This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a Mixed Metal Scrap recycler in China and the largest importer of Mixed Metal Scrap used for recycling, reuse and processing in terms of the total import volume as approved by the MEP *(Note 1)* and the actual import volume of Mixed Metal Scrap *(Note 2)* during the Track Record Period. The recycling of imported Mixed Metal Scrap is a restricted business which is subject to licensing requirement under the Provisional Regulations on Environmental Protection in relation to Wastes Importation《廢物進口環境保護管理暫行規定》(Huankong (環控) [1996] No. 204, implemented on 1 April 1996. Further details of the rules and regulations on such restricted business are set out on page 101 of this prospectus. Based on CRU Strategies' assessment, China represents the world's largest importer of copper waste and scrap *(Note 3)*, accounting for over two thirds of global total reported import volume of 8.2 million tonnes in 2008. According to the China Customs data, we were the largest importer of copper based scrap *(Note 4)* in China in 2009.

Our principal business comprises Mixed Metal Scrap recycling, reuse and processing which involves breaking-down, demolition and separation of Mixed Metal Scrap such as motor scrap and electric wire and cable scrap into their respective metal constituents, comprising mainly copper scrap, steel scrap, aluminium scrap and iron scrap, i.e., the Recycled Metal Products. During the breaking down, demolition and separation process, we actively identify and separate metal scrap that we believe can be reused or remanufactured for other use. The reuse or remanufacture of such metal scrap is recognised as a key concept in sustainable use of resources. As far as we are aware, developed countries have yet to develop commercially viable processes and production lines to separate all kinds of Mixed Metal Scrap into their pure metal constituents. Of the different types of Mixed Metal Scrap, we specialise in importing motor scrap for recycling and processing as our Directors believe that the relatively higher recoverable copper content in motor scrap allows us to benefit from the higher value that this commodity commands. In order to further enhance the value of Recycled Metal Products, we also engage in the foundry business which involves using our Recycled Metal Products in the production for sale of aluminium-alloy ingots and copper rods and wires, i.e., the Foundry Products. In addition to the Recycled Metal Products and the Foundry Products, we also procure and on-sell other metal scrap procured by us to our customers without further processing, i.e., the Wholesale Products.

Our business segment may be broadly classified into three categories:

- metal recycling business;
- foundry business; and
- wholesale business.

Notes:

1. Based on the information available from the MEP, our import volumes of Mixed Metal Scrap approved by the MEP for 2007, 2008 and 2009 were 265,000 tonnes, 350,000 tonnes and 440,000 tonnes, respectively, which were approximately 93.4%, 75.0% and 83.3% higher than the approved import volumes obtained by the second largest Mixed Metal Scrap importer in China.

2. For 2007, 2008 and 2009, our actual import volumes of Mixed Metal Scrap were 243,538 tonnes, 312,795 tonnes and 251,446 tonnes, respectively. Based on our actual import volumes of Mixed Metal Scrap for this period as compared with the approved import volumes for the second largest Mixed Metal Scrap importer as set out in the information available from the MEP, our actual import volumes were 77.8%, 56.4% and 4.8% higher than the approved import volumes obtained by the second largest Mixed Metal Scrap importer in China.

3. HS Code 7404

4. HS Code 7404

Set out below is a breakdown of our turnover by product category during the Track Record Period:

	Year ended 31 December					
	2007		**2008**		**2009**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Metal recycling business						
Copper scrap 廢銅	1,096,057	60.9%	1,407,523	56.2%	1,164,966	49.8%
Steel scrap 廢鋼	323,881	18.0%	542,351	21.6%	490,246	21.0%
Aluminium scrap 廢鋁	87,550	4.9%	59,376	2.4%	52,280	2.2%
Iron scrap 舊生鐵	88,059	4.9%	134,958	5.4%	114,271	4.9%
Other metal scrap *with processing* *(Note 1)*	64,878	3.6%	160,351	6.4%	32,671	1.4%
Foundry business						
Aluminium-alloy ingots 鋁錠	137,907	7.7%	179,923	7.2%	189,988	8.1%
Copper rods and wires 銅杆銅綫	–	0.0%	–	0.0%	180,649	7.7%
Wholesale business						
Other metal scrap without processing *(Note 2)*	–	0.0%	20,686	0.8%	114,172	4.9%
	1,798,332	100.0%	2,505,168	100.0%	2,339,243	100.0%

Notes:

(1) "Other metal scrap with processing" represents leftover bits and pieces of motor scrap (廢電機下腳料) and other miscellaneous items.

(2) "Other metal scrap without processing" represents scrap compressor, scrap engine part and single metal scrap we procure and on-sell without further processing to our customers.

IMPACT OF THE RECENT FINANCIAL CRISIS ON OUR GROUP

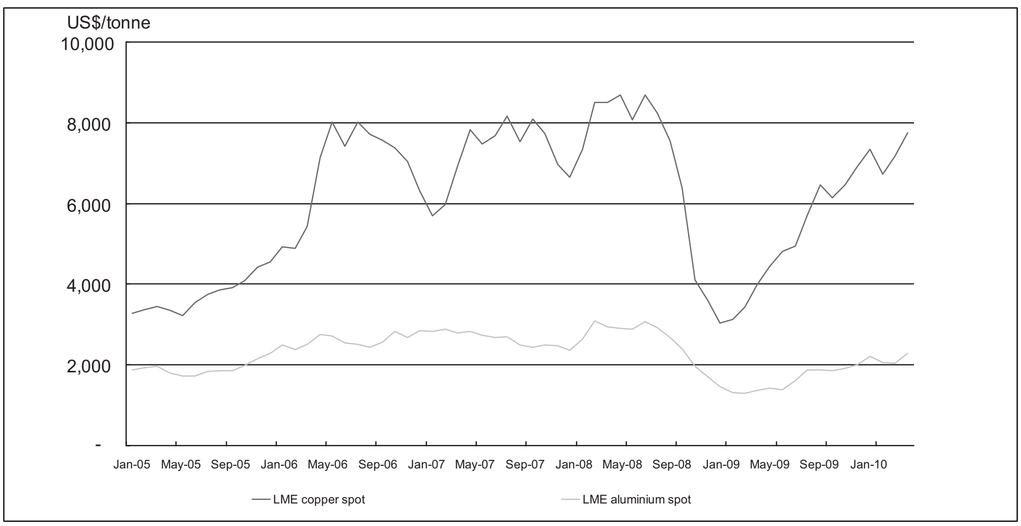
The metal scrap recycling industry has historically been highly cyclical and is affected significantly by general economic conditions, both domestic and international. Historically, in periods of national recession or periods of slowing economic growth, the metal scrap recycling industry has experienced cyclical downtrends. After rising during 2007 and through the third quarter of 2008, commodities prices in global markets fell sharply towards the fourth quarter of 2008. Under these circumstances, the average selling prices of and the realisable prices for our products were adversely affected.

Although we recorded profits attributable to shareholders of approximately HK$83.0 million for the year ended 31 December 2007, the sharp collapse in global commodities prices in the fourth quarter of 2008 resulted in our inventories (which comprised mainly of copper, steel, aluminium and iron recycled products as well as raw materials purchased by us) being stated at net realisable value instead of at cost as at 31 December 2008. The Group recorded inventory provision of HK$308.6 million and a loss of HK$200.1 million for the year ended 31 December 2008. As a result of the loss we recorded for 2008 due to the Inventory Provision, we failed to satisfy the requirements of Rule 8.05(1)(a) of the Listing Rules to have an aggregate net profit of HK$30 million for the two years ended 31 December 2007 and 2008. The Stock Exchange published a news release on 5 June 2009 announcing that the Stock Exchange may grant a waiver to certain listing applicants from strict compliance with the existing profit test in certain circumstances where the negative adverse financial impact arising from the recent global financial downturn is temporary in nature. We have applied to

the Stock Exchange for, and the Stock Exchange has agreed to grant us, a waiver from compliance with Rule 8.05(1)(a) of the Listing Rules. Please refer to the section "Waivers from Strict Compliance with the Listing Rules" in this prospectus.

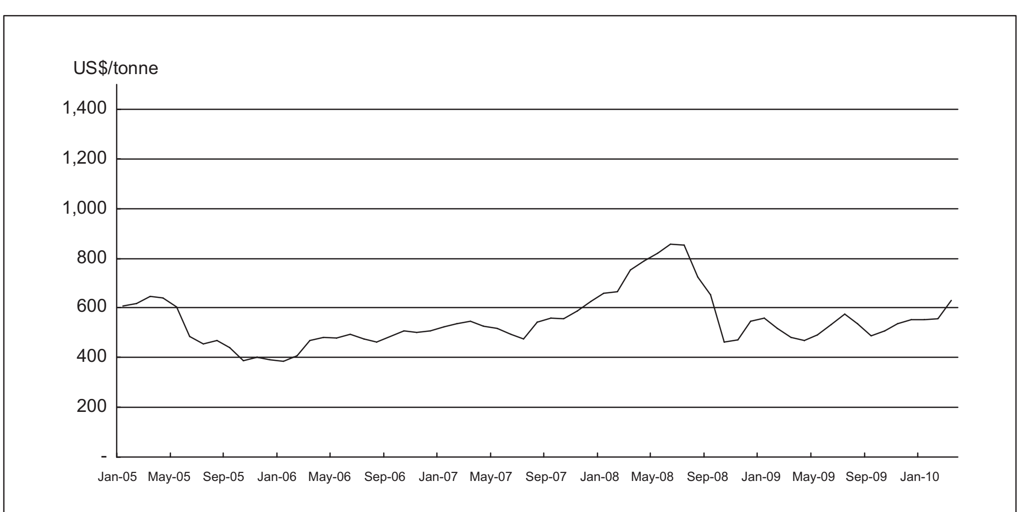
As demonstrated in Chart A below relating to the movement of copper and aluminium as quoted on the LME, and Chart B below relating to China domestic hot rolled coil steel index for the last 5 years, the prices for these commodities have recovered quite significantly from their lows in December 2008 and commodity prices have also been experiencing their typical upswings and downswings in 2009. Accordingly, the Directors and the Sole Sponsor are of the view that the conditions and circumstances which led to the Company's inability to meet the profit test under Rule 8.05(1)(a) of the Listing Rules, namely the sharp collapse of the commodities market occurring in tandem with the recent global market downturn, are temporary and have not continued.

Chart A
Copper spot and aluminium spot price quoted from LME



Source: Bloomberg

Chart B
China domestic hot rolled coil steel index



Source: Bloomberg

The metal scrap recycling industry has historically been highly cyclical and is affected significantly by general economic conditions, both domestically and internationally. Accordingly, the Directors are unable to state, with any degree of certainty, whether a similarly sharp collapse of the commodities market experienced in the recent financial crisis is likely to recur in the future. However, the Directors note that there has been no previous swings of such magnitude in the last 5 years and that the financial crisis as experienced during the period of October 2008 and February 2009 is recognised in the market as unprecedented.

Apart from affecting the global demand for commodities, the global financial crisis also resulted in global credit tightening and the deteriorating situation exacerbated the liquidity and credit crunch. This unexpected liquidity and credit crunch has affected not only the banking and financial sectors, but also the commercial sectors relying on the availability of banking facilities and bank borrowings. Our Directors confirm that during this period, we did not receive any notification from its bankers regarding withdrawals of any of its banking facilities, or requesting for early repayment of any of its outstanding bank borrowings. Our Directors further confirm that they are of the opinion that the liquidity and credit crunch did not materially and adversely affect our ability to secure and/or renew bank borrowings, nor were we being charged exceptionally high interest rate on its bank borrowings; nor was any of our credit facilities tightened or cancelled as a result of our unfavourable financial results for the year ended 31 December 2008 in accordance with terms and conditions of the relevant bank loan facilities. On the contrary, at the beginning of 2009, we managed to secure additional banking facilities to further strengthen our working capital.

Sales volume and average selling price

The sales volume and average selling price of our products during the Track Record Period and each of the months ended 31 January 2010, 28 February 2010 and 31 March 2010 are set out as follows:

	Year ended 31 December			(unaudited) Month ended 31 January	(unaudited) Month ended 28 February	(unaudited) Month ended 31 March
	2007	2008	2009	2010	2010	2010
Metal recycling business						
Copper scrap (廢銅)						
Average selling price per tonne *(HK$)*	48,887	48,143	36,271	44,867	48,506	44,642
Sales volume *(tonnes)*	22,420	29,236	32,118	3,654	1,638	6,449
Steel scrap (廢鋼)						
Average selling price per tonne *(HK$)*	2,214	3,967	3,453	3,242	3,191	3,428
Sales volume *(tonnes)*	146,299	136,717	141,993	26,609	10,260	24,260
Aluminium scrap (廢鋁)						
Average selling price per tonne *(HK$)*	15,422	13,259	11,279	15,127	14,280	14,659
Sales volume *(tonnes)*	5,677	4,478	4,635	131	267	475
Iron scrap (舊生鐵)						
Average selling price per tonne *(HK$)*	2,319	3,589	2,656	2,788	2,792	2,825
Sales volume *(tonnes)*	37,966	37,608	43,027	5,546	1,662	8,268

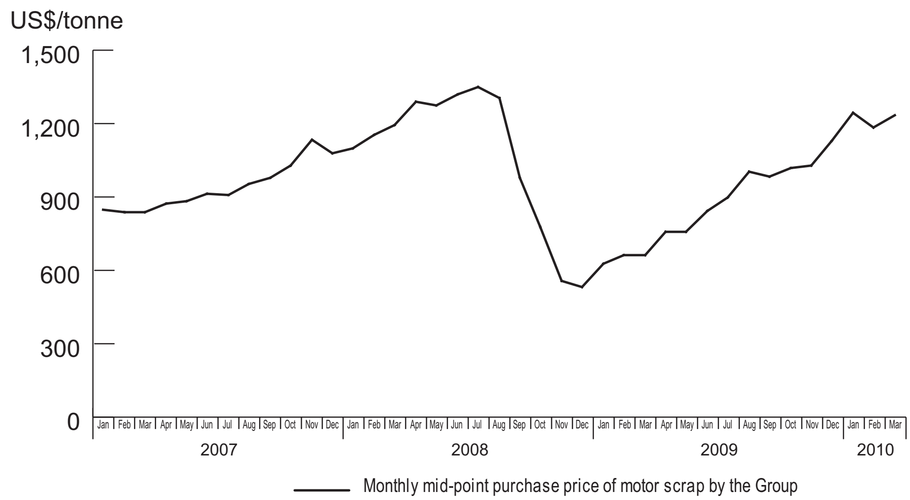
	Year ended 31 December 2007	2008	2009	(unaudited) Month ended 31 January 2010	(unaudited) Month ended 28 February 2010	(unaudited) Month ended 31 March 2010
Foundry business						
Aluminium-alloy ingots (鋁錠)						
Average selling price per tonne *(HK$)*	17,234	16,995	13,136	16,543	16,220	16,452
Sales volume *(tonnes)*	8,002	10,587	14,463	1,246	687	2,030
Copper rods and wires (銅桿銅綫)						
Average selling price per tonne *(HK$)*	–	–	50,404	58,228	58,019	58,322
Sales volume *(tonnes)*	–	–	3,584	903	178	123
Wholesale business						
Other metal scrap without processing						
Average selling price per tonne *(HK$)*	–	6,063	2,773	3,140	3,050	4,192
Sales volume *(tonnes)*	–	3,412	41,176	2,517	3,001	1,907

The average selling price for our non-ferrous metal products, namely copper scrap, aluminium scrap and aluminium-alloy ingots, decreased between 2007 and 2008 as the commodity price for such metals were at its peak throughout 2007 and the first half of 2008, and experienced a sharp drop since July 2008. On the other hand, there was an increase in the average selling price for our ferrous metal products, namely steel scrap and iron scrap, between 2007 and 2008 which was in line with the rising trend of the commodity price for such metal from 2007 to July 2008. During the last few months of 2008, there was a drop in such price to a level similar to that in 2007. The decline in average selling price of all our products between 2008 and 2009 resulted from the sharp collapse of commodities prices in all open markets towards the fourth quarter of 2008. Since the fourth quarter of 2008, there has been a significant improvement in the average selling prices, which has continued to improve up till January 2010. Recent fluctuations in commodities price benchmarks for our products in the first quarter of 2010 has seen a slight decline in late January and early February 2010 followed by a rebound in March 2010. As a result, the average selling prices of most of our products has decreased in line with the commodities price benchmarks for the month of February 2010. However, as we have been able to realise higher selling prices from the sale of recovered copper scrap with copper content higher than usual, the average selling price of our copper scrap products increase during that month. Sales volume of our products also decreased during the month of February 2010 as a result of the slow down of our processing and sales activities during the Chinese New Year holiday period.

Purchase price of motor scrap

The chart below sets out the price trend of the Group's monthly mid-point purchase price of motor scrap throughout the Track Record Period and up to 31 March 2010:

Monthly mid-point purchase price of motor scrap by the Group



Note: The above purchase price is based on purchase orders placed by the Group.

The Group's purchase price of motor scrap increased between the year ended 31 December 2007 and 31 December 2008 due to the increasing price for the key component commodities of such motor scrap from March 2007 to July 2008. The decline in market price of motor scrap and Mixed Metal Scrap between the year ended 31 December 2008 and 31 December 2009 resulted from the sharp collapse of prices for the key component commodities of such motor scrap and Mixed Metal Scrap from July 2008 to December 2008. The purchase price has rebounded significantly since the end of 2008, increasing by 133% from its low point in December 2008 to January 2010. The market price of motor scrap has declined slightly during the month of February 2010 and recovered in March 2010.

Gross profit (loss) and net profit (loss)

	Year ended 31 December		
	2007	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
Gross profit (loss)	114,933	(234,839)	554,437
Gross profit (without Inventory Provision)	114,933	73,774	245,824
Gross profit (loss) margin	6.4%	–9.4%	23.7%
Gross profit margin (without Inventory Provision)	6.4%	2.9%	10.5%
Net profit (loss)	82,963	(200,132)	419,654
Net profit (without Inventory Provision)	82,963	31,936	187,587
Net profit (loss) margin	4.6%	–8.0%	17.9%
Net profit margin (without Inventory Provision)	4.6%	1.3%	8.0%

We recorded gross profit of HK$114.9 million and HK$554.4 million for the years ended 31 December 2007 and 31 December 2009, respectively, and a gross loss of HK$234.8 million for the year ended 31 December 2008 as a result of the Inventory Provision.

Our gross profit margin was 6.4% and 23.7% for the two years ended 31 December 2007 and 31 December 2009, respectively. Due to the gross loss for the year ended 31 December 2008, we recorded a negative gross margin of 9.4%.

For each of the three years comprising our Track Record Period, our gross profits (without Inventory Provision) were HK$114.9 million, HK$73.8 million and HK$245.8 million, respectively. Our gross profit margin (without Inventory Provision) for each of the three years comprising our Track Record Period was 6.4%, 2.9% and 10.5%, respectively. Our gross profits (without Inventory Provision) and gross profit margin (without Inventory Provision) increased between 2008 and 2009 in line with the increase in the prices of the various commodities price benchmarks for our products since we purchased our raw materials in 2008. The decline in gross profit (without Inventory Provision) and gross profit margin (without Inventory Provision) between 2007 and 2008 resulted from the sharp collapse of prices for the key component commodities of such motor scrap towards the fourth quarter of 2008.

The improvement in overall gross profit margin (without Inventory Provision) was mainly attributable to the following factors:

1. We benefited from our management's decision to maintain purchases of raw materials at lower average purchase prices throughout the 2008 financial crisis which resulted in improved gross profit margins for all of our products, particularly for our copper Recycled Metal Products which recorded an improvement in gross profit margin (without Inventory Provision) from 2.9% in 2008 to 10.5% in 2009. Our gross profit margin for steel Recycled Metal Products improved marginally whilst our gross profit margin for iron Recycled Metal Products continued to decline as their market price did not improve as quickly as those in relation to other Recycled Metal Products.

2. The fluctuation of global commodities prices during the lead time between our purchase of raw materials and the sale of our Recycled Metal Products. The sharp decline in global commodities price benchmarks towards the end of 2008 reduced our cost of purchase of raw materials which we procured at prices that were benchmarked against global commodities price before such benchmarks improved in the first half of 2009 whilst our selling prices were determined with reference to improving commodities price benchmarks.

3. During the breaking down, demolition and separation process in connection with our metal recycling business, we actively identified and separated metal scrap that can be further processed to maximise the value realisable from such materials. This was particularly evident in the improvement of gross profit margin for our Recycled Metal Products classified under "Other metal scrap with processing" from 7.4% in 2008 to 14.2% in 2009.

We recorded net profits of HK$83.0 million and HK$419.7 million for each of the two years ended 31 December 2007 and 31 December 2009, respectively, and a net loss of HK$200.1 million for the year ended 31 December 2008 as a result of the Inventory Provision.

Our net profit margin was 4.6% and 17.9% for the two years ended 31 December 2007 and 31 December 2009, respectively. Due to the gross loss for the year ended 31 December 2008, we recorded a negative net margin of 8.0%.

Taking into account (i) the net proceeds of the Global Offering (see "Future Plans and Use of Proceeds"), (ii) the cash and cash equivalents on hand; and (iii) the expected cash flow to be generated from future operations, our Directors are of the opinion that the working capital available to us is sufficient for our present requirements and for at least the next 12 months from the date of publication of this prospectus.

Save as disclosed in this sub-section above, our Directors confirm that there has been no material adverse change in our financial or trading position since 31 December 2009 (being the date to which our latest consolidated financial results were prepared as set out in the Accountants' Report in Appendix I to this prospectus).

Further information on the impact of the recent financial crisis on us is set out in the paragraphs under "Financial Information – Impact of the recent financial crisis on our Group" of this prospectus.

MAJOR CUSTOMERS

Our customers for our Recycled Metal Products and Foundry Products include metallurgy processors, copper wire manufacturers, electrical appliance producers, raw material suppliers and smelters in China. They utilise recycled metals for production and can produce metals at a lower cost than primary smelters using refined metals from ore. This is mainly due to the significant savings in energy consumption, environmental compliance and labour costs enjoyed by the secondary smelters for melting recycled metals. These cost advantages, and the long lead-time necessary to construct new primary smelting facilities, have generally resulted in sustained demand and strong prices for our Recycled Metal Products.

Our wholesale business customers are typically also metal scrap processors who are unable to secure metal scrap directly or the volume required.

Mixed Metal Scrap which our PRC subsidiaries import into China under the relevant approved import volumes are utilised in our metal recycling business and our PRC subsidiaries are prohibited from reselling the Mixed Metal Scrap we import into China under such approved import volumes within China without first having processed it into Recycled Metal Products. Accordingly, our PRC subsidiaries are unable to and do not intend to resell the Mixed Metal Scrap they import into China under the relevant approved import volumes within China. All the metal scrap (including both single metal scrap and Mixed Metal Scrap) we, through CT HK, procure without further processing for sale under our wholesale business was sold to customers in China, Germany and Pakistan. CT HK has the legal capacity to undertake the wholesale business which is trading in nature and given that CT HK has obtained the Supplier Registration Licence issued by AQSIQ, CT HK has the ability and relevant authority to on-sell metal scrap into buyers in China.

RAW MATERIALS, PROCUREMENT AND SUPPLIERS

The raw material we use in our metal recycling business comprises Mixed Metal Scrap which we mainly import from Mixed Metal Scrap traders and collectors located in the US and Europe. In line with industry practice, we do not have any long-term contracts (i.e. more than one year) or continuing supply contracts nor do we have any intention to enter into any long term contract with any of our suppliers as the raw materials we require are readily available in international markets. For our foundry business, we typically use internally generated Recycled Metal Products for our production of aluminium-alloy ingots and copper rods and wires. We adjust the level of internally-supplied raw materials for our foundry business based on the respective market demands for our aluminium or copper scrap and aluminium-alloy ingots and copper rods and wires.

For the Track Record Period, the purchases from our five largest suppliers amounted to 77.1%, 58.4% and 42.0%, respectively of our total purchases of raw materials and supplies (including transportation costs). We have enjoyed business relationship with such suppliers for periods between 2 and 9 years. Delco Asia was our largest supplier for 2007 and 2008 and accounted for 30.5% and 18.6% of our total purchases of raw materials and supplies (including transportation costs) for the respective years. During the year ended 31 December 2009, purchases from our largest supplier accounted for 14.9% of our total purchases of raw materials and supplies (including transportation costs). Save for Delco Asia and HKM Metal, being two of our five largest suppliers for the years ended 31 December 2007 and 2008 respectively, none of our Directors or their respective associates or any of our existing Shareholders, who to the knowledge of our Directors owns more than 5% of our issued share capital or of any of our subsidiaries or of any of their respective associates, had any interest in any of our five largest suppliers during the Track Record Period.

Save for the period between October 2008 and February 2009 during which our management faced a situation where metal scrap suppliers were less willing to sell their inventory as the prices of such scrap declined as a result of the global financial crisis at the end of 2008, we have been able to maintain a stable and sufficient supply of raw materials since the commencement of our business. The pricing of Mixed Metal Scrap, our principal raw material, generally follows the movement of the pricing of refined metals quoted on established exchanges such as the LME and SHFE. The pricing of refined metals is open and transparent. Buyers and sellers would take into account the quotations on the exchanges when they are deciding the transaction prices. Therefore, pricing is crucial to determine whether we can procure our raw materials. We believe that as long as our purchase price is broadly consistent with the market price, there is no impediment to our stable procurement of raw materials under normal operating and market conditions.

Notwithstanding the fact that we are of the view that the procurement difficulties we experienced during the period between October 2008 and February 2009 were occasioned by extraordinary and unprecedented circumstances which were temporary in nature, we have and will continue to diversify our supplier base in order to reduce the risk of any over-reliance on a few key suppliers and to mitigate any potential difficulties in the future that may be occasioned by conditions similar to those we experienced between October 2008 and February 2009.

PROCESSING AND PRODUCTION SITES

Our principal processing and production site, which is involved in both the metal recycling business as well as the foundry business, is located in Taizhou City, Zhejiang Province at Taizhou Metals Recycling Park and occupies a total gross area of approximately 200,000 sq.m.. Our processing and production workshops, administration and office building, staff dormitories, warehouses and other ancillary facilities are situated in our production site. During the Track Record Period, our principal production and processing lines were located at our Taizhou facilities.

We commenced our metal recycling business in the Ningbo Metals Recycling Park in November 2009. Our premises in the Ningbo Metals Recycling Park occupies a gross site area of approximately 36,112 sq.m. We lease our premises in Ningbo for a term of 5 years starting from 1 October 2009.

Taizhou is named as the "Capital for Metals Recycling in China" (中國再生金屬之都) by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) where many of the major Mixed Metal Scrap recycling companies are located.

The Ningbo Metals Recycling Park was established in 2001 and boasts a port-to-factory logistics and customs arrangement whereby the Ningbo Metals Recycling Park is responsible for transportation of scrap raw materials from the port to the custom clearance facilities within the recycling park. The services provided by the Ningbo Recycling Park allow additional convenience for customs clearance.

Both our processing sites are well served by road networks such as the Yong-Tai-Wen highway (甬台溫高速) and the Shang-San highway (上三高速) which connect us to major cities in the Yangtze River Delta, such as Hangzhou and Shanghai, where many of our customers are located. We also take advantage of our proximity to the Taizhou port and the Beilun port in Ningbo, which are located only approximately 20 km and 50 km from our respective facilities, for import of our raw materials.

During the Track Record Period, the annual utilisation rates of Mixed Metal Scrap recycling facilities at our Taizhou processing base were 75.6%, 73.5% and 45.7%, respectively *(Note 1)* while the annual utilisation rate of Mixed Metal Scrap recycling facilities at our Ningbo processing base was 3.2% *(Note 2)*. Our Ningbo processing base only commenced operation in November 2009.

INDUSTRY OVERVIEW

Natural mining resources are limited and, increasingly, there are signs that future supply will not be able to keep up with demand. Under the 11th Five Years Plan, the State Council had emphasised the development of "Recycling Economy". In addition, the Recycling Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》) was also approved in the fourth meeting of the 11th National People's Congress Standing Committee of the PRC. China represents the world's largest importer accounting for over two thirds of copper scrap and over one third of aluminium scrap, of total global reported imports in 2008.

Notes:

1. The annual utilisation rate is measured by comparing the actual production of Mixed Metal Scrap with the annual processing capacity of Recycled Metal Products as assessed by Zhejiang ESRD.

2. The annual utilisation rate is measured by comparing the actual production of Mixed Metal Scrap with the annual processing capacity of Recycled Metal Products as assessed by Ningbo SWAC.

We believe that with positive PRC government initiatives to develop the recycling industry and an experienced and cost effective workforce in China, the metal recycling industry in China will continue to grow and become an important source of metal resources in the future.

COMPETITIVE STRENGTHS

- A significant player in the fast-growing metal recycling industry with established presence in China
- Largest importer of copper based scrap and motor scrap in China
- Obtained all required qualifications, approvals and licences
- Well established procurement network and capabilities
- Strategic locations in close proximity to shipping ports, transportation links and our major customers
- Well-designed processing flow with an experienced and cost effective workforce
- Experienced and dedicated management team
- Effective enviromental protection measures and pollution controls

BUSINESS STRATEGIES

- We will increase our purchase of raw material in order to increase the scale of our operation
- Continue to develop and expand our existing processing capacity
- Establish new facilities in other locations in China to capitalise on our international scrap material procurement network, expand our coverage of China and position ourselves to tap the growth potential for domestic-generated metal scrap market and align ourselves with PRC government policies
- Leverage upon our existing procurement and customer network to expand the range of scrap materials we process as well as increasing our sales to our existing and potential customers
- Expand the scope of our business to further enhance our procurement network and capabilities
- Market consolidation and mergers and acquisition opportunities

RISK MANAGEMENT OF COMMODITY PRICE FLUCTUATIONS

We generate our revenue predominantly from the sale of Recycled Metal Products which we processed from Mixed Metal Scrap we imported into China. Accordingly, our profit comprises the margin between the selling price of our Recycled Metal Products and the cost of the Mixed Metal Scrap we import and related recovering and processing costs.

Our purchase of Mixed Metal Scrap and sale of our products are driven by typical commercial considerations of a normal operating company and are determined by a number of factors, principally, the need to ensure that there is sufficient inventory of Mixed Metal Scrap to maintain normal business operation at our processing and production plants, stable and adequate inventory level of Recycled Metal Products and the cash flow positions with reference to the requirements of our Group at the relevant time. We have not acquired inventory to speculate on price movements in the underlying metal during the Track Record Period. As illustrated in Chart A in the paragraph headed "Risk management of commodity price fluctuations" in the section headed "Business" on page 150 of this prospectus, we do not focus on purchasing Mixed Metal Scrap from the market when the market price is low or when the market is anticipated to rise, as we have historically continued to engage in purchasing and selling of our raw materials and products irrespective of changing market conditions.

The pricing of Mixed Metal Scrap generally follows the movement of the pricing of refined metals quoted on established exchanges such as the LME and SHFE. Selling prices for our Recycled Metal Products are also determined by reference to such quoted prices. Our Directors consider that fluctuations in commodity prices are one of the principal operating risks we face for the following reasons:

- Any unusual sharp movements of commodity prices during the 2 to 3 months time-lag between our purchase of Mixed Metal Scrap and our Recycled Metal Products being available for sale will affect the profit/loss of our operations during the time-lag period; and

- Any unexpected and sharp decline in global commodities prices may reduce the net realisable value of our inventory below the cost we paid which may result in a write-down on the value of our inventory against our profit.

For the financial year ended 31 December 2008, the sharp collapse in global commodities prices in the fourth quarter of 2008 resulted in our inventories of raw materials and processed products which arose out of our normal recovery and processing operations being stated at net realisable value instead of at cost as at 31 December 2008.The Group recorded inventory provision of HK$308.6 million and a loss of HK$200.1 million for 2008. This provision for the diminution in value of our physical inventory was fully written-back in the financial year ended 31 December 2009 as commodity prices rebounded and recovered during 2009.

Our Directors believe that the unprecedented and sharp collapse of the commodity prices within a short space of 3 months at the end of 2008 without any sustained intermediate rebounds was out of the ordinary and made it very difficult for our Company, like other companies with similar commodity price fluctuation risk profile, to respond effectively to the crisis unless some measures of stability is brought back into the market. Our Directors further believe that our Company has, like most other companies, been caught out by the unusual and unprecedented sharp collapse in global commodities prices brought about by the recent global financial downturn. Once commodity prices have settled back to a less volatile level (however low), we will be able to adjust quickly by buying Mixed Metal Scrap (at a lower price), recover and process the scrap into Recycled Metal Products and sell the Recycled Metal Products (at a higher price). Since the Group's profit is derived from the difference between the sale price of the Recycled Metal Products and the Mixed Metal Scrap price plus the cost of transportation, recovery and processing, the actual commodity price is inconsequential.

Our treasury and risk management activities during the Track Record Period

Whilst we had carried out certain hedging activities as described below, we did not have a formal hedging policy during the Track Record Period.

As part of our treasury and risk management and not as part of our principal business activities, we bought and, to a lesser extent, sold metal future contracts during the Track Record Period. In 2007, with the objective of maintaining a sufficient level of inventory, we bought copper futures to supplement our physical inventory. This practice tappered off in end 2007 once we were able to increase our inventory level. We did not buy or sell any metal future contracts during the peak commodity prices period between June 2008 and October 2008 as the Group was able to generate cash-flow and profit from selling its Recycled Metal Products during this period. During the extraordinary period between October 2008 and February 2009 occasioned by the recent financial crisis, we consciously decided to continue normal operations subject to certain adjustments for lower liquidity, lower realisable prices for our Recycled Metal Products and tighter cash flow. Whilst we continued to sell our Recycled Metal Products to generate cash flow to meet our working capital requirements, we were more active in buying futures but in most cases, the quantity of futures we bought mirrored the quantity of physical Recycled Metal Products we sold. These transactions allowed us to monetize our inventory and generated positive cash-flow during the few months following the collapse of commodity prices when the spread between copper spot and copper futures prices became especially pronounced. We began winding down our metal futures purchases from May 2009 onwards as the spread between spot and futures prices narrowed. Furthermore by December 2008, the downward spiral of commodity prices had tapered off and Mixed Metal Scrap bought in the periods from December 2008 were being processed and viably sold.

Our hedging policy

In view of the experience gained in the recent financial crisis in the last quarter of 2008 which had a material adverse impact on our Group, we decided to put in place a formal hedging policy which our executive Directors are principally responsible for implementing. With effect from 23 June 2010 and in preparation for the Listing, we have adopted a formal hedging policy to enhance our risk management of commodity price fluctuations with the objectives of (i) mitigating commodity price risk by seeking to lock in our profits, secure our profit margin and to protect the sales price of our products; (ii) ensuring an effective risk monitoring system; (iii) maintaining an appropriate level of inventory for our operations; (iv) evaluating our commodity price risk management procedures on a regular basis; and (v) performing annual independent review of our internal control, inventory management and commodity risk management procedures to ensure compliance with our hedging policy.

After considering (i) the business model of our Group which does not involve any speculative trading activities; and (ii) the above commodity price risk management procedures, the Sole Sponsor is of the view that our Group's commodity price risk management policy will be sufficient and effective upon the Listing.

Further information on our risk management policies on commodity price fluctuations upon the Listing is set out in the section "Business – Risk management of commodity price fluctuations" of this prospectus.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated expenses payable by us in connection therewith, are estimated to be approximately HK$641.1 million, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.78 per Share, being the mid-point of the proposed Offer Price range of HK$2.43 to HK$3.13 per Share. We currently intend to use such net proceeds as follows:

– as to approximately HK$320.6 million (equivalent to approximately RMB281.2 million), representing approximately 50% of the net proceeds from the Global Offering, will be used to purchase raw materials. The allocation of the 50% of the net proceeds will be applied over a period of 9 months for the purchase of additional raw materials necessary for maintaining a normal business operation in accordance to our expected increase in production volume as stated in the section headed "Business – Business Strategies" of this prospectus. The proceeds dedicated to the purchase of raw materials will be deposited in separate bank accounts designated for such specific purpose, and we will put in place formal internal control procedures to allow our Directors to closely monitor the application of such proceeds and to ensure that it is not used for speculative purposes. Please refer to the paragraph headed "Monitoring procedures for the use of proceeds of the Global Offering" in the section headed "Business – Risk management of commodity price fluctuations" on page 155 to this prospectus for details of our internal control procedures. As at the Latest Practicable Date and based on the actual volume of imported Mixed Metal Scrap that has cleared the relevant customs, we have utilised 161,507 tonnes of our approved import volume for 2010. Accordingly, based on our total approved import volume of 470,000 tonnes for 2010, the remaining approved import volume that was unutilised as at the Latest Practicable Date was 308,493 tonnes. Subject to any unforeseen circumstances, our Directors believe that we currently have sufficient approved import volume for us to utilise the proceeds we designate for the purposes of purchasing raw materials according to our current plan. In the event that we intend to import Mixed Metal Scrap over and above the current approved import volume, we will make the necessary applications in accordance with the requirements as set out in the "Provisional Regulations on Environmental Protection in relation to Wastes Importation". Any import of raw materials purchased that requires permits or licenses for import, as described in the paragraph headed "PRC Rules Relating to Qualification, Permits or Licences Required for our Business" in the section headed "Rules and Regulations" on page 100 of this prospectus, will be subject to the approved import volume amount secured at the relevant time. Our PRC legal advisor has advised that, based on the assessment criteria issued by the relevant authority, the approved import volume obtained by our Group in previous years and the processing capacity of our Group as assessed by the relevant authority and provided that the total import volume of the additional approvals and existing approved import volume are within the processing capacity of our Group as assessed by the relevant authority at the relevant time, there is no legal impediment to us obtaining any additional approved import volume amount, where required. Please refer to the paragraph headed "PRC Rules Relating to Qualification, Permits or Licences Required for our Business" in the section headed "Rules and Regulations" on page 100 of this prospectus for the criteria issued by the relevant authority in granting approved import volume. Whilst we increase the amount of raw material we purchase, we will also increase our processing volume as well as the sales of our Recycled Metal Products in order to meet our targeted inventory turnover days of 90 days we adopted as part of our hedging policy. As our Recycled Metal Products are sold to our customers as a commodity and are priced with reference to the prices of refined metals quoted on established exchanges such as the LME and SHFE, our sale of our Recycled Metal Products is determined by our willingness to sell having considered factors including the margins we make on each sale, the urgency of such sale at times of reduced margin or losses and our financial status at the time of the sale. In addition, market research by CRU Strategies as set out in the section headed "Industry Overview" in this prospectus indicated an expectation of further growth in consumption and demand of these Recycled Metal Products;

- as to approximately HK$128.2 million (equivalent to approximately RMB112.5 million), representing approximately 20% of the net proceeds from the Global Offering, will be used to further enhance our procurement network and capabilities through joint ventures and/or mergers or acquisitions. The criteria we will consider in assessing joint-ventures and/or acquisition targets would (a) strengthen our procurement network; and (b) reduce the cost of our raw materials. As at the Latest Practicable Date, we have not identified any joint venture and/or merger or acquisition targets;

- as to approximately HK$80.1 million (equivalent to approximately RMB70.3 million), representing approximately 12.5% of the net proceeds from the Global Offering, will be used to expand the processing and production capacity in our existing production bases in Ningbo as well as establishing new production bases in other cities in the China where we deem appropriate. Please refer to page 121 of this prospectus for details of our expansion plans. As disclosed in the section headed "Processing and Production Capacities" in the section headed "Business" on page 136 of this prospectus, the production utilisation rate of Mixed Metal Scrap recycling facilities at our Taizhou process base was reduced from 73.5% in 2008 to 45.7% in 2009. The decrease in annual utilisation rate was due to a combination of (a) an expansion of our annual processing capacity over the Track Record Period; (b) a general slowdown in business activities resulting from the financing crisis; and (c) lower sales by our Group due to lower realisable prices for our Recycled Metal Products and excess supply in the industry for the year ended 31 December 2008 which only began to improve towards the second quarter of 2009 as the recycled metal scrap product prices in global markets improved and rebounded from their lows at the end of 2008. However, based on the expected production output by the end of 2010 for Recycled Metal Products, copper rods and wires, aluminium-alloy ingots in Taizhou and Recycled Metal Products in Ningbo as disclosed the section headed "Processing and Production Capacities" in the section headed "Business" on page 136 of this prospectus, our Directors currently expect utilisation rate of the Recycled Metal Products capacity in Taizhou and Ningbo to increase to 64.5% and 87.5%, respectively. In addition, our Directors also currently expect that the utilisation rate for CT Foundry for copper rods and wires and aluminium-alloy ingots will increase to 50% and 33.3%, respectively. Accordingly, our Directors currently expect that in preparation for the future growth of our Group, it will be necessary for our Group to further expand its processing and production capacity. The criteria we will consider in assessing the location for establishing the new production facilities would include (a) local government support (including custom and excise clearance and environmental authorities support); (b) proximity to port facilities, rail and highway networks near China's more industrially developed regions such as the Pearl River Delta in Southern China, the Yangtze River Delta in Eastern China and the Bohai Rim in Northern China; (c) availability of tax incentive, where applicable; and (d) proximity to potential customers including iron and steel mills and copper related products manufacturers and industry requiring the products we produced. As at the Latest Practicable Date, we have not identified where we will base such new processing and production facilities;

- as to not more than approximately HK$50.0 million (equivalent to approximately RMB43.9 million), representing approximately 7.8% of the net proceeds from the Global Offering, will be used for the repayment of shareholders' loan and in this regard, approximately HK$50.0 million of the proceeds received into the settlement account of CCBIC with China Construction Bank Corporation Hong Kong Branch from the Global Offering shall be held by CCBIC, and the Company has given irrevocable instructions to CCBIC, that subject to the Global Offering becoming wholly unconditional, CCBIC shall apply such sums directly to repay the shareholders' loan upon Listing; and

- balance of approximately HK$62.2 million (equivalent to approximately RMB54.6 million), representing approximately 9.7% of the net proceeds from the Global Offering will be used for general working capital purpose.

To the extent that the net proceeds from the Global Offering are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the new proceeds from the Global Offering, when combined with such alternate sources of financing are sufficient for the users set forth above.

In the event that the Over-allotment Option is exercised in full and the Offer Price is finally determined at the highest end of the indicative Offer Price range between HK$2.78 and HK$3.13 per Offer Share, the net proceeds of the Global Offering will be increased by approximately HK$101.1 million and approximately HK$198.7 million, respectively. Our Directors intend to apply such additional proceeds on a pro rata basis to (a) increase the purchase of raw materials, (b) further enhance our procurement network and capabilities through joint venture and/or mergers or acquisitions, and (c) expand the processing and production capacity in our existing production base in Ningbo as well as establishing new production bases in other cities in China where we deem appropriate.

In the event that the Over-allotment Option is exercised in full and the Offer Price is finally determined at the lowest end of the indicative Offer Price range between HK$2.43 and HK$2.78 per Offer Share, the net proceeds of the Global Offering will be increased by approximately HK$3.5 million and approximately HK$101.1 million, respectively. Our Directors intend to apply such additional proceeds on a pro rata basis to (a) increase the purchase of raw materials, (b) further enhance our procurement network and capabilities through joint venture and/or mergers or acquisitions, and (c) expand the processing and production capacity in our existing production base in Ningbo as well as establishing new production bases in other cities in China where we deem appropriate.

In the event that the Over-allotment Option is not exercised and the Offer Price is finally determined at the highest end of the indicative Offer Price range between HK$2.78 and HK$3.13 per Offer Share, the net proceeds of the Global Offering will be increased by nil to approximately HK$84.8 million and nil, respectively. Our Directors intend to apply such additional net proceeds on a pro rata basis to (a) increase the purchase of raw materials, (b) further enhance our procurement network and capabilities through joint venture and/or mergers or acquisitions, and (c) expand the processing and production capacity in our existing production base in Ningbo as well as establishing new production bases in other cities in China where we deem appropriate.

In the event that the Over-allotment Option is not exercised and the Offer Price is finally determined at the lowest end of the indicative Offer Price range between HK$2.43 and HK$2.78 per Offer Share, the net proceeds of the Global Offering will be reduced by approximately HK$84.9 million and nil, respectively. In such event, our Directors intend to reduce the intended use of proceeds for the above stated purposes on a pro rata basis (except for the shareholders' loan which will be repaid in full) and we will finance such shortfall by internal cash resources and/or additional loans and borrowings, as and when appropriate.

To the extent that any part of the net proceeds from the Global Offering are not immediately required for the above purposes, we may hold such funds in short-term interest-bearing deposits and/or money-market instruments such as treasury bills, commercial paper and bankers' acceptances with authorised financial institutions and/or licensed banks in Hong Kong.

TRADING RECORD DURING THE TRACK RECORD PERIOD

The following table summarises our audited consolidated results for the Track Record Period which has been prepared on the basis set out in, and should be read in conjunction with the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December					
	2007	% of Revenue	2008	% of Revenue	2009	% of Revenue
	HK$'000		*HK$'000*		*HK$'000*	
Revenue	1,798,332	100.0%	2,505,168	100.0%	2,339,243	100.0%
Cost of sales	(1,683,399)	93.6%	(2,740,007)	109.4%	(1,784,806)	76.3%
Gross profit (loss)	114,933	6.4%	(234,839)	–9.4%	554,437	23.7%
Other income	1,217	0.1%	8,501	0.3%	5,711	0.2%
Other gains and losses	23,710	1.3%	37,050	1.5%	98,200	4.2%
Distribution costs	(709)	0.0%	(1,700)	–0.1%	(1,757)	–0.1%
Administrative expenses	(14,799)	–0.8%	(28,137)	–1.1%	(34,917)	–1.5%
Other expenses	–	0.0%	(10,575)	–0.4%	(5,657)	–0.2%
Finance costs	(18,431)	–1.0%	(41,598)	–1.7%	(28,823)	–1.2%
Profit (loss) before tax	105,921	5.9%	(271,298)	–10.8%	587,194	25.1%
Income tax (expense) credit	(22,958)	–1.3%	71,166	–2.8%	(167,540)	7.2%
Profit (loss) for the year	82,963	4.6%	(200,132)	–8.0%	419,654	17.9%
Other comprehensive income						
Exchange difference arising on translation to presentation currency	17,540	1.0%	11,658	0.5%	3,481	0.2%
Total comprehensive income (expense) for the year	100,503	5.6%	(188,474)	–7.5%	423,135	18.1%

For illustration purposes only, the following table sets out gross profit and the profit for the year during the Track Record Period if the Inventory Provision had not been taken into account:

	Year ended 31 December					
	2007	% of Revenue	2008	% of Revenue	2009	% of Revenue
	HK$'000		*HK$'000*		*HK$'000*	
Gross profit without Inventory Provision	114,933	6.4%	73,774	2.9%	245,824	10.5%
Profit for the year without Inventory Provision	82,963	4.6%	31,936	1.3%	187,587	8.0%
(Inventory Provision) write-back of Inventory Provision	–	–	(308,613)	12.3%	308,613	13.2%

PROFIT FORECAST FOR THE SIX MONTHS ENDING 30 JUNE 2010

The forecast of the consolidated profit attributable to equity holders of our Company for the six months ending 30 June 2010 prepared by our Directors is based on the unaudited accounts of our Group for the four months ended 30 April 2010 and a forecast of the results of our Group for the remaining two months ending 30 June 2010. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group (as summarised in the Accountants' Report, the text of which is set out in Appendix I to this prospectus) and is based on the following principal assumptions:

(a) there will be no material changes in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in any of the countries, regions or industries in which we operate, where our customers carry out business, to which we export our products or from which we import our parts and raw materials;

(b) there will be no significant fluctuations in currency exchange rates, interest rates and tariffs and duties in the respective countries in which our Group operates;

(c) there will be no material changes in the bases or rates of taxation applicable to our Group in the respective jurisdictions in which we operate; and

(d) our Group's operations and business will not be severely interrupted by any force majeure events or unforeseeable factors, or for any unforeseeable reasons, that are beyond the control of our Directors, including but not limited to the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents.

Our Directors have undertaken to the Stock Exchange that our Group's consolidated financial statements for the six months ending 30 June 2010 will be audited pursuant to Rule 11.18 of the Listing Rules.

Forecast consolidated profit for the six months ending 30 June 2010 *(note 1)*	not less than HK$152 million
Unaudited pro forma forecast earnings per Share *(note 2)*	not less than HK$0.15

notes:

1. The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this prospectus.

2. The unaudited pro forma forecast earnings per share is calculated by dividing the forecast consolidated profit for the six months ending 30 June 2010 by a total of 1,000,000,000 shares, assuming that the shares to be in issue throughout the six months period without taking into account any shares that may be issued upon exercise of the Over-allotment Option or upon any exercise of any options that may be granted under the Share Option Scheme.

SENSITIVITY ANALYSIS OF THE FORECAST CONSOLIDATED PROFIT BEFORE TAX FOR THE SIX MONTHS ENDING 30 JUNE 2010

The following tables set forth the sensitivity analysis of the forecast consolidated profit before tax of the Group for the six months ending 30 June 2010 ("1H 2010 Forecast Profit Before Tax") with respect to the variation in the average selling prices of our copper related, steel related and aluminium related products for the period from 19 May 2010 to 30 June 2010 and on the assumption that there is no change in other input variables, including fixed and variable costs:

Product price				
Copper scrap	**Copper rods and wires**	**Variance from product price**	**Corresponding 1H 2010 Forecast Profit Before Tax**	**Variance from 1H 2010 Forecast Profit Before Tax**
(HK$ per tonne)		*(%)*	*HK$'000*	*(%)*
41,555	52,744	(5.0)	199,930	(5.0)
43,742	55,520	–	210,539	–
45,929	58,296	5.0	221,148	5.0

Product price Steel scrap	**Variance from product price**	**Corresponding 1H 2010 Forecast Profit Before Tax**	**Variance from 1H 2010 Forecast Profit Before Tax**
(HK$ per tonne)	*(%)*	*HK$'000*	*(%)*
3,096	(5.0)	205,619	(2.3)
3,259	–	210,539	–
3,422	5.0	215,459	2.3

Product price				
Alumnium scrap	**Alumnium-alloy ingots**	**Variance from product price**	**Corresponding 1H 2010 Forecast Profit Before Tax**	**Variance from 1H 2010 Forecast Profit Before Tax**
(HK$ per tonne)		*(%)*	*HK$'000*	*(%)*
13,538	15,912	(5.0)	205,942	(2.2)
14,250	16,749	–	210,539	–
14,963	17,586	5.0	215,136	2.2

Product price							
Copper scrap	**Copper rods and wires**	**Alumnium scrap**	**Alumnium-alloy ingots**	**Steel scrap**	**Variance from product price**	**Corresponding 1H 2010 Forecast Profit Before Tax**	**Variance from 1H 2010 Forecast Profit Before Tax**
(HK$ per tonne)					*(%)*	*HK$'000*	*(%)*
41,555	52,744	13,538	15,912	3,096	(5.0)	190,413	(9.6)
43,742	55,520	14,250	16,749	3,259	–	210,539	–
45,929	58,296	14,963	17,586	3,422	5.0	230,665	9.6

STATISTICS OF THE GLOBAL OFFERING

	Based on the Offer Price of HK$2.43 per Offer Share	Based on the Offer Price of HK$3.13 per Offer Share
Market capitalisation of the Shares *(Note 1)*	HK$2.43 billion	HK$3.13 billion
Unaudited pro forma adjusted net tangible asset value per Share *(Note 2)*	HK$0.97	HK$1.14

Notes:

1. The calculation of the market capitalisation of the Shares is based on 1,000,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering but does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options granted or to be granted under the Share Option Schemes or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of our Shares referred to under the paragraph headed "Written Resolutions of the Shareholders" in Appendix VI to this prospectus.

2. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the paragraph headed "Unaudited pro forma adjusted net tangible assets" under the section headed "Financial Information" in this Prospectus and on the basis of 1,000,000,000 Shares in issue at the respective Offer Price of HK$2.43 and HK$3.13 per Offer Share immediately following completion of the Capitalisation Issue and the Global Offering but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that granted or to may be granted under the Share Option Schemes or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of our Shares referred to under the paragraph headed "3. Written Resoultions of the Shareholders" in Appendix VI to this prospectus.

If the Over-allotment Option is exercised in full, the number of Shares in issue will increase to 1,037,500,000 Shares (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options granted or to be granted under the Share Option Schemes).

SHARE OPTION SCHEMES

We adopted the Pre-IPO Share Option Scheme on 23 June 2010 under which we have conditionally granted options to certain employees, executives, officers and directors of our Group to purchase Shares with an exercise price equal to the Offer Price. An aggregate of 12,140,000 Shares are issuable upon exercise of options granted under the Pre-IPO Share Option Scheme, representing approximately 1.21% of the number of Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (assuming no exercise of the Over-allotment Option). If all options granted under the Pre-IPO Share Option Scheme are exercised, this would have a dilutive effect on our earnings per Share upon Listing.

In addition, we conditionally approved the Post-IPO Share Option Scheme on 23 June 2010. Initially, the maximum number of Shares that may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option schemes adopted by us may not exceed 10% of the aggregate number of Shares in issue immediately following the completion of the Capitalisation Issue and Global Offering (without taking into account any Shares that may be issued upon the exercise of the Over-allotment Option), representing 100,000,000 Shares. The total number of Shares that may be issued upon exercise of all options granted and yet to be exercised under the Share Option Schemes or any other share option schemes adopted by us (and to which the provisions of Chapter 17 of the Listing Rules are applicable) will not exceed 30% of the Shares in issue from time to time.

The purpose of the Share Option Schemes is to recognise the contribution that certain employees, officers and directors of our Group and others made or may have made to our growth. They aim to give the participants an opportunity to acquire a personal stake in our Company and help motivate such participants to optimise their performance and efficiency, and also to help attract or retain the participants whose contributions are important to our long-term growth and profitability. Additional information regarding the Share Option Schemes and the grantees under the Pre-IPO Share Option Scheme is set forth the section headed "Further Information about Directors, Substantial Shareholders and Experts – 6. Share Option Schemes" in Appendix VI to this prospectus.

DIVIDEND POLICY

Dividends may be paid out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

During the Track Record Period, no dividend was paid or declared. A decision to declare or to pay any dividends in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

Subject to the factors described above, we currently intend to recommend a distribution to all Shareholders in an amount representing not less than 25% of the distributable net profit attributable to the equity holders of the Company in each of the financial years following the Global Offering. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors consider appropriate.

RISK FACTORS

Our Directors consider that the operation of our Group's businesses is subject to a number of risk factors, a summary of which is set out in the section headed "Risk factors" in this prospectus. These risk factors can be classified as follows:

Risks Relating to the Industry

- The metal recycling industry has historically been, and is expected to remain, highly cyclical. A protracted fall in metal scrap prices, as occurred towards the end of 2008, would have a material adverse effect on our operating results

- A sustained and sharp decline in commodities prices may have an adverse effect on the supply of our raw materials including Mixed Metal Scrap

- We are subject to significant risk relating to changes in commodity prices and may not be able to effectively protect against this risk

- We are exposed to fluctuation in currency exchange rates

- We are subject to significant risk relating to changes in interest rate and may not be able to effectively protect against this risk

- Our profit margins and operating results may be affected by increase in the price of raw materials

- Our profit margin and business prospect may be affected by any change in the competitive landscape of the metal recycling industry in China
- Low gross profit margin
- Our operations are subject to comprehensive environmental regulations and involve significant expenditures for compliance with regulations
- The global financial crisis and disruptions in the financial market had and may continue to have a material adverse impact on our business, results of operations and financial condition
- Changes in existing regulations and policies applicable to the industry may cause us to incur additional costs to comply with the more stringent laws and regulations, which could have an adverse impact on our growth and operating results
- Our business is subject to seasonality

Risks Relating to Our Business

- Reliance on the China market
- Failure to maintain the qualifications, permits or licences required for our business and/or maintain or increase the import volume of our Mixed Metal Scrap could adversely affect our business
- The growth of our Mixed Metal Scrap operation is dependent on our ability to expand our processing site and increase our procurement capacity
- Loss of our major suppliers could affect our business
- Fluctuations in the selling prices of our products may adversely affect our results
- We currently intend to use a significant portion of the net proceeds from the Global Offering to purchase raw materials
- We may not be able to implement our future plans
- We may be subject to liability in connection with industrial accidents at our processing and production sites
- Our business operations are subject to operational risks and other unforeseen risks that may not be fully covered by our insurance policies or at all
- Failure to meet our working capital requirements would adversely affect our business and ability to sustain or grow our business
- Our operation is largely dependent on our Group's key management
- Our Board may not have sufficient experience of direct relevance to effectively implement our hedging policy
- Our Board may not have sufficient experience of direct relevance to effectively monitor the use of proceeds from the Global Offering

- Failure to maintain an effective quality control system at our facilities may have a material adverse effect on our business
- A material disruption in our operations could adversely affect our revenues and profits
- The interests of our Controlling Shareholders may differ from those of other Shareholders
- We may not grow at a rate comparable to our growth rate in the past
- If we fail to manage our growth effectively, our business may be adversely affected
- Our corporate structure may restrict our ability to receive dividends from our PRC operating subsidiaries
- Our suppliers may require strict compliance with their credit terms
- Our Ningbo processing site was leased to us before requisite building ownership certificates were obtained

Risks Relating to China

- The PRC's economic, political and legal developments, as well as government policies, could affect our business
- The PRC legal system has inherent uncertainties that could limit the legal protections available to our Shareholders
- Fluctuations in the Renminbi exchange rate may adversely affect our financial conditions and results of operations
- Government regulation of currency conversion and the fluctuation of the Renminbi may materially and adversely affect our ability to pay dividends in foreign currencies to our Shareholders and the value of the dividends payable on our Shares
- The implementation of the labour contract law, increase in labour costs and future labour disputes may affect our operations and our profitability
- Enforcement of judgments in China may be difficult to obtain
- 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
- A newly enacted PRC tax law may affect tax exemptions on dividends received by us and Shareholders and increase our enterprise income tax rate
- The relevant PRC regulatory authorities have not explicitly promulgated the detailed implementation rules of the M&A Rules

Risks Relating to the Global Offering

- There has been no prior public market for our Shares and liquidity may be low
- The Offer Price may not be indicative of prices that will prevail in the trading market, and the market price of our Shares may be volatile
- Investors in the Global Offering will experience immediate dilution
- Future sale of our Shares or major divestment of Shares by any major Shareholder could adversely affect our Share price
- 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
- Prior dividend policy and past dividend declared should not be used as an indicator for future dividends
- We cannot guarantee the accuracy of facts and statistics with respect to certain information obtained from government official publications contained in this prospectus
- Forward-looking statements may not be accurate