

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

### INCORPORATION AND COMMENCEMENT OF OUR BUSINESS

#### **Incorporation of Engen and other intermediate holding companies**

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

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

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

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

#### ***Background of Jinxin***

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

#### ***Terms of our acquisition***

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

- (a) Gold Hero and Silver Harvest agreed to acquire from Gushan 1,800 and 1,500 ordinary shares of Engen, representing 18% and 15% of the total issued share capital of Engen at that time, at the price of US\$474,545 and US\$395,455, respectively. This sale and purchase of shares of Engen was completed on November 29, 2010; and
- (b) Gushan agreed to issue to Gold Hero, for a cash consideration of US\$1,764,000, up to 24 million ordinary shares of Gushan, 6 million of which were delivered to Gold Hero at the closing of the acquisition and 18 million of which were placed in escrow subject to release pursuant to an earn-out arrangement tied to the financial performance of Jinxin for the three years ended December 31, 2012.

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

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

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

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

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

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

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

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

#### ***Background of Xiangbei***

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

#### ***Terms of our acquisition***

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

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

- (a) Engen agreed to issue to Gold Wide and Silvery Boom, subject to an earn-out arrangement that is tied to the financial performance of Xiangbei for the three years ending December 31, 2013, up to 8.502% and 5.668%, respectively, of the total issued share capital of Engen enlarged by such issuance for a consideration in cash of US\$426,485 and US\$284,323, respectively (the “Xiangbei (Engen) Earn-out”); and
- (b) Gushan agreed to issue to Gold Wide and Silvery Boom, subject to an earn-out arrangement that is tied to the financial performance of Xiangbei for the three years ending December 31, 2013, up to 12 million and 8 million, respectively, shares of Gushan for the consideration of HK\$120 and HK\$80, respectively (the “Xiangbei (Gushan) Earn-out”).

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

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

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

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

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

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

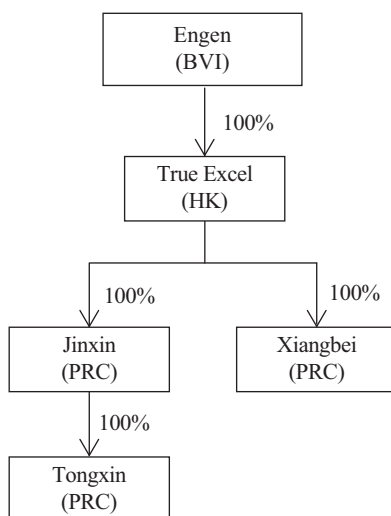
To expand our business and production capacity, on June 1, 2011, Jinxin established a wholly-owned subsidiary, Tongxin. Tongxin also principally engages in the recycling of scrap copper for the manufacturing of copper products including copper wirerods and wires. In June 2012, Tongxin started selling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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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



### OUR EXPANSION INTO THE DOWNSTREAM COPPER CABLE BUSINESS

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

#### Our Acquisition of Baohe Taiyue in 2012

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

#### *Background of Baohe Taiyue*

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

### *Background of Guangzhou Taiyue*

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

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

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

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

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

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

### *Our acquisition of Baohe Taiyue*

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

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

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

### **Our Acquisition of Baohe Xinshiji in 2012**

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

#### ***Background of Baohe Xinshiji***

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

#### ***Background of Sichuan Xinshiji***

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



---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

### *Background of Baohe Fushan's joint venture in Baohe Xinshiji*

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

### *Our acquisition of Baohe Xinshiji*

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

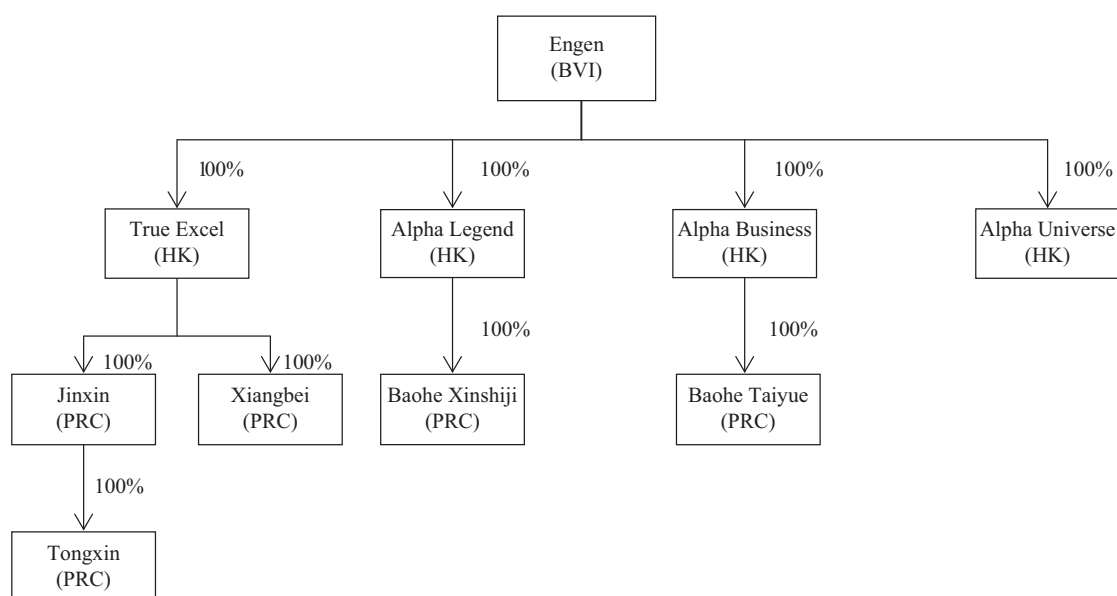
- it also had plans to establish production facilities in the Youxian Industrial Park, which is adjacent to our new Tongxin production facility;
- recycled copper products produced by our new Tongxin production facility are the core raw materials used for the production of copper cable products and,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

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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

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

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



### ACQUISITION OF SHARES BY MANAGEMENT MEMBERS

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

### OTHER TRANSFERS OF ENGEN SHARES DURING THE TRACK RECORD PERIOD

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

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

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

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

*Note:*

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

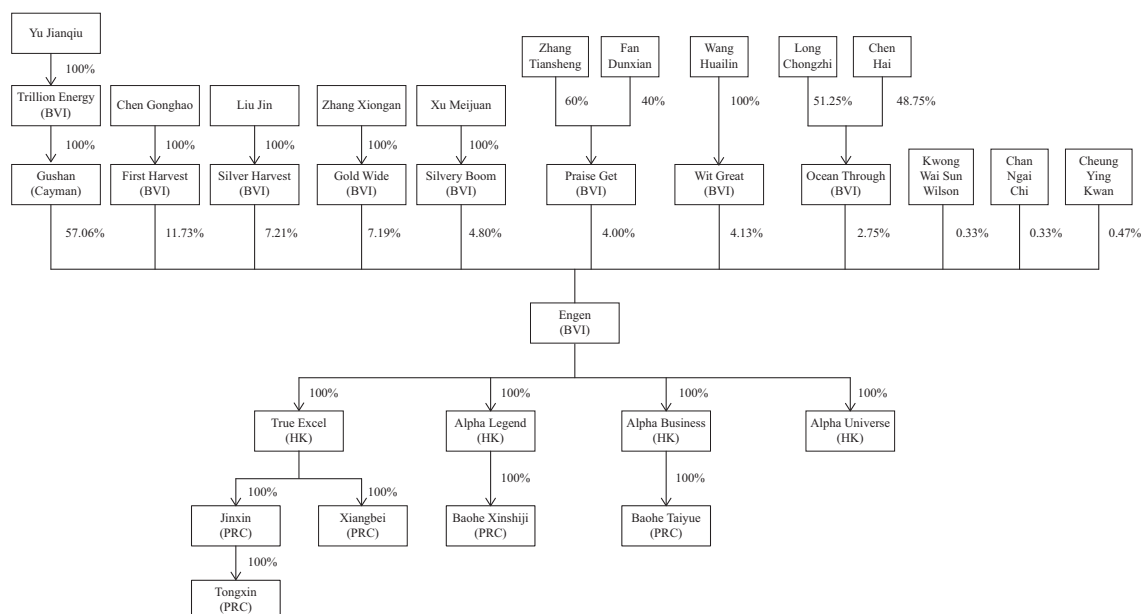
The following are important milestones in our business history to date:

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

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## CORPORATE REORGANIZATION

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



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

### Removal of certain nominee arrangements of some of our minority shareholders

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

- On February 25, 2013, Ms. Liu Jin, the nominee of Mr. Liu Hanjiu<sup>(1)</sup>, entered into a share transfer agreement with Mr. Liu Hanjiu, pursuant to which Ms. Liu Jin transferred to Mr. Liu Hanjiu one share in Silver Harvest, representing the entire issued share capital of Silver Harvest, for a consideration of US\$1.00.
- On February 25, 2013, Mr. Zhang Xiongan, the nominee of Mr. Huang Weiping<sup>(2)</sup>, entered into a share transfer agreement with Mr. Huang Weiping, pursuant to which Mr. Zhang Xiongan transferred to Mr. Huang Weiping one share in Gold Wide, representing the entire issued share capital of Gold Wide, for a consideration of US\$1.00.

Notes:

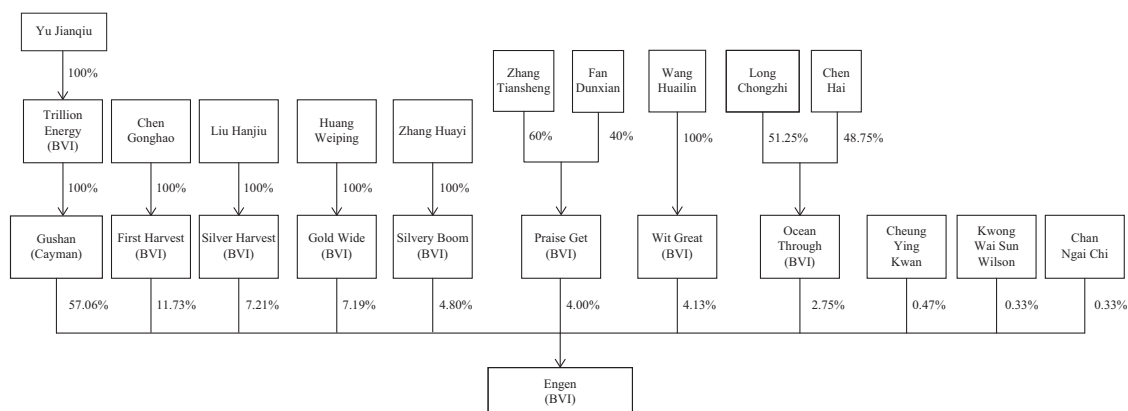
(1) Mr. Liu Hanjiu is one of the Original Shareholders of Jinxin and is the father of Ms. Liu Jin.

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

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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

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



### Distribution in specie of the shares in Engen held by Gushan

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

*Note:*

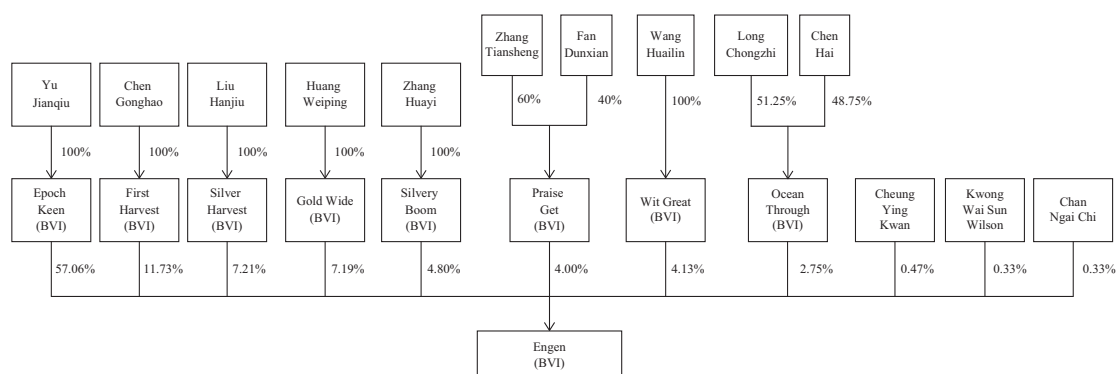
- (1) Mr. Zhang Huayi is one of the Original Shareholders of Xiangbei.

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

### Transfer of shares in Engen from Trillion Energy to Epoch Keen

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

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



### Establishment of our Company

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

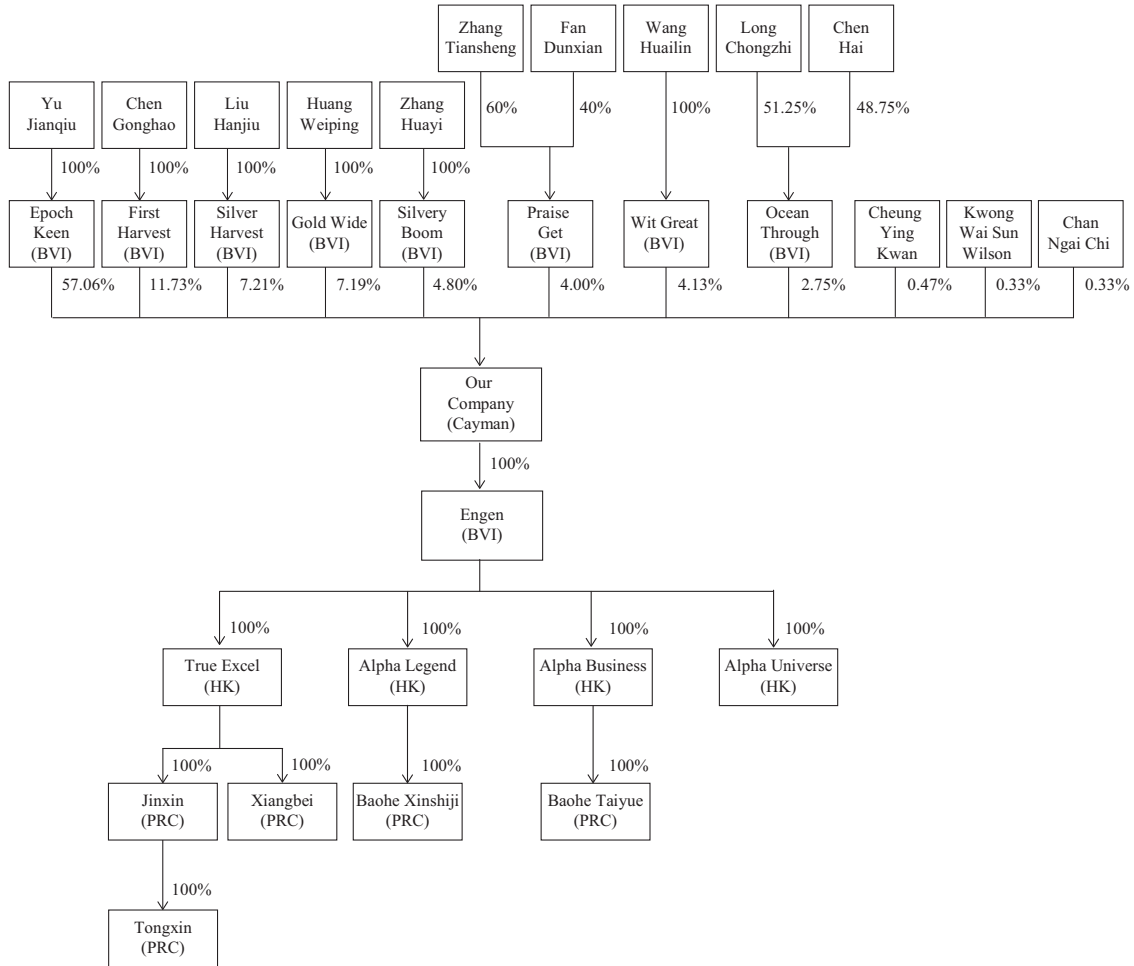
Pursuant to a share transfer agreement dated March 19, 2013, Epoch Keen, First Harvest, Silver Harvest, Gold Wide, Silvery Boom, Praise Get, Wit Great, Ocean Through, Mr. Kwong Wai Sun Wilson, Mr. Chan Ngai Chi and Mr. Cheung Ying Kwan transferred their respective holdings in the issued share capital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

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



## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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



### SAFE Registration in the PRC

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

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

---

## HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

---

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

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

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

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

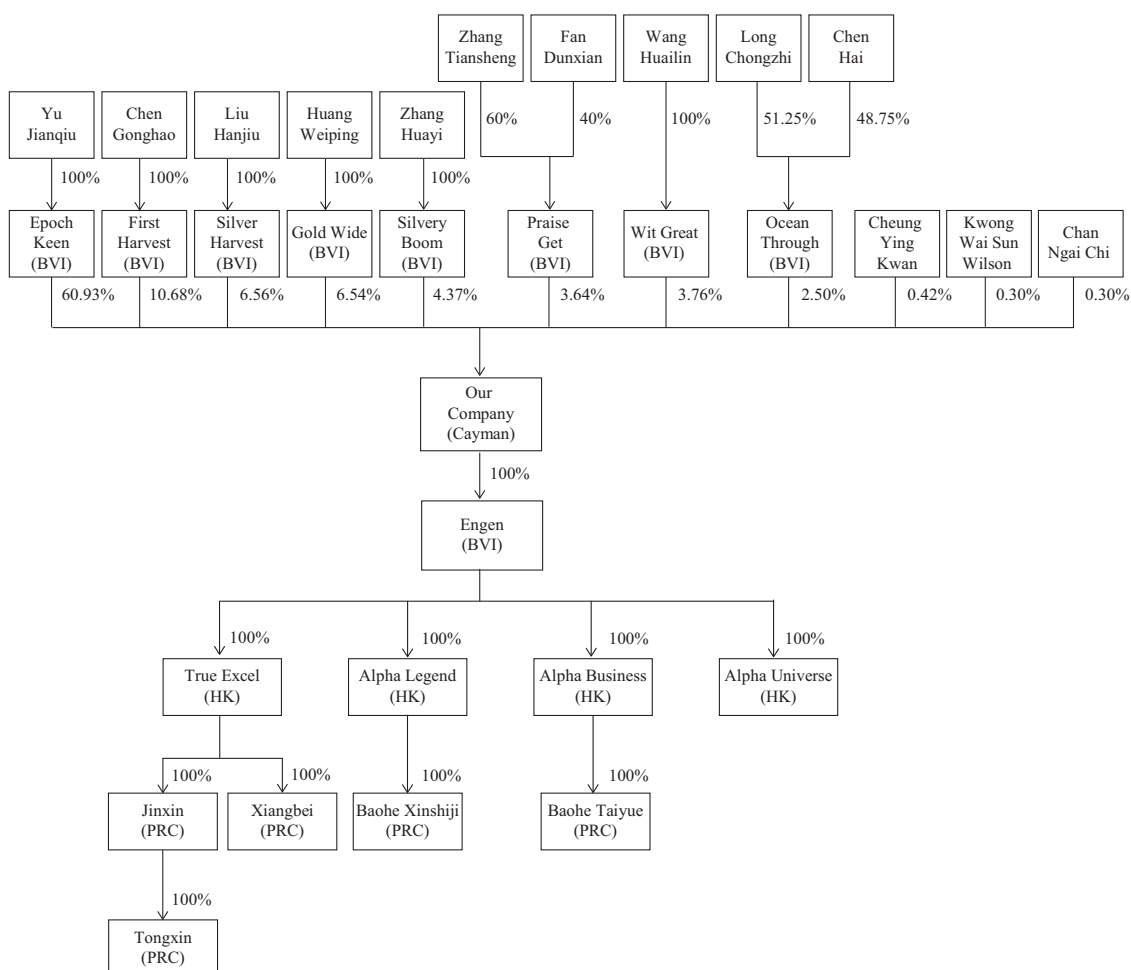
Following the exercise of the options, Mr. Chen Gonghao, Mr. Liu Hanjiu, Mr. Huang Weiping, Mr. Zhang Huayi, Mr. Zhang Tiansheng, Mr. Fan Dunxian, Mr. Wang Huailin, Mr. Long Chongzhi and Mr. Chen Hai completed the amendments of their respective foreign exchange registration of overseas investment with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

# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## Capitalization Issue and Global Offering

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

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



# HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

## STRUCTURE UPON LISTING

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

