Renminbi is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Contingent consideration liabilities

Contingent consideration liabilities are recognized initially at fair value. At each settlement and balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized in profit or loss.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the same third entity, or vice versa.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly-controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Turnover

The principal activities of the Group are manufacturing and sales of copper and related products and provision of contract manufacturing services in the PRC.

Turnover represents the sales value of goods sold to customers less returns, discounts, and value added taxes and other sales tax, and contract manufacturing income which is analysed as follows:

	Period from August 6, 2010 (date of inception) to December 31, 2010	**Years ended December 31,**		**Nine months ended September 30,**	
		2011	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Sales of recycled copper products	203,373	1,322,384	1,486,238	815,050	1,164,750
Sales of power transmission and distribution cables	–	–	–	–	338,947
Sales of communication cables	–	–	–	–	189,514
Sales of scrap materials	1,107	69,550	24,290	22,429	11,891
Contract manufacturing income	579	4,441	2,605	2,048	2,911
	205,059	1,396,375	1,513,133	839,527	1,708,013

Sales of recycled copper products to two, three, one, one and Nil customers of the Group represents more than 10% of the Group's total turnover for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively. The turnover from these customers amounted to RMB65,753,000, RMB512,595,000, RMB272,808,000, RMB198,435,000 (unaudited) and Nil for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively. Further details of concentrations of credit risk arising from these customers are set out in note 30(a).

3 Segment reporting

The Group manages its businesses by business operations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has only identified one reportable segment, i.e. recycled copper products segment for the period ended December 31, 2010 and for the years ended December 31, 2011 and 2012. During the nine months ended September 30, 2013, following the acquisitions of Baohe Xinshiji and Baohe Taiyue on December 31, 2012, the Group has identified three reportable segments, namely recycled copper products segment, power transmission and distribution cables segment and communication cables segment.

(i) Recycled copper products segment: use of scrap copper and electrolytic copper for the manufacturing of recycled copper products;

(ii) Power transmission and distribution cables segment: sales of power transmission and distribution cables; and

(iii) Communication cables segment: manufacturing and sales of communication cables.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "profit after taxation". To arrive at reportable segment profit, the Group's profit is further adjusted for items not specially attributed to individual segments and other head office or corporate administrative costs.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below:

	Period from August 6, 2010 (date of inception) to December 31, 2010			
	Recycled copper products	**Power transmission and distribution cables**	**Communication cables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	205,059	–	–	205,059
Inter-segment revenue	–	–	–	–
Reportable segment revenue	205,059	–	–	205,059
Reportable segment profit	9,388	–	–	9,388

	Period from August 6, 2010 (date of inception) to December 31, 2010			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest income	6	–	–	6
Finance costs	720	–	–	720
Depreciation and amortization	377	–	–	377
VAT refunds and government grants	2,270	–	–	2,270

	Year ended December 31, 2011			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,396,375	–	–	1,396,375
Inter-segment revenue	–	–	–	–
Reportable segment revenue	1,396,375	–	–	1,396,375
Reportable segment profit	61,106	–	–	61,106
Interest income	114	–	–	114
Finance costs	6,591	–	–	6,591
Depreciation and amortization	6,548	–	–	6,548
VAT refunds and government grants	28,449	–	–	28,449

	Year ended December 31, 2012			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,513,133	–	–	1,513,133
Inter-segment revenue	–	–	–	–
Reportable segment revenue	1,513,133	–	–	1,513,133
Reportable segment profit	98,189	–	–	98,189

	Year ended December 31, 2012			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest income	442	–	–	442
Finance costs	10,907	–	–	10,907
Depreciation and amortization	8,679	–	–	8,679
VAT refunds and government grants	55,443	–	–	55,443

	Nine months ended September 30, 2012 (unaudited)			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	839,527	–	–	839,527
Inter-segment revenue	–	–	–	–
Reportable segment revenue	839,527	–	–	839,527
Reportable segment profit	45,734	–	–	45,734
Interest income	411	–	–	411
Finance costs	7,522	–	–	7,522
Depreciation and amortization	6,288	–	–	6,288
VAT refunds and government grants	9,670	–	–	9,670

	Nine months ended September 30, 2013			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,179,552	338,947	189,514	1,708,013
Inter-segment revenue	438,875	1,045	3,653	443,573
Reportable segment revenue	1,618,427	339,992	193,167	2,151,586
Reportable segment profit	117,407	19,260	19,495	156,162
Interest income	646	8	–	654
Finance costs	16,144	–	261	16,405
Depreciation and amortization	14,261	2,014	1,173	17,448
VAT refunds and government grants	135,454	67	–	135,521

(b) Reconciliations of reportable segment revenue and profit or loss

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue					
Reportable segment revenue	205,059	1,396,375	1,513,133	839,527	2,151,586
Elimination of inter-segment revenue	–	–	–	–	(443,573)
Consolidated turnover *(see note 2)*	205,059	1,396,375	1,513,133	839,527	1,708,013
Profit					
Reportable segment profit derived from the Group's external customers	9,388	61,106	98,189	45,734	156,162
Unallocated head office and corporate expenses	(14)	(12,426)	(5,897)	(1,137)	(23,711)
Consolidated profit after taxation	9,374	48,680	92,292	44,597	132,451

(c) Geographic information

As the Group's business participates in only one geographical location classified by the location of assets, i.e. the PRC, including Hong Kong, no separate geographical segment analysis based on the location of assets is presented.

The following table sets out information about the geographical location of the Group's revenue from external customers during the Relevant Periods. The geographical location of customers is based on the location at which the goods are delivered.

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
PRC	205,059	1,396,375	1,513,133	839,527	1,676,573
Other countries	–	–	–	–	31,440
	205,059	1,396,375	1,513,133	839,527	1,708,013

4 Other revenue and other net income/(loss)

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
(a) Other revenue					
VAT refunds					
– Employment of disabled staff *(note (i))*	770	7,927	8,598	7,487	10,276
– Comprehensive Utilization of Resources *(note (ii))*	–	–	40,001	–	89,967
Government grants *(note (iii))*	1,500	20,522	6,844	2,183	18,211
Government subsidies *(note (iv))*	–	–	–	–	17,067
Interest income	6	116	443	411	654
Sundry income	–	10	–	–	–
	2,276	28,575	55,886	10,081	136,175

Notes:

(i) The Group is entitled to government grants for value added tax ("VAT") refunds in connection with the employment of disabled people under Cai Shui [2007] No. 67 issued by the PRC State Administration of Taxation.

(ii) The Group is entitled to government grants for VAT refunds under the Policies for Products Generated from Comprehensive Utilization of Resources (Cai Shui [2011] No. 115) jointly issued by the PRC State Administration of Taxation and Ministry of Finance.

(iii) The amounts represent local government grants received by operating subsidiaries of the Group for the purpose of providing immediate financial support to the subsidiaries for general operating use. With no future related cost. No specific conditions are required to meet in connection with the grants.

(iv) In September 2013, the Group was granted government subsidies of RMB17,067,000 from Mianyang City Youxian District Finance Bureau in connection with meeting tax payment thresholds. RMB17,000,000 of the subsidies were offset against the advances from the local government during the nine months ended September 30, 2013.

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(b) Other net income/(loss)					
Net (loss)/gain on copper futures contracts	–	(1,511)	935	433	2,157
Change in fair value of contingent consideration liabilities	–	3,937	(2,211)	–	–
Net foreign exchange gain/(loss)	26	281	(9)	1	(458)
Loss on disposal of property, plant and equipment	–	–	(111)	–	(448)
Others	–	(295)	(113)	(53)	(170)
	26	2,412	(1,509)	381	1,081

5 Profit before taxation

Profit before taxation is arrived at after charging:

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(a) Finance costs					
Interest expense on bank loans and other borrowings wholly repayable within five years	687	5,595	9,511	7,138	15,235
Interest expense on loans from related parties	–	5,329	5,942	4,503	4,212
Guarantee fees and other charges	33	996	1,397	384	1,170
	720	11,920	16,850	12,025	20,617
(b) Staff costs					
Salaries, wages and other benefits	2,187	9,106	14,018	8,913	10,740
Contributions to defined contribution retirement schemes	111	1,525	2,694	2,211	1,570
Share-based payment expenses	–	11,255	2,647	1,400	–
	2,298	21,886	19,359	12,524	12,310

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organized by the local authorities whereby the subsidiaries are required to make contributions to the Schemes based on a percentage of the eligible employees' salaries during the Relevant Periods. Contributions to the Schemes vest immediately. Under the Schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(c) Other items					
Cost of inventories# *(note 16(b))*	191,697	1,321,586	1,401,445	761,290	1,609,455
Depreciation of property, plant and equipment	359	6,396	8,473	6,134	14,268
Amortization of lease prepayments	18	152	206	154	438
Amortization of intangible assets	–	–	–	–	2,742
Auditors' remuneration	8	17	26	26	67
Listing expenses	–	–	–	–	19,843
Research and development costs	18	295	613	636	2,326

\# Cost of inventories includes RMB1,497,000, RMB9,307,000, RMB12,250,000, RMB9,128,000 (unaudited) and RMB15,057,000 for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively, relating to staff costs, depreciation and amortization, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 Income tax in the consolidated income statements

(a) Taxation in the consolidated income statements represents:

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax – PRC Corporate Income Tax					
Provision for the period/year	3,683	17,876	30,573	13,106	38,324
Effect of reduction in tax rate for prior year *(note (iii))*	–	–	–	–	(8,030)
	3,683	17,876	30,573	13,106	30,294
Deferred tax					
Origination and reversal of temporary differences	(784)	520	10	178	18
	2,899	18,396	30,583	13,284	30,312

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax during the Relevant Periods. The payment of dividends by Hong Kong incorporated subsidiaries are not subject to any Hong Kong withholding tax.

(iii) The Group's PRC subsidiaries are subject to PRC Corporate Income Tax at the statutory rate of 25%. During the nine months ended September 30, 2013, Jinxin and Tongxin applied for preferential income tax treatment under the Notice on Taxation Policy Issues concerning the In-depth Implementation of the Western Development Strategy (Cai Shui [2011] No. 58). In May 2013, each of Jinxin and Tongxin obtained the approval from local tax authority and became entitled to a preferential income tax rate of 15% from January 1, 2012 to December 31, 2020. Tax credits of RMB8,030,000 related to the preferential tax treatment for 2012 are recognized in profit or loss for the nine months ended September 30, 2013.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Period from August 6, 2010 (date of inception) to December 31,	**Years ended December 31,**		**Nine months ended September 30,**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before taxation	12,273	67,076	122,875	57,881	162,763
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	3,070	19,871	32,158	14,730	36,398
Effect of non-deductible expenses	21	66	53	55	865
Effect of non-taxable income	(192)	(2,112)	(2,280)	(1,988)	(2,151)
Effect of reduction in tax rate	–	–	–	–	(8,030)
PRC withholding tax on interest income among entities within the Group	–	571	652	487	470
PRC withholding tax on re-investment of retained earnings to increase registered capital of a subsidiary	–	–	–	–	2,500
Others	–	–	–	–	260
Actual tax expense	2,899	18,396	30,583	13,284	30,312

7 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	Period from August 6, 2010 to December 31, 2010						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note 7(a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Yu Jianqiu	–	–	–	–	–	–	–
Mr. Kwong Wai Sun Wilson	–	–	–	–	–	–	–
Mr. Liu Hanjiu	–	9	15	1	25	–	25
Mr. Huang Weiping	–	–	–	–	–	–	–
Ms. Zhu Yufen	–	8	–	–	8	–	8
	–	17	15	1	33	–	33
Independent non-executive directors							
Mr. Lee Ting Bun Denny	–	–	–	–	–	–	–
Ms. Liu Rong	–	–	–	–	–	–	–
Mr. Pan Liansheng	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	17	15	1	33	–	33

	Year ended December 31, 2011						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note 7(a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Yu Jianqiu	–	–	–	–	–	7,659	7,659
Mr. Kwong Wai Sun Wilson	–	–	–	–	–	–	–
Mr. Liu Hanjiu	–	57	–	3	60	2,714	2,774
Mr. Huang Weiping	–	50	–	2	52	–	52
Ms. Zhu Yufen	–	48	–	–	48	204	252
	–	155	–	5	160	10,577	10,737
Independent non-executive directors							
Mr. Lee Ting Bun Denny	–	–	–	–	–	–	–
Ms. Liu Rong	–	–	–	–	–	–	–
Mr. Pan Liansheng	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	155	–	5	160	10,577	10,737

	Year ended December 31, 2012						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note 7(a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Yu Jianqiu	–	–	–	–	–	–	–
Mr. Kwong Wai Sun Wilson	–	–	–	–	–	–	–
Mr. Liu Hanjiu	–	56	–	4	60	1,998	2,058
Mr. Huang Weiping	–	120	–	4	124	–	124
Ms. Zhu Yufen	–	51	–	–	51	150	201
	–	227	–	8	235	2,148	2,383
Independent non-executive directors							
Mr. Lee Ting Bun Denny	–	–	–	–	–	–	–
Ms. Liu Rong	–	–	–	–	–	–	–
Mr. Pan Liansheng	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	227	–	8	235	2,148	2,383

	Nine months ended September 30, 2012 (unaudited)						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note 7(a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Yu Jianqiu	–	–	–	–	–	–	–
Mr. Kwong Wai Sun Wilson	–	–	–	–	–	–	–
Mr. Liu Hanjiu	–	45	–	3	48	1,056	1,104
Mr. Huang Weiping	–	72	–	2	74	–	74
Ms. Zhu Yufen	–	38	–	–	38	79	117
	–	155	–	5	160	1,135	1,295
Independent non-executive directors							
Mr. Lee Ting Bun Denny	–	–	–	–	–	–	–
Ms. Liu Rong	–	–	–	–	–	–	–
Mr. Pan Liansheng	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	155	–	5	160	1,135	1,295

	Nine months ended September 30, 2013						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note 7(a))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Yu Jianqiu	–	128	–	1	129	–	129
Mr. Kwong Wai Sun Wilson	–	120	–	1	121	–	121
Mr. Liu Hanjiu	–	45	–	4	49	–	49
Mr. Huang Weiping	–	82	–	–	82	–	82
Ms. Zhu Yufen	–	39	–	–	39	–	39
	–	414	–	6	420	–	420
Independent non-executive directors							
Mr. Lee Ting Bun Denny	–	–	–	–	–	–	–
Ms. Liu Rong	–	–	–	–	–	–	–
Mr. Pan Liansheng	–	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	414	–	6	420	–	420

(a) These represent the estimated value of share options granted to the directors. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 26.

(b) Mr. Yu Jianqiu received total remunerations of RMB1,645,000, RMB3,843,000, RMB1,574,000, RMB1,182,000 (unaudited) and RMB1,033,000 from Gushan in his capacity as principal executive officer of Gushan for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013 respectively.

(c) Mr. Kwong Wai Sun Wilson received total remunerations of RMB873,000, RMB1,747,000, RMB1,471,000, RMB1,105,000 (unaudited) and RMB966,000 from Gushan in his capacity as president of Gushan for the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013 respectively.

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, 2, 4, 2, 3 (unaudited) and 3 are directors for the period ended December 31, 2010 and for the years ended December 31, 2011 and 2012 and nine months ended September 30, 2012 and 2013, respectively, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Period from August 6, 2010 (date of inception) to December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and other emoluments	76	36	179	90	141
Discretionary bonuses	–	–	–	–	–
Share-based payments	–	–	–	–	–
Retirement scheme contributions	3	2	12	4	5
	79	38	191	94	146

The above individuals' emoluments are within the following band:

	Period from August 6, 2010 (date of inception) to December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* *(unaudited)*	*Number of individuals*
Nil to HK$1,000,000	3	1	3	2	2

9 Dividends

No dividends have been declared or paid by entities comprising the Group during the Relevant Periods.

10 Earnings per share

(a) Basic

The calculation of basic earnings per share for the Relevant Periods is based on the profit attributable to the equity shareholders of the Company and the weighted average number of ordinary shares. For the purpose of calculating basic and diluted earnings per share, the number of ordinary shares used in the calculation reflected the effects of the share sub-division of Engen in February 2013 and share exchange in connection with the Corporate Reorganization as disclosed in note 24 on a retrospective basis as if the events had occurred at the beginning of the Relevant Periods.

	Period form August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012 *(unaudited)*	Nine months ended September 30, 2013
Profit attributable to equity shareholders of the Company *(RMB'000)*	9,374	48,680	92,292	44,597	132,451
Issued ordinary shares at the beginning of the period/year	10,000	10,000	10,000	10,000	10,225
Effect of issue of shares of Engen	–	–	133	103	–
Effect of share sub-division of Engen in February 2013	990,000	990,000	1,003,167	1,000,197	1,012,275
	1,000,000	1,000,000	1,013,300	1,010,300	1,022,500
Effect of share exchange in connection with the Corporate Reorganization	9,000,000	9,000,000	9,119,700	9,092,700	9,202,500
Weighted average number of ordinary shares in issue	10,000,000	10,000,000	10,133,000	10,103,000	10,225,000
Basic earnings per share *(RMB)*	0.94	4.87	9.11	4.41	12.95

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share for the Relevant Periods as all potentially dilutive potential ordinary shares were anti-dilutive.

The basic and diluted earnings per share for all periods presented in the Financial Information have not been taken into account the effect of the proposed capitalization issue as described in Section C.

11 Property, plant and equipment

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Furniture, fittings and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At August 6, 2010	–	–	–	–	–	–
Additions						
– through business combinations	15,716	13,149	576	2,210	567	32,218
– others	6,503	19,853	21	7	1,041	27,425
Transfers	471	1,137	–	–	(1,608)	–
Disposals	–	–	(2)	–	–	(2)
At December 31, 2010	22,690	34,139	595	2,217	–	59,641
At January 1, 2011	22,690	34,139	595	2,217	–	59,641
Additions						
– through business combinations	20,844	15,426	34	1,060	–	37,364
– others	132	348	105	467	1,052	2,104
Transfers	–	66	–	–	(66)	–
At December 31, 2011	43,666	49,979	734	3,744	986	99,109
At January 1, 2012	43,666	49,979	734	3,744	986	99,109
Additions						
– through business combinations	–	2,113	43	–	–	2,156
– others	7	7,247	124	926	178,619	186,923
Transfers	9,515	8,010	50	–	(17,575)	–
Disposals	–	(150)	–	–	–	(150)
At December 31, 2012	53,188	67,199	951	4,670	162,030	288,038
At January 1, 2013	53,188	67,199	951	4,670	162,030	288,038
Additions	4	6,395	1,926	90	98,665	107,080
Transfers	130,809	69,427	–	–	(200,236)	–
Disposals	–	(530)	–	(121)	–	(651)
At September 30, 2013	184,001	142,491	2,877	4,639	60,459	394,467

	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:						
At August 6, 2010	–	–	–	–	–	–
Charge for the period	93	217	16	33	–	359
At December 31, 2010	93	217	16	33	–	359
At January 1, 2011	93	217	16	33	–	359
Charge for the year	1,776	3,802	191	627	–	6,396
At December 31, 2011	1,869	4,019	207	660	–	6,755
At January 1, 2012	1,869	4,019	207	660	–	6,755
Charge for the year	2,433	4,907	220	913	–	8,473
Written back on disposals	–	(39)	–	–	–	(39)
At December 31, 2012	4,302	8,887	427	1,573	–	15,189
At January 1, 2013	4,302	8,887	427	1,573	–	15,189
Charge for the period	5,436	7,823	236	773		14,268
Written back on disposals	–	(123)	–	(45)	–	(168)
At September 30, 2013	9,738	16,587	663	2,301	–	29,289
Net book value:						
At December 31, 2010	22,597	33,922	579	2,184	–	59,282
At December 31, 2011	41,797	45,960	527	3,084	986	92,354
At December 31, 2012	48,886	58,312	524	3,097	162,030	272,849
At September 30, 2013	174,263	125,904	2,214	2,338	60,459	365,178

(a) All of the Group's property, plant and equipment are located in the PRC. At December 31, 2010, 2011 and 2012 and September 30, 2013, property, plant and equipment with net book value of RMB27,967,000, RMB24,412,000, RMB7,803,000 and RMB148,591,000, respectively were pledged for certain banking facilities granted to the Group (see note 23(b)).

(b) The Group has yet to obtain property ownership certificates for certain buildings with an aggregate net book value of RMB22,597,000, RMB21,374,000, RMB29,483,000 and RMB69,820,000 as at December 31, 2010, 2011 and 2012 and September 30, 2013, respectively. The amount of RMB69,820,000 as at September 30, 2013 comprised Tongxin's buildings with net book value of RMB41,738,000. The construction of the buildings was completed in March 2013. The directors of the Company are of the opinion that the Group owned the beneficial title to these buildings as at December 31, 2010, 2011 and 2012 and September 30, 2013.

(c) Additions to construction in progress during the year ended December 31, 2012 comprised RMB161,320,000 for the construction of production plant of Tongxin. Additions to construction in progress during the nine months ended September 30, 2013 principally comprised RMB58,248,000 and RMB39,793,000 for the construction of production plant of Baohe Xinshiji and Tongxin respectively.

12 Lease prepayments

	At December 31, 2010	2011	2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At the beginning of the period/year	–	5,244	9,708	9,708
Additions				
– through business combinations	5,244	4,464	–	–
– others	–	–	–	78,921
At the end of the period/year	5,244	9,708	9,708	88,629
Accumulated amortization:				
At the beginning of the period/year	–	18	170	376
Charge for the period/year	18	152	206	438
At the end of the period/year	18	170	376	814
Net book value:				
At the end of the period/year	5,226	9,538	9,332	87,815

The lease prepayments represent costs of the land use rights in respect of land located in the PRC, on which the Group built its production premises and buildings. The land use rights expire in 2056 to 2063.

At December 31, 2010, 2011 and 2012 and September 30, 2013, land use rights with an aggregate carrying amount of RMB5,226,000, RMB5,120,000, RMB4,319,000 and RMB57,522,000, respectively were pledged for certain banking facilities granted to the Group (see note 23(b)).

13 Intangible assets

Customer relationships

	At December 31, 2010	2011	2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At the beginning of the period/year	–	–	–	10,968
Additions through business combinations	–	–	10,968	–
At the end of the period/year	–	–	10,968	10,968
Accumulated amortization:				
At the beginning of the period/year	–	–	–	–
Charge for the period/year	–	–	–	2,742
At the end of the period/year	–	–	–	2,742
Net book value:				
At the end of the period/year	–	–	10,968	8,226

Intangible assets represent customer relationships acquired by the Group in connection with the acquisitions of Baohe Xinshiji and Baohe Taiyue completed on December 31, 2012 (see note 31(c)(iii) and 31(d)(iii)). The amortization charge for the period is included in "administrative expenses" in the consolidated income statements.

14 Goodwill

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost and carrying amount:				
At the beginning of the period/year	–	16,081	38,847	39,308
Additions through business combinations	16,081	22,766	461	–
At the end of the period/year	16,081	38,847	39,308	39,308

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jinxin	16,081	16,081	16,081	16,081
Xiangbei	–	22,766	22,766	22,766
Baohe Xinshiji	–	–	213	213
Baohe Taiyue	–	–	248	248
	16,081	38,847	39,308	39,308

The recoverable amount of the CGUs is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a zero growth rate. The growth rates do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using pre-tax discount rates of 16.0%, 14.7%, 14.7% and 15.0% at December 31, 2010, 2011, 2012 and September 30, 2013 respectively. Key assumptions used for the value in use calculations are the gross margins, growth rates and the availability of VAT refunds. Management determined the budgeted gross margins and growth rates based on past performance and its expectation for market development. When preparing the financial budgets, management assumed that there would be no changes to the existing government policies in respect of the VAT refunds in connection with the employment of disabled staff and under the Policies for Products Generated from Comprehensive Utilization of Resources (see note 4(a)). No other government grants are assumed to be received in the value in use calculations.

The recoverable amount of the CGUs based on the value-in-use calculations is higher than its carrying amount as at December 31, 2010, 2011, 2012 and September 30, 2013. Accordingly, no impairment loss for goodwill has been recognized in the consolidated income statements.

15 Income tax in the consolidated balance sheets

(a) Current taxation in the consolidated balance sheets represents:

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	10,075	12,740	23,863
Provision for PRC Corporate Income Tax for the period/year	3,683	17,876	30,573	38,324
Reduction in tax rate for prior year	–	–	–	(8,030)
Additions through business combinations	6,392	886	915	–
PRC Corporate Income Tax paid	–	(16,097)	(20,365)	(29,897)
At the end of the period/year	10,075	12,740	23,863	24,260

(b) Deferred tax (assets)/liabilities recognized

Deferred tax (assets)/liabilities recognized in the consolidated balance sheets and the movements during the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013 are as follows:

	Depreciation/ amortization allowance in excess of the related depreciation/ amortization	**Revaluation of other assets**	**Provisions and accruals**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At August 6, 2010	–	–	–	–
Additions through business combination	(756)	382	(128)	(502)
Charged/(credited) to profit or loss	11	(382)	(413)	(784)
At December 31, 2010	(745)	–	(541)	(1,286)
At January 1, 2011	(745)	–	(541)	(1,286)
Additions through business combination	2,664	–	(196)	2,468
Charged/(credited) to profit or loss	641	–	(121)	520
At December 31, 2011	2,560	–	(858)	1,702

	Depreciation/ amortization allowance in excess of the related depreciation/ amortization	Revaluation of other assets	Provisions and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2012	2,560	–	(858)	1,702
(Credited)/charged to profit or loss	(92)	–	102	10
At December 31, 2012	2,468	–	(756)	1,712
At January 1, 2013	2,468	–	(756)	1,712
(Credited)/changed to profit or loss	53	–	(35)	18
At September 30, 2013	2,521	–	(791)	1,730

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation to the consolidated balance sheet:				
Net deferred tax assets recognized in the balance sheet	(1,286)	(575)	(351)	(166)
Net deferred tax liabilities recognized in the balance sheet	–	2,277	2,063	1,896
	(1,286)	1,702	1,712	1,730

(c) Deferred tax liabilities not recognized

As at December 31, 2010, 2011 and 2012 and September 30, 2013, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to RMB33,966,000, RMB92,412,000, RMB181,422,000 and RMB319,916,000, respectively. No deferred tax liabilities in respect of these undistributed profits have been recognized as the Company controls the dividend policy of these subsidiaries and the directors of the Company determined that these profits will not be distributed in the foreseeable future.

16 Inventories

(a) ***Inventories in the consolidated balance sheets comprise:***

	At December 31, 2010	2011	2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	108,821	79,889	76,858	225,805
Work in progress	–	5,450	10,374	35,352
Finished goods	32,108	29,573	26,492	92,387
	140,929	114,912	113,724	353,544

At December 31, 2010, 2011 and 2012 and September 30, 2013, inventories of RMB87,401,000, RMB76,246,000, RMB89,802,000 and RMB111,503,000, respectively were pledged for certain bills payable and banking facilities granted to the Group (see notes 22(b) and 23(b)).

(b) ***The analysis of the amount of inventories recognized as an expense and included in the consolidated income statements is as follows:***

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Carrying amount of inventories sold	191,697	1,321,586	1,401,445	761,290	1,609,455

17 Trade and other receivables

	At December 31, 2010	2011	2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors and bills receivable	56,859	226,602	329,315	266,922
Advance payments to suppliers	15	38,506	72,125	76,227
Government grants receivable	–	5,499	39,742	27,311
Other deposits, prepayments and receivables	16,341	21,715	23,890	10,872
	73,215	292,322	465,072	381,332

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

(a) As at December 31, 2010, 2011 and 2012 and September 30, 2013, government grants receivable of RMB Nil, RMB Nil, RMB18,041,000 and RMB9,761,000, respectively was pledged for certain banking facilities granted to the Group (see note 23(b)).

(b) Trade debtors and bills receivable included amounts due from related parties as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guangzhou Taiyue Communications Cable Co., Ltd. ("Guangzhou Taiyue")	–	–	8,627	2,039
Sichuan Xinshiji Cable Co., Ltd. ("Sichuan Xinshiji")	–	–	72,775	14,594
	–	–	81,402	16,633

(c) As at December 31, 2012, advance payments to suppliers included an amount due from the related party, Guangzhou Taiyue, of RMB1,923,000. Except for the above, no advance payments are made to Guangzhou Taiyue at the balance sheet dates.

(d) ***Ageing analysis***

At the balance sheet dates, the ageing analysis of trade debtors and bills receivable, based on transaction date is, as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	48,574	86,658	258,584	125,213
31 to 60 days	8,168	89,685	46,935	94,945
61 to 180 days	99	49,952	23,780	46,764
Over 180 days	18	307	16	–
	56,859	226,602	329,315	266,922

Trade debtors and bills receivable are normally due within 90 days from the date of transaction. Further details of the Group's credit policy are set out in note 30(a).

(e) ***Trade debtors and bills receivable that are not impaired***

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	34,861	50,574	66,779	104,906
Less than 30 days past due	18,698	50,863	213,782	112,100
31 to 60 days past due	3,230	77,364	41,851	19,284
61 to 180 days past due	52	47,561	6,887	30,632
Over 180 days past due	18	240	16	–
Amounts past due	21,998	176,028	262,536	162,016
	56,859	226,602	329,315	266,922

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss on trade debtors and bills receivable was made during the Relevant Periods.

18 Amounts due from/to related parties

(a) ***Name and relationship with related parties***

During the Relevant Periods, the directors are of the view that the related parties of the Group include the following individuals or entities:

Name of party	Relationships
Mr. Yu Jianqiu* 俞建秋	Controlling Shareholder and key management personnel
Mr. Liu Hanjiu* 劉漢玖	Key management personnel since the acquisition of Jinxin on November 3, 2010 and a beneficial minority shareholder of the Company
Mr. Huang Weiping* 黃偉萍	Key management personnel since the acquisition of Xiangbei on August 1, 2011 and a beneficial minority shareholder of the Company
Mr. Zhang Huayi* 張華義	Key management personnel since the acquisition of Xiangbei on August 1, 2011 and a beneficial minority shareholder of the Company
Mr. Chen Hai* 陳海	Key management personnel since the acquisition of Baohe Xinshiji on December 31, 2012 and a beneficial minority shareholder of the Company

Name of party	Relationships
Mr. Fan Dunxian* 范敦現	Key management personnel since the acquisition of Baohe Taiyue on December 31, 2012 and a beneficial minority shareholder of the Company
Mr. Chen Lian* 陳煉	A director of Jinxin since the date of acquisition of Jinxin on November 3, 2010 to June 30, 2011 and ceased to be a related party on June 30, 2011
Gushan Environmental Energy Limited ("Gushan")	Immediate holding company of Engen prior to the completion of reorganization on March 19, 2013 and a company controlled by Mr. Yu Jianqiu
Carling Technology Limited ("Carling")	A private company controlled by Mr. Yu Jianqiu
Gold Hero Holdings Limited ("Gold Hero")	A private company controlled by Mr. Chen Lian and a related party to the Group since the acquisition of Jinxin on November 3, 2010 and ceased to be a related party on February 20, 2013
Silver Harvest Holdings Limited ("Silver Harvest")	A private company controlled by Mr. Liu Hanjiu and a related party to the Group since the acquisition of Jinxin on November 3, 2010
Gold Wide Enterprises Limited ("Gold Wide")	A private company controlled by Mr. Huang Weiping and a related party to the Group since the acquisition of Xiangbei on August 1, 2011
Silvery Boom Limited ("Silvery Boom")	A private company controlled by Mr. Zhang Huayi and a related party to the Group since the acquisition of Xiangbei on August 1, 2011
Sichuan Gushan Vegetable Fat Chemistry Co., Ltd. ("Sichuan Gushan")* 四川古杉油脂化學有限公司	A private company controlled by Mr. Yu Jianqiu
Fujian Gushan Biodiesel Co., Ltd. ("Fujian Gushan")* 福建古杉生物柴油有限公司	A private company controlled by Mr. Yu Jianqiu
Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan")* 四川省保和富山再生資源開發有限公司	A private company under significant influence of the daughter of Mr. Yu Jianqiu
Sichuan Xinshiji Cables Co., Ltd. ("Sichuan Xinshiji")* 四川新世紀線纜有限公司	A private company which is 19.5% owned by Mr. Chen Hai who has de facto control of the board of directors of Sichuan Xinshiji and a related party to the Group since the acquisition of Baohe Xinshiji on December 31, 2012
Guangzhou Taiyue Communications Cable Co., Ltd. ("Guangzhou Taiyue")* 廣州市泰越通信線纜有限公司	A private company which is 40% owned by Mr. Fan Dunxian and a related party to the Group since the acquisition of Baohe Taiyue on December 31, 2012

* The English translation of the name is for reference only. The official name of these related parties is in Chinese.

(b) Amounts due from/to related parties

	Note	At December 31, 2010 RMB'000	At December 31, 2011 RMB'000	At December 31, 2012 RMB'000	At September 30, 2013 RMB'000
Amount due from Mr. Liu Hanjiu	*(i)*	–	–	–	260
Amount due from Mr. Zhang Huayi	*(i)*	–	–	–	37
Amount due from Mr. Fan Dunxian	*(ii)*	–	–	3,190	–
Amount due from Gold Wide	*(iii)*	–	2,680	–	–
Amount due from Silvery Boom	*(iii)*	–	1,786	–	–
Amount due from Guangzhou Taiyue	*(ii)*	–	–	1,379	–
Amounts due from related parties		–	4,466	4,569	297
Amount due to Mr. Yu Jianqiu	*(iv)*	–	–	27,268	75,730
Amount due to Mr. Liu Hanjiu	*(v)*	10,749	2,100	19,555	–
Amount due to Mr. Chen Lian	*(v)*	19,960	–	–	–
Amount due to Mr. Huang Weiping	*(vi)*	–	21,920	19,135	–
Amount due to Mr. Zhang Huayi	*(vi)*	–	11,980	980	–
Amount due to Gushan	*(vii)*	47,851	88,525	8,656	10,216
Amount due to Carling	*(viii)*	13	45	68	155
Amount due to Gold Hero	*(ix)*	–	493	–	–
Amount due to Silver Harvest	*(ix)*	–	411	–	106
Amount due to Baohe Fushan	*(x)*	–	8,000	22,000	11,330
Amount due to Sichuan Xinshiji	*(xi)*	–	–	24,000	–
Amount due to Guangzhou Taiyue	*(xii)*	–	–	24,000	–
Amounts due to related parties		78,573	133,474	145,662	97,537

Notes:

(i) At September 30, 2013, the amounts due from Mr. Liu Hanjiu and Mr. Zhang Huayi represented advances to them for payment of operating expenses of the Group. Both amounts were unsecured, interest free and repayable on demand.

(ii) At December 31, 2012, the amount due from Mr. Fan Dunxian and Guangzhou Taiyue amounted to RMB3,190,000 and RMB1,379,000 respectively. Such balances are attributable to Baohe Taiyue and existed at the date of acquisition of Baohe Taiyue on December 31, 2012. Both amounts were unsecured, interest-free and repayable on demand. During the nine months ended September 30, 2013, the amounts due from Mr. Fan Dunxian and Guangzhou Taiyue were fully repaid.

(iii) At December 31, 2011, the amounts due from Gold Wide and Silvery Boom represented the subscription payable for Engen's ordinary shares, part of a series of transactions by which the Group acquired Xiangbei. Such amount was unsecured, interest-free and repayable on demand. In 2012, Gold Wide and Silvery Boom fully repaid such amount to Engen (see note 31(b)).

(iv) During the year ended December 31, 2012, the Group borrowed RMB47,268,000 from Mr. Yu Jianqiu and repaid RMB20,000,000 to him. During the nine months ended September 30, 2013, the Group borrowed RMB71,462,000 and repaid RMB23,000,000 to him. As at December 31, 2012 and September 30, 2013, the amount due to Mr. Yu Jianqiu was unsecured, interest-free and repayable on demand.

(v) The movements of amounts due to Mr. Liu Hanjiu and Mr. Chen Lian during the Relevant Periods are as follows:

Mr. Liu Hanjiu	**At December 31,**			**At September 30,**
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	10,749	2,100	19,555
Through business combination	4,500	–	–	–
Advances to the Group	6,249	19,100	20,000	91,050
Repayments	–	(27,749)	(2,545)	(110,605)
At the end of the period/year	10,749	2,100	19,555	–

Mr. Chen Lian	**At December 31,**			**At September 30,**
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	19,960	–	–
Through business combination	29,500	–	–	–
Advances to the Group	–	–	–	–
Repayments	(9,540)	(19,960)	–	–
At the end of the period/year	19,960	–	–	–

The outstanding amounts at respective balance sheet dates were unsecured, interest free and repayable on demand.

(vi) The movements of amounts due to Mr. Huang Weiping and Mr. Zhang Huayi during the Relevant Periods are as follows:

Mr. Huang Weiping	**At December 31, 2010**	**2011**	**2012**	**At September 30, 2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	–	21,920	19,135
Through business combination	–	17,980	–	–
Advances to the Group	–	20,015	132,094	11,300
Repayments	–	(16,075)	(134,879)	(30,435)
At the end of the period/year	–	21,920	19,135	–

Mr. Zhang Huayi	**At December 31, 2010**	**2011**	**2012**	**At September 30, 2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	–	11,980	980
Through business combination	–	11,990	–	–
Advances to the Group	–	12	13,573	–
Repayments	–	(22)	(24,573)	(980)
At the end of the period/year	–	11,980	980	–

The outstanding amounts at respective balance sheet dates were unsecured, interest free and repayable on demand.

(vii) The movements of amounts due to Gushan during the Relevant Periods are as follows:

	At December 31, 2010	**2011**	**2012**	**At September 30, 2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	47,851	88,525	8,656
Advances to the Group	77,526	88,587	–	–
Contracted as loans *(see note 19)*	(29,675)	(52,317)	–	–
Interest expenses on loans from Gushan	–	4,404	5,359	3,975
Repayments to Gushan	–	–	(7,531)	(2,205)
Wavier of amount due to Gushan	–	–	(77,700)	–
Exchange differences	–	–	3	(210)
At the end of the period/year	47,851	88,525	8,656	10,216

Advances to the Group by Gushan during the period ended December 31, 2010 and year ended December 31, 2011 were mainly for the purposes of acquisitions of Jinxin and Xiangbei respectively.

The outstanding amounts at respective balance sheet dates were unsecured, interest free and repayable on demand.

(viii) During the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, Carling paid operating expenses of RMB13,000, RMB32,000, RMB23,000 and RMB87,000, respectively, on behalf of the Group. Accordingly, at December 31, 2010, 2011 and 2012 and September 30, 2013, the Group had an amount due to Carling of RMB13,000, RMB45,000, RMB68,000 and RMB155,000, respectively, which was unsecured, interest-free and repayable on demand.

(ix) The outstanding amounts at respective balance sheet dates represented accrued interests on loans from Gold Hero and Silver Harvest (see note 19). The amounts were unsecured, interest-free and repayable on demand.

(x) The movements of amount due to Baohe Fushan during the Relevant Periods are as follows:

		At December 31,		**At September 30,**
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the period/year	–	–	8,000	22,000
Advances to the Group	–	8,000	10,000	–
Consideration for acquisitions *(see notes 18(b)(xi) and (xii))*	–	–	12,000	–
Administrative fee and consultancy fee *(see note 29(a)(ii))*	–	–	–	2,325
Repayments	–	–	(8,000)	(12,995)
At the end of the period/year	–	8,000	22,000	11,330

The outstanding amounts at respective balance sheet date were unsecured, interest free and repayable on demand or repayable within one year.

(xi) During the year ended December 31, 2012, the Group entered into a sale and purchase agreement to acquire all of the equity interest of Baohe Xinshiji at a consideration of RMB30,000,000 of which RMB24 million is payable to Sichuan Xinshiji which are unsecured, interest free and repayable within three months from the date of completion of the acquisition. The consideration payable to Sichuan Xinshiji was settled in March 2013.

(xii) During the year ended December 31, 2012, the Group entered into a sale and purchase agreement to acquire all of the equity interest of Baohe Taiyue at a consideration of RMB30,000,000 of which RMB24 million is payable to Guangzhou Taiyue which are unsecured, interest free and repayable within three months from the date of completion of the acquisition. The consideration payable to Guangzhou Taiyue was settled in March 2013.

19 Loans from related parties

	Note	At December 31, 2010 RMB'000	At December 31, 2011 RMB'000	At December 31, 2012 RMB'000	At September 30, 2013 RMB'000
Loans from related parties					
Loans from Gushan	*(i)*	29,675	81,992	82,012	80,192
Loan from Gold Hero *(see note 23(d))*	*(ii)*	–	12,776	6,698	–
Loan from Silver Harvest	*(iii)*	–	10,667	5,605	5,480
		29,675	105,435	94,315	85,672

Notes:

(i) The loans from Gushan are unsecured, interest bearing at rates ranging from 5.56%, 6.06% to 6.56%, 6.06% to 6.56% and 6.06% to 6.56% per annum as at December 31, 2010, 2011 and 2012 and September 30, 2013, respectively and repayable within one year.

(ii) The loan from Gold Hero is unsecured, interest bearing at 6.06% per annum as at December 31, 2011 and 2012 and September 30, 2013 and repayable within one year. Gold Hero ceased to be a related party of the Group since February 2013 upon its disposal of all the equity interest in Engen.

(iii) The loan from Silver Harvest is unsecured, interest bearing at 6.06% per annum as at December 31, 2011 and 2012 and September 30, 2013 and repayable within one year.

20 Pledged deposits

	At December 31, 2010 RMB'000	At December 31, 2011 RMB'000	At December 31, 2012 RMB'000	At September 30, 2013 RMB'000
Deposits with guarantee companies	2,000	2,000	2,400	3,900
Deposits with banks	–	–	12,045	42,045
Deposits with securities broker	–	–	174	1,587
	2,000	2,000	14,619	47,532
Represented by:				
Current	2,000	2,000	14,619	46,032
Non-current	–	–	–	1,500
	2,000	2,000	14,619	47,532

Pledged deposits were placed with guarantee companies for the purpose of obtaining bank loans of RMB10,000,000, RMB10,000,000, RMB15,000,000 and RMB25,000,000 as at December 31, 2010, 2011 and 2012 and September 30, 2013 respectively, which were guaranteed by the guarantee companies.

Pledged deposits with banks were placed as security for bills payable of the Group as at December 31, 2012 and September 30, 2013 (see note 22(b)).

Pledged deposits with securities broker were pledged as deposits for outstanding copper futures contracts as at December 31, 2012 and September 30, 2013.

21 Cash and cash equivalents

(a) Cash and cash equivalents in the consolidated balance sheets and consolidated cash flow statements represent:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	13,366	42,781	19,609	81,091

As at December 31, 2010, 2011 and 2012 and September 30, 2013, cash and cash equivalents in the amount of RMB2,875,000, RMB30,829,000, RMB16,330,000 and RMB79,911,000, respectively are denominated in RMB and are deposited in banks in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of profit before taxation to cash (used in)/generated from operations:

	Note	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	Years ended December 31, 2012	Nine months ended September 30, 2012	Nine months ended September 30, 2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation		12,273	67,076	122,875	57,881	162,763
Adjustments for:						
Finance costs	*5(a)*	720	11,920	16,850	12,025	20,617
Share-based compensation	*5(b)*	–	11,255	2,647	1,400	–
Depreciation	*5(c)*	359	6,396	8,473	6,134	14,268
Amortization of lease prepayments	*5(c)*	18	152	206	154	438
Amortization of intangible assets	*5(c)*	–	–	–	–	2,742
Interest income	*4(a)*	(6)	(116)	(443)	(411)	(654)
Loss on disposal of property, plant and equipment	*4(b)*	–	–	111	–	448
Change in fair value of contingent consideration	*4(b)*	–	(3,937)	2,211	–	–
Exchange differences		285	2,859	(31)	(113)	800
Changes in working capital:						
(Increase)/decrease in inventories		(105,353)	40,490	2,282	(165,716)	(239,820)
(Increase)/decrease in trade and other receivables		(8,287)	(192,301)	(129,244)	105,267	87,449
Increase in trade and other payables		67,968	45	65,674	38,876	47,564
Cash (used in)/generated from operations		(32,023)	(56,161)	91,611	55,497	96,615

22 Trade and other payables

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	76,575	93,680	76,137	121,089
Bills payable	–	–	41,400	51,400
Receipts in advance	1,503	1,854	7,568	9,028
Other payables and accruals	13,257	17,452	128,702	228,211
Derivative financial instruments *(note 30(f))*	–	–	3	321
	91,335	112,986	253,810	410,049

All of the trade and other payables are expected to be settled or recognized as income within one year or repayable on demand.

(a) Trade payables included amount due to a related party as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sichuan Xinshiji	–	–	16,797	66,231

(b) Bills payable are normally issued with a maturity of not more than six months.

At December 31, 2012, bills payable were secured by pledged deposits of RMB12,045,000 placed with banks (see note 20), inventories with carrying amount of RMB70,562,000 (see note 16) and personal deposits of Mr. Liu Hanjiu amounting to RMB6,000,000.

At September 30, 2013, bills payable were secured by pledged deposits of RMB42,045,000 placed with banks (see note 20).

(c) At the balance sheet date, the ageing analysis of the trade and bills payable, based on transaction date, is as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	76,575	52,970	49,659	86,999
31 to 60 days	–	13,690	25,932	22,818
61 to 180 days	–	27,003	40,552	40,695
Over 180 days	–	17	1,394	21,977
	76,575	93,680	117,537	172,489

(d) ***An analysis of the other payables and accruals of the Group is analyzed as follows:***

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages, bonus and other accrued benefits	1,811	2,544	2,761	3,281
Payables for the purchase of property, plant and equipment and intangible assets	10,175	8,743	74,953	93,304
Payables for land use rights	–	–	–	42,643
VAT payable	–	1,822	33,689	23,620
Contingent consideration liabilities in respect of a business combination	–	1,880	–	–
Unearned government grants	–	1,000	10,300	9,300
Advances from local governments	–	–	–	33,000
Others	1,271	1,463	6,999	23,063
	13,257	17,452	128,702	228,211

Payables for the purchase of property, plant and equipment and intangible assets included amounts due to related parties of RMB Nil, RMB Nil, RMB14,000,000 and RMB14,000,000, respectively as at December 31, 2010, 2011 and 2012 and September 30, 2013. The balance of RMB14,000,000 at December 31, 2012 and September 30, 2013 comprised of RMB4,000,000 and RMB10,000,000 payable to Guangzhou Taiyue and Sichuan Xinshiji respectively.

As at September 30, 2013, payables for land use rights of RMB42,643,000 are repayable to Baohe Fushan within one year.

As at September 30, 2013, advances from local governments of RMB33,000,000 represented advances in the amount of RMB16.0 million received by Tongxin from Mianyang City Youxian District Financial Bureau and an advance in the amount of RMB17.0 million received by Xiangbei from Miluo Industrial Park District Financial Bureau. The advances received by Tongxin are unsecured, interest-free and will be used to offset the financial subsidies to be granted by the local government while the advances received by Xiangbei are unsecured, interest-free and repayable by December 31, 2013.

23 Bank loans and other borrowings

(a) The analysis of the carrying amount of borrowings is as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
– secured	50,000	80,000	125,000	226,000
– unsecured	10,000	30,000	50,000	30,000
	60,000	110,000	175,000	256,000
Other borrowings				
– unsecured	–	–	–	101,550
	60,000	110,000	175,000	357,550
Represented by:				
Current	60,000	110,000	175,000	287,550
Non-current	–	–	–	70,000
	60,000	110,000	175,000	357,550

(b) The amounts of banking facilities and the utilization at December 31, 2010, 2011 and 2012 and September 30, 2013 are set out as follows:

	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Banking facilities available				
– secured	50,000	80,000	216,400	277,400
– unsecured	10,000	30,000	50,000	65,000
	60,000	110,000	266,400	342,400
Amounts utilized				
– bills payable	–	–	41,400	51,400
– Bank loans	60,000	110,000	175,000	291,000
	60,000	110,000	216,400	342,400

There are cross default provisions in certain banking facilities, the default on a loan by the Group would then default on other loans which have cross default provisions.

The banking facilities were secured by the following assets:

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment *(note 11(a))*	27,967	24,412	7,803	148,591
Lease prepayments *(note 12)*	5,226	5,120	4,319	57,522
Prepayment for land use rights	–	–	13,410	–
Inventories *(note 16)*	87,401	76,246	89,802	111,503
Government grants receivable *(note 17)*	–	–	18,041	9,761
Pledged deposits *(note 20)*	2,000	2,000	14,445	45,945
	122,594	107,778	147,820	373,322

(c) At the balance sheet dates, bank loans were repayable as follows

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
With 1 year or on demand	60,000	110,000	175,000	246,000
After 1 year but within 2 years	–	–	–	10,000
	60,000	110,000	175,000	256,000

As at December 31, 2010, 2011, 2012 and September 30, 2013, secured bank loans of the Group totaling RMB Nil, RMB Nil, RMB15,000,000 and RMB15,000,000 respectively were guaranteed by independent third party financial guarantors which in turn obtained personal guarantees by Mr. Liu Hanjiu along with certain assets which are included in the above table.

As at December 31, 2010, 2011, 2012 and September 30, 2013, unsecured bank loans of the Group totaling RMB Nil, RMB20,000,000, RMB Nil, RMB Nil respectively were guaranteed by Mr. Liu Hanjiu.

As at December 31, 2010, 2011, 2012 and September 30, 2013, secured bank loans of the Group totaling RMB Nil, RMB Nil, RMB20,000,000 and RMB26,000,000 respectively were guaranteed by Mr. Huang Weiping along with certain assets which are included in the above table.

At December 31, 2010, 2011, 2012 and September 30, 2013, bank loans of RMB Nil, RMB Nil, RMB20,000,000 and RMB60,000,000 respectively, were secured by the lease prepayments and property, plant and equipment of Sichuan Gushan. In respect of the bank loan of RMB20,000,000 at December 31, 2012 and September 30, 2013, Jinxin is subject to a covenant on the fulfilment of assets/liabilities ratio. At December 31, 2012 and September 30, 2013, the covenant had not been breached.

During the period ended December 31, 2010, the Group obtained bank loans totaling RMB10,000,000 secured by certain trade receivables of RMB11,624,000. As at December 31, 2010, the Group had collected the full amount of the pledged trade receivables but did not comply with the loan covenants which required the Group to obtain written consents from the bank prior to using the funds for its operations. These bank loans were fully repaid by the Group at maturity in April 2011.

During the year ended December 31, 2011, the Group obtained bank loans totaling RMB70,000,000 which required inventories of RMB135,370,000 as security. As at December 31, 2011, the Group breached the loan covenants which required the minimum inventory described above. These bank loans were fully repaid at maturity by October 2012.

During the year ended December 31, 2011, the Group obtained a bank loan of RMB10,000,000 secured by certain trade receivables of RMB13,576,000. As at December 31, 2011, the Group had collected the full amount of the pledged trade receivables but did not comply with the loan covenants which required the Group to obtain written consents from the bank prior to using the funds for its operations. These bank loans were fully repaid by the Group at maturity in April 2012.

During the year ended December 31, 2012, the Group obtained bank loans totaling RMB76,000,000 which required inventories of RMB154,520,000 as security. As at December 31, 2012, the Group did not have the required level of inventories and therefore had breached the loan covenants of the bank loans which became payable on demand as at December 31, 2012. Amongst the bank loans of RMB76,000,000, RMB20,000,000 and RMB30,000,000 were fully repaid at maturity in May 2013 and July 2013 respectively. In April 2013, the Group has received waivers from the bank in respect of the bank loans of RMB26,000,000 that were in breach of covenants. Such loans of RMB26,000,000 were outstanding as at 30 September 2013.

During the year ended December 31, 2012, the Group obtained bank loans of RMB30,000,000 secured by certain trade receivables of RMB63,854,000. As at December 31, 2012, the Group had collected the full amount of the pledged trade receivables but did not comply with the loan covenants which required the Group to obtain written consents from the bank prior to using the funds for its operations. In April 2013, RMB20,000,000 of these bank loans were repaid by the Group upon maturity. In August 2013, the Group received a waiver from the bank in respect of noncompliance of the loan covenants for the remaining RMB10,000,000 bank loan which was outstanding as at 30 September 2013.

During the nine months ended September 30, 2013, the Group obtained bank loans totaling RMB50,000,000 secured by certain trade receivables of RMB66,802,000. Prior to the maturity of the loans, the Group had collected the full amount of the pledged trade receivables but did not comply with the loan covenants which required the Group to obtain written consents from the bank prior to using the funds for its operations. In August 2013, the Group received waivers from the banks in respect of noncompliance of the loan covenants for these bank loans and the loans of RMB50,000,000 were fully repaid at maturity by September 2013.

At December 31, 2010, 2011 and 2012 and September 30, 2013, bank loans totaling RMB10,000,000, RMB10,000,000, RMB15,000,000 and RMB25,000,000, respectively were secured by independent guarantee companies to which the Group was charged a total of non-recoverable guarantee fees of RMB200,000, RMB250,000, RMB360,000 and RMB520,000 during the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, respectively.

(d) Significant terms and repayment schedule of other borrowings

As at September 30, 2013, a loan of RMB60,000,000 was unsecured, interest bearing at 12% per annum and repayable in February 2015. As at September 30, 2013, loans of RMB35 million were unsecured, interest bearing at 10% per annum and repayable within one year. The loans of RMB35 million were repaid by December 2013.

As at September 30, 2013, a loan of RMB6,550,000 from Gold Hero was unsecured, interest bearing at 6.06% per annum and repayable within one year.

24 Share capital

The Company was incorporated on February 22, 2013 with an authorized share capital of HK$300,000 divided into 3,000,000 shares of HK$0.1 each. On the same date, one share of HK$0.1 was allocated and issued at par. Upon completion of the Corporate Reorganization on March 19, 2013, the Company became the holding company of the Group. On March 19, 2013, the authorized share capital of the Company increased to HK$10,000,000 by the creation of additional 99,700,000 shares of HK$0.1 each, rank pari passu with the existing ordinary shares of the Company in all respects. On the same date, a total of 10,224,999 shares of HK$0.1 each were allocated and issued at par.

At December 31, 2010, 2011 and 2012, the share capital represented the share capital of Engen. During the period ended December 31, 2010, 10,000 ordinary shares of Engen with US$1 each were issued at par for US$10,000 (equivalent to RMB67,000). During the year ended December 31, 2012, 225 ordinary shares of Engen of US$1 each were issued for the settlement of contingent consideration liabilities arising from the acquisition of Xiangbei (see note 31(b)(i)).

Pursuant to the written resolutions of the shareholders of Engen passed on February 1, 2013, the shareholders of Engen approved the sub-division of ordinary share of US$1.00 each in the authorized and issued share capital of Engen into 100 ordinary shares of US$0.01 each. Immediately following the stock split referred to above, Engen is authorized to issue a maximum of 5,000,000 shares of a single class each with a par value of US$0.01 and the issued share capital of Engen became US$10,225 (RMB68,000) comprising 1,022,500 shares of US$0.01 each.

On March 19, 2013, all shareholders of Engen transferred their holdings in the issued share capital of Engen to the Company in consideration for the shares allotted and issued by the Company as part of the Corporate Reorganization. Following such transfer, the Company became the holder of the entire issued share capital of Engen.

25 Reserves

(a) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial information of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(v).

(b) Capital reserve

(i) In November 2010, Engen, through its wholly-owned subsidiary, True Excel Holdings Limited ("True Excel") acquired the entire ownership interest in Jinxin. The entire purchase consideration comprised of two components, the cash consideration paid by Engen and the net contingent consideration linked to Gushan's ordinary shares. The net contingent consideration was classified as equity of Engen since Gushan had the obligation to issue the net contingent consideration (see note 31(a)). Such net contingent consideration was measured at fair value of RMB33,226,000 on the acquisition date and recorded as capital reserve in the Financial Information.

(ii) In August 2011, Engen, through its wholly-owned subsidiary, True Excel acquired the entire ownership interest in Xiangbei. The entire purchase consideration comprised of three components, the cash consideration paid by Engen, the contingent consideration linked to Engen's ordinary shares and the contingent consideration linked to Gushan's ordinary shares. The contingent consideration linked to Gushan's ordinary shares was classified as equity of Engen since Gushan had the obligation to issue the net contingent consideration (see note 31(b)). Such contingent consideration was measured at fair value of RMB11,555,000 on the acquisition date and recorded as capital reserve in the Financial Information.

(iii) On January 11, 2011, Gushan granted share options for the purchase of an aggregate of 3,000,000 of its ordinary shares to nine employees of Jinxin pursuant to Gushan's share option scheme. Based on the Binomial Option Pricing Model, the estimated fair value of the options at grant date was approximately US$0.36 (RMB2.36) per share option. The amount of share-based payment expense recognized for these options was RMB3,596,000 for the year ended December 31, 2011. On October 12, 2012, Gushan cancelled such share options due to its privatization from New York Stock Exchange (see note 26). As a result of such cancellation, the Group fully recognized the previously measured but unrecognized share-based compensation cost of RMB2,647,000 at the cancellation date. Such share-based compensation expenses in 2011 and 2012 were recorded as contributions from shareholder in capital reserve since the Group had no obligation to settle the share option awards.

(iv) On December 31, 2012, Gushan waived an amount of RMB77,700,000 due from True Excel. The directors of the Company has accounted for the waiver of debts as an equity contribution to the Group and recorded as capitalization of amount due to Gushan within capital reserve.

(v) On May 29, 2012, 225 new shares of Engen were issued in connection with Xiangbei's partial achievement of the earn-out arrangement for the year ended December 31, 2011. The fair value of such Engen's ordinary shares was estimated to be approximately RMB4,090,000 and was credited to share capital (nominal value) and capital reserve. Subsequently, the Group entered into an agreement with Gold Hero and Silver Harvest and agreed that no further new ordinary shares of Engen will be issued in connection with the acquisition of Xiangbei. Further details of the settlement of the contingent consideration and the earn-out arrangement are set out in note 31(b)(i).

(c) Statutory reserves

According to the PRC rules and regulations, the Company's operating subsidiaries are required to transfer 10% of the net income after tax, as determined in accordance with PRC GAAP, to a general reserve fund and an enterprise expansion fund until the reserve balance reaches 50% of the registered capital of the respective companies. The transfer to the reserves must be made before distribution of dividends to shareholders can be made. These amounts are not available for distribution to shareholders, except upon liquidation.

(d) Share-based payment reserve

Share-based payment reserve represents the portion of the fair value of unexercised share options granted to employees of the Group at grant date that has been recognized in accordance with the accounting policy adopted for share-based payments in note 1(r)(ii).

(e) Distributable reserves

The Company was incorporated on February 22, 2013 and there was no distributable reserves as at December 31, 2010, 2011 and 2012. At September 30, 2013, the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to RMB277,491,000.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to financing at a reasonable cost.

The Group manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions affecting the Group.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose the Group defines net debt as total interest bearing borrowings less cash and cash equivalents. The Group defines "capital" as all components of equity.

The net debt-to-capital ratio was as follows:

	Note	At December 31, 2010	At December 31, 2011	At December 31, 2012	At September 30, 2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowings	*23*	60,000	110,000	175,000	357,550
Loans from related parties	*19*	29,675	105,435	94,315	85,672
Less: Cash and cash equivalents	*21*	13,366	42,781	19,609	81,091
Net debt		76,309	172,654	249,706	362,131
Total equity		42,952	121,664	298,322	434,583
Net debt-to-capital ratio		177.7%	141.9%	83.7%	83.3%

Except for the banking facilities which require the fulfilment of certain covenants as disclosed in note 23, neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements.

26 Share-based compensation

On October 31, 2011, the board of directors of Engen granted Mr. Yu Jianqiu, the Controlling Shareholder, options to purchase up to 1,013 ordinary shares of Engen at an exercise price of RMB63,179 per ordinary share ("Engen Share Options"). The Engen Share Options are exercisable immediately and will expire on the tenth anniversary of the date of grant. Any ordinary shares of Engen issued upon the exercise of the Engen Share Options will be subject to a right of first refusal in favor of Engen before such ordinary shares can be validly transferred. The Group determined that the estimated fair value of the Engen Share Options at grant date was RMB7,561 per share. The amount of share-based payment expense recognized was RMB7,659,000 for the year ended December 31, 2011. The expected volatility of 50.5% used in estimating the grant date fair value was based on the average volatility of several listed companies in the metal recycling sector. Since Engen did not have a trading history at the grant date, the Group estimated the potential volatility of the ordinary shares price by referring to the average volatility of these comparable companies because management believes that the average volatility of such companies was a reasonable benchmark to use in estimating the expected volatility of Engen's ordinary shares. The fair value of the underlying ordinary shares of Engen of RMB21,235 per ordinary share was based on the results using an income approach. The expected dividend yield of 0%, a suboptimal factor of 2.2 and a risk-free rate of 3.855% were used as other key assumptions. No Engen Share Options were exercised during the years ended December 31, 2011 and 2012. The Engen Share Options outstanding at December 31, 2011, 2012 had a remaining contractual life of 9.8 years and 8.8 years respectively. On August 23, 2013, the Company entered into a share option agreement (the "Yu Share Option Agreement") with Mr. Yu which the Company agreed to grant to Mr. Yu options to purchase 1,013,000 shares in the Company at the exercise price of RMB63,179 per share. The purpose of the Yu Share Option Agreement is to replace the share option agreement (the "Engen Option Agreement") dated October 31, 2011 entered into between Mr. Yu, Gushan and Engen, pursuant to which Mr. Yu was granted options to purchase shares in Engen as disclosed above. No options under Yu Share Option Agreement were exercised during the nine months ended September 30, 2013. The options granted under the Yu Share Option Agreement ("Yu Share Options") outstanding at September 2013 had a remaining contractual life of 8 years. The replacement of Engen Share Options by Yu Share Options is accounted for as a modification of the original grant of Engen Share Options. The modification has no impact on the profit or loss of the Group for the nine months ended 30 September 2013 as there was no incremental fair value related to the options granted at the date of replacement. Yu Share Options have been fully exercised on October 16, 2013 (See Section C below).

On January 11, 2011, Gushan granted share options for the purchase of an aggregate of 3,000,000 of its ordinary shares to nine employees of Jinxin pursuant to Gushan's share option scheme ("Gushan Share Options"). The exercise price is US$0.61 per ordinary share. One third of the options will be vested in 12 months from the date of grant, one third will be in 24 months from the date of grant and the remaining one third will be in 36 months from the date of grant. The estimated fair value of the Gushan Share Options at grant date was US$0.36 (RMB2.36) per share. The expected volatility of 82.48% was based on the implied volatility of the options in the market which were based on Gushan's shares as the underlying asset. The expected dividend yield of 0.87% was used as an assumption. The amount of share-based payment expense recognized for these options was RMB3,596,000 for the year ended December 31, 2011.

On October 12, 2012, Gushan cancelled such share options due to its privatization from NYSE. As a result of such cancellation, the Group fully recognized the previously measured but unrecognized cost of RMB2,647,000 at the cancellation date. Such share-based payment expenses in 2011 and 2012 were recorded as contribution from shareholder in capital reserve since the Group had no obligation to settle the share option awards.

27 Commitments

(a) ***Capital commitments outstanding at December 31, 2010, 2011 and 2012 and September 30, 2013 not provided for in the Financial Information were as follows:***

		At December 31,		At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for				
– property, plant and equipment	–	20,230	95,363	95,365
– land use rights	–	–	56,216	14,000
Authorized but not contracted for	–	–	4,490	122,806
	–	20,230	156,069	232,171

As at September 30, 2013, each of Tongxin, Baohe Xinshiji and Baohe Taiyue had a Management Consultancy Agreement with Baohe Fushan (collectively (the "Management Consultancy Agreements"), pursuant to which Baohe Fushan agreed to provide various services to Tongxin, Baohe Xinshiji and Baohe Taiyue. In return, each of Tongxin, Baohe Xinshiji and Baohe Taiyue is committed to pay Baohe Fushan an administrative fee and a consultancy fee which amounts to 20% and 30%, respectively, of all government grants and subsidies obtained in connection with the facility of each of Tongxin, Baohe Xinshiji and Baohe Taiyue. The Management Consultancy Agreements will remain in force till 2015.

(b) ***At December 31, 2010, 2011, 2012 and September 30, 2013, the total future minimum lease payments under non-cancellable operating leases in respect of staff quarters and office premises are payable as follows:***

		At December 31,		At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
With 1 year	–	–	13	636
After 1 year but within 5 years	–	–	–	11
	–	–	13	647

(c) At December 31, 2010, 2011, 2012 and September 30, 2013, the Group had outstanding purchase agreements with some of its suppliers and required to purchase from the suppliers an aggregate of Nil, 110, Nil and 66,972 metric tons of scrap copper respectively with the price to be determined at the time of purchases based on market price.

28 Contingent liabilities

At December 31, 2012 and September 30, 2013, Jinxin entered into a cross guarantee agreement with a bank in respect of bills payable facilities totaling RMB40,000,000 granted to Jinxin, a supplier and two customers of Jinxin ("Contracted Parties") which remain in force so long as the Contracted Parties have drawn down under the banking facilities. According to the cross guarantee agreement, the Contracted Parties that are a party to the guarantee arrangement are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

As at December 31, 2012 and September 30, 2013, the directors did not consider it probable that a claim will be made against the Group under any of the above guarantees. The maximum liabilities of the Group as at December 31, 2012 and September 30, 2013 under the cross guarantees are the aggregate amount of the facilities available for the two customers and a supplier of RMB25,000,000 and RMB25,000,000 respectively. No cross guarantees were issued for the period ended December 31, 2010 and for the year ended December 31, 2011.

29 Related party transactions

In addition to the related party information disclosed elsewhere in this Financial Information, the Group entered into the following significant related party transactions during the Relevant Periods.

(a) Significant related party transactions

(i) Financing arrangements

	Period from August 6, 2010 (date of inception) to December 31,	Years ended December 31,		Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expense on loan from Gushan	–	4,404	5,359	4,000	3,975
Interest expense on loan from Gold Hero	–	505	318	274	–
Interest expense on loan from Silver Harvest	–	420	265	228	106
	–	5,329	5,942	4,502	4,081

(ii) Other related parties transactions

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Sale of recycled copper products to Guangzhou Taiyue	–	–	–	–	32,293
Sale of recycled copper products to Sichuan Xinshiji *(Note)*	–	–	–	–	125,823
Purchase of power transmission and distribution cables from Sichuan Xinshiji *(Note)*	–	–	–	–	146,214
Purchase of recycled copper products from Sichuan Xinshiji	–	–	–	–	5,353
Processing fee charged by Guangzhou Taiyue	–	–	–	–	9,350
Processing fee charged by Sichuan Xinshiji	–	–	–	–	26,361
Administrative fee and consultancy fee payable to Baohe Fushan	–	–	–	–	2,325

Note: During the nine months ended September 30, 2013, the Group sold recycled copper products in the amount of RMB125,823,000 to Sichuan Xinshiji and purchased from Sichuan Xinshiji power transmission and distribution cable products in the amount of RMB146,214,000. As the recycled copper products sold by the Group to Sichuan Xinshiji were used or were expected to be used by Sichuan Xinshiji as raw materials for its production of power transmission and distribution cable products, for financial reporting purposes, the RMB125,823,000 sales of recycled copper products by the Group have not been recognized as revenue in the consolidated income statement of the Group for the nine months ended September 30, 2013 but as a reduction of the cost of the Group's purchases of power transmission and distribution cables.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 7 and certain of the highest paid individuals as disclosed in note 8, is as follows:

	Period from August 6, 2010 (date of inception) to December 31, 2010	Years ended December 31, 2011	2012	Nine months ended September 30, 2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Short-term employee benefits	32	174	283	163	664
Retirement scheme contributions	1	5	8	4	14
Share-based payments	–	10,577	2,148	1,135	–
	33	10,756	2,439	1,302	678

Total remuneration was included in "staff costs" (see note 5(b)).

30 Financial risk management and fair values

Exposure to credit, liquidity, interest rate, currency, commodity price risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables.

Management has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are normally due within 35 days from the date of transaction. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on such factors as current market conditions and the customers' credit history and current ability to pay. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2010, 2011 and 2012 and September 30, 2013, Nil, 5.8%, 17.2% and 13.2%, respectively, of the total trade debtors and bills receivable was due from the Group's largest customer and 43.7%, 39.7%, 55.0% and 30.0%, respectively, was due from the five largest customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and bills receivable are set out in note 17.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at December 31, 2010, 2011 and 2012 and September 30, 2013 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet dates) and the earliest date the Group can be required to pay.

	At December 31, 2010 Contractual undiscounted cash flow			
	More than 1 year but less than 2 years	**Within 1 year or on demand**	**Total**	**Balance sheet carrying amount**
		RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	–	91,335	91,335	91,335
Bank loans	–	61,715	61,715	60,000
Amounts due to related parties	–	78,573	78,573	78,573
Loans from related parties	–	31,399	31,399	29,675
	–	263,022	263,022	259,583

	At December 31, 2011 Contractual undiscounted cash flow			
	More than 1 year but less than 2 years	Within 1 year or on demand	Total	Balance sheet carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	–	112,986	112,986	112,986
Bank loans and other borrowings	–	113,992	113,992	110,000
Amounts due to related parties	–	133,474	133,474	133,474
Loans from related parties	–	111,967	111,967	105,435
	–	472,419	472,419	461,895

	At December 31, 2012 Contractual undiscounted cash flow			
	More than 1 year but less than 2 years	Within 1 year or on demand	Total	Balance sheet carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	–	253,810	253,810	253,810
Bank loans and other borrowings	–	183,158	183,158	175,000
Amounts due to related parties	–	145,662	145,662	145,662
Loans from related parties	–	100,136	100,136	94,315
	–	682,766	682,766	668,787

	At September 30, 2013 Contractual undiscounted cash flow			
	More than 1 year but less than 2 years	Within 1 year or on demand	Total	Balance sheet carrying amount
		RMB'000	*RMB'000*	*RMB'000*
Trade and other payables	–	410,049	410,049	410,049
Bank loans and other borrowings	73,890	307,177	381,067	357,550
Amounts due to related parties	–	97,537	97,537	97,537
Loans from related parties	–	87,160	87,160	85,672
	73,890	901,923	975,813	950,808

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings. Borrowings at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's total interest bearing borrowings at December 31, 2010, 2011 and 2012 and September 30, 2013:

	At December 31,						At September 30,	
	2010		2011		2012		2013	
	Effective interest rate	**Amount**	**Effective interest rate**	**Amount**	**Effective interest rate**	**Amount**	**Effective interest rate**	**Amount**
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
Fixed rate borrowings:								
Bank loans and other borrowings	5.73	60,000	7.41	110,000	7.27	175,000	9.99	357,550
Loans from related parties	5.56	29,675	6.19	105,435	6.21	94,315	6.45	85,672
Total fixed rate borrowings		89,675		215,435		269,315		443,222

(ii) Sensitivity analysis

At December 31, 2010, 2011 and 2012 and September 30, 2013, all of the Group's interest bearing borrowings are fixed rate borrowings, no sensitivity analysis on interest rate risk is presented.

(d) Currency risk

The Group is exposed to currency risk primarily related to receivables, payables and cash balances that are denominated in United States dollars and Hong Kong dollars, currencies other than the functional currency of the operations to which the transactions relate.

(i) Exposure to currency risk

The following table details the Group's exposure at December 31, 2010, 2011 and 2012 and September 30, 2013 to currency risk arising from recognized assets or liabilities denominated in United States dollars and Hong Kong dollars. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet dates. Differences resulting from the translation of the financial information of the subsidiaries with functional currency other than RMB into the Group's presentation currency are excluded.

	At December 31,			At September 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
United States dollars				
Amounts due from related parties	–	4,466	–	–
Cash and cash equivalents	10,491	11,950	3,277	6
Loans from related parties	(29,675)	(105,435)	(94,315)	(85,672)
Amounts due to related parties	–	(5,207)	(9,645)	(13,472)
Net exposure arising from recognized assets and liabilities	(19,184)	(94,226)	(100,683)	(99,138)

	At December 31, 2010	2011	2012	At September 30, 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hong Kong dollars				
Amounts due from related parties	–	–	–	–
Cash and cash equivalents	–	–	2	1,173
Amounts due to related parties	(47,864)	(88,570)	(2,347)	(67,890)
Net exposure arising from recognized assets and liabilities	(47,864)	(88,570)	(2,345)	(66,717)

(ii) Sensitivity analysis

At December 31, 2010, 2011 and 2012 and September 30, 2013, it is estimated that a 3% strengthening/weakening of United States dollars against RMB would result in approximately decrease/increase by RMB576,000, RMB2,827,000, RMB3,020,000 and RMB2,974,000 of the Group's other comprehensive income respectively.

At December 31, 2010, 2011 and 2012 and September 30, 2013, it is estimated that a 3% strengthening/weakening of Hong Kong dollars against RMB would result in approximately decrease/increase by RMB1,436,000, RMB2,657,000, RMB70,000 and RMB2,004,000 of the Group's other comprehensive income respectively.

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' other comprehensive income measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial information of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2010, 2011, 2012 and the nine months ended September 30, 2013.

(e) Commodity price risk

The major raw materials used in the production of the Group's products are scrap copper. The Group is exposed to fluctuations in the price of copper which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group uses copper futures contracts to mitigate its exposure against price fluctuations of copper raw materials. The market value of futures contracts is based on quoted market price at settlement or balance sheet date. The Group does not have significant outstanding copper futures contracts as at December 31, 2010, 2011 and 2012 and September 30, 2013.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

There were no transfer between levels 1, 2 and 3 during the Relevant Periods.

Assets/(liabilities)

		At December 31,		At September 30,
	2010	**2011**	**2012**	**2013**
	Level 1	**Level 1**	**Level 1**	**Level 1**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments				
– Copper futures contracts	–	–	(3)	(321)

	Level 3	**Level 3**	**Level 3**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contingent consideration liabilities arising from business combination	–	(1,880)	–	–

The movement during the Relevant Periods in the balance of Level 3 fair value measurements is as follows:

	Period from August 6, 2010 (date of inception) to December 31,	**Years ended December 31,**		**Nine months ended September 30,**
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contingent consideration liabilities arising from a business combination				
At the beginning of the year	–	–	1,880	–
Addition	–	5,817	–	–
Changes in fair value recognized in profit or loss *(note 4(b))*	–	(3,937)	2,211	–
Settlement	–	–	(4,091)	–
At the end of the year	–	1,880	–	–

The valuation technique used in the determination of fair values within Level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models is as follows:

Type	Valuation approach	Key unobservable inputs	Inter relationship inputs between key unobservable and fair value measurement
Contingent consideration liabilities	The fair value is calculated by applying the income approach	– Discount rate (7.14% to 8.03%) – a probability adjusted level of the cumulative net income of Xiangbei for the three-year period ending December 31, 2013 – Valuation of Engen's ordinary shares	The estimated fair value of contingent consideration liabilities increases when the higher is the estimated net income of Xiangbei and valuation of Engen's ordinary shares and the lower is the discount rate

(ii) Fair values of financial instruments carried at other than fair values

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at December 31, 2010, 2011 and 2012 and September 30, 2013.

(g) Estimation of fair values

(i) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments at the balance sheet dates.

(ii) Derivatives

Copper futures contracts are measured using quoted prices in active markets for identical financial instruments.

31 Business combinations

(a) Acquisition of Jinxin

(i) On November 3, 2010, Engen, through its wholly-owned subsidiary, True Excel acquired the entire ownership interest in Jinxin, for a cash consideration of RMB17,700,000. True Excel and the two vendors, Mr. Chen Lian and Mr. Liu Hanjiu also agreed under the purchase agreement to increase the registered capital of Jinxin by RMB30,000,000 to RMB40,000,000. The capital contribution of RMB30,000,000 was paid by True Excel to Jinxin in cash.

As part of the acquisition, Gushan sold to Gold Hero and Silver Harvest, two BVI companies beneficially owned by the each of Mr. Chen Lian and Mr. Liu Hanjiu respectively, ordinary shares representing a total of 33% of issued and outstanding share capital of Engen for a total consideration of US$870,000 (approximately RMB5,776,000). In addition, Gushan would issue and Gold Hero would purchase up to 24 million newly issued ordinary shares of Gushan ("Gushan Consideration Shares") for a fixed amount of US$1,764,000 (approximately RMB11,766,000).

The Gushan Consideration Shares are subject to an earn-out arrangement whereby 6 million shares were issued to Gold Hero at the closing of the acquisition, while the remaining 18 million ordinary shares were placed into escrow ("Gushan Contingent Consideration Shares"). The Gushan Contingent Consideration Shares are to be released to Gold Hero in stages upon the determination of Jinxin's net income under U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for the year ended December 31, 2010 and the cumulative U.S. GAAP net income of Jinxin for the three-year period ended December 31, 2012. Under the earn-out arrangement, a maximum of 6 million Gushan Contingent Consideration Shares are to be released to Gold Hero, if Jinxin achieved net income of RMB30,000,000 or more for the year ended December 31, 2010. The remaining Gushan Contingent Consideration Shares are to be released to Gold Hero, if Jinxin achieves a cumulative net income of RMB190,000,000 or more during the three-year period ended December 31, 2012. Based on the formula as set out in the purchase agreement in connection with the acquisition, if Jinxin's cumulative net income for the three-year period ended December 31, 2012 is RMB Nil or below, Gold Hero is required to return to Gushan, all of the Gushan Consideration Shares received in connection with the acquisition (or Gold Hero has an option to pay in cash an amount equal to the number of Gushan Consideration Shares received in connection with the acquisition times US$1.00 per share) plus paying US$4,500,000 (equivalent to RMB30,000,000) in cash to Gushan.

Gushan had the contractual obligation to issue the Gushan Consideration Shares to Gold Hero and Engen had no obligations in connection with the earn-out arrangement. The fair value of the Gushan Consideration Share at the acquisition date was recorded by the Group as an additional contribution of equity from Gushan. Subsequent change in the fair value and settlement of the Gushan Consideration Shares would not affect the financial information of the Group. During 2011, pursuant to the earn-out arrangement, 6 million Gushan Contingent Consideration Shares were released from escrow to Gold Hero as Jinxin's net income surpassed the net income target for the year ended December 31, 2010. In connection with the proposed privatization of Gushan, Gushan, Engen, Gold Hero and Silver Harvest entered into a deed of amendment to the stock purchase agreement on June 4, 2012 to the effect that, upon the privatization of Gushan, the outstanding earn-out arrangement between Gushan and Gold Hero was revised such that the settlement of any earn-out obligation by either Gushan or Gold Hero would be in cash only.

In February 2013, Gushan, Engen, Gold Hero and Silver Harvest entered into another deed of amendment to the share purchase agreement to terminate the outstanding earn-out arrangement between Gushan and Gold Hero for the two years ended December 31, 2012. Accordingly, Gushan is no longer required to issue any further shares or make any further cash payment under the earn-out arrangement between Gushan and Gold Hero for the two years ended December 31, 2012.

(ii) The operating results of Jinxin have been included in the Financial Information since November 3, 2010, the date of acquisition of Jinxin by the Group.

(iii) Jinxin contributed turnover of RMB205,059,000 and net profit of RMB9,387,000 to the Group for the period ended December 31, 2010 since the date of acquisition on November 3, 2010.

(iv) The estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value
	RMB'000
Property, plant and equipment	32,218
Lease prepayments	5,244
Prepayments for property, plant and equipment	3,390
Deferred tax assets	502
Inventories	35,576
Trade and other receivables	64,930
Pledged deposits	2,000
Cash and cash equivalents	3,032
Trade and other payables	(21,655)
Bank loans	(50,000)
Amount due to Mr. Liu Hanjiu	(4,500)
Amount due to Mr. Chen Lian	(29,500)
Current taxation	(6,392)
Identifiable net assets	34,845
Goodwill	16,081
Total consideration	50,926

The goodwill arising from the acquisition of Jinxin is mainly for the long term earning capability potential of Jinxin in the environmental sector of the PRC.

	RMB'000
Satisfied by:	
Fair value of Gushan Consideration Shares	36,753
Less: cash received by Gushan in connection with Gushan Consideration Shares	(11,766)
Fair value of 33% equity interest in Engen at the acquisition date	14,015
Less: cash received by Gushan for disposal of 33% equity interest in Engen	(5,776)
Consideration borne by Gushan *(see note 25(b)(i))*	33,226
Cash consideration paid by the Group	17,700
Total consideration	50,926
Cash and cash equivalents acquired	3,032
Consideration settled in cash	(17,700)
Net cash outflow arising from the acquisition of Jinxin	(14,668)

(v) The pre-acquisition financial information of Jinxin from January 1, 2010 to the date of acquisition of November 3, 2010 is set out in note 32.

(b) Acquisition of Xiangbei

(i) On August 1, 2011, Engen, through its wholly-own subsidiary, True Excel acquired the entire ownership interest in Xiangbei, for a cash consideration of RMB34,600,000. The purpose of this acquisition is to diversify the Group's copper business in different locations in the PRC.

As part of the acquisition, Gold Wide and Silvery Boom, two BVI companies beneficially owned by each of the vendors, Mr. Huang Weiping and Mr. Zhang Huayi ("Xiangbei Vendors") would receive (i) up to 14.17% of Engen's enlarged share capital after the issuance ("Engen Shares"), for a fixed consideration of US$710,808 (approximately RMB4,578,000) and (ii) up to 20 million newly issued ordinary shares of Gushan ("Gushan Shares") for a nominal amount of HK$200.

Both Gushan Shares and Engen Shares are subject to an earn-out arrangement and are to be issued in stages upon the determination of Xiangbei's net income under U.S. GAAP for the years ended/ending December 31, 2011, 2012 and 2013. Under the earn-out arrangement, (i) new Engen Shares of up to 4.72% of Engen's enlarged share capital and a maximum of 6.6 million newly issued Gushan Shares may be issued to the vendors if Xiangbei achieves net income of RMB20,000,000 for the year ended December 31, 2011, (ii) new Engen Shares of up to 4.72% of Engen's enlarged share capital and a maximum of 6.6 million new Gushan Shares may be issued to the vendors if Xiangbei achieves net income of RMB50,000,000 for the year ended December 31, 2012, and (iii) new Engen Shares of up to 4.73% of Engen's enlarged share capital and a maximum of 6.8 million new Gushan Shares may be issued to the vendors if Xiangbei achieves net income of RMB80,000,000 for the year ending December 31, 2013. If Xiangbei's net income over the three years do not meet the cumulative net income target of the three-year earn-out, the Xiangbei Vendors are required to return to Engen or Gushan, as applicable, part or all of the Engen Shares or Gushan Shares (or pay Engen or Gushan an amount in cash equal to the value of such shares as determined under the earn-out arrangement) plus paying cash up to RMB30,000,000.

In addition, Gushan will issue additional ordinary shares of Gushan ("Additional Gushan Shares") to the Xiangbei Vendors if the volume weighted average trading price of Gushan Shares over the 30 calendar day period immediately after the public announcement of Gushan's 2013 annual financial results is below US$1.25 per share. The number of Additional Gushan Shares to be issued will be determined based on the shortfall amount per share multiplied by the number of Gushan Shares issued to the vendors under the three-year earn-out arrangement, limited to a maximum value of RMB20,000,000.

All of the Engen Shares, Gushan Shares and Additional Gushan Shares were contingent considerations for the acquisition of Xiangbei. The fair value of the contingent considerations related to Gushan Shares and Additional Gushan Shares at the acquisition date has been recorded in the Financial Information as equity contribution from Gushan since Gushan had the contractual obligation to issue the shares to the Xiangbei Vendors. Subsequent change in fair value and settlement of Gushan Shares and Additional Gushan Shares will not affect the Financial Information of the Group as the Group had no obligations in issuing or settling any of the Gushan Shares and Additional Gushan Shares. The fair value of the contingent considerations related to Engen Shares were recorded as a liability of the Group as Engen is obligated to deliver Engen Shares upon the results of the earn-out arrangement. The contingent consideration liabilities related to Engen Shares are stated at fair value at the acquisition date and re-measured at each balance sheet date. Subsequent changes in the fair value of the contingent consideration liabilities at each balance sheet date is recognized in profit or loss. The Group recognized a decrease in fair value of contingent consideration liabilities of RMB3,937,000 for the year ended December 31, 2011 and an increase in fair value of contingent consideration liabilities of RMB2,211,000 for the year ended December 31, 2012.

In 2012, 225 Engen Shares were issued under the earn-out arrangement in respect of the year ended December 31, 2011. In connection with the privatization proposal of Gushan, Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide and Silvery Boom entered into a deed of amendment to the share purchase agreement on June 4, 2012 to the effect that, upon the privatization of Gushan, the above earn-out arrangements were revised such that the settlement of any earn-out obligation would be in cash or by the return of shares in Engen.

In February 2013, Gushan, Engen, Gold Hero, Silver Harvest, Gold Wide and Silvery Boom entered into another deed of amendment to the share purchase agreement to terminate the above earn-out arrangement. Accordingly, Gushan and Engen are no longer required to issue any further shares or make any further cash payment under the above earn-out arrangement for the years 2012 and 2013.

(ii) The operating results of Xiangbei has been included in the Financial Information since August 1, 2011, the date of the acquisition of Xiangbei by the Group.

(iii) Xiangbei contributed turnover of RMB205,839,000 and net profit of RMB18,269,000 to the Group for the period from August 1, 2011 (date of acquisition by the Group) to December 31, 2011. The effect on turnover and net profit of the Group for the year ended December 31, 2011 as if the acquisition had occurred at the date of establishment of Xiangbei on January 18, 2011 are RMB412,137,000 and RMB21,949,000 respectively.

(iv) The estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value
	RMB'000
Property, plant and equipment	37,364
Lease prepayments	4,464
Inventories	14,474
Trade and other receivables	39,694
Cash and cash equivalents	7,051
Trade and other payables	(32,207)
Amount due to Jinxin	(12,888)
Amount due to Mr. Huang Weipang	(17,980)
Amount due to Mr. Zhang Huayi	(11,990)
Current taxation	(886)
Deferred tax liabilities	(2,468)
Identifiable net assets	24,628
Goodwill	22,766
Total consideration	47,394

The goodwill arising from the acquisition of Xiangbei is mainly for the synergy effect from running the copper business in different locations in the PRC.

	RMB'000
Satisfied by:	
Fair value of contingent consideration in connection with Gushan Shares and Additional Gushan Shares at acquisition date – consideration borne by Gushan *(see note 25(b)(ii))*	11,555
Fair value of contingent consideration in connection with Engen Shares at acquisition date	5,817
Cash consideration paid by the Group	34,600
Subscription money receivable by Engen for issuance of potential shares under the contingent consideration	(4,578)
Total consideration	47,394
Cash and cash equivalents acquired	7,051
Consideration settled in cash	(34,600)
Net cash outflow arising from the acquisition of Xiangbei	(27,549)

(v) The pre-acquisition financial information of Xiangbei from the date of establishment of Xiangbei on January 18, 2011 to the date of acquisition of August 1, 2011 is set out in note 33.

(c) Acquisition of Baohe Xinshiji

(i) On November 30, 2012, the Group entered into a sale and purchase agreement to acquire all of the equity interests of Baohe Xinshiji at a cash consideration of RMB30,000,000 from Sichuan Xinshiji and Baohe Fushan. Baohe Xinshiji was established in September 2012 and owned as to 80% by Sichuan Xinshiji and 20% by Baohe Fushan. The purpose of the acquisition is to extend the depth of the Group's copper business vertically in order to benefit from synergy effect from sale of power transmission and distribution cables. During the relevant periods, Sichuan Xinshiji was one of the customers for the Group's recycled copper products. The acquisition of Baohe Xinshiji was completed on December 31, 2012. The consideration was fully settled by the Group in March 2013.

(ii) The effect on turnover and net profit of the Group for the year ended December 31, 2012 as if the acquisition had occurred at the date of establishment of Baohe Xinshiji on September 19, 2012 is an increase of RMB71,442,000 and a decrease of RMB213,000 respectively.

(iii) The estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value
	RMB'000
Property, plant and equipment	8
Prepayment for property, plant and equipment	13,500
Intangible assets	7,598
Inventories	262
Trade and other receivables	55,525
Cash and cash equivalents	134
Trade and other payables	(29,656)
Amount due to Sichuan Xinshiji	(16,797)
Current taxation	(787)
Identifiable net assets	29,787
Goodwill	213
Total consideration	30,000
Cash and cash equivalents acquired and net cash inflow arising from the acquisition of Baohe Xinshiji	134

The goodwill arising from the acquisition of Baohe Xinshiji is mainly for the benefit of synergy effect of expansion into downstream copper cable business.

(iv) Prior to and in connection with the Group's acquisition of Baohe Xinshiji, Baohe Xinshiji entered into certain agreements with the relevant parties:

(a) Baohe Xinshiji Asset Transfer Agreements

Baohe Xinshiji entered into an asset transfer agreement with Sichuan Xinshiji on September 21, 2012, pursuant to which Sichuan Xinshiji agreed to transfer all of its production equipment and intangible assets to Baohe Xinshiji for a consideration of RMB30,000,000. As at December 31, 2012, the date of acquisition of Baohe Xinshiji, RMB10,000,000 of such assets have been transferred to Baohe Xinshiji which are taken into account in the fair value of the identifiable net assets acquired presented in note 31(c)(iii) above. In March 2013, Baohe Xinshiji entered into a supplemental agreement with Sichuan Xinshiji under which the consideration of RMB30,000,000 in respect of the asset transfer agreement will be adjusted if the relevant assets cannot be successfully transferred or installed. As at December 31, 2012, remaining commitment of RMB20,000,000 is included in the capital commitment of the Group disclosed in note 27(a).

(b) Xinshiji processing Agreement

Baohe Xinshiji entered into a processing agreement in September 2012, pursuant to which Sichuan Xinshiji was engaged as the contract manufacturer of Baohe Xinshiji pending the completion of Baohe Xinshiji facility. According to the processing agreement, Baohe Xinshiji has agreed to supply copper raw materials to Sichuan Xinshiji and Sichuan Xinshiji is agreed to source other ancillary raw materials and provide processing services to Baohe Xinshiji for a fee. The processing fees are negotiated and agreed between the parties on an order-by-order basis.

(c) Baohe Xinshiji Project Investment Agreement

Baohe Xinshiji and Baohe Fushan entered into an agreement (the "Baohe Xinshiji Project Investment Agreement") on September 19, 2012 in connection with the Baohe Xinshiji facility in the industrial park within the Youxian Economic Development Zone, Mianyang, Sichuan Province (the "Youxian Industrial Park"). Pursuant to the Baohe Xinshiji Project Investment Agreement, Baohe Fushan, as the administrator of the industrial park, agreed to assist Baohe Xinshiji in its application for the land use right certificate for a piece of land located in the Youxian Industrial Park. According to the Baohe Xinshiji Project Investment Agreement, the land will be granted with an estimated price of RMB21,000,000. Separately, Baohe Xinshiji agreed to pay an amount of RMB13,500,000 to Baohe Fushan as an infrastructure development fee.

Furthermore, if Baohe Xinshiji pays taxes in excess of certain threshold in each of 2013, 2014 and 2015, Baohe Fushan has agreed to assist Baohe Xinshiji in obtaining subsidies from the government. Conversely, if Baohe Xinshiji does not meet such tax payment threshold, it may be required to pay an amount equivalent to the shortfall from the tax payment threshold.

As at December 31, 2012, the date of acquisition of Baohe Xinshiji, the infrastructure development fee of RMB13,500,000 had been paid to Baohe Fushan and is included in "prepayment for property, plant and equipment" in the summary of assets acquired and liabilities assumed presented above. The estimated cost of land in the amount of RMB21,000,000 is included in the capital commitments of the Group as at December 31, 2012 as disclosed in note 27.

In August 2013, Baobe Xinshiji and Baohe Fushan entered into a supplemental project investment agreement. Details of the arrangement, as supplemented, are summarized under paragraph headed "Business – Project Investment Agreements and Management Consultancy Agreements" in the Prospectus.

(d) Baohe Xinshiji Management Consultancy Agreement

Baohe Xinshiji and Baohe Fushan entered into the Baohe Xinshiji Management Consultancy Agreement on September 19, 2012 pursuant to which Baohe Fushan has agreed to provide various management consultancy services to Baohe Xinshiji, including handling government filings, applying for licenses and providing certain other consultancy services. In return, Baohe Xinshiji is required to pay Baohe Fushan an administrative fee and a consultancy fee which amounts to 20% and 30%, respectively, of all government grants and subsidies that Baohe Xinshiji obtained in connection with the Baohe Xinshiji facility.

The directors of the Company considered that the agreements that were in place at the date of the acquisition had been entered into by Baohe Xinshiji and the relevant parties under commercial terms. Accordingly, no separate assets or liabilities have been recognized in respect of these contractual arrangements under acquisition accounting.

(d) Acquisition of Baohe Taiyue

(i) On November 3, 2011, Gushan, Engen and other shareholders of Engen entered into a sale and purchase agreement with Mr. Fan Dunxian and Ms. Wen Chunxiu, the then shareholders of Guangzhou Taiyue and both independent third parties at the time of the proposed acquisition, to acquire the equity interests of Guangzhou Taiyue. The purchase price payable included (i) RMB10,000,000; (ii) the issuance of shares of Engen representing up to 10.63% of the total issued share capital of Engen at the price of US$3,246,000 to the sellers; and (iii) the issuance of up to 20 million shares of Gushan at the price of HK$200 in total to the sellers. Subsequently and as a result of the privatization proposal of Gushan, the parties agreed to terminate the sale and purchase agreement on May 29, 2012 as a significant portion of the proposed purchase price of Guangzhou Taiyue was to be in the form of shares of Gushan, which would no longer be liquid upon the completion of the privatization, the parties agreed to terminate the sale and purchase agreement on May 29, 2013. Subsequent to the completion of the privatization of Gushan, the Group entered into a sale and purchase agreement on November 30, 2012 to acquire all of the equity interests of Baohe Taiyue at a cash consideration of RMB30,000,000 from Guangzhou Taiyue and Baohe Fushan. Baohe Taiyue was established in August 2012 and owned as to 80% by Guangzhou Taiyue and 20% by Baohe Fushan. The purpose of the acquisition is to extend the depth of the Group's copper business vertically in order to benefit from synergy effect from sale of communication cables. Guangzhou Taiyue is one of the Group's customers for its recycled copper products. The acquisition of Baohe Taiyue was completed on December 31, 2012. The consideration was fully settled by the Group in March 2013.

(ii) The effect on turnover and net profit of the Group for the year ended December 31, 2012 as if the acquisition had occurred at the date of establishment of Baohe Taiyue on August 13, 2012 is an increase of RMB6,972,000 and a decrease of RMB248,000 respectively.

(iii) The estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value
	RMB'000
Property, plant and equipment	2,148
Prepayment for property, plant and equipment	9,005
Intangible assets	3,370
Inventories	832
Trade and other receivables	8,626
Amount due from Mr. Fan Dunxian	3,190
Amount due from Guangzhou Taiyue	7,187
Cash and cash equivalents	18
Trade and other payables	(4,496)
Current taxation	(128)
Identifiable net assets	29,752
Goodwill	248
Total consideration	30,000
Cash and cash equivalents acquired and net cash inflow arising from the acquisition of Baohe Taiyue	18

The goodwill arising from the acquisition of Baohe Taiyue is mainly for the benefit of synergy effect of expansion into the downstream copper cable business.

(iv) Prior to and in connection with the Group's acquisition of Baohe Taiyue, Baohe Taiyue entered into certain agreements with the relevant parties:

(a) Baohe Taiyue Asset Transfer Agreement

Baohe Taiyue entered into an asset transfer agreement with Guangzhou Taiyue on September 24, 2012, pursuant to which Guangzhou Taiyue agreed to transfer all of its production equipment and intangible assets to Baohe Taiyue for a consideration of RMB30,000,000. As at December 31, 2012, the date of acquisition of Baohe Taiyue, RMB10,000,000 of such assets have been transferred to Baohe Taiyue, which are taken into account of the fair value in the identifiable net assets acquired presented in note 31(d)(iii) above. In March 2013, Baohe Taiyue entered into a supplemental agreement with Guangzhou Taiyue under which the consideration of RMB30,000,000 in respect of the asset transfer agreement will be adjusted if the relevant assets cannot be successfully transferred or installed. As at December 31, 2012, remaining commitment of RMB20,000,000 is included in the capital commitment of the Group disclosed in note 27(a).

(b) Taiyue Processing Agreements

Baohe Taiyue entered into a series of processing agreements with Guangzhou Taiyue in November 2012. Guangzhou Taiyue is engaged as the contract manufacturer for production of Baohe Taiyue's communication cable products pending the completion of Baohe Taiyue facility. The processing fees are negotiated and agreed between the parties on an order-by-order basis.

(c) Baohe Taiyue Project Investment Agreement

Baohe Taiyue and Baohe Fushan entered into an agreement (the "Baohe Taiyue Project Investment Agreement") on September 27, 2012 in connection with the Baohe Taiyue facility in the Youxian Industrial Park. Pursuant to the Baohe Taiyue Project Investment Agreement, Baohe Fushan, as the administrator of the industrial park, agreed to assist Baohe Taiyue in its application for the land use right certificate for a piece of land located in the Youxian Industrial Park. According to the Baohe Taiyue Project Investment Agreement, the land will be granted with an estimated price of RMB14,000,000. Separately, Baohe Taiyue agreed to pay an amount of RMB9,000,000 to Baohe Fushan as an infrastructure development fee.

Furthermore, if Baohe Taiyue pays taxes in excess of certain threshold in each of 2013, 2014 and 2015, Baohe Fushan has agreed to assist Baohe Taiyue in obtaining certain subsidies from the government. Conversely, if Baohe Taiyue does not meet such tax payment threshold, it may be required to pay an amount equivalent to the shortfall from the tax payment threshold.

As at December 31, 2012, the date of acquisition of Baohe Taiyue, the initial infrastructure development fee of RMB9,000,000 had been paid to Baohe Fushan and is included in "prepayment for property, plant and equipment" in the summary of assets acquired and liabilities assumed presented above. The estimated cost of land in the amount of RMB14,000,000 is included in the capital commitment of the Group as at December 31, 2012 as disclosed in note 27.

In August 2013, Baobe Taiyue and Baohe Fushan entered into a supplemental project investment agreement. Details of the supplemental agreement are set out in paragraph headed "Business – Project Investment Agreements and Management Consultancy Agreements" in the Prospectus.

(d) Baohe Taiyue Management Consultancy Agreement

Baohe Taiyue and Baohe Fushan entered into the Baohe Taiyue Management Consultancy Agreement on September 27, 2012 pursuant to which Baohe Fushan has agreed to provide various management consultancy services to Baohe Taiyue, including handling government filings, applying for licenses and providing certain other consultancy services. In return, Baohe Taiyue is required to pay Baohe Fushan an administrative fee and a consultancy fee which amounts to 20% and 30%, respectively, of all government grants and subsidies that Baohe Yaiyue obtained in connection with the Baohe Taiyue facility.

The directors of the Company considered that the agreements that were in place at the date of acquisition had been entered into by Baohe Taiyue and the relevant parties under commercial terms. Accordingly, no separate assets or liabilities have been recognized in respect of these contractual arrangements under acquisition accounting.

32 Pre-acquisition financial information of Jinxin

The pre-acquisition financial information of Jinxin from January 1, 2010 to the date of acquisition is provided below. The accounting policies adopted in the preparation of the pre-acquisition financial information are consistent with those adopted in the preparation of the Financial Information.

(a) Statement of comprehensive income

	Note	**For the period from January 1, 2010 to November 2, 2010** *RMB'000*
Turnover	*(1)*	506,624
Cost of sales		(464,589)
Gross profit		42,035
Other revenue	*(2)*	897
Other net loss	*(2)*	(986)
Selling and distribution expenses		(1,436)
Administrative expenses		(3,706)
Profit from operations		36,804
Finance costs	*(3)*	(1,588)
Profit before taxation	*(4)*	35,216
Income tax	*(5)*	(8,802)
Profit and total comprehensive income for the period		26,414

(b) Balance sheet

	Note	**At November 2, 2010** *RMB'000*
Non-current assets		
Property, plant and equipment	*(6)*	36,270
Lease prepayments	*(7)*	4,159
Prepayments for property, plant and equipment		3,390
Deferred tax assets	*(8)*	141
		43,960
Current assets		
Inventories	*(9)*	34,053
Trade and other receivables	*(10)*	64,930
Pledged deposits	*(11)*	2,000
Cash and cash equivalents	*(12)*	3,032
		104,015
Current liabilities		
Trade and other payables	*(13)*	21,655
Bank loans	*(14)*	50,000
Amounts due to related parties	*(15)*	34,000
Current taxation	*(8)*	6,392
		112,047
Net current liabilities		(8,032)
NET ASSETS		35,928
CAPITAL AND RESERVES		
Paid-in capital		10,000
Reserves		25,928
TOTAL EQUITY		35,928

(c) Statement of changes in equity

	Paid-in capital *RMB'000*	**(Accumulated losses)/ retained profits** *RMB'000*	**Total** *RMB'000*
At January 1, 2010	10,000	(486)	9,514
Change in equity for the period:			
Profit and total comprehensive income for the period	–	26,414	26,414
At November 2, 2010	10,000	25,928	35,928

(d) Cash flow statement

	Note	**For the period from January 1, 2010 to November 2, 2010** *RMB'000*
Operating activities		
Cash generated from operations	*(12)*	25,631
PRC Corporate Income Tax paid		(2,551)
Net cash generated from operating activities		23,080
Investing activities		
Payment for the purchase of property, plant and equipment		(23,381)
Payment for lease prepayments		(2,912)
Interest received		14
Net cash used in investing activities		(26,279)
Financing activities		
Proceeds from new bank loans		50,000
Repayment of bank loans		(10,000)
Interest paid		(1,588)
Repayment of amounts due to related parties		(32,594)
Net cash generated from financing activities		5,818
Net increase in cash and cash equivalents		2,619
Cash and cash equivalents at the beginning of the period		413
Cash and cash equivalents at the end of the period	*(12)*	3,032

Notes:

(1) Turnover

	For the period from January 1, 2010 to November 2, 2010 *RMB'000*
Sales of recycled copper products	499,228
Sales of scrap materials	6,930
Contract manufacturing income	466
	506,624

(2) Other revenue and other net loss

	For the period from January 1, 2010 to November 2, 2010 *RMB'000*
VAT refunds	823
Government grants	60
Interest income	14
	897

	For the period from January 1, 2010 to November 2, 2010 *RMB'000*
Other net loss	
Loss on disposal of property, plant and equipment	986

(3) Finance costs

	For the period from January 1, 2010 to November 2, 2010 *RMB'000*
Interest expense on bank loans wholly repayable within five years	1,272
Guarantee fee and other charges	316
	1,588

(4) Profit before taxation

Profit before taxation is arrived at after charging:

	For the period from January 1, 2010 to November 2, 2010 *RMB'000*
(i) Staff costs	
Salaries, wages and other benefits	2,414
Contributions to defined contribution retirement schemes	321
	2,735
(ii) Other items	
Cost of inventories	464,589
Depreciation	1,240
Amortization of lease prepayments	56

(5) Income tax in the statement of comprehensive income

Taxation in the statement of comprehensive income represents:

	For the period from January 1, 2010 to November 2, 2010
	RMB'000
Current tax – PRC Corporate Income Tax	
Provision for the period	8,943
Deferred tax	
Origination and reversal of temporary differences	(141)
	8,802

Jinxin was subject to PRC Corporate Income Tax at the statutory rate of 25%.

(6) Property, plant and equipment

	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At January 1, 2010	–	–	175	–	6,968	7,143
Additions	1,634	6,669	324	2,487	20,239	31,353
Transfers	16,494	10,146	–	–	(26,640)	–
Disposals	(999)	–	–	–	–	(999)
At November 2, 2010	17,129	16,815	499	2,487	567	37,497
Accumulated depreciation:						
At January 1, 2010	–	–	–	–	–	–
Charge for the year	324	759	28	129	–	1,240
Written back on disposals	(13)	–	–	–	–	(13)
At November 2, 2010	311	759	28	129	–	1,227
Net book value:						
At November 2, 2010	16,818	16,056	471	2,358	567	36,270

(i) All of Jinxin's property, plant and equipment is located in the PRC. At November 2, 2010, property, plant and equipment with net book value of RMB31,784,000 were pledged as security for bank loans.

(ii) At November 2, 2010, Jinxin has yet to obtain property ownership certificates for buildings with net book value of RMB16,818,000.

(7) Lease prepayments

	RMB'000
Cost:	
At January 1, 2010	1,303
Additions	2,912
At November 2, 2010	4,215
Accumulated amortization:	
At January 1, 2010	–
Charge for the period	56
At November 2, 2010	56
Net book value:	
At November 2, 2010	4,159

The lease prepayments represent cost of the land use right in respect of land located in the PRC, on which Jinxin built its production premises and buildings. The land use right expires in 2059.

At November 2, 2010, the land use right with carrying value of RMB4,159,000 was pledged as security for bank loans.

(8) Income tax in the balance sheet

(i) Current taxation in the balance sheet represents:

	RMB'000
At January 1, 2010	–
Provision for PRC Corporate Income Tax for the period	8,943
PRC Corporate Income Tax paid	(2,551)
At November 2, 2010	6,392

(ii) Deferred tax assets recognized

Deferred tax assets recognized in the balance sheet and movements during the period from January 1, 2010 to November 2, 2010 are as follows:

	Depreciation/ amortization in excess of related depreciation/ amortization allowance *RMB'000*	**Provisions and accruals** *RMB'000*	**Total** *RMB'000*
At January 1, 2010	–	–	–
Credit to profit or loss	13	128	141
At November 2, 2010	13	128	141

(9) Inventories

Inventories in the balance sheet comprise:

	At November 2, 2010
	RMB'000
Raw materials	15,150
Finished goods	18,903
	34,053

At November 2, 2010, all of the inventories were pledged as security for bank loans.

(10) Trade and other receivables

	At November 2, 2010
	RMB'000
Trade debtors and bills receivable	62,568
Other deposits, prepayments and receivables	2,362
	64,930

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired is as follows:

	At November 2, 2010
	RMB'000
Current	25,277
Less than 30 days past due	36,292
31 to 60 days past due	981
61 to 180 days past due	–
Over 180 days past due	18
Amounts past due	37,291
	62,568

(11) Pledged deposits

Pledged deposits were placed with a guarantee company for the purpose of obtaining a guaranteed bank loan of RMB10,000,000 as at November 2, 2010.

(12) Cash and cash equivalents

(i) Cash and cash equivalents in the balance sheet and cash flow statement represent:

	At November 2, 2010 *RMB'000*
Cash at bank and in hand	3,032

As at November 2, 2010, all of Jinxin's cash and cash equivalents are denominated in RMB and are deposited in the banks in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(ii) Reconciliation of profit before taxation to cash generated from operations:

	For the period from January 1, 2010 to November 2, 2010 *RMB'000*
Profit before taxation	35,216
Adjustments for:	
Depreciation	1,240
Amortization of lease prepayments	56
Interest income	(14)
Finance costs	1,588
Loss on disposal of property, plant and equipment	986
Changes in working capital:	
Decrease in inventories	23,325
Increase in trade and other receivables	(49,308)
Increase in trade and other payables	12,542
Cash generated from operations	25,631

(13) Trade and other payables

	At November 2, 2010 *RMB'000*
Trade payables	5,947
Receipts in advance	1,060
Salaries, wages, bonus and other accrued benefits	500
Payables for the purchase of property, plant and equipment	8,462
Others	5,686
	21,655

All of the trade and other payables are expected to be settled or recognized as income within one year or repayable on demand.

The ageing analysis of trade payables based on transaction date is analysed as follows:

	At November 2, 2010
	RMB'000
Within 30 days	3,563
31 to 60 days	2,384
	5,947

(14) Bank loans

At November 2, 2012, bank loans of RMB50,000,000 were repayable within one year or on demand and secured by the following assets:

	At November 2, 2010
	RMB'000
Property, plant and equipment	31,784
Lease prepayments	4,159
Inventories	34,053
Pledged deposits	2,000
	71,996

(15) Amounts due to related parties

	At November 2, 2010
	RMB'000
Amount due to Mr. Liu Hanjiu	4,500
Amount due to Mr. Chen Lian	29,500
	34,000

The outstanding balance with the above related parties are unsecured, interest free and repayable on demand.

33 Pre-acquisition financial information of Xiangbei

The pre-acquisition financial information of Xiangbei from the date of its establishment on January 18, 2011 to the date of acquisition is included below. The accounting policies adopted in the preparation of the pre-acquisition financial information is consistent with those adopted in the preparation of Financial Information.

(a) Statement of comprehensive income

	Note	**For the period from January 18, 2011 (date of establishment) to July 31, 2011** *RMB'000*
Turnover	*(1)*	206,298
Cost of sales		(202,658)
Gross profit		3,640
Other revenue	*(2)*	4,550
Other net loss		(19)
Selling and distribution expenses		(263)
Administrative expenses		(2,678)
Profit before taxation	*(3)*	5,230
Income tax	*(4)*	(1,550)
Profit and total comprehensive income for the period		3,680

(b) ***Balance sheet***

	Note	At July 31, 2011
		RMB'000
Non-current assets		
Property, plant and equipment	*(5)*	44,495
Lease prepayments	*(6)*	3,721
Deferred tax assets	*(7)*	196
		48,412
Current assets		
Inventories	*(8)*	14,474
Trade and other receivables	*(9)*	39,694
Cash and cash equivalents	*(10)*	7,051
		61,219
Current liabilities		
Trade and other payables	*(11)*	45,095
Amounts due to related parties	*(12)*	29,970
Current taxation	*(7)*	886
		75,951
Net current liabilities		(14,732)
NET ASSETS		33,680
CAPITAL AND RESERVES		
Paid-in capital		30,000
Reserves		3,680
TOTAL EQUITY		33,680

(c) ***Statement of changes in equity***

	Paid-in capital	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 18, 2011	–	–	–
Changes in equity for the period:			
Capital contribution	30,000	–	30,000
Profit and total comprehensive income for the period	–	3,680	3,680
At July 31, 2011	30,000	3,680	33,680

(d) Cash flow statement

	Note	For the period from January 18, 2011 (date of establishment) to July 31, 2011 *RMB'000*
Operating activities		
Cash used in operations	*(10)*	(13,675)
PRC Corporate Income Tax paid		(860)
Net cash used in operating activities		(14,535)
Investing activities		
Payment for the purchase of property, plant and equipment		(34,663)
Payment for lease prepayments		(3,766)
Interest received		45
Net cash used in investing activities		(38,384)
Financing activities		
Capital contribution from the shareholders		30,000
Advances from related parties		29,970
Net cash generated from financing activities		59,970
Net increase in cash and cash equivalents		7,051
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period	*(10)*	7,051

Notes:

(1) Turnover

	For the period from January 18, 2011 (date of establishment) to July 31, 2011 *RMB'000*
Sales of recycled copper products	206,128
Sales of scrap materials	170
	206,298

(2) Other revenue

	For the period from January 18, 2011 (date of establishment) to July 31, 2011
	RMB'000
VAT refunds	4,505
Interest income	45
	4,550

(3) Profit before taxation

Profit before taxation is arrived at after charging:

	For the period from January 18, 2011 (date of establishment) to July 31, 2011
	RMB'000
(i) Staff costs	
Salaries, wages and other benefits	1,804
Contributions to defined contribution retirement schemes	213
	2,017
(ii) Other items	
Cost of inventories	202,658
Depreciation	1,217
Amortization of lease prepayments	45

(4) Income tax in the statement of comprehensive income

	For the period from January 18, 2011 (date of establishment) to July 31, 2011
	RMB'000
Current tax – PRC Corporate Income Tax	
Provision for the period	1,746
Deferred tax	
Origination and reversal of temporary differences	(196)
	1,550

Xiangbei is subject to PRC Corporate Income Tax at the statutory tax rate of 25%.

(5) Property, plant and equipment

	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 18, 2011 (date of establishment)	–	–	–	–	–
Additions	21,344	23,135	37	1,196	45,712
At July 31, 2011	21,344	23,135	37	1,196	45,712
Accumulated depreciation:					
At January 18, 2011 (date of establishment)	–	–	–	–	–
Charge for the period	408	748	1	60	1,217
At July 31, 2011	408	748	1	60	1,217
Net book value:					
At July 31, 2011	20,936	22,387	36	1,136	44,495

All of Xiangbei's property, plant and equipment is located in the PRC.

(6) Lease prepayments

	At November 2, 2010
	RMB'000
Cost:	
At January 18, 2011 (date of establishment)	–
Additions	3,766
At July 31, 2011	3,766
Accumulated amortization:	
At January 18, 2011 (date of establishment)	–
Charge for the period	45
At July 31, 2011	45
Net book value:	
At July 31, 2011	3,721

The lease prepayments represent cost of the land use rights in respect of land located in the PRC, on which Xiangbei built its production premises and buildings. The land use rights expire in 2056 to 2059.

(7) Income tax in the balance sheet

(i) Current taxation in the balance sheet represents:

	RMB'000
At January 18, 2011 (date of establishment)	–
Provision for PRC Corporate Income Tax for the period	1,746
PRC Corporate Income Tax paid	(860)
At July 31, 2011	886

(ii) Deferred tax assets recognized

Deferred tax assets recognized in the balance sheet and the movements during the period are as follows:

	Provisions and accruals *RMB'000*
At January 18, 2011 (date of establishment)	–
Charged to profit or loss	196
At July 31, 2011	196

(8) Inventories

Inventories in the balance sheet comprise:

	At July 31, 2011 *RMB'000*
Raw materials	3,469
Work in progress	3,164
Finished goods	7,841
	14,474

(9) Trade and other receivables

	At July 31, 2011 *RMB'000*
Trade debtors and bills receivable	35,476
Deposits, prepayments and other receivables	4,218
	39,694

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At July 31, 2011
	RMB'000
Current	3,942
Less than 30 days past due	14,859
31 to 60 days past due	2,702
61 to 180 days past due	13,973
Amounts past due	31,534
	35,476

(10) Cash and cash equivalents

(i) Cash and cash equivalents in the balance sheet and cash flow statement represent:

	At July 31, 2011
	RMB'000
Cash at bank and in hand	7,051

As at July 31, 2011, all of Xiangbei's cash and cash equivalents are denominated in RMB and are deposited in the banks in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(ii) Reconciliation of profit before taxation to cash used in operations:

	For the period from January 18, 2011 (date of establishment) to July 31, 2011
	RMB'000
Profit before taxation	5,230
Adjustments for:	
Depreciation	1,217
Amortization of lease prepayments	45
Interest income	(45)
Changes in working capital:	
Increase in inventories	(14,474)
Increase in trade and other receivables	(39,694)
Increase in trade and other payables	34,046
Cash used in operations	(13,675)

(11) Trade and other payables

	At July 31, 2011
	RMB'000
Trade payables	16,599
Receipt in advance	12,955
Payables for the purchase of property, plant and equipment	11,049
VAT payable	3,000
Salaries, wages, bonus and other accrued benefits	728
Others	764
	45,095

All of the trade and other payables are expected to be settled or recognized as income within one year or repayable on demand.

The ageing analysis of trade payables based on transaction date is analyzed as follows:

	At July 31, 2011
	RMB'000
Within 30 days	13,778
31 to 60 days	2,539
61 to 180 days	282
	16,599

(12) Amounts due to related parties

	At July 31, 2011
	RMB'000
Amount due to Mr. Huang Weiping	17,980
Amount due to Mr. Zhang Huayi	11,990
	29,970

The outstanding balance with these related parties are unsecured, interest free and repayable on demand.

34 Accounting judgments and estimates

Key sources of estimation uncertainty

The Group believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the Financial Information.

(i) Impairment

Notes 14 and 30(a) contain information about the assumptions and risk factors relating to the impairment of goodwill and trade debtors. Other key sources of estimation uncertainty are as follows:

In considering the impairment losses that may be required for certain assets of the Group, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less cost to sell and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to its present value, which requires significant judgment relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for doubtful debts are assessed and provided based on the regular review of ageing analysis and evaluation of collectability by the management. A considerable level of judgment is exercised by the management when assessing the credit worthiness and past collection history of each individual customer.

(ii) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventories are shown at the lower of cost and net realizable value.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives of the assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(iv) Income tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. Management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically by taking into account all changes in tax legislations. Deferred tax assets are recognized for deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets, if any, are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(v) Contingent consideration for acquisitions

Certain of the Group's business acquisitions involved post-acquisition performance-based contingent consideration. Fair values of contingent consideration for acquisitions, as of their respective acquisition dates form part of the consideration transferred in exchange for the acquired business. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgment on time value of money. Contingent consideration shall be re-measured at their fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognized in the profit or loss.

35 Subsidiaries

The statutory financial statements of the companies comprising the Group which were subject to audit during the Relevant Periods, were either prepared in accordance with HKFRSs issued by the HKICPA or PRC GAAP issued by the Ministry of Finance of the PRC. These financial statements for the Relevant Periods were audited by the respective statutory auditors as indicated below:

Name of company	Financial period	Statutory auditors
True Excel Holdings Limited	For the period from August 12, 2010 (date of incorporation) to December 31, 2011	KPMG
	For the year ended December 31, 2012	KPMG
Mianyang Jinxin Copper Co., Ltd.* 綿陽金鑫銅業有限公司	For the year ended December 31, 2010	Sichuan Lijiu Accounting Firm Co., Ltd.* 四川力久會計師事務所有限責任公司
	For the years ended December 31, 2011 and 2012	Sichuan Fule Accounting Firm Co., Ltd.* 四川富樂會計師事務所有限責任公司
Mianyang Tongxin Copper Co., Ltd.* 綿陽銅鑫銅業有限公司	For the period from June 1, 2011 (date of establishment) to December 31, 2011	Sichuan Fule Accounting Firm Co., Ltd.* 四川富樂會計師事務所有限責任公司
	For the year ended December 31, 2012	Sichuan Fule Accounting Firm Co., Ltd.* 四川富樂會計師事務所有限責任公司
Hunan Yinlian Xiangbei Copper Co., Ltd.* 湖南銀聯湘北銅業有限公司	For the period from January 18, 2011 (date of establishment) to December 31, 2011	Hunan Jinxin Certified Public Accountants Co., Ltd.* 湖南金信會計師事務所有限公司
	For the year ended December 31, 2012	Hunan Jinxin Certified Public Accountants Co., Ltd.* 湖南金信會計師事務所有限公司
Alpha Legend Holdings Limited	For the period from June 21, 2011 (date of incorporation) to December 31, 2012	KPMG
Alpha Business Investments Limited	For the period from October 14, 2011 (date of incorporation) to December 31, 2012	KPMG
Sichuan Baohe Xinshiji Cable Co., Ltd.* 四川保和新世紀線纜有限公司	For the period from September 19, 2012 (date of establishment) to December 31, 2012	Sichuan Fule Accounting Firm Co., Ltd.* 四川富樂會計師事務所有限責任公司
Mianyang Baohe Taiyue Communications Cable Co., Ltd.* 綿陽保和泰越通信線纜有限公司	For the period from August 13, 2012 (date of establishment) to December 31, 2012	Sichuan Fule Accounting Firm Co., Ltd.* 四川富樂會計師事務所有限責任公司

* The English translation of the above companies and the statutory auditors' names are for reference only. Their official names are in Chinese.

36 Financial information of the Company

	Note	**At September 30, 2013** *RMB'000*
Non-current assets		
Investments in subsidiaries		298,322
Current assets		
Amount due from a subsidiary	*36(a)*	883
Cash at bank		581
		1,464
Current liabilities		
Accrued expenses and other payables		12,101
Amount due to a director	*36(b)*	8,726
Amount due to a subsidiary	*36(a)*	641
		21,468
Net current liabilities		(20,004)
NET ASSETS		278,318
CAPITAL AND RESERVES		
Share capital		827
Reserves	*36(c)*	277,491
TOTAL EQUITY		278,318

(a) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries were unsecured, interest-free and repayable on demand.

(b) Amount due to a director

The amount due to a director was unsecured, interest-free and repayable on demand.

(c) Reserves

At September 30, 2013, the reserves of the Company comprised of capital reserve, exchange reserve and accumulated loss amounting to RMB297,495,000, RMB207,000 and RMB20,211,000 respectively.

37 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of this Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*	January 1, 2014
Amendments to IAS 32, *Financial instruments: Presentation Offsetting financial assets and financial liabilities*	January 1, 2014
Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*	January 1, 2014
Amendments to IAS 39, *Notation of derivatives and continuation of hedge accounting*	January 1, 2014
IFRIC 21, *Levies*	January 1, 2014
IFRS 9, *Financial instruments*	January 1, 2015
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Mandatory effective date and transition disclosures*	January 1, 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

C SUBSEQUENT EVENTS

The following significant events took place subsequent to September 30, 2013:

On October 16, 2013, Mr. Yu exercised the options granted under the Yu Share Option Agreement in full. The total consideration payable for the exercise was RMB64,000,000 and was fully settled by way of setting off an equivalent amount due to Mr. Yu from the Group. Pursuant to the exercise of the options, an additional 1,013,000 Shares were allotted on the same day to Epoch Keen Limited, an entity wholly-owned by Mr. Yu, increasing Epoch Keen Limited's shareholding from 57.06% to 60.93%.

Pursuant to a resolution of the Company's shareholders passed on January 28, 2014, subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of shares pursuant to the global offering set out in the section "History, Reorganization and Corporate Structure", the directors were authorized to allot and issue a total of 1,562,082,080 shares credited as fully paid at par to the holders of the shares on the register of members of the Company on January 28, 2014 (or as they may direct) in proportion to their respective shareholdings (save that no shareholder shall be entitled to be allotted or issued any fraction of Share) by way of capitalization of the sum of HK$156,208,000 standing to the credit of the share premium account of the Company and the Shares to be allotted and issued as such shall rank *pari passu* in all respects with existing issued shares.

D SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to September 30, 2013. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to September 30, 2013.

Yours faithfully,

KPMG

Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the accountants' report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group as of September 30, 2013 as if the Global Offering had taken place on September 30, 2013.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of September 30, 2013 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of September 30, 2013(1)(3)	Estimated net proceeds from the Global Offering(4)(5)	Unaudited pro forma adjusted net tangible assets(2)	Unaudited pro forma adjusted net tangible assets per Share(6)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$1.00 per Share	387,049	381,402	768,451	0.37	0.46
Based on an Offer Price of HK$1.20 per Share	387,049	461,742	848,791	0.40	0.51

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as of September 30, 2013 is compiled based on the consolidated financial information included the Accountants' Report set out in Appendix I to this prospectus, which is based in the consolidated net assets attributable to equity shareholder of the Company of RMB434,583,000 less goodwill of RMB39,308,000 and intangible assets of RMB8,226,000 as of September 30, 2013.

(2) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to September 30, 2013. In particular, the unaudited pro forma adjusted net tangible assets of the Group do not take into account the exercise of the share options under Yu Share Option Agreement by Mr. Yu on October 16, 2013 with a consideration of RMB64,000,000 that was fully settled by way of setting off an equivalent amount due to Mr. Yu from the Group.

(3) Our property interests as of November 30, 2013 have been valued by DTZ Debenham Tie Leung Limited, an independent property valuer, the details of which are set out in Appendix IV to this Prospectus. The above unaudited pro forma statement of adjusted net tangible assets does not take into account the deficit attributable to the equity shareholders of the Company arising from the revaluation of the Group's property interests amounting to RMB26.2 million. The revaluation deficit will not be incorporated in the Group's financial statements in the future.

If the revaluation deficit had been recorded in our Group's financial statements, annual depreciation would have decreased by approximately RMB1.3 million and been credited to the Group's profit or loss.

(4) The estimated net proceeds to us from the Global Offering are based on the indicative offer prices of HK$1.0 and HK$1.20 per Share, after deduction of the underwriting commissions and other listing related expenses (excluding approximately RMB19.8 million listing expenses which have been accounted for prior to September 30, 2013) to be borne by us. It does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(5) For the purpose of estimated net proceeds from the Global Offering and the calculation of the unaudited pro forma adjusted net tangible assets per Share, the translation between Renminbi and HK dollars was made at the rate of HK$1 = RMB0.7929, the central parity exchange rate for the HK dollars to the Renminbi on September 30, 2013 published by PBOC.

(6) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 2,098,321,600 Shares (including the shares in issue as of September 30, 2013, shares issued upon the exercise of share options by Mr. Yu on October 16, 2013, shares that may be issued under the Capitalization Issue and the Global Offering) were in issue immediately following the completion of the Global Offering. It does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the year ended December 31, 2013 have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2013. This unaudited pro forma estimated earnings per Share had been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ended December 31, 2013 or for any future period.

Estimated consolidated profit attributable to equity shareholders of the Company[(1), (3)] . . . . not less than RMB230.0 million (approximately HK$292.5 million)

Unaudited pro forma estimated earnings per Share[(2), (3)] . . . . not less than RMB0.11 (approximately HK$0.14)

Notes:

(1) The bases on which the above profit estimate has been prepared are summarized in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated net profit attributable to equity shareholders of the Company for the year ended December 31, 2013, assuming that a total of 2,098,321,600 shares had been in issued during the entire year without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma estimated earnings per Share in Renminbi are converted to HK dollars at the rate of RMB1.00 to HK$1.2719 prevailing at December 31, 2013. Such translations should not be construed as representations that amounts in HK dollars were or may have been converted into Renminbi at such rates or any other exchange rates, or vice versa.

C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group:

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

February 11, 2014

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA METAL RESOURCES UTILIZATION LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Metal Resources Utilization Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at September 30, 2013 and the unaudited pro forma estimated earnings per share for the year ended December 31, 2013 and related notes as set out in Parts A and B of Appendix II to the prospectus dated February 11, 2014 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Parts A and B of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position and the estimated financial performance of the Company for the year ended December 31, 2013 as if the Global Offering had taken place at September 30, 2013 and January 1, 2013, respectively. As part of this process, information about the Group's financial position as at September 30, 2013 has been extracted by the Directors from the Group's historical financial statements included in the Accountants' Report as set out in Appendix I to the Prospectus. Information about the Group's estimate of the consolidated profit attributable to the equity shareholders of the Company for the year ended December 31, 2013 (the "Profit Estimate") has been extracted by the Directors from the section headed "Financial Information" in the Prospectus on which a letter from us has been issued as set out in Appendix III to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical or estimated financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at January 1, 2013 or September 30, 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

The estimate of our consolidated profit attributable to equity shareholders of the Company for the year ended December 31, 2013 is set out in the section entitled "Financial Information – Profit Estimate".

BASES

The estimate of the consolidated profit attributable to equity shareholders of the Company for the year ended December 31, 2013 has been prepared by the Directors on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarized in Appendix I to this prospectus, and has been prepared based on the audited consolidated results of the Group for the nine months ended September 30, 2013 as set out in the Accountants' Report in Appendix I to this prospectus and the unaudited consolidated results shown in the management accounts of the Group for the three months ended December 31, 2013.

(1) LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT ESTIMATE

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

February 11, 2014

The Directors
China Metal Resources Utilization Limited

BNP Paribas Securities (Asia) Limited

Dear Sirs,

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the estimate of the consolidated profit attributable to equity shareholders of China Metal Resources Utilization Limited ("the Company") for the year ended December 31, 2013 ("the Profit Estimate"), for which the directors of the Company (the "Directors") are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated February 11, 2014 ("the Prospectus").

The Profit Estimate has been prepared by the Directors based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended September 30, 2013 as set out in the Accountants' Report in Appendix I to the Prospectus and the unaudited consolidated results shown in the management accounts of the Group for the three months ended December 31, 2013.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases made by the Directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants' Report dated February 11, 2014, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

KPMG

Certified Public Accountants
Hong Kong

(2) LETTER FROM THE SOLE SPONSOR

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BNP Paribas Securities (Asia) Limited
59/F-63/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong

February 11, 2014

The Directors
China Metal Resources Utilization Limited

Dear Sirs,

We refer to the estimate of the consolidated profit attributable to equity shareholders of China Metal Resources Utilization Limited (the "Company") for the year ended December 31, 2013 (the "Profit Estimate"), for which the directors of the Company (the "Directors") are solely responsible, as set out in the section headed "Financial Information" in the prospectus of the Company dated February 11, 2014 (the "Prospectus").

The Profit Estimate has been prepared by the Directors based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended September 30, 2013 as set out in the Accountants' Report in Appendix I to the Prospectus and the unaudited consolidated results shown in the management accounts of the Group for the three months ended December 31, 2013.

We have discussed with you the bases made by the Directors as set out in Appendix III to the Prospectus, upon which the Profit Estimate has been made. We have also considered the letter dated February 11, 2014 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
BNP Paribas Securities (Asia) Limited

Isadora Li
Managing Director

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests in Hong Kong and the PRC as at November 30, 2013.

DTZ
16/F, Jardine House
1 Connaught Place
Central
Hong Kong
www.dtz.com

February 11, 2014

The Directors
China Metal Resources Utilization Limited
Unit 908,
China Merchants Tower,
168-200 Connaught Road Central,
Sheung Wan,
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by **China Metal Resources Utilization Limited** ("the Company") or its subsidiaries (hereinafter together referred to as "the Group") in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of those property interests as at November 30, 2013 (the "date of valuation").

These property interests include properties which of total capital value comprise a substantial portion of the value of the total assets. Therefore, the Group considered that property valuations of these properties is also regarded as important information to be disclosed.

Our valuation of each of the property interests represents the market value which in accordance with the HKIS Valuation Standards (2012 Edition) on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards (2012 Edition) on Properties published by the Hong Kong Institute of Surveyors.

Our valuation of each of the property interests excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the property interests in Group I which are held and occupied by the Group for production uses in the PRC, we have adopted the Depreciated Replacement Cost ("DRC") Approach due to the special nature of the properties. The DRC Approach is based on an estimate of the market value for the existing use of the land, plus the current gross replacement costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization. The term gross replacement cost is defined as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at prices current at the relevant date. This figure includes fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. The DRC Approach generally furnishes a reliable indication of value for properties with specific nature and design of buildings, in the absence of identifiable market sales comparables. The DRC is subject to service potential of the entity from the use of assets as a whole.

The property interest in Group II is held under development by the Group in the PRC and we have attributed no commercial value to the same as the Group has not yet obtained all the corresponding Certificate for State-owned Land Use Rights as at the date of valuation. Regarding the reference value stated in Note (1) of the valuation certificate, we have used the DRC Approach and assumed that the Certificate for State-owned Land Use Rights had been obtained by the Group as at the date of valuation. We have also assumed that approvals for the proposed development had been obtained and that the property will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of reference value, we have taken into account the budgeted construction and associated costs as well as such costs to be expended to complete the development.

The property interest in Group III is a vacant site held by the Group for future development in the PRC and we have attributed no commercial value to it as the Group has not yet obtained the corresponding Certificate for State-owned Land Use Rights as at the date of valuation. Regarding the reference value stated in Note (1) of the valuation certificate, we have used the Direct Comparison Approach assuming sale of the property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. We have also assumed that the Certificate for State-owned Land Use Rights had been obtained by the Group as at the date of valuation.

The property interests in Group IV and V which are leased to the Group in Hong Kong and the PRC respectively are all considered to have no commercial value due mainly to the prohibition against assignment of the property interests or otherwise due to the lack of substantial profit rent.

Unless otherwise stated, in the course of our valuation of every individual property interest situated in the PRC, we have assumed that transferable land use rights in respect of the property interest for a specific term at nominal annual land use fees have been granted and that, any premium payable have already been fully settled. We have also assumed that the grantees or the users of the property interest have free and uninterrupted rights to use or to assign the property interest for the whole of the unexpired terms as granted. We have relied on the advice given by the Group and the Group's legal advisors Chen & Co. Law Firm on PRC law, regarding the title to the property interests and the Group interests in the properties in the PRC.

We have relied to a very considerable extent on the information given by the Group and its legal advisors on PRC law. We have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of property interest, particulars of occupancy, tenancy details, site and floor plans, site and floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. We have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents provided to us are correct. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which are material to the valuations. We were also advised by the Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. The site inspections were firstly carried out in February 2013, and subsequent re-inspection in October 2013 by Mr. Andy HE (Qualified Real Estate Appraiser of China) and Mr. YUAN Yucheng (Qualified Real Estate Appraiser of China). However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or other structural defects. No test was carried out on any of the services and we have not carried out any environmental impact assessment. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for the existing developments or any future development. Our valuations are prepared on the assumption that all these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Unless otherwise stated, all money amounts indicated herein are in Hong Kong Dollars ("HK$") for the property interest in Hong Kong and Renminbi ("RMB") for the property interests in the PRC.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K. F. Chan
Registered Professional Surveyor
(General Practice Division)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S
Senior Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 26 years of experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at November 30, 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at November 30, 2013
Group I – Property interests held and occupied by the Group for production uses in the PRC				
1.	An industrial complex situated at the Western Side of Xinshi Bridge, National Highway No. 107, Miluo Industrial Park, Miluo, Hunan Province, The People's Republic of China	RMB26,000,000	100%	RMB26,000,000
2.	An industrial complex situated at Songya Town, Nongke District, Mianyang, Sichuan Province, The People's Republic of China	RMB34,500,000	100%	RMB34,500,000
3.	An industrial complex situated at She Nos. 1, 3 and 8, Shunhe Village, Xiaojiangou Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China	RMB147,000,000	100%	RMB147,000,000
			Total of Group I :	**RMB207,500,000**

	Property	Market value in existing state as at November 30, 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at November 30, 2013
Group II – Property interest held under development by the Group in the PRC				
4.	A proposed industrial complex situated at She Nos. 1 and 3, Shunhe Village, Xiaojiangou Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China			No Commercial Value
			Total of Group II :	**No Commercial Value**
Group III – Property interest held for future development by the Group in the PRC				
5.	A Plot of Land situated at Shunhe Village, Xiaojiangou Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China			No Commercial Value
			Total of Group III :	**No Commercial Value**
Group IV – Property interest leased to the Group in Hong Kong				
6.	Unit 908, China Merchants Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong			No Commercial Value
			Total of Group IV :	**No Commercial Value**

	Property	Market value in existing state as at November 30, 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at November 30, 2013
Group V – Property interests leased to the Group in PRC				
7.	Levels 1 to 3, No. 5 of Section 1, Wudaoping Village, Songya Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China			No Commercial Value
8.	Levels 1 to 4, No. 29 of Section 7, Wudaoping Village, Songya Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China			No Commercial Value
9.	Unit 1910, Level 19, No. 663 Jiujiang Road, Huangpu District, Shanghai, The People's Republic of China			No Commercial Value
10.	Portions on Levels 1 and 3, No. 733 Jinquan Road, Jintang Industrial Park, Jintang County, Chengdu, Sichuan Province, The People's Republic of China			No Commercial Value
			Total of Group V :	**No Commercial Value**

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group for production uses in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at November 30, 2013
1.	An industrial complex situated at the Western Side of Xinshi Bridge, National Highway No. 107, Miluo Industrial Park, Miluo, Hunan Province, The People's Republic of China	The property comprises an industrial complex erected upon three plots of land having a total site area of approximately 24,563.00 sq.m.. The industrial complex comprises three blocks of single-storey workshop building, two blocks 3-storey office building, a block of 4-storey dormitory, a block of 2-storey canteen, 5 blocks of single storey ancillary building and various ancillary structures all completed between 2006 and 2009. According to the Building Ownership Certificates, the property comprises a total gross floor area of approximately 13,706.58 sq.m. with details as follows: **Use** / **Approximate Gross Floor Area** *sq.m.* Workshops 8,588.75 Office 1,986.04 Dormitory 1,374.36 Canteen 561.11 Ancillary 1,196.32 **Total: 13,706.58** As advised by the Group, the industrial complex of the property comprises also a proposed extension of 4 blocks of single-storey building having a total planned gross floor area of approximately 7,295.65 sq.m. and the same are scheduled to be completed in the 1st quarter of 2014. The land use rights of the property have been granted for terms due to expire between November 30, 2056 and July 7, 2059 for industrial use.	As at the date of valuation, apart from the proposed extension which was under construction, the property was occupied by the Group as workshops, ancillary offices and other ancillary uses.	RMB26,000,000 (100% interest attributable to the Group RMB26,000,000)

Notes:

(1) According to three State-owned Land Use Rights Certificates (國有土地使用證) all issued by The People's Government of Miluo (汨羅市人民政府) on April 29, 2011, the land use rights of the property comprising a total site area of 24,563.00 sq.m. have been granted to Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) for industrial use. Details of the said certificates are, inter alia, cited as follows:

Certificate No.	Lot No.	Expiry Date of Land Use Term	Site Area
湘汨政國用(2011)第040177號	04-01-77	November 30, 2056	19,677.00 sq.m.
湘汨政國用(2011)第040182號	04-01-82	July 7, 2059	1,062.00 sq.m.
湘汨政國用(2011)第040183號	04-01-83	July 7, 2059	3,824.00 sq.m.
		Total :	**24,563.00 sq.m.**

(2) According to twelve Building Ownership Certificates (房屋所有權證) all issued by Miluo Municipal Real Estate Administration Bureau (汨羅市房地產管理局), the building ownership of the property comprising a total gross floor area of 13,706.58 sq.m. has been vested in Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司). Details of the said certificates are, inter alia, cited as follows:

Certificate No.	Use of Building	No. of Story	Gross Floor Area
汨房權證新市字第211669號	Guard Room	1	37.63 sq.m.
汨房權證新市字第211670號	Toilet of Workshop	1	233.25 sq.m.
汨房權證新市字第211671號	Guard Room of Workshop	1	30.74 sq.m.
汨房權證新市字第211672號	Workshop No. 2	1	3,456.00 sq.m.
汨房權證新市字第211673號	Canteen	2	561.11 sq.m.
汨房權證新市字第211674號	Workshop No. 1	1	2,304.00 sq.m.
汨房權證新市字第211675號	Machine Room	1	764.84 sq.m.
汨房權證新市字第211676號	Transformer Room	1	129.86 sq.m.
汨房權證新市字第211677號	Office	3	735.72 sq.m.
汨房權證新市字第211678號	Office	3	1,250.32 sq.m.
汨房權證新市字第212774號	Workshop	1	2,828.75 sq.m.
汨房權證新市字第212775號	Dormitory	4	1,374.36 sq.m.
		Total :	**13,706.58 sq.m.**

(3) According to the Planning Permit for Construction Use of Land (建設用地規劃許可證) No. 建規地字第0060454號 issued by Miluo Urban and Rural Planning Administration Office (汨羅市城鄉規劃管理辦公室) on October 12, 2013, Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) has permitted to develop the land having a total land use area of 24,563 sq.m. for industrial development of minimum and maximum total gross floor areas of 17,194.1 sq.m. and 36,844.5 sq.m. respectively.

(4) According to the Planning Permit for Construction Works (建設工程規劃許可證) No. 建字第088837號 issued by Miluo Urban and Rural Planning Administration Office (汨羅市城鄉規劃管理辦公室) on October 28, 2013, the construction works of the proposed extensions of the property comprising a total planned gross floor area of 7,295.65 sq.m. are in compliance with the planning requirement and have been permitted for development.

(5) According to the Commencement Permit for Construction Works (建築工程施工許可證) No. 430624201311250101 dated November 25, 2013, the construction works of the proposed extensions of the property comprising a total planned gross floor area of 7,295.65 sq.m. are in compliance with the requirements for construction works commencement and have been permitted to commence construction.

(6) According to the information provided by the Group, the proposed extension of the property is planned to comprise 4 blocks of single-storey building having a total planned gross floor area of approximately 7,295.65 sq.m.. The estimated construction costs incurred for the proposed extension as at November 30, 2013 was approximately RMB2,700,000 and the estimated outstanding construction costs to complete the same was approximately RMB7,200,000. In the course of our valuation, we have taken into account the said construction costs.

(7) According to Business License (Registration No. 430681000014538) dated July 1, 2013, Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) was incorporated as a limited liability company with a registered capital of RMB55,000,000 for a valid operation period from January 18, 2011 to January 17, 2031.

(8) According to the Company, the Group holds 100% attributable interest in the property.

(9) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:

(i) Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) is in the possession of a proper legal title to the property and has the rights to use, lease, mortgage or dispose of the property at no extra land premium or onerous charge payable to the relevant authorities.

(ii) All of the land premium and relevant charges payable to the relevant government authorities have been duly settled.

(iii) As far as the PRC legal advisor is aware of, the property is clear of any covenant term condition or restriction of any unduly onerous or unusual nature.

(iv) The property is pledged in favor of Huarong Xiangjiang Bank (Yueyang Branch) (華融湘江銀行股份有限公司岳陽分行) loan with principal amount not exceeding RMB18,000,000.

(v) There is no legal impediment for Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) to obtain the Building Ownership Certificate of the proposed extension of the property.

(10) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business License	Yes

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group for production uses in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at November 30, 2013
2.	An industrial complex situated at Songya Town, Nongke District, Mianyang, Sichuan Province, The People's Republic of China	The property comprises an industrial complex erected upon two plots of roughly oblong-shaped site with a total site area of approximately 24,880.47 sq.m.. The industrial complex comprises five blocks of single-storey workshop, a block of 2-storey office, a block of single-storey canteen, a block of 2-storey showroom and various single-story ancillary structures. All of the buildings and structures were completed between 2010 and 2012. According to the information provided by the Group and verified by the Planning Permit for Construction Works, the property comprises a total gross floor area of approximately 13,880.73 sq.m. with details as follows:	As at the date of valuation, the property was occupied by the Group as workshops, ancillary offices and other ancillary uses.	RMB34,500,000 (100% interest attributable to the Group RMB34,500,000)

Building	Approximate Gross Floor Area *sq.m.*
Workshops #1 to #5	11,541.24
Office	1,069.60
Canteen	202.13
Showroom	1,067.76
Total:	**13,880.73**

The land use rights of the property have been granted for terms due to expire between August 30, 2059 and March 3, 2063 for industrial use.

Notes:

(1) According to two State-owned Land Use Rights Certificates (國有土地使用證) both issued by The People's Government of Mianyang (綿陽市人民政府), the land use rights of the property comprising a total site area of 24,880.47 sq.m. have been granted to Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) for industrial use. Details of the said certificates are, inter alia, cited as follows:

Certificate No.	**Lot No.**	**Expiry Date of Land Use Term**	**Site Area**
綿城國用(2011)第20585號	20111012101400000	August 30, 2059	17,110.93 sq.m.
綿城國用(2013)第10780號	201304271058	March 3, 2063	7,769.54 sq.m.
		Total :	**24,880.47 sq.m.**

(2) According to the Planning Permit for Construction Use of Land (建設用地規劃許可證) No. 地字第(2011)150號 issued by Mianyang Urban and Rural Planning Bureau (綿陽市城鄉規劃局) on July 28, 2011, Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) has permitted to develop the land having a total land use area of 19,921.336 sq.m. (with road area of 2,813.936 sq.m.) for industrial use.

(3) According to the Planning Permit for Construction Use of Land (建設用地規劃許可證) No. 地字第(2013)41號 issued by Mianyang Urban and Rural Planning Bureau (綿陽市城鄉規劃局) on April 1, 2013, Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) has permitted to develop the land having a total land use area of 8,390.757 sq.m. (with road area of 621.208 sq.m.) for industrial use.

(4) According to the Planning Permit for Construction Works (建設工程規劃許可證) No. 建字第(2013)174號 issued by Mianyang Urban and Rural Planning Bureau (綿陽市城鄉規劃局) on November 22, 2013, the construction works of the property comprising a total planned gross floor area of 13,880.73 sq.m. are in compliance with the planning requirement and have been permitted for development. Details of the said permit are, inter alia, cited as follows:

Building	**No. of Storey**	**Gross Floor Area**
Workshop #1	1	1,883.60 sq.m.
Workshop #2	1	2,898.60 sq.m.
Workshop #3	1	1,672.07 sq.m.
Workshop #4	1	1,255.96 sq.m.
Workshop #5	1	3,831.01 sq.m.
Office	2	1,069.60 sq.m.
Canteen	1	202.13 sq.m.
Showroom	2	1,067.76 sq.m.
	Total :	**13,880.73 sq.m.**

(5) According to the Commencement Permit for Construction Works (建設工程施工許可證) No. 綿經建施第2013034號 issued by Mianyang Economic and Technology Development Zone Housing, Urban and Rural Construction Bureau (綿陽經濟技術開發區住房和城鄉建設局) on November 26, 2013 the construction works of the property comprising a total planned gross floor area of 13,880.73 sq.m. are in compliance with the requirements for construction works commencement and have been permitted to commence construction.

(6) According to two Proofs (證明) issued by Mianyang Youxian District Real Estate Administration Bureau (綿陽市游仙區房產管理局) and Mianyang Economic and Technology Development Zone Housing, Urban and Rural Construction Bureau (綿陽市經濟技術開發區住房和城鄉建設局) on August 13, 2013 and August 15, 2013 respectively, the property comprises buildings of total gross floor area of approximately 13,580 sq.m. erected upon two plots of land having a total site area of approximately 24,880.47 sq.m. is owned by Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) and the same is in compliance with the relevant construction and real estate administration laws and regulations.

(7) According to Business License No. 1056757 (Registration No. 510708000004888) dated March 23, 2012, Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) was incorporated as a limited liability company with a registered capital of RMB70,000,000 for a valid operation period from February 3, 2009 to February 3, 2049.

(8) According to the Company, the Group holds 100% attributable interest in the property.

(9) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:

(i) Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) is in the possession of a proper legal title to the land use rights of the property and has the rights to use, lease, mortgage or dispose of the same at no extra land premium or onerous charge payable to the relevant authorities.

(ii) All of the land premium and relevant charges payable to the relevant government authorities have been duly settled.

(iii) As far as the PRC legal advisor is aware of, the property is clear of any covenant term condition or restriction of any unduly onerous or unusual nature.

(iv) There is no legal impediment for Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) to obtain the Building Ownership Certificate of the property.

(v) The land use rights together with the building constructions erected upon of the property are pledged as the collateral for guarantee of the actual loan to a maximum extent of RMB13,000,000 to Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) by Mianyang Commercial Bank Company Limited (Youxian Branch) (綿陽市商業銀行股份有限公司遊仙支行) during the period from May 28, 2013 to May 27, 2015.

(10) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	No
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business License	Yes

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group for production uses in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at November 30, 2013
3.	An industrial complex situated at She Nos. 1, 3 and 8, Shunhe Village, Xiaojiangou Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China	The property comprises an industrial complex erected upon a roughly oblong-shaped site with a total site area of approximately 80,369.77 sq.m.. The property is in adjacent location to property Nos. 4 and 5. The industrial complex comprises two blocks of single-storey workshop, two blocks of 6-storey office/research building and various single-storey ancillary structures. All of the buildings and structures were completed in 2013. According to the Building Ownership Certificates and the information provided by the Group, the property comprises a total gross floor area of approximately 42,744.16 sq.m. with details as follows:	As at the date of valuation, the property was occupied by the Group as workshops, ancillary office and other ancillary uses.	RMB147,000,000 (100% interest attributable to the Group RMB147,000,000)

Use	Approximate Gross Floor Area *sq.m.*
Workshop	30,988.25
Office	6,360.94
Research	5,089.55
Ancillary	305.42
Total:	**42,744.16**

The land use rights of the property have been granted for a term due to expire on July 29, 2063 for industrial use.

Notes:

(1) According to a State-owned Land Use Rights Grant Contract No. 510600-2013-0101 entered into between Mianyang Land Resources Bureau (綿陽市國土資源局) (Party A) and Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) (Party B) on July 30, 2013, Party A has agreed to grant the land use rights of the property comprising a total site are of area of 80,369.77 sq.m. to Party B. The salient conditions as stipulated in the said contract are, inter alia, cited as follows:

i.	Location	:	She Nos. 1,3 and 8, Shunhe Village, Xiaojiangou Town, Youxian District 游仙區小梘溝鎮順河村1、3、8社
ii.	Lot No	:	2013-G-00101
iii.	Lot Area	:	104,230.29 sq.m.
iv.	Land Grant Area	:	80,369.77 sq.m.
v.	Land Premium	:	RMB27,955,652
vi.	Use	:	Industrial
vii.	Land Use Term	:	50 years from July 30, 2013
viii.	Plot Ration	:	Not less than 1
ix.	Height Restriction	:	Not exceeding 24m and 6 levels
x.	Site Coverage	:	Not less than 40%
xi.	Greenery Ratio	:	15% – 20%
xii.	Building Covenant	:	Construction commence before July 30, 2014 and complete before July 30, 2015

(2) According to the State-owned Land Use Rights Certificate (國有土地使用證) No. 綿城國用(2013)第18869號 issued by The People's Government of Mianyang (綿陽市人民政府) on August 19, 2013, the land use rights of the property comprising a site area of 80,369.77 sq.m. have been granted to Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) for a land use term due to expire on July 29, 2063 for industrial use.

(3) According to four Building Ownership Certificates (房屋所有權證) all issued by Mianyang Municipal Real Estate Administration Bureau (綿陽市房產管理局), the building ownership of portions of the property comprising a total gross floor area of 42,438.74 sq.m. has been vested in Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司). Details of the said certificates are, inter alia, cited as follows:

Certificate No.	**Building**	**Gross Floor Area**
綿房權證游仙字第201302024號	A block of single-storey production warehouse	20,913.05 sq.m.
綿房權證游仙字第201302025號	A block of single-storey production warehouse	10,075.20 sq.m.
綿房權證游仙字第201302737號	A block of 6-storey office building	6,360.94 sq.m.
綿房權證游仙字第201302738號	A block of 6-storey office (Research) building	5,089.55 sq.m.
	Total:	**42,438.74 sq.m.**

(4) According to the Planning Permit for Construction Use of Land (建設用地規劃許可證) No. 地字第(2013)90號 issued by Mianyang Urban and Rural Planning Bureau (綿陽市城鄉規劃局) on August 15, 2013, Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) has permitted to develop the land having a total land use area of 104,230.293 sq.m. (with road area of 20,501.619 sq.m., public green area of 3,357.251 sq.m. and net land use area of 80,371.423 sq.m.) for industrial use.

(5) According to the Planning Permit for Construction Works (建設工程規劃許可證) No. 建字第(2013)175號 issued by Mianyang Urban and Rural Planning Bureau (綿陽市城鄉規劃局) on November 25, 2013, the construction works of the two single-storey workshops, the 6-storey office and the 6-storey research building of the property comprising a total planned gross floor area of 42,349.50 sq.m. are in compliance with the planning requirement and have been permitted for development. Details of the said permit are, inter alia, cited as follows:

Building	**No. of Storey**	**Gross Floor Area**
Workshop #1	1	21,212.60 sq.m.
Workshop #2	1	10,075.20 sq.m.
Office	6	5,945.21 sq.m.
Research	6	5,116.49 sq.m.
	Total:	**42,349.50 sq.m.**

(6) According to the Commencement Permit for Construction Works (建設工程施工許可證) No. 建施第(2013)020(補辦)號 issued by Mianyang Youxian District Urban and Rural Planning, Construction and Housing Security Bureau Construction (綿陽市游仙區城鄉規劃建設和住房保障局) on November 25, 2013 the construction works of the property comprising a total planned gross floor area of 49,773.17 sq.m. are in compliance with the requirements for construction works commencement and have been permitted to commence construction.

(7) According to two Proofs (証明) issued by Mianyang Land Resources Bureau (綿陽市國土資源局) and Mianyang Youxian District Urban and Rural Planning, Construction and Housing Security Bureau Construction (綿陽市游仙區城鄉規劃建設和住房保障局) on August 14, 2013 and August 13, 2013 respectively, the property comprises buildings of total gross floor area of approximately 42,717.99 sq.m. erected upon a plot of land having a site area of approximately 80,369.77 sq.m. is owned by Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) and the same is in compliance with the relevant construction and real estate administration laws and regulations.

(8) According to Business License (Registration No. 510704000022854) dated June 27, 2012, Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) was incorporated as a limited liability company with a registered capital of RMB50,000,000 for a valid operation period from June 1, 2011 to May 31, 2061.

(9) According to the Company, the Group holds 100% attributable interest in the property.

(10) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:

(i) Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) is in the possession of a proper legal title to the land use rights of the property and has the rights to use, lease, mortgage or dispose of the same at no extra land premium or onerous charge payable to the relevant authorities.

(ii) All of the land premium and relevant charges payable to the relevant government authorities have been duly settled.

(iii) As far as the PRC legal advisor is aware of, the property is clear of any covenant term condition or restriction of any unduly onerous or unusual nature.

(iv) There is no legal impediment for Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) to obtain all the Building Ownership Certificate of the property.

(v) The land use rights together with the building constructions erected upon of the property are pledged as the collateral for guarantee of the actual loan to a maximum extent of RMB61,000,000 to Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司), Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) and Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) by Mianyang Commercial Bank Company Limited (Youxian Branch) (綿陽市商業銀行股份有限公司遊仙支行) during the period from September 29, 2013 to September 29, 2018.

(11) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

State-owned Land Use Rights Grant Contract	Yes
State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes (Part)
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (Part)
Commencement Permit for Construction Works	Yes
Business License	Yes

VALUATION CERTIFICATE

Group II – Property interest held under development by the Group in the PRC

	Property	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at November 30, 2013**
4.	A proposed industrial complex situated at She Nos. 1 and 3, Shunhe Village, Xiaojiangou Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China	The property comprises a proposed industrial complex planned to be erected upon a site with a total site area of approximately 100,000.00 sq.m.. The property is in adjacent location to property Nos. 3 and 5. According to the information provided by the Group, the proposed industrial complex is planned to comprise 4 blocks of single-storey workshop and other ancillary buildings/structures with a total planned gross floor area of approximately 52,696.00 sq.m.. Apart from the four newly completed single-storey workshops having a total gross floor area of approximately 50,676.00 sq.m., the remaining portions of the proposed industrial complex having a total planned gross floor area of approximately 2,020.00 sq.m. are scheduled to be completed in the 1st quarter of 2014. The land use rights of a portion of the property have been granted for a term due to expire on July 29, 2063 for industrial use.	As at the date of valuation, the property was under construction.	No Commercial Value (Please see Note (1) below)

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate (國有土地使用證) has not been obtained for the entire plot of land of the property. Had the Group obtained the valid State-owned Land Use Rights Certificates, the market value of the property in its existing state as at November 30, 2013, assuming that the land premium for the entire plot of land of the property comprising a total site area of approximately 100,000.00 sq.m. has been fully paid and all of the prerequisite planning approvals for the proposed development have been duly obtained by the Group, would be RMB110,000,000 (100% interest attributable to the Group: RMB110,000,000).

(2) According to a State-owned Land Use Rights Grant Contract No. 510600-2013-0099 entered into between Mianyang Land Resources Bureau (綿陽市國土資源局) (Party A) and Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) (Party B) on July 30, 2013, Party A has agreed to grant the land use rights of a portion of the property comprising a total site are of area of 42,989.84 sq.m. to Party B. The salient conditions as stipulated in the said contract are, inter alia, cited as follows:

(i)	Location	:	She Nos. 1 and 3, Shunhe Village, Xiaojiangou Town, Youxian District 游仙區小梘溝鎮順河村1、3社
(ii)	Lot No	:	2013-G-0099
(iii)	Lot Area	:	50,378.22 sq.m.
(iv)	Land Grant Area	:	42,989.84 sq.m.
(v)	Land Premium	:	RMB14,687,959
(vi)	Use	:	Industrial
(vii)	Land Use Term	:	50 years from July 30, 2013
(viii)	Plot Ration	:	Not less than 1
(ix)	Height Restriction	:	Not exceeding 19m and 6 levels
(x)	Site Coverage	:	Not less than 40%
(xi)	Greenery Ratio	:	15% – 20%
(xii)	Building Covenant	:	Construction commence before July 30, 2014 and complete before July 30, 2015

(3) According to the State-owned Land Use Rights Certificate (國有土地使用證) No. 綿城國用(2013) 第18870號 issued by The People's Government of Mianyang (綿陽市人民政府) on August 19, 2013, the land use rights of a portion of the property comprising a site area of 42,989.84 sq.m. have been granted to Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) for a land use term due to expire on July 29, 2063 for industrial use.

(4) According to the Planning Permit for Construction Use of Land (建設用地規劃許可證) No. 地字第(2013)91號 issued by Mianyang Urban and Rural Planning Bureau (綿陽市城鄉規劃局) on August 15, 2013, Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) has permitted to develop the land having a total land use area of 50,378.217 sq.m. (with road area of 7,388.832 sq.m. and net land use area of 42,989.385 sq.m.) for industrial use.

(5) According to the Proof (証明) issued by Mianyang Youxian District Urban and Rural Planning, Construction and Housing Security Bureau (綿陽市游仙區城鄉規劃建設和住房保障局) on August 13, 2013, Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) is in the possession of the land use rights of the property comprising a site area of 100,000 sq.m..

(6) According to the information provided by the Group, the estimated construction costs incurred for the property as at November 30, 2013 was approximately RMB79,000,000 and the estimated outstanding construction costs to complete the development was approximately RMB13,700,000. In the course of our valuation (reference value stated in Note (1) above), we have taken into account the said construction costs.

(7) According to Business License (Registration No. 510704000033964) dated March 28, 2013, Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) was incorporated as a limited liability company with a registered capital of RMB30,000,000 for a valid operation period from September 19, 2012 to September 18, 2062.

(8) According to the Company, the Group holds 100% attributable interest in the property.

(9) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:

(i) Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) is in the possession of a proper legal title to the land use rights of portions of the property comprising a site area of 42,989.84 sq.m. and has the rights to use, lease, mortgage or dispose of the same at no extra land premium or onerous charge payable to the relevant authorities.

(ii) There is no legal impediment for Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) to obtain all the property's State-owned Land Use Rights Certificate, Planning Permit for Construction Use of Land as well as the Planning Permit for Construction Works and Commencement Permit for Construction Works regarding the proposed construction.

(iii) Portions of the property comprising the land use rights having a site area of 42,989.84 sq.m. together with the building constructions erected are pledged as the collateral for guarantee of the actual loan to a maximum extent of RMB12,000,000 to Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) by Industrial and Commercial Bank of China Limited (Mianyang Branch) (中國工商銀行股份有限公司綿陽分行) during the period from December 4, 2013 to December 3, 2014.

(10) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

State-owned Land Use Rights Grant Contract	Yes (Part)
State-owned Land Use Rights Certificate	Yes (Part)
Building Ownership Certificate	No
Planning Permit for Construction Use of Land	Yes (Part)
Planning Permit for Construction Works	No
Commencement Permit for Construction Works	No
Business License	Yes

VALUATION CERTIFICATE

Group III – Property interest held for future development by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at November 30, 2013
5.	A Plot of Land situated at Shunhe Village, Xiaojiangou Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China	The property comprises a plot of land having a site area of approximately 53,200 sq.m.. The property is in adjacent location to property Nos. 3 and 4.	As at the date of valuation, the property was a vacant site.	No Commercial Value (Please see Note (1) below)

Notes:

(1) In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate (國有土地使用證) has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at November 30, 2013, assuming that the land premium has been fully paid, would be RMB18,000,000 (100% interest attributable to the Group: RMB18,000,000).

(2) According to the Proof (証明) issued by Mianyang Youxian District Urban and Rural Planning, Construction and Housing Security Bureau (綿陽市游仙區城鄉規劃建設和住房保障局) on August 13, 2013, Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) is in the possession of the land use rights of the property comprising a site area of 53,200 sq.m..

(3) According to Business License No. 0609260 (Registration No. 510704000033462) dated December 31, 2012, Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) was incorporated as a limited liability company with a registered capital of RMB30,000,000 for a valid operation period from August 13, 2012 to August 12, 2062.

(4) According to the Company, the Group holds 100% attributable interest in the property.

(5) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal advisor which contains, inter-alia, the following information:

(i) Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) is entitled to the land use rights of the property.

(ii) There is no legal impediment for Mianyang Baohe Taiyue Communications Cable Co., Ltd. (綿陽保和泰越通信線纜有限公司) to obtain the property's State-owned Land Use Rights Certificate, Planning Permit for Construction Use of Land as well as the Planning Permit for Construction Works and Commencement Permit for Construction Works regarding any proposed construction.

(6) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

State-owned Land use Rights Grant Contract	No
State-owned Land Use Rights Certificate	No
Business License	Yes

VALUATION CERTIFICATE

Group IV – Property interest leased to the Group in Hong Kong

	Property	Description and tenancy particulars	Market value in existing state as at November 30, 2013
6.	Unit 908, China Merchants Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong	The property comprises an office unit on the 9th floor of a 31-storey office building erected upon a 9-story commercial podium plus a 2-storey basement completed in 1986. The property has a saleable area of approximately 100.13 sq.m. and was occupied by the Group for office use as at the date of valuation. The property is currently leased from an independent third party to the Group for a term of two years from June 1, 2013 to May 31, 2015 at a monthly rent of HK$69,000, exclusive of management fee and utilities charges.	No Commercial Value

Group V – Property interests leased to the Group in the PRC

7.	Levels 1 to 3, No. 5 of Section 1, Wudaoping Village, Songya Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China	The property comprises the 1st to 3rd levels of a 5-storey residential building completed in 2009. The property has a total gross floor area of approximately 240 sq.m. and was occupied by the Group as staff quarters as at the date of valuation. The property is currently leased from an independent third party to the Group for a term of two years from March 1, 2013 to February 28, 2015 at an annual rent of RMB12,000, exclusive of management fee and utilities charges. According to the PRC legal opinion, no valid proof of the property ownership has been provided by the lessor and the tenancy agreement has not been registered to the relevant government authorities. However, as the lessor of the property did undertake the liability for any compensation due to the said faults, the tenancy will not cause onerous legal burden to the Group.	No Commercial Value

VALUATION CERTIFICATE

Group V – Property interests leased to the Group in the PRC

	Property	Description and tenancy particulars	Market value in existing state as at November 30, 2013
8.	Levels 1 to 4, No. 29 of Section 7, Wudaoping Village, Songya Town, Youxian District, Mianyang, Sichuan Province, The People's Republic of China	The property comprises the 1st to 4th levels of a 4-storey residential building completed in 2010. The property has a total gross floor area of approximately 300 sq.m. and was occupied by the Group as staff quarters as at the date of valuation. The property is currently leased from an independent third party to the Group for a term of two years from March 1, 2013 to February 28, 2015 at an annual rent of RMB15,000, exclusive of management fee and utilities charges. According to the PRC legal opinion, no valid proof of the property ownership has been provided by the lessor and the tenancy agreement has not been registered to the relevant government authorities. However, as the lessor of the property did undertake the liability for any compensation due to the said faults, the tenancy will not cause onerous legal burden to the Group.	No Commercial Value
9.	Unit 1910, Level 19, No. 663 Jiujiang Road, Huangpu District, Shanghai, The People's Republic of China	The property comprises an office unit on the 19th level of a 21-storey office building completed in 2008. The property has a gross floor area of approximately 59.12 sq.m. and was occupied by the Group for office use as at the date of valuation. The property is currently leased from an independent third party to the Group for a term from May 20, 2013 to May 31, 2014 at a monthly rent of RMB10,000, exclusive of management fee and utilities charges. According to the PRC legal opinion, valid proof of the property ownership has been provided by the lessor.	No Commercial Value
10.	Portions on Levels 1 and 3, No. 733 Jinquan Road, Jintang Industrial Park, Jintang County, Chengdu, Sichuan Province, The People's Republic of China	The property comprises portions on both level 1 and 3 of a 4-storey office building completed in 2012. The property has a total gross floor area of approximately 960 sq.m. and is currently occupied by the Group for office use. The property is currently leased from an independent third party to the Group for a term from December 12, 2013 to December 11, 2014 at a total monthly rent of RMB19,200, exclusive of management fee and utilities charges. According to the PRC legal opinion, valid proof of the property ownership has been provided by the lessor but the tenancy agreement has not been registered to the relevant government authorities. As the lessor of the property did undertake the liability for any compensation due to the said faults, the tenancy will not cause onerous legal burden to the Group.	No Commercial Value

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 22, 2013 under the Companies Law. The Memorandum of Association and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on January 28, 2014 with effect from Listing. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so canceled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the

Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share, and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as canceled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from March 5, 2013.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated on February 22, 2013 in the Cayman Islands under the laws of the Cayman Islands as an exempted company with limited liability. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on April 3, 2013 and our Company's principal place of business in Hong Kong is at Unit 908, China Merchants Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. Mr. Cheung Ying Kwan of Flat G, 2/F, Block 3, Palm Mansions, Whampoa Garden, Hung Hom, Kowloon, Hong Kong, a Hong Kong resident, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the law of the Cayman Islands and its constitution, which comprises the Memorandum and the Articles of Association. A summary of certain relevant parts of its constitution and certain relevant aspects of the law of the Cayman Islands is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, its authorized share capital was HK$300,000 divided into 3,000,000 Shares of HK$0.10 each. The following sets out the changes in the share capital of our Company since the date of its incorporation:

On February 22, 2013, one Share was allotted and issued fully paid to Codan Trust Company (Cayman) Limited and transferred on the same day to Epoch Keen.

On March 19, 2013, the authorized share capital of our Company was increased from HK$300,000 to HK$10,000,000,000.

On March 19, 2013, 5,833,959 Shares, 1,199,660 Shares, 737,180 Shares, 735,450 Shares, 490,590 Shares, 422,160 Shares, 409,000 Shares, 281,440 Shares, 47,380 Shares, 34,090 Shares and 34,090 Shares were allotted to Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Wit Great, Praise Get, Ocean Through, Mr. Cheung Ying Kwan, Mr. Kwong Wai Sun Wilson and Mr. Chan Ngai Chi, respectively.

On October 16, 2013, Mr. Yu exercised in full the options granted under the Yu Share Option Agreement and an additional 1,013,000 Shares were allotted to Epoch Keen.

Immediately following completion of the Global Offering and the Capitalization Issue but without taking into account any Shares which may be issued upon the exercise of Over-allotment Option or any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$209,832,160 divided into 2,098,321,600 Shares, all fully paid or credited as fully paid and 97,901,678,400 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Resolutions in writing of the

Shareholders of our Company passed on January 28, 2014" in this Appendix and the Share Option Scheme, our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of the Shares will be made which would effectively alter the control of our Company.

Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

Certain information on our subsidiaries is contained in the Accountants' Report in Appendix I to this prospectus. The following sets out the changes to the share capital made by the subsidiaries of our Company. See also the section headed "History, Reorganization and Corporate Structure" in this prospectus for more details.

Engen

On August 6, 2010, Engen was incorporated and was initially authorized to issue a maximum of 50,000 shares each with a par value of US$1.00 of a single class.

On August 17, 2010, one share of US$1.00 of Engen was allotted and issued to Gushan at a consideration of US$1.00. On September 20, 2010, 9,999 shares in Engen of US$1.00 were further allotted and issued to Gushan at a consideration of US$9,999.00.

On November 29, 2010, as part of the arrangement for acquiring Jinxin by Engen, Gushan transferred 1,800 shares and 1,500 shares in Engen to Gold Hero and Silver Harvest, respectively, for a total consideration of US$870,000. For further details, see section headed "History, Reorganization and Corporate Structure – Incorporation and Commencement of our Business" of this Appendix.

On January 1, 2011, 436 shares in Engen were transferred to Gushan by Gold Hero for a consideration of US$3,514,030. On the same date, 364 shares in Engen were transferred to Gushan by Silver Harvest for a consideration of US$2,933,732.

On May 29, 2012, pursuant to an earn-out arrangement in connection with the acquisition of Xiangbei, Engen allotted and issued 135 shares and 90 shares to Gold Wide and Silvery Boom, respectively to satisfy the earn-out obligations for the year ended December 31, 2011. For further details, see section headed "History, Reorganization and Corporate Structure – Incorporation and Commencement of our Business" of this Appendix.

Pursuant to the written resolutions of the shareholders of Engen passed on February 1, 2013, the shareholders of Engen approved the sub-division of every one ordinary share of US$1.00 each in the authorized and issued share capital of Engen into 100 ordinary shares of US$0.01 each. Immediately following the stock split referred to above, Engen is authorized to issue a maximum of 5,000,000 shares of a single class each with a par value of US$0.01 and the issued share capital of Engen became US$10,225 comprising 1,022,500 shares of US$0.01 each.

On February 25, 2013, Silvery Boom acquired 40,059 (3.92%) shares in Engen from Gushan at a price of HK$375 per share, representing a total consideration of HK$15,022,125.

On February 25, 2013, Gold Wide acquired 16,434 (1.61%), 39,882 (3.9%) and 3,729 (0.36%) shares in Engen from Gold Hero, Silver Harvest and Gushan, respectively, at a price of HK$375 per share. The total consideration paid by Gold Wide to Gold Hero, Silver Harvest and Gushan is HK$6,162,750, HK$14,955,750 and HK$1,398,375, respectively.

On February 25, 2013, Praise Get, Wit Great and Ocean Through acquired 40,900 (4.00%), 42,216 (4.13%) and 28,144 (2.75%) shares in Engen from Gushan, respectively, at a price of HK$375 per share. The total consideration paid by Praise Get, Wit Great and Ocean Through to Gushan is HK$15,337,500, HK$15,831,000 and HK$10,554,000, respectively.

On February 25, 2013, First Harvest acquired 119,966 (11.73%) shares in Engen from Gold Hero, at a price of HK$375 per share, for a total consideration of HK$44,987,250.

On February 25, 2013, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan acquired 3,409 (0.33%), 3,409 (0.33%) and 4,738 (0.47%) shares in Engen from Gushan, respectively, at a price of HK$375 per share. The total consideration paid by Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan is HK$1,278,375, HK$1,278,375 and HK$1,776,750, respectively.

Pursuant to a board resolution dated March 19, 2013 and a written shareholder resolution dated March 19, 2013 of Gushan, 583,396 (57.06%) shares in Engen held by Gushan were distributed to Trillion Energy by way of distribution in specie as part of the Corporate Reorganization.

On March 19, 2013, as part of the Corporate Reorganization, Trillion Energy transferred 583,396 (57.06%) shares in Engen to Epoch Keen for a total consideration of HK1.00.

On March 19, 2013, Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan transferred their respective holdings in the issued share capital of Engen to our Company in consideration for the Shares allotted and issued by our Company as part of the Corporate Reorganization. Following such transfer, our Company became the holder of the entire issued share capital of Engen.

True Excel

True Excel was incorporated in Hong Kong on August 12, 2010 with limited liability with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each and one subscriber share was allotted and issued to Fernside Limited at a consideration of HK$1.00 on even date. On August 27, 2010, the subscriber share was transferred from Fernside Limited to Engen for a consideration of HK$1.00. Following such transfer, Engen became the holder of the entire issued share capital of True Excel.

Alpha Legend

Alpha Legend was incorporated in Hong Kong on June 21, 2011 with limited liability with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each and one subscriber share was allotted and issued to Blear Services Limited at a consideration of HK$1.00 on the same date. On August 10, 2011, the subscriber share was transferred from Blear Services Limited to Engen for a consideration of HK$1.00. Following such transfer, Engen became the holder of the entire issued share capital of Alpha Legend.

Alpha Business

Alpha Business was incorporated in Hong Kong on October 14, 2011 with limited liability with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each and one subscriber share was allotted and issued to Blear Services Limited at a consideration of HK$1.00 on the same date. On October 26, 2011, the subscriber share was transferred from Blear Services Limited to Engen for a consideration of HK$1.00. Following such transfer, Engen became the holder of the entire issued share capital of Alpha Business.

Alpha Universe

Alpha Universe was incorporated in Hong Kong on November 1, 2012 with limited liability with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each and one subscriber share was allotted and issued to Blear Services Limited at a consideration of HK$1.00 on the same date. On November 13, 2012, the subscriber share was transferred from Blear Services Limited to Engen for a consideration of HK$1.00. Following such transfer, Engen became the holder of the entire issued share capital of Alpha Universe.

Jinxin

Jinxin was established on February 3, 2009 in the PRC with a registered capital of RMB10 million held by three individuals, namely, Mr. Liu Hanjiu, Ms. Wu Qiongying and Ms. Liu Jin. On March 24, 2010, Mr. Chen Lian acquired 75%, 5% and 5% of the registered capital of Jinxin from Mr. Liu Hanjiu, Ms. Wu Qiongying and Ms. Liu Jin, respectively, for a total consideration of RMB8,500,000. On November 9, 2010, Jinxin became the wholly owned subsidiary of True Excel following the acquisition by True Excel of the entire equity interest in Jinxin from the then shareholders of Jinxin, namely Mr. Liu Hanjiu and Mr. Chen Lian, for a total cash consideration of RMB17.7 million. In parallel with the said acquisition by True Excel, Jinxin's registered capital was increased from RMB10 million to RMB40 million on November 9, 2010. On March 29, 2011, Jinxin's registered capital was further increased from RMB40 million to RMB70 million. True Excel has remained as the holder of the entire issued capital of Jinxin since November 9, 2010.

Tongxin

Tongxin was established by Jinxin on June 1, 2011 in the PRC with a registered capital of RMB10 million. On June 27, 2012, Tongxin's registered capital was increased from RMB10 million to RMB50 million. Tongxin has remained as a wholly owned subsidiary of Jinxin since its establishment.

Xiangbei

Xiangbei was established on January 18, 2011 in the PRC with a registered capital of RMB30 million. On August 5, 2011, True Excel acquired the entire equity interest in Xiangbei for a total cash consideration of RMB34.6 million. Immediately following the acquisition, Xiangbei became the wholly owned subsidiary of True Excel. On July 1, 2013, Xiangbei's registered capital was increased from RMB30 million to RMB55 million.

Baohe Xinshiji

Baohe Xinshiji was established on September 19, 2012 in the PRC with a registered capital of RMB30 million. On December 31, 2012, Alpha Legend acquired the entire equity interest in Baohe Xinshiji for a total cash consideration of RMB30 million. Immediately following the acquisition, Baohe Xinshiji became the wholly owned subsidiary of Alpha Legend.

Baohe Taiyue

Baohe Taiyue was established on August 13, 2012 in the PRC with a registered capital of RMB10 million held by Guangzhou Taiyue. On September 25, 2012, Baohe Taiyue's registered capital was increased from RMB10 million to RMB30 million. Baohe Fushan, and Guangzhou Taiyue, respectively, acquired 20% and 80% of the registered capital of Baohe Taiyue for a total consideration of RMB6 million and RMB24 million. On December 31, 2012, Alpha Business acquired the entire equity interest in Baohe Taiyue for a total cash consideration of RMB30 million. Immediately following the acquisition, Baohe Taiyue became the wholly owned subsidiary of Alpha Business.

4. Resolutions in writing of the Shareholders of our Company passed on January 28, 2014

Pursuant to the written resolutions of our Shareholders who have the right to receive notice of, attend and vote at the general meetings, which were passed on January 28, 2014, among other things:

(a) the Memorandum of Association was adopted with immediate effect, and conditional on the Listing, the Articles of Association of the Company were adopted in substitution for and to the exclusion of the existing articles of association of the Company previously adopted by our Company on February 22, 2013 with effect from the date on which the Shares are listed on the Stock Exchange.

(b) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and Shares to be issued pursuant to the Global Offering, the Capitalization Issue, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the execution and delivery of the Underwriting Agreements; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator) and such obligations not having been terminated in accordance with their respective terms at any time at or before 8:00 on the Listing Date, that:

(i) the Listing and Global Offering were approved and the Directors or any duly authorized committee of them were authorized to effect the allotment and issue of the new Shares pursuant to the Global Offering;

(ii) the granting of the Over-allotment Option by our Company to the Sole Global Coordinator of the Global Offering pursuant to which the Sole Global Coordinator may require the Company to issue up to an additional 15% of the number of Offer Shares initially available under the Global Offering and the Directors were authorized to effect the same and to allot and issue the over-allotment Shares upon the exercise of the Over-allotment Option;

(iii) conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued on the exercise of any options granted under the Share Option Scheme, the principal terms of which are set out in "E. Other Information – 2. Share Option Scheme" in the appendix, and the commencement of dealings in the Shares on the Main Board of the Stock Exchange, the adoption of the Share Option Scheme was approved and adopted and that the Directors or any duly authorised committee of them were authorised to grant options thereunder and to allot, issue, and deal with the Shares pursuant to the same and to take all such actions as they consider necessary and/or desirable to implement and give effect to the Share Option Scheme and to vote on any matter in connection therewith notwithstanding that they or any of them may be interested in the same;

(iv) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to allot, issue and deal with the Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with any time, otherwise than pursuant to a rights issue, any scrip dividend scheme or similar arrangement, any adjustment of rights to subscribe for Shares under options and warrants or a specific authority granted by the Shareholders, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued shall not exceed 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (but before any exercise of the Over-allotment Option).

(v) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option).

(vi) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (iv) above was approved by the addition to the aggregate nominal value of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by the Company pursuant to paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option.

Each of the general mandates referred to in paragraphs (iv), (v) and (vi) above will remain in effect until whichever is the earliest of:

(a) the conclusion of the Company's next annual general meeting;

(b) the expiration of the period within which the Company's next annual general meeting is required to be held under any applicable laws or the Articles of Association; or

(c) the time when such mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

(vii) conditional upon the share premium account of the Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, an amount of HK$156,208,200.00 (which is then to be standing to the credit of the share premium account of the Company) be capitalised and applied to pay up in full at nominal value a total of 1,562,082,000 Shares for allotment and issue on a pro rata basis to the Shareholders who were registered on the Company's register of members on January 28, 2014, namely the Capitalization Issue:

Epoch Keen Limited as to 951,727,440 Shares;

First Harvest Global Limited as to 166,752,740 Shares;

Silver Harvest Holdings Limited as to 102,468,020 Shares;

Gold Wide Enterprises Limited as to 102,227,550 Shares;

Silvery Boom Limited as to 68,192,010 Shares;

Wit Great Limited as to 58,680,240 Shares;

Praise Get Limited as to 56,851,000 Shares;

Ocean Through Limited as to 39,120,160 Shares;

Mr. Cheung Ying Kwan as to 6,585,820 Shares;

Mr. Kwong Wai Sun Wilson as to 4,738,510 Shares; and

Mr. Chan Ngai Chi as to 4,738,510 Shares,

and that the Directors were authorised to allot and issue such Shares as aforesaid and to give effect to the Capitalization Issue and the Shares to be allotted and issued shall rank *pari passu* with all existing Shares.

5. Repurchase of our Shares

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions passed by the Shareholders of our Company on January 28, 2014, a general unconditional mandate (the "Repurchase Mandate") was granted to the Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles of Association to be held or when such mandate is revoked or varied by an ordinary resolution of the Shareholders of our Company in general meeting, whichever is the earliest.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by our Company may be made out of our Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of the new issue of Shares made for the purpose of the repurchase or from sums standing to the credit of our Company's share premium account or, subject to solvency, out of share capital. Any amount of the premium payable on the purchase over the par value of the Shares to be repurchased must have been provided for out of either or both of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our Company's share premium account.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and its members. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per share. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Cayman Islands. It is presently proposed that any repurchase of Shares will be made out of the profits of our Company or the proceeds of a fresh issue of shares made for the purpose of the purchase or from sums standing to the credit of our Company's share premium account, or, subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Companies Law, out of capital. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 2,098,321,600 Shares in issue immediately after the listing of the Shares (but without taking account of Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme), could accordingly result in up to 209,832,160 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

(e) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchase its shares on the Stock Exchange if the purchase price is higher than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange by 5% or more. The Listing Rules also prohibit a listed company from repurchasing its securities resulting in shares that are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(f) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be canceled and destroyed.

(g) Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made public available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(h) Reporting requirements

Certain information relating to the repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(i) Connected Person

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a connected person, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(j) General

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

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

No connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Code if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following completion of the Global Offering and the Capitalization Issue, but without taking account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the total number of Shares that will be repurchased pursuant to the Repurchase Mandate shall be 209,832,160 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders will be increased to approximately 50.76% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate, which will trigger an obligation by the Controlling Shareholders to make a mandatory offer in accordance with Rule 26 of the Code. Our Directors have no present intention to exercise the Repurchase Mandate to such an extent that would trigger an obligation by the Controlling Shareholders to make a mandatory offer in accordance with Rule 26 of the Code.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. Our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

6. Reorganization

Please refer to the paragraphs under heading "History, Reorganization and Corporate Structure – Corporate Reorganization" for detailed information.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

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

(a) an asset transfer agreement dated September 21, 2012 between Sichuan Xinshiji and Baohe Xinshiji whereby Baohe Xinshiji agreed to acquire certain assets (including movable production and R&D equipment and parts, trademarks, patents, know-hows and trade secrets) from Sichuan Xinshiji for a consideration of RMB30 million (the "Xinshiji Asset Transfer Agreement");

(b) a supplemental agreement to the Xinshiji Asset Transfer Agreement dated March 6, 2013 between Sichuan Xinshiji and Baohe Xinshiji which clarifies certain terms in the Xinshiji Asset Transfer Agreement (the "Supplemental Xinshiji Asset Transfer Agreement");

(c) a further supplemental agreement to the Xinshiji Asset Transfer Agreement dated April 16, 2013 between Sichuan Xinshiji and Baohe Xinshiji which amends certain terms of the Xinshiji Asset Transfer Agreement and the Supplemental Xinshiji Asset Transfer Agreement;

(d) an asset transfer agreement dated September 24, 2012 between Guangzhou Taiyue and Baohe Taiyue whereby Baohe Taiyue agreed to acquire certain assets (including movable production and R&D equipment and parts, trademarks, patents, know-hows and trade secrets) from Guangzhou Taiyue for a consideration of RMB30 million (the "Taiyue Asset Transfer Agreement");

(e) a supplemental agreement to the Taiyue Asset Transfer Agreement dated March 6, 2013 between Guangzhou Taiyue and Baohe Taiyue which clarifies certain terms in the Taiyue Asset Transfer Agreement (the "Supplemental Taiyue Asset Transfer Agreement");

(f) a further supplemental agreement to the Taiyue Asset Transfer Agreement dated April 16, 2013 between Guangzhou Taiyue and Baohe Taiyue which amends certain terms of the Taiyue Asset Transfer Agreement and the Supplemental Taiyue Asset Transfer Agreement;

(g) a deed of indemnity dated February 6, 2014 entered into by Mr. Yu and Epoch Keen in favor of our Company in relation to the completion of the sale and delivery of the production equipment and research and development equipment under the Xinshiji Asset Transfer Agreement and the Taiyue Asset Transfer Agreement, and the passing of clean title at the time of completion;

(h) an agreement dated January 28, 2012 between Tongxin and Baohe Fushan with respect to our Tongxin facility in the Youxian Industrial Park (the "Tongxin Project Investment Agreement"), details of which are set out in the section headed "Business – Project Investment Agreements and Management Consultancy Agreement – Project Investment Agreements";

(i) a supplemental agreement to the Tongxin Project Investment Agreement dated August 9, 2013 between Tongxin and Baohe Fushan, details of which are set out in the section headed "Business – Project Investment Agreements and Management Consultancy Agreement – Project Investment Agreements";

(j) an agreement dated September 27, 2012 between Baohe Taiyue and Baohe Fushan with respect to our Baohe Taiyue facility in the Youxian Industrial Park (the "Baohe Taiyue Project Investment Agreement"), details of which are set out in the section headed "Business – Project Investment Agreements and Management Consultancy Agreement – Project Investment Agreements";

(k) a supplemental agreement to the Baohe Taiyue Project Investment Agreement dated August 9, 2013 between Baohe Taiyue and Baohe Fushan, details of which are set out in the section headed "Business – Project Investment Agreements and Management Consultancy Agreement – Project Investment Agreements";

(l) an agreement dated September 19, 2012 between Baohe Xinshiji and Baohe Fushan with respect to our Baohe Xinshiji facility in the Youxian Industrial Park (the "Baohe Xinshiji Project Investment Agreement"), details of which are set out in the section headed "Business – Project Investment Agreements and Management Consultancy Agreement – Project Investment Agreements";

(m) a supplemental agreement to the Baohe Xinshiji Project Investment Agreement dated August 9, 2013 between Baohe Xinshiji and Baohe Fushan, details of which are set out in the section headed "Business – Project Investment Agreements and Management Consultancy Agreement – Project Investment Agreements";

(n) a share transfer agreement dated November 30, 2012 between Guangzhou Taiyue, Baohe Fushan, Alpha Business and Baohe Taiyue, pursuant to which Alpha Business has agreed to acquire 80% and 20% of the issued share capital of Baohe Taiyue from Guangzhou Taiyue and Baohe Fushan, respectively, for a total consideration of RMB30 million;

(o) a share transfer agreement dated November 30, 2012 between Sichuan Xinshiji, Baohe Fushan, Alpha Legend and Baohe Xinshiji, pursuant to which Alpha Legend has agreed to acquire 80% and 20% of the issued share capital of Baohe Xinshiji from Sichuan Xinshiji and Baohe Fushan, respectively, for a total consideration of RMB30 million (the "Baohe Xinshiji Share Transfer Agreement");

(p) a supplemental agreement to the Baohe Xinshiji Share Transfer Agreement dated November 30, 2012 between Mr. Chen Hai and Alpha Legend in relation to the ongoing management and conduct of business of Baohe Xinshiji;

(q) a share transfer agreement dated March 19, 2013 entered into between our Company, Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan, pursuant to which our Company has agreed to acquire the entire issued share capital of Engen from each of Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan, the consideration of which is satisfied by our Company allotting Shares in our Company to each of Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan;

(r) a share option agreement dated August 23, 2013 entered into between Mr. Yu and the Company pursuant to which the Company agreed to grant an option to Mr. Yu to purchase Shares in the Company;

(s) the Cornerstone Investment Agreement dated 6 February 2014 entered into among our Company, VMS Investment Group Limited and the Sole Global Coordinator, pursuant to which VMS Investment Group Limited has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest board lot) that may be purchased for an aggregate amount of US$20 million;

(t) a deed of indemnity dated February 6, 2014 entered into by Mr. Yu and Epoch Keen in favor of our Company, details of which are set out in the section headed "E. Other Information – 3. Tax and other Indemnities" in this Appendix;

(u) a deed of non-competition dated February 6, 2014 entered into by Mr. Yu and Epoch Keen in favor of our Company, a summary of which is set out in the section headed "Relationship with Controlling Shareholders" in this prospectus; and

(v) the Hong Kong Underwriting Agreement, the details of which are set out in the section headed "Underwriting" in this prospectus.

2. Intellectual property rights of our Group

Registered Trademarks

As at the Latest Practicable Date, we have registered and have the right to use the following trademarks:

Trademark	Place of registration	Class	Registration Number	Expiry Date
	PRC	6	8980315	January 6, 2022
WE COM	PRC	9	7346661	January 20, 2021
豪达	PRC	9	4740641	July 20, 2018
HOWPOWER 劳尔	PRC	9	3209396	September 6, 2023
ROQQIA 络奇亚	PRC	9	7346659	December 6, 2020
新世纪线缆	PRC	6	5132660	March 20, 2019
新世纪	PRC	6	3428907	August 20, 2014
龍騰新川东	PRC	9	6115092	February 20, 2020
海乘新世纪	PRC	9	7548805	February 13, 2021
坤佑新世纪	PRC	9	7548816	February 13, 2021

Trademarks under application for registration

As at the Latest Practicable Date, applications have been made for the registration of the following trademarks:

Trademark	Place of Application	Class	Application Number	Application Date
湘北铜业	PRC	6	12347229	March 11, 2013
CMRU	PRC	6	12262243	March 14, 2013
中 金 资 源	PRC	6	12262245	March 14, 2013
CMRU	PRC	6	12262244	March 14, 2013
铜鑫铜业 TONGXIN COPPER	PRC	6	12442146	April 17, 2013
CMRU	HK	6, 35 & 40	302556379	March 22, 2013
CMRU	HK	6, 35 & 40	302556379	March 22, 2013

As at the Latest Practicable Date, we have registered the following domain names:

Domain Name	Registrant	Date of Registration
ylxbty.com	Xiangbei	April 10, 2012
cmru.com.cn	China Metal Resources Utilization Limited	November 12, 2013

Patent

As at the Latest Practicable Date, the Group was the registered owner of the following patents:

Patent	Patent No.	Type	Place of Registration	Expiration Date
Winch for flat refining furnace (平板式精煉爐用卷揚機)	ZL201320081102.1	Utility model	PRC	February 21, 2023
A hydraulic baler (一種液壓打包機)	ZL201320084399.7	Utility model	PRC	February 24, 2023
An equipment for cleaning ingots (鑄坯清理裝置)	ZL201320090130.X	Utility model	PRC	February 27, 2023
Copper granule current separator (銅米氣流分離機)	ZL201320090189.9	Utility model	PRC	February 27, 2023
Equipment for antechamber of shaft furnace (豎爐前室裝置)	ZL201320090180.8	Utility model	PRC	February 27, 2023
Workshop (廠房)	ZL201330061408.6	Design	PRC	March 12, 2023
Cooling equipment for crystallizer (結晶器冷卻裝置)	ZL201320090187.X	Utility model	PRC	February 27, 2023
Wire twisting equipment for cabling (電纜絞線裝置)	ZL201320383282.9	Utility model	PRC	June 30, 2023
Drying equipment for anneal softening of copper conductor (銅導體退火軟化乾燥裝置)	ZL201320383285.2	Utility model	PRC	June 30, 2023
An interlocking armored DC cable used in rail transit (一種用於軌道交通的聯鎖鎧裝直流電纜)	ZL201320383283.3	Utility model	PRC	June 30, 2023

As at the Latest Practicable Date, applications have been made for the registration of the following patents:

Patent	Application No.	Type	Place of application	Application Date
A method for producing low-oxygen copper wirerod using recycled copper (一種用再生銅生產無氧銅桿的方法)	201310077746.8	Invention	PRC	March 12, 2013
A production and application method of electrode material of chromium zirconium copper alloy (一種鉻鋯鐵銅合金電極材料及其制備和應用方法)	201310085496.2	Invention	PRC	March 18, 2013
A continuous extrusion method of purple mixed copper particle (一種紫雜銅顆粒連續擠壓方法)	201310105683.2	Invention	PRC	March 29, 2013
Vertical oxidation furnace (豎式氧化爐)	201320430241.0	Utility model	PRC	July 19, 2013
A soft cable with rubber sleeve for the coal cutter (一種採煤機橡膠套軟電纜)	201320756299.4	Utility model	PRC	November 27, 2013
A cable (一種電纜)	201320756412.9	Utility model	PRC	November 27, 2013
A power-controlled composite cable (一種動力–控制複合電纜)	201320756395.9	Utility model	PRC	November 27, 2013
A cable (一種電纜綫)	201320756297.5	Utility model	PRC	November 27, 2013

3. Further information about our PRC Operating Subsidiaries

綿陽金鑫銅業有限公司 ***(Mianyang Jinxin Copper Co., Ltd.)***

Nature of the company	Wholly foreign-owned enterprise
Date of establishment	February 3, 2009
Term of business operation	40 years expiring on February 3, 2049
Total investment	RMB175 million
Registered capital	RMB70 million
Attributable interest of our Company	100%
Scope of business	Manufacturing, processing and sales of nonferrous metal (excluding precious metal), and recycling, manufacturing and sales of metal scrap
Legal representative	Liu Hanjiu

綿陽銅鑫銅業有限公司 ***(Mianyang Tongxin Copper Co., Ltd.)***

Nature of the company	Limited liability company
Date of establishment	June 1, 2011
Term of business operation	50 years expiring on May 31, 2061
Registered capital	RMB50 million
Attributable interest of our Company	100%
Scope of business	Manufacturing and the sale of copper sticks, cables and wires; recycling, processing and sales of scrap metal, and cross-border trade;
Legal representative	Liu Hanjiu

湖南銀聯湘北銅業有限公司 ***(Hunan Yinlian Xiangbei Copper Co., Ltd.)***

Nature of the company	Wholly foreign-owned enterprise
Date of establishment	January 18, 2011
Term of business operation	20 years expiring on January 17, 2031
Total investment	RMB110 million
Registered capital	RMB55 million
Attributable interest of our Company	100%
Scope of business	Manufacturing, processing and sales of copper products, aluminum products; purchasing, processing and sales of scrap nonferrous metal materials; and sales of general machinery, environmental equipment, electromechanical device and office equipment
Legal representative	Huang Weiping

四川保和新世紀線纜有限公司 ***(Sichuan Baohe Xinshiji Communications Cable Co., Ltd.)***

Nature of the company	Wholly foreign-owned enterprise
Date of establishment	September 19, 2012
Term of business operation	50 years expiring on September 18, 2062
Total investment	RMB60 million
Registered capital	RMB30 million
Attributable interest of our Company	100%
Scope of business	Manufacturing and sales of copper and aluminum conductor cores, tin-coated wires, cable compound, plastic wires, cable and rubber cable; sales of lighting equipment and building materials; researching and experimenting cable and wire technology and the promotion of the relevant technology
Legal representative	Chen Hai

綿陽保和泰越通信線纜有限公司 ***(Mianyang Baohe Taiyue Communications Cable Co., Ltd.)***

Nature of the company	Wholly foreign-owned enterprise
Date of establishment	August 13, 2012
Term of business operation	50 years expiring on August 12, 2062
Total investment	RMB60 million
Registered capital	RMB30 million
Attributable interest of our Company	100%
Scope of business	Processing, manufacturing and sales of network and communication cables and parts thereto; extrusion of copper products; sales of copper wirerod and copper products; research of electronic products (excluding any business that needs prior governmental approval); and export and import of goods and technology
Legal representative	Fan Dunxian

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest – interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalization Issue, and assuming that the Over-allotment Option and the options which may be granted under the Share Option Scheme have not been exercised, the interest or short position of Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed are as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Yu Jianqiu	Interest in a controlled corporation	958,574,400	45.68%
Mr. Liu Hanjiu	Interest in a controlled corporation	103,205,200	4.92%
Mr. Huang Weiping	Interest in a controlled corporation	102,963,000	4.91%
Mr. Kwong Wai Sun Wilson	Legal and beneficial owner	4,772,600	0.23%

(b) Particulars of service contracts

Each of our executive Directors has entered into a service contract with our Company for a term of two years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has accepted an appointment letter issued by us for an initial fixed term of two years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Directors' remuneration

For the period ended December 31, 2010, the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, the aggregate of the remuneration paid (including salaries, allowance, benefits in kind, retirement scheme contributions and share-based payments) to our Directors by us and our subsidiaries was approximately RMB33,000, RMB10.7 million, RMB2.4 million, and RMB420,000.

Under the arrangement currently in force, the aggregate amount of emoluments payable by our Group to our Directors for the year ending December 31, 2014 is estimated to be approximately RMB4.2 million.

2. Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account the Shares to be issued pursuant to the exercise of the Over-allotment Option or any options to be granted pursuant to the Share Option Scheme), the following persons (other than the Directors and chief executives of our Company) will have or be deemed or taken to have interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity in which interests are held	Number of Shares	Percentage of shareholding
Mr. Yu Jianqiu[1]	Interest in a controlled corporation	958,574,400	45.68%
Epoch Keen[1]	Legal and beneficial owner	958,574,400	45.68%
Mr. Chen Gonghao[2]	Interest in a controlled corporation	167,952,400	8.00%
First Harvest[2]	Legal and beneficial owner	167,952,400	8.00%

Notes:

(1) Epoch Keen is wholly-owned by Mr. Yu Jianqiu. Mr. Yu Jianqiu is deemed to be interested in the Shares held by Epoch Keen.

(2) First Harvest is wholly-owned by Mr. Chen Gonghao. Mr. Chen Gonghao is deemed to be interested in the Shares held by First Harvest.

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our group.

4. Disclaimers

Save as disclosed herein:

(a) none of our Directors or chief executives of our company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

(b) none of our Directors or experts referred to under the heading "E. Other Information – 10. Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or experts referred to under the heading "E. Other Information – 10. Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

(f) none of the experts referred to under the heading "E. Other Information – 10. Consents of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) So far as is known to our Directors, with the exception of Baohe Jiahao, which was our largest external supplier in 2012 and the first half of 2013 and which is 20.0% owned by Baohe Fushan, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. PARTICULARS OF THE SELLING SHAREHOLDERS

The particulars of the Selling Shareholders are set out below:

Name	**Address**	**Number of Sale Shares**
Wit Great	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	59,102,400
Praise Get	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI	34,356,000
	Total:	93,458,400

E. OTHER INFORMATION

1. Yu Share Option Agreement

On August 23, 2013, the Company entered into the Yu Share Option Agreement with Mr. Yu, pursuant to which the Company agreed to grant an option to Mr. Yu to purchase Option Shares in the Company at the Exercise Price. The entry into and performance of the Yu Share Option Agreement was approved by the Board of Directors of the Company pursuant to a board resolution dated August 23, 2013.

The following is a summary of the principal terms of the Yu Share Option Agreement.

Purpose of the Yu Share Option Agreement

The Purpose of the Yu Share Option Agreement is to reward Mr. Yu for his contributions over the Company its subsidiaries and business and to replace the Engen Option Agreement dated October 31, 2011 entered into between Mr. Yu, Gushan and Engen, pursuant to which Mr. Yu was granted an option to purchase option shares in Engen at a prescribed price. In consideration of the entry of the Yu Share Option Agreement, the Deed of Termination has been entered into to terminate the Engen Option Agreement on August 23, 2013.

Number of Yu Options granted

Pursuant to the Yu Share Option Agreement and as at the Latest Practicable Date, the Company agreed to grant to Mr. Yu (the "Grantee") share options (the "Yu Options") to subscribe to an aggregate of 1,013,000 Shares ("Option Shares") at the Exercise Price, subject to any further adjustment made in the manner as contemplated under the Yu Share Option Agreement.

Date of Grant

The date of grant of the Yu Options is August 23, 2013 (the "Date of Grant").

Vesting

The Yu Options shall immediately vest and become exercisable (in whole or in part) upon the Date of Grant.

Exercise Period

Commencing from the Date of Grant, Mr. Yu has the right to exercise the Yu Options, which shall continue until the expiration of such Yu Options, being the tenth anniversary of the Date of Grant (the "Expiration Date"), or, earlier termination of the Yu Options.

Exercise Price

The exercise price payable upon the exercise of any Yu Options shall be RMB63.179 (the "Exercise Price"), subject to any further adjustment made in the manner as contemplated under the Yu Share Option Agreement.

Exercise of the Yu Options

The Yu Options may be exercised at the Exercise Price at any time during the Exercise Period. The Grantee may give written notice to the Company of his election to purchase some, in which case, a minimum of 200,000 Option Shares (subject to adjustment), or all of the Option Shares for which the Yu Options may be exercised at the time of such notice. Such written notice shall specify the number of Option Shares to be purchased and shall be accompanied by (i) the delivery of an executed exercise agreement; (ii) the payment therefor in cash or, at the discretion of the Company, such other method of payment acceptable to the Company, and (iii) such agreement, statement or other evidence as the Company may require in order to satisfy itself that the issuance of the Option Shares being purchased pursuant to such exercise and any subsequent resale thereof will be in compliance with applicable laws and regulations, including without limitation all applicable laws of the Cayman Islands, the Listing Rules and the applicable rules and regulations issued by the SFC.

Company's right to withhold the exercise of the Yu Options

The Company reserves the right to withhold the exercise of the Yu Options for reasons including but not limited to the Grantee's failure to comply with the relevant laws and regulations, applicable rules and regulations of the Company; the Grantee's breach of his employment agreement; the Grantee's unwillingness or failure to follow Company directives; the Grantee's failure to perform his duties and responsibilities; and the Grantee's failure to comply with applicable rules and regulations of the SFC and the Stock Exchange.

Exercisability of the options upon and after termination of the Grantee's office with the Company

Exercisability of the options upon and after termination of the Grantee's office with the Company shall be in accordance with the following:

(i) if the Grantee's office with the Company terminates due to the death of the Grantee, no exercise of the Yu Options may occur after the expiration of the one-year period to follow such termination or, if earlier, the Expiration Date;

(ii) if the Grantee's office with the Company is terminated by the Company for cause, the Yu Options shall thereupon cease to be exercisable and shall be forfeited forthwith;

(iii) in the case where the Grantee has served as a Director of the Company for less than three years beginning from the Date of Grant, if (a) the Grantee's office with the Company is terminated by the Company (other than for cause), or (b) the Grantee resigns his office with the Company, no exercise of the Yu Options may occur after the expiration of the three-month period to follow such termination or resignation or, if earlier, the Expiration Date; and

(iv) in the case where the Grantee has served as a Director of the Company continuously for three years or more beginning from the Date of Grant, if (a) the Grantee's office with the Company is terminated by the Company (other than for cause), or (b) the Grantee resigns his office with the Company, no exercise of the Yu Options may occur after the Expiration Date.

Transfer of the Yu Options

The Yu Share Option Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or by the laws of descent and distribution, and is exercisable, during the Grantee's lifetime, only by the Grantee. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Grantee.

Reorganization of capital structure

In the event of any capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in (i) the number of Option Shares that may be issued subject to the unexercised portion of the Yu Options; and/or (ii) the Exercise Price, as the Board of the Company shall determine to be appropriate, fair and reasonable.

Exercise of the Yu Options

On October 16, 2013, Mr. Yu exercised in full the Yu Options granted under the Yu Option Agreement and an additional 1,013,000 Shares were allotted to Epoch Keen, a company wholly-owned by Mr. Yu. For further details, please refer to the section headed "History, Reorganization and Corporate Structure – Corporate Reorganization – Exercise of options granted under the Yu Share Option Agreement by Mr. Yu" in this prospectus.

2. Share Option Scheme

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a written resolution of our Shareholders passed on January 28, 2014 and adopted by a resolution of the Board on January 28, 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

Purpose

The purpose of the Share Option Scheme is to provide incentive and/or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, our Company.

Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date (the "Approval Date") on which the following conditions are fulfilled:

(a) the approval of all the Shareholders for the adoption of the Share Option Scheme;

(b) the approval of the Stock Exchange for the listing of and permission to deal in the Shares and any Shares which may fall to be issued pursuant to the exercise of any Options; and

(c) the commencement of dealing of the Shares on the Main Board of the Stock Exchange.

Who may join

The Board may, at its absolute discretion, offer options ("Options") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to any director or employee of the Group and any other person (including a consultant or advisor) who in the sole discretion of the Board has contributed or will contribute to the Group. ("Eligible Persons")

Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (i.e. 209,832,160 Shares) (the "Scheme Mandate Limit"). Our Company may at any time as the Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of the Shares in issue as at the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed.

Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of our Company's issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of our Company's issued share capital from time to time.

Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

Subject to the terms of the Scheme, the Board may in its absolute discretion when offering the grant of an Option specify such conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit when making an offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or the Company and/or its Subsidiaries, and any minimum period for which an Option must be held, before an Option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme.

Granting Options to Connected Persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a Director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the relevant class of securities in issue; and

(b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million,

such further grant of Options must be approved by Shareholders. Our Company shall send a circular to Shareholders containing the information required under the Listing Rules. All connected persons of our Company must abstain from voting in favor at such general meeting.

Approval from Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates.

Offer period and number accepted

An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the Grantee together with a remittance in favor of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company on or before 30 days after the offer date. To the extent that an offer is not accepted within the time stated in the offer for that purpose, it shall be deemed to have been irrevocably declined and shall immediately lapse.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option.

Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after inside information has come to the knowledge of the Company until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

Notwithstanding the above, no Option shall be granted to the directors of the Company (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results and (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Exercise price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall be at least the highest of:

(a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a Business Day;

(b) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; and

(c) the nominal value of a Share.

Exercise of Option

An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the Option Period in the manner as set out in this Share Option Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. "Option Period" means a period to be determined and notified by the Board to the grantee during which period the Option may be exercised and in any event shall not exceed ten years commencing from the date on which the offer in relation to such Option is accepted.

The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.

Subject as hereinafter provided:

(a) where the holder of an outstanding Option ceases to be an Eligible Person for any reason, any part of the Option which has yet to be vested and/or exercisable prior to the date of cessation shall lapse on the date of cessation and not be exercisable, and any part of the Option which has been vested and/or is exercisable prior thereto shall remain exercisable for 1 month following the date of cessation after which date any outstanding Option shall lapse and not be exercisable. The date of such cessation shall be (i) if he is an employee of the Group, his last actual working day at his work place with the Group whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Group, the date on which the relationship constituting him an Eligible Person ceases;

(b) where the holder of an outstanding Option dies before exercising the Option in full or at all, the Option may be exercised up to the entitlement of such holder or, if appropriate, an election made pursuant to the terms of the Scheme by his or her personal representatives within 12 months of the date of death;

(c) if a general offer by way of a take-over is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the holders of outstanding Options (or his personal representatives) may by notice in writing to our Company within 14 days after such offer becoming or being declared unconditional exercise the Option to its full extent or to the extent specified in such notice. For the avoidance of doubt, any Option which has yet to be vested shall become vested in full in such situation;

(d) if a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the holders of outstanding Options (or his personal representatives) may thereafter (but before such time as shall be notified by the Company) by notice in writing to our Company within 14 days of such approval exercise the Option to its full extent or to the extent specified in such notice. For the avoidance of doubt, any Option which has yet to be vested shall become vested in full in such situation; and

(e) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, each holder of outstanding Options (or his or her personal representatives) shall be entitled to exercise all or any of his Options at any time not later than five business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than three business days immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to such holder credited as fully paid.

Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association and the laws of the Cayman Islands from time to time and shall rank pari passu in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the reopening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date herefore shall be before the allotment date.

A Share issued upon the exercise of an Option shall not carry rights until the registration of the Grantee (or any other person) as the holder thereof.

Life of Share Option Scheme

Subject to the terms of this Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Lapse of an Option

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

- the expiry of the option period;
- the expiry of any of the period referred to paragraphs related to exercise of Option;
- subject to the scheme of arrangement becoming effective, the expiry of the period referred to paragraph (d) of "Exercise of Option" in this section;
- subject to the period mentioned in paragraph (e) of "Exercise of Option" in this section, the date of the commencement of the winding-up of our Company;
- the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her creditors generally or on which he has been convicted of any criminal offense involving his or her integrity or honesty;
- if an Option was granted subject to certain conditions, restrictions or limitation, the date on which the Board resolves that a holder of outstanding Options has failed to satisfy or comply with such conditions, restrictions or limitation; or
- the date on which a holder of outstanding Options commits a breach of the transferability prohibition.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- the maximum number of Shares subject to the Share Option Scheme; and/or
- the aggregate number of Shares subject to the Option so far as unexercised; and/or
- the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalization issue), the auditors appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- any such adjustments shall be made on the basis that the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to Share Option Schemes); and
- the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

Termination

Our Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Transferability

The Option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt so to do.

Alteration

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the grantees of the Options or prospective grantees except with the prior approval of the Shareholders in general meeting (with participants and their Associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the grantees as would be required of our Shareholders under the constitutional documents for the time being of our Company for a variation of the rights attached to our Shares.

Cancellation of Options granted

We may cancel an Option granted but not exercised with the approval of the grantee of such Option. Options may be granted to an Eligible Person in place of his canceled Options provided that there are available unissued Options (excluding the canceled Options) within the Scheme Mandate Limit of the Share Option Scheme (or similar limit under any other scheme adopted by the Company) from time to time.

3. Tax and Other Indemnities

Our Controlling Shareholders have entered into a deed of indemnity in favor of our Company (for itself and as trustee for each of its present subsidiaries) being the contract referred to in paragraph (t) of the subsection headed "B. Further Information About Our Business – 1. Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received on or before the date when the conditions set out in the paragraph headed "Conditions to the Hong Kong Public Offering" in the section headed "Structure of the Global Offering" of this prospectus are fulfilled .

4. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

5. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned herein (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The sponsor's fee in connection with the Global Offering and the Listing is US$1.0 million.

6. Preliminary Expenses

Our estimated preliminary expenses are approximately HK$63,000 and are payable by our Company.

7. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

8. Taxation of Holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, the Selling Shareholders, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Underwriters or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

9. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
BNP Paribas Securities (Asia) Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities under the SFO, acting as the Sole Sponsor of the Global Offering
KPMG	Certified Public Accountants
Chen & Co.	Qualified PRC lawyers
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
DTZ	Professional property valuer
RSM China Consulting Co., Ltd.	Internal control consultant

10. Consents of Experts

Each of the experts named in paragraph headed "E. Other Information – 9. Qualification of experts" of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

11. Interests of Experts in our Company

None of the persons named in paragraph headed "E. Other Information – 9. Qualification of experts" of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for any shares or securities in any member of our Group.

12. Binding Effect

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

13. Bilingual Prospectus

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

14. Miscellaneous

(a) Save as disclosed herein, within two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries;

(b) there are no founder, management or deferred shares nor any debentures or convertible debt securities in our Company or any of our subsidiaries;

(c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since September 30, 2013 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(d) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(e) the principal register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a Hong Kong register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands;

(f) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;

(g) no member of our group is presently listed on any stock exchange or traded on any trading system;

(h) there is no arrangement under which future dividends are waived or agreed to be waived; and

(i) our Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the paragraph headed "Statutory and General Information – E. Other Information – 10. Consents of experts" in Appendix VI to this prospectus; and

(c) copies of the material contracts referred to in the paragraph headed "Statutory and General Information – B. Further Information about our business – 1. Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Herbert Smith Freehills at 23rd Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum and Articles of Association;

(b) the Accountants' Report received from KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the report received from KPMG on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the letters relating to the profit estimate from KPMG and the Sole Sponsor, the texts of which are set out in Appendix III to this prospectus;

(e) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by DTZ, the texts of which are set out in Appendix IV to this prospectus;

(f) the material contracts referred to in the paragraph headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of material contracts" in Appendix VI of this prospectus;

(g) the service contracts with Directors, referred to in the paragraph headed "Statutory and General Information – C. Further Information about Directors and Substantial Shareholders – 1. Directors – (b) Particulars of service contracts" in Appendix VI of this prospectus;

(h) the written consents referred to in the paragraph headed "Statutory and General Information – E. Other Information – 10. Consents of experts" in Appendix VI of this prospectus;

(i) the legal opinions dated this prospectus date prepared by Chen & Co. Law Firm, our legal advisor as to the PRC law, in respect of certain aspects of our Group and our property interests;

(j) the letter prepared by Conyers Dill & Pearman (Cayman) Limited summarizing certain aspects of the Cayman Islands Companies Law referred to in Appendix V to this prospectus;

(k) the Companies Law of Cayman Islands;

(l) our Share Option Scheme; and

(m) a statement of particulars of the Selling Shareholders.

China Metal Resources Utilization Limited
中國金屬資源利用有限公司