



**Hong Kong Exchanges and Clearing Limited**  
**香港交易及結算所有限公司**

香港聯合交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

**THE STOCK EXCHANGE OF HONG KONG LIMITED**

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

**ANNOUNCEMENT**

**In relation to the matter of China Metal Recycling (Holdings) Limited**  
**(In Compulsory Liquidation)**  
**(Stock Code: 773)**

**Proceeding to the cancellation of listing**

The Stock Exchange of Hong Kong Limited (the “Exchange”) has decided to exercise its power to cancel the listing of the shares of China Metal Recycling (Holdings) Limited (the “Company”) under the Listing Rules.

In this regard, the Listing Committee requires that the Company must have remedied those matters which have rendered it unsuitable for listing by 17 January 2016. Should the Company fail to do so, the Exchange may proceed with cancelling the Company’s listing.

Trading in the Company’s shares was suspended on 28 January 2013. The Exchange has decided to cancel the listing of the Company’s shares under Rule 6.01(4) on the ground that the Company or its business is no longer suitable for listing.

The Exchange arrived at its decision having considered, among others, the following:

1. Based on the findings of the High Court of the Hong Kong SAR in HCCW210/2013 (set out in its reasons for decision of 9 March 2015), the Company appeared to have obtained its initial listing by fraud. According to these findings, the Company had implemented a fraudulent scheme to create accounts which significantly overstated its business and profits. These accounts were set out in its IPO prospectus for the purposes of its application for initial listing and inducing investors to subscribe for shares. In the circumstances, the Company or its business should not have qualified for initial listing in the first place.
2. With the significantly overstated business and profits in the IPO prospectus, investors were induced to subscribe for and purchase the Company’s shares. They were deprived of the information necessary for them to make a properly informed assessment of the Company.
3. After the Company’s listing, public investors continued to be deprived of the necessary information to appraise the Company. Based on the court findings, the Company continued the fraudulent scheme to overstate its business and profits post listing until the Securities and Futures Commission filed the petition for winding up in July 2013. In addition, the Company has not complied with its continuing obligations under the Rules to publish any periodic financial statements since publishing its 2012 interim results.

4. There is a serious concern about the management integrity, based on the court findings that Mr. Chun Chi Wai (Mr. Chun), being the chairman and one of the two executive directors, was highly likely to have planned and implemented the fraudulent scheme. As Mr. Chun held and continues to hold a 53 per cent interest in the Company, it is highly likely that he will be able to exert substantial influence over the operation and management of the Company even if he resigns as a director of the Company.
5. The Company has been put in liquidation.

The Listing Committee considered that the fraud goes against the general principles and integrity of listing. Through the fraudulent scheme, the Company obtained its initial listing for which it should not have qualified. It also misled the investing public to rely on the fabricated operations and financial position presented in its accounts published at the time of the IPO and years thereafter. The management of the Company has been acting all along against the interests of the public minority shareholders. This precludes the existence of an orderly, informed and fair market in the trading of the Company's securities. In these circumstances, the Listing Committee considered it appropriate to cancel the listing of the Company's shares under Rule 6.01(4).

Under Rule 6.10, the Listing Committee has required that the Company must have remedied those matters which have rendered it unsuitable for listing by 17 January 2016. Should the Company fail to do so, the Exchange may proceed with cancelling the Company's listing. The Exchange will make a further announcement if cancellation of the listing takes place.

Hong Kong, 31 December 2015