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.