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.