Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider the following risks and special considerations associated with an investment in our Company before making any investment decision in relation to our Company.

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

The prices of our raw materials and Recycled Metal Products are volatile and the operating results of the metal recycling industry, in general, have historically been cyclical, and are expected to remain, highly cyclical in nature, and our operations, specifically, are expected to be highly cyclical in nature. After rising during 2007 and through the third quarter of 2008, Recycled Metal Products prices in global markets fell sharply towards the fourth quarter of 2008 as a result of collapsing demand and the resulting excess supply in the industry due to the financial tsunami. The fall in prices during this period adversely affected the results of metal scrap companies, including our Group, as a result of lower revenues due to collapsing realisable prices for our products and lower net profits or even losses due to provisions made for inventories.

Recycled Metal Products prices are sensitive to trends in cyclical industries, such as the automotive and construction industries. In the past, substantial price decreases during periods of economic weakness have not always been offset by commensurate price increases during periods of economic strength. Although metal scrap prices have stabilised to a large degree, the timing and extent of factors that will lead to a recovery to inbound flows of scrap cannot be predicted. Recovery of inbound volumes will likely depend on a broad recovery from the current global economic downturn, although the length and nature of business cycles affecting the metal scrap industry have historically been unpredictable. If the current recovery in Recycled Metal Products prices were to prove unsustainable, a further downswing would materially and adversely affect our revenues and profitability including through possible further provisions for and write-downs of inventories.

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

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. Buyers and sellers would take into account the quotations on the exchanges when they are deciding the transaction prices. Given the historically cyclical nature of commodities prices, the prices of our raw materials are volatile and, in general, have historically been cyclical, and are expected to remain, highly cyclical in nature.

In a sharply-declining commodity price market occasioned by financial crises similar to that we had experienced towards the end of 2008, Mixed Metal Scrap suppliers with financial means to hold metal scraps would be less willing to sell their stockpiles as they would make reduced margins or even losses from their sales. Further, during such extraordinary period, Mixed Metal Scrap suppliers may not have the necessary funding to collect scrap metals for sale or they may also decide not to take large positions in metal scrap (without being assured of being able to sell them at a profit) as it would have been obvious to them that the demand and corresponding prices for metal may decline further. Under such circumstances, our supply of raw materials including Mixed Metal Scrap may be adversely affected and this would in turn affect our operations and financial performance.

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 commodity price risk during the period that we have title to products that are held in inventory for processing or resale. Prices of commodities, including our raw materials and our products, can be volatile due to numerous factors beyond our control. In an increasing price environment for raw materials, competitive conditions may limit our ability to pass on price increases to our consumers. In a decreasing price environment for processed recycled metal, we may not have the ability to fully recoup the cost of raw materials that we procure, process and sell to our customers. We are unable to fully hedge positions in certain commodities, such as recycled ferrous metal, where no established futures market exists. Thus, our sales and inventory position will be vulnerable to adverse changes in commodity prices, which could materially adversely impact our operating and financial performance.

Our revenues are predominantly derived from the sale of Recycled Metal Products we process from Mixed Metal Scrap we import. Prices for our Recycled Metal Products vary by product type and fluctuate according to the market demands. Our selling prices for Recycled Metal Products are impacted by worldwide and local demand, country-specific economic conditions, and commodity spot prices for such recycled metals. Like other competitors within the metal recycling business, we rely on generating a margin between the sales price to the end customer over the price we paid to our suppliers of Mixed Metal Scrap. During an increasing price environment, our margins generally increase as the difference in timing between buying unprocessed Mixed Metal Scrap and selling Recycled Metal Products typically results in higher margins. Conversely, decreasing prices of Mixed Metal Scrap generally have the opposite effect on margins and profitability. Additionally, during times of lower prices of Mixed Metal Scrap, suppliers of obsolete scrap sometimes elect to hold onto scrap to wait for higher prices, which exacerbates the cyclicality in margins.

From September 2008 to December 2008, there was a sharp decline in commodity prices which required us to make the Inventory Provision. A loss for the year was recorded for the year ended 31 December 2008 of HK$200.1 million. Additional provisions may be required in the future if the recovery of commodity prices were to prove unsustainable.

We are exposed to fluctuation in currency exchange rates

We report our financial results in Hong Kong dollars. However, our earnings are predominantly denominated in RMB as we sell substantially all of our products in China whereas our purchases of raw materials are principally denominated in US dollars and Euro. These liabilities and earnings are accordingly exposed to fluctuations in exchange rates between those currencies and the Hong Kong dollar. Currency exchange rates have been extremely volatile in recent periods.

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

Most of our borrowings have variable interest rates. It may not be possible for us to effectively hedge against changes in interest rates at all or on an economically reasonable basis. Increases in interest rates could materially increase our borrowing costs and could have a material adverse effect on our results of operations and financial condition.

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

We require large quantities of raw materials, including motor scrap, electricity wire and cable scrap in our production, most of which are imported from overseas. For each of the three years ended 31 December 2007, 2008 and 2009, we incurred approximately HK$1.64 billion, HK$2.46 billion and HK$1.72 billion, respectively, for the cost of raw materials, which represented approximately 97.6%, 89.6% and 96.6% of our total cost of sales. The average unit price of our major raw materials, motor scrap, was approximately HK$6,973, HK$9,351 and HK$6,174 per tonne, respectively or at a CAGR of -5.9%, during the Track Record Period. For each of the three years ended 31 December 2009, we recorded net profit margin (without Inventory Provision) of 4.6%, 1.3% and 8.0%, respectively. The changes of the average unit prices of our raw materials was mainly due to the changes of the global and domestic economy. As a result, metal prices including those of copper, steel and aluminium, which are the main metals constituting Mixed Metal Scrap change as well.

The supply of raw materials and the fluctuation of their prices are subject to many factors, including development of the global economy and policies of exporting countries, which are beyond our control. There is no assurance that we can secure adequate supplies of raw materials at commercially viable prices to meet our production requirements and we may not be able to manage such fluctuations in raw material prices by transferring all the incremental costs to our customers. If raw material prices increase more rapidly than the selling prices of our products and/or we may not be able to source a sufficient supply of raw material at an acceptable level of quality or cost, our financial profit margin and operating results would be adversely affected.

Our profit margin and business prospect may be affected by any change in the competitive landscape of the metal recycling industry in China

The metal recycling industry in China is highly fragmented with market players scattered throughout the country. Although we are currently a significant player in the metal recycling industry and the entry barrier to the industry is high, there is no assurance that we will be able to maintain our market position in China. Any increase in competition in the market may result in pressure on our profit margin and business prospects.

Low gross profit margin

For each of the three years comprising our Track Record Period, our gross profit margin (without Inventory Provision) was 6.4%, 2.9% and 10.5%, respectively.

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

Our Group's gross profit margin of 6.4% for the year 2007 may be attributed to the fact that Mixed Metal Scrap was generally not processed down to the level that our Company did in the following years, whilst its low gross profit margin for the year 2008 was due to the extraordinary market conditions occasioned by the financial crisis and the sharp collapse of prices for the key component commodities of the motor scrap towards the fourth quarter of 2008.

Our improvement in overall gross profit margin (without Inventory Provision) in the year 2009 was mainly attributable to (i) our management's decision to maintain purchases of raw materials at lower average purchase prices throughout the 2008 financial crisis; (ii) 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; and (iii) our effort in actively identifying and separating metal scrap that can be further processed to maximise the value realisable from such materials.

If the current recovery in Recycled Metal Products prices were to prove unsustainable and outpace the positive factors occurring in 2009, we may not be able to maintain our gross profit margin at current level and our financial conditions and results of operations may be adversely affected.

Our operations are subject to comprehensive environmental regulations and involve significant expenditures for compliance with regulations

Our operations, which generate small volume of solid waste by-products, are subject to a variety of national and local PRC environmental laws and regulations. We are also subject to stringent standards imposed by environmental laws and regulations in respect of discharge of gas, noise pollution and discharge of water.

As disclosed in the paragraph headed “Environmental Matters” in the section headed “Business” on page 165 of this prospectus, based on the confirmation issued by the relevant governmental authority and as advised by our PRC legal adviser, CT Metals, CT Foundry and CT Metals (Ningbo) have obtained all necessary permits and approvals related to environmental protection and we have complied with all applicable laws, regulations and requirements in China in relation to environment protection and have not violated any local environmental protection laws or regulations of China during the Track Record Period. There is no assurance that we will at all times be in full compliance with all of the environmental requirements that apply to our operations. Any failure, or any claim that we have failed, to comply with environmental laws and regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business. In addition, any failure to comply with these laws and regulations or the occurrence of gas discharge, hazardous materials or noise or other unanticipated environmental contamination could subject us to substantial fines, clean-up costs, other environmental liabilities or require us to suspend or modify our operations.

Further, environmental laws and regulations may become more stringent in the future. We have made and expect to continue to make necessary capital and other expenditures for environmental compliance. The adoption of new laws and regulations in China relating to environmental compliance could require us to make capital expenditures in excess of what was anticipated, which may adversely affect our financial condition and results of operations.

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

The global financial crisis and disruptions in the financial market have adversely affected economies and businesses around the world, including China. Although the PRC Government has taken initiatives in response to the slowdown in the PRC economy brought about by the financial crisis, the growth of China’s overall has been negatively impacted. During the Track Record Period, most of our turnover was derived in China, and we anticipate that the turnover of our products will continue to be generated mainly from the China market in the near future. The financial crisis may adversely affect our business and operating results in a number of respects. We believe that the global financial crisis has impacted our customers and depressed the realisable prices of our products. Our customers’ ability and willingness to purchase our products often depend on the operating results of their own businesses. Our customers may reduce their demand for our products in an attempt to conserve liquidity in response to the general economic conditions in China and international economy. Any future downturns in the financial markets in general could reduce our sales volume and prices, thereby adversely affecting our financial position.

The global financial crisis has also tightened the credit markets and reduced additional funding available to borrowers. If the conditions continue, worsen or recur, any disruptions in our ability to renew existing borrowings or obtain new borrowings may materially and adversely affect our business, financial condition and results of operations.

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 operations are subject to regulations and policies by the PRC government. These regulations and policies affect many aspects of our operations, including industry-specific fees, custom duties, business qualifications, advancement of bank loans and environmental and safety standards. As a result, we may face significant constraints on our ability to implement our business strategies, develop or expand our business operations or maximise our profitability. Our business could be materially and adversely affected by future changes in regulations and policies of the PRC government applicable to the industry.

Our business is subject to seasonality

Demand for our products is subject to seasonal fluctuations. Due to the Chinese New Year holiday in the first half of the year, demand for our products is generally higher in the second half of the year. As a result, fluctuations in demand for recycled metal scrap in the second half of the year may have a disproportionate impact on our results of operations.

RISKS RELATING TO OUR BUSINESS

Reliance on the China market

During the Track Record Period, most of our turnover was derived in China, the amounts of which were approximately HK$1.79 billion, HK$2.48 billion and HK$2.29 billion, constituting about 99.8%, 99.2% and 97.7% of our total turnover, respectively. We anticipate that the turnover of our products will continue to be generated mainly from the China market in the near future. Accordingly, our operating results and financial position are largely subject to the economic, political, social and legal developments in China as well as changes in the domestic demand for our products in China. There is no assurance that such developments in China as well as such changes in the domestic demand for our products will not adversely affect our performance and profitability.

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

We require certain qualifications, permits and licences for our business which include the qualification as a Designated Processing Unit and the Restricted Import Licence granted by the MEP in order to import Mixed Metal Scrap from overseas. Please refer to the sub-section headed "Qualifications, permits and licences" in the "Business" section of this Prospectus for further details. In order to maintain such qualifications, permits and licences, we must comply with the restrictions and conditions imposed by the relevant authorities and/or pass the annual assessment. The criteria of such assessment include our operating conditions, production capability, management and compliance record. Depending on the outcome of such assessment, our import amount will be decided and approved by the MEP. If we fail to comply with any of the relevant regulations or pass the required annual assessment, we may not be able to maintain our qualifications, permits and licences. If we fail to abide by the relevant requirements during the term of such qualifications, permits and licences, they could be suspended or even revoked. In such cases, our operation would be significantly disrupted or even suspended, or we might not be able to maintain or increase our annual import amount of our Mixed Metal Scrap which could adversely affect our performance.

The growth of our Mixed Metal Scrap operation is dependent on our ability to expand our processing site and increase our procurement capacity

The growth in our processing capacity of Recycled Metal Products is dependent on our ability to expand our processing site and increase our procurement capacity of Mixed Metal Scrap. Currently, our Mixed Metal Scrap operation is carried out in our Taizhou and Ningbo processing sites and our total processing capacity for year 2009 is approximately 607,242 tonnes (including 527,242 tonnes for Taizhou and 80,000 tonnes for CT Metals (Ningbo)) tonnes per annum as assessed by Zhejiang ESRD and Ningbo SWAC in the respective 2009 Import Scrap Materials Environmental Risk Assessment Reports (進口廢物環境風險評價報告表). 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)* for year 2009. We believe that the processing capacity of our Taizhou processing base of approximately 527,242 tonnes for 2009 and 527,473 tonnes for 2010 per annum as assessed by Zhejiang ESRD is at its peak processing capacity due to limitation of its land area. In the event that our Mixed Metal Scrap recycling facilities are fully utilised and we fail to expand our production capacity in Ningbo or fails to locate other appropriate production bases in China, we may not be able to increase the approved amount for our import of Mixed Metal Scrap and this will limit the volume of Mixed Metal Scrap we are authorised to import into China. In such a case, our growth will be limited and our performance may be adversely affected.

Loss of our major suppliers could affect our business

During the Track Record Period, purchases from our five largest suppliers represented approximately 77.1%, 58.4% and 42.0%, respectively of our total purchases of raw materials and supplies (including transportation costs). As at the Latest Practicable Date, we had not entered into any long-term purchase agreements with any of our major suppliers so as to take advantage of the competitive pricing in the open market. Our business with our suppliers has always been, and will continue to be, conducted on the basis of actual purchase orders placed by us from time to time. If any of our suppliers, particularly our major suppliers, significantly fails to meet our purchase orders or terminates entirely its business relationship with us, and we are unable to source Mixed Metal Scrap from alternative suppliers on a timely basis, our operations could be adversely affected.

Fluctuations in the selling prices of our products may adversely affect our results

The fluctuations in the average selling prices of our products are primarily caused by changes in raw material costs, global and local market prices and other factors that are beyond our control. Our management will closely monitor our selling price with reference to the LME and SHFE. However, our procurement of raw materials from overseas to our processing site until completion of our processing process, normally takes 2 to 3 months. As we normally fix our selling price and enter into written sale contracts with our customers when they collect our Recycled Metal Products at our processing site, we are also exposed to price fluctuations during such period. The recent downturn in metal prices at the end of 2008, for instance, has affected the pricing of our Recycled Metal Products. During this period, the decline in selling prices of our processed products was resulted. The Group recorded an accounting loss of approximately HK$200.1 million in 2008 and an accounting inventory provision of approximately HK$308.6 million in 2008. Any volatile or declining average selling prices for our products after our purchase orders of Mixed Metal Scrap have been sent out may adversely affect our gross profit margin and our results.

Note 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.

Note 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 Nigbo SWAC.

We currently intend to use a significant portion of the net proceeds from the Global Offering to purchase raw materials

We currently intend to use a significant portion of the net proceeds from the Global Offering of approximately HK$320.6 million (equivalent to approximately RMB281.2 million), representing approximately 50% of the net proceeds from the Global Offering, to purchase additional raw materials over a period of 9 months 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. Since we are subject to the industry risks as stated in the section headed "Risk Factors" of this prospectus, any adverse changes or protracted fall in metal scrap prices may result in our inventory position being stated at net realisable value rather than lower of cost, as required under the accounting policies of the Group as set out in the section headed "Financial Information" on page 196 of this prospectus. If our inventories are to be stated at net realisable value, any write-down on the inventories purchased using the net proceeds from the Global Offering may have a material adverse impact on our operating and financial performance, and the significant portion of the net proceeds from the Global Offering used may not bring the anticipated benefits to us. For additional information, please see the section headed "Future Plans and Use of Proceeds" in this prospectus.

We may not be able to implement our future plans

We plan to expand our processing capacity by expanding our processing capacity in Ningbo and establishing new facilities in different locations in China. We will also continue to expand our range of Mixed Metal Scrap for processing as well as expand the scope of our business to further enhance our procurement network and capabilities. Please refer to the section "Future Plans and Use of Proceeds" in this prospectus for further details. These future plans may require us to make a substantial amount of capital investment. If we are unable to secure such capital requirement or implement our expansion strategies, we may not be able to carry out our future plans as scheduled or within budget. Furthermore, we cannot assure that our new facilities will operate efficiently and our investments in these new projects will help achieve our intended purposes and provide the investment returns that we expect.

We may be subject to liability in connection with industrial accidents at our processing and production sites

As our processing and production involves the operation of tools, equipment and machinery, industrial accidents resulting in employee injuries or even deaths may occur. There is no assurance that industrial accidents at our production and processing sites, whether due to malfunctions of such tools, equipment or machinery or other reasons, will not occur in the future. In such an event, we may be liable for personal injury or death, monetary losses, fines or penalties or other legal liability for violation of applicable PRC laws and regulations as well as subject to business interruptions caused by equipment shutdowns for government investigation or implementation or imposition of safetymeasures as a result of the accident. Further, enhanced safety measures imposed by the PRC government authorities could have a material adverse effect on the manner in which we conduct our operations, thereby adversely impacting our operations.

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

We maintain insurance including vehicles insurance and imported goods transport insurance. However, such insurance policies may not cover all risks associated with the hazards of our business. For instance, in line with customary practice in China, we do not take out any business interruption insurance or third party liability insurance. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation and product liability. We may not be able to obtain coverage at current levels, and the premium on our insurance coverage may increase significantly in the future. Further, we cannot guarantee that we will be successful in making an insurance claim under the insurance policies maintained by us or that the claimed proceeds will be sufficient to compensate the actual damages suffered or at all. Any of these events could adversely affect our business operations and financial condition and may harm our reputation, leading to litigation, government fines or penalties. In any of these events, our existing insurance coverage may not cover the losses we may incur or at all.

Failure to meet our working capital requirements would adversely affect our business and ability to sustain or grow our business

Our operations require us to utilise large sums of working capital. We also require capital resources to sustain our business strategies and expand our operations. We have relied on short-term bank borrowings to fund a portion of our working capital requirements and expect to continue to do so in the future. As at 31 December 2009, our bank borrowings amounted to approximately HK$799.0 million.

We had net liabilities of approximately HK$5.0 million as at 31 December 2008 as a result of net loss incurred due to the Inventory Provision during 2008, which wiped out the capital and reserves of the Group. We also incurred net current liabilities of approximately HK$258.5 million which was mainly attributable to the Inventory Provision made in 2008, which decreased the inventory balance, current asset and net asset of the Group as of 31 December 2008. As at 31 December 2009, our net current assets and total assets less current liabilities were increased to HK$487.6 million and HK$663.0 million respectively.

Moreover, we had net cash outflows from operating activities of approximately HK$113.3 million and HK$313.0 million for the years ended 31 December 2007 and 31 December 2008 respectively. We recorded net cash inflow from operating activities of HK$40.2 million as at 31 December 2009.

Our ability to obtain additional financing will depend on a number of factors, including our financial condition, results of operations and cash flow, changes in monetary polices, changes in costs of financing and interest rates, prevailing economic and capital market conditions and regulatory requirements. While we have been able to repay our borrowings on maturity or replace them with new bank borrowings as necessary, there can be no assurance that we will be able to continue to do so in the future. If we cannot obtain sufficient or additional funding on acceptable terms or if we encounter significant working capital requirements or cash outflows, we may not have sufficient liquidity or the credit capacity to meet all of our cash needs including repayment on bank borrowings, and hence, may be subject to claims or litigation by lenders or suppliers. In such a case, our financial condition may be adversely affected and we may not be able to successfully implement our business strategies which could also adversely affect our business and prospects.

Our operation is largely dependent on our Group's key management

Our continued success depends, to a significant extent, on the continued services and performance of members of our key management, including all our executive Directors who have substantial collective experience in the Mixed Metal Scrap business, and other members of the key management, whose brief details are set forth in the section headed "Directors, Senior Management and Employees" in this prospectus. There is no assurance that we will be able to retain member(s) of the management team or further recruit competent personnel for our future development. In the event that any key member of our management team ceases to be employed by us and we fail to recruit suitable replacement on a timely basis and on terms that are acceptable to us, our operations may be adversely affected.

Our Board may not have sufficient experience of direct relevance to effectively implement our hedging policy

We adopted our hedging policy to enhance our risk management of commodity price fluctuations with effect from 23 June 2010 and in preparation for the Listing. The pricing committee established in connection with our hedging policy (the "Pricing Committee") is led by our chief executive officer, Mr. Fang. Please refer to the sub-section headed "Our hedging policy" in the section headed "Business" on page 153 of this prospectus for further information on our hedging policy. Under our hedging policy, the Pricing Committee is responsible for reporting to our Board. Although our executive Board, comprising Mr. Fang, Mr. Gu and Mr. van Ooijen, has extensive management and operational experience in the Mixed Metal Scrap recycling business and two of our independent non-executive Directors, Ms. Zhang Jingdong and Mr. Li Xikui have extensive expertise and experience in the Chinese banking and finance sector, our Board, as a whole, may not have sufficient experience of direct relevance to ensure the effective implementation of our hedging operations. In the event that our hedging policy is not implemented effectively or correctly, our Group may suffer losses from ineffective or incorrect implementation of such hedging operations.

Our Board may not have sufficient experience of direct relevance to effectively monitor the use of proceeds from the Global Offering

We intend to establish a special committee within our finance and procurement departments after the Listing to closely monitor the use of the net proceeds from the Global Offering (the "Special Committee"). Please refer to the sub-section headed "Monitoring procedures for the use of proceeds of the Global Offering" in the section headed "Business" on page 155 of this prospectus for further information on the function of the monitoring procedures. Under the monitoring procedures, the Special Committee is responsible for reporting to our Board. Although our executive Board, comprising Mr. Fang, Mr. Gu and Mr. van Ooijen, has extensive management and operational experience in the Mixed Metal Scrap recycling business and two of our independent non-executive Directors, Ms. Zhang Jingdong and Mr. Li Xikui have extensive expertise and experience in the Chinese banking and finance sector, our Board, as a whole, may not have sufficient experience of direct relevance to ensure the effective implementation of the monitoring procedures as described above. In the event that our monitoring procedures are not implemented effectively or correctly, the actual application of the net proceeds from the Global Offering may be different from the plans as set out in the section headed "Future plans and use of proceeds" of this prospectus.

Failure to maintain an effective quality control system at our facilities may have a material adverse effect on our business

The quality of our products is critical to the success of our business. It depends significantly on the effectiveness of our quality control systems, which in turn, depends on a number of factors, including our ability to ensure our employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our reputation, business prospects and results of operations.

A material disruption in our operations could adversely affect our revenues and profits

Our operations are subject to uncertainties and contingencies beyond our control that could result in material disruptions and adversely affect our revenues and profit. They include industrial accidents, fires, floods, droughts, natural disasters and other catastrophes, equipment failures, including the failure of the major machinery and equipment at our production site, or other operational problems, strikes or other labour difficulties and disruptions of public infrastructure such as roads, ports or pipelines.

Our operations also require a stable supply of water and electricity from external suppliers. Notwithstanding that we do not consume large volume of electricity and water in our processing and production facilities, any of the events listed above, as well as power or pipeline interruptions or rationing, could disrupt or restrict our water or electricity supply. Although we have our own back-up generators and are able to draw upon a supply of water from other sources at or near our premises, there is no assurance that such contingency measures will be sufficient to deal with any disruptions that may happen in the future.

The interests of our Controlling Shareholders may differ from those of other Shareholders

Prior to the Global Offering, our Company was wholly-owned by the Controlling Shareholders. Immediately following the Global Offering, the Controlling Shareholders will own 75% of the total issued share capital of our Company (assuming that the Over-allotment Option is not exercised but the Capitalisation Issue shall have taken place and that no Shares have been issued upon exercise of options granted under the Share Option Schemes. Subject to the Articles and all applicable laws and regulations, our Controlling Shareholders will be able to influence major policy decisions, including our overall strategic and investment decisions, by:

– controlling the election of Directors and, in turn, indirectly controlling the selection of senior management;

– determining the timing and amount of dividend payments;

– deciding on increases or decreases in share capital;

– determining the issuance of new securities; and

– approving mergers, acquisitions and disposals of our assets or businesses.

The interests of our Controlling Shareholders could conflict with those of our other Shareholders and they may take actions that favour their own interests and which may not be in the best interests of other Shareholders. Any such actions could adversely affect our business or the interests of minority Shareholders.

We may not grow at a rate comparable to our growth rate in the past

We are experiencing a period of rapid growth and expansion. For each of the three years ended 31 December 2009, our turnover amounted to approximately HK$1.8 billion, HK$2.51 billion and HK$2.34 billion, respectively. During the same period, we recorded net profits which amounted to approximately HK$83.0 million and HK$419.7 million for the year ended 31 December 2007 and 2009, respectively and we recorded a loss of approximately HK$200.1 million for the year ended 31 December 2008 because of the Inventory Provision. Our net profits (without Inventory Provision) for the three years ended 31 December 2009 were approximately HK$83.0 million, HK$31.9 million and HK$187.6 million, respectively. Our Directors consider that the sustainability of our growth will depend on a number of factors, including our management systems, continuous expansion of our processing and production capacities, changes in market demand and sentiment as well as economic, political and legal developments in China. There is no assurance that our growth rate can be maintained at any particular level. Should there be any adverse changes which affect our operations, our profitability could be affected.

If we fail to manage our growth effectively, our business may be adversely affected

Our revenue has increased at a CAGR of approximately 14.1% during the three years ended 31 December 2009. We have been expanding our processing and production volume and product range, as well as extending the geographic spread of our sales. We may also need to devote substantial managerial, operational and financial resources to the operation of new production sites we may establish elsewhere in China. We could face challenges different from those we currently and previously faced with our existing production facilities. Our business expansion may require us to transfer a portion of our management personnel from our existing operations and recruit new personnel for replacement accordingly. This may have a negative impact on our existing business.

Our ability to manage our future growth will depend on our ability to continue to implement and improve our operational, financial and management information systems on time and to expand, train, motivate and manage our workforce. We cannot guarantee that our personnel, systems, procedures and controls will be adequate to support our future growth. If we do not manage our expansion capabilities effectively, our business, financial condition and results of operations could be materially and adversely affected.

Our corporate structure may restrict our ability to receive dividends from our PRC operating subsidiaries

We are a holding company incorporated in the Cayman Islands and operate our core business through our subsidiaries in China. The availability of funds for us to pay dividends to our Shareholders and to service our indebtedness depends upon dividends received from our PRC subsidiaries. If our PRC subsidiaries incur significant debts or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends and to service our indebtedness will be restricted.

PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. These restrictions on our sources of funding may negatively affect our ability to pay dividends to our Shareholders and to service our indebtedness.

Our suppliers may require strict compliance with their credit terms

In general, our suppliers do not grant us any credit term which is in line with industry practice. We are typically required to pay for our raw materials within seven to ten days upon shipment loaded by our suppliers by way of documents against payment or telegraphic transfer. In practice, we settle our payment before receipt by us of all custom clearing documents. Our creditors' turnover days were one day, four days and 17 days for each of the three years ended 31 December 2007, 2008 and 2009, respectively. Whilst we have not received any claims or demands as a result of this practice to date, if we do not have any defense against or are unable to settle payments that are past due when our suppliers make such claims or demands, our reputation, credibility and financial position may be adversely affected.

Our Ningbo processing site was leased to us before requisite building ownership certificates were obtained

CT Metals (Ningbo) leases the property from which it operates its metal recycling business from Ningbo Zheng Lian Recycling Metal Co., Ltd. (the "Lessor") for a term of five years commencing from 1 October 2009. This property comprises a piece of land with a gross area of 36,112 sq. m. located in Ningbo Metals Recycling Park as well as factory and office premises having a total gross floor area of 10,218 sq m (the "Premises").

The Lessor has obtained the land use right certificate for the Premises and is in the process of obtaining the building ownership certificates for the Premises. Our PRC legal adviser has advised that the leasing of the Premises by the Lessor to CT Metals (Ningbo) before obtaining the relevant building ownership certificates is not in compliance with the applicable PRC laws and regulations. Accordingly, the Lessor may be subject to penalties for such non-compliance and the relevant authorities may also order the termination of the lease.

Pursuant to the undertaking issued by the Lessor and the Management Committee of Ningbo Metals Recycling Park (the "Management Committee") in favour of CT Metals (Ningbo) on 11 March 2010, the Lessor has undertaken to obtain the building ownership certificates for the Premises as soon as possible. In addition, the Lessor has undertaken not to invalidate or revoke our lease on the grounds of this title defect. In the event that CT Metals (Ningbo) is required to relocate due to the lack of building ownership certificates for the Premises, the Lessor has further undertaken to (a) secure suitable alternative locations of similar conditions to enable CT Metals (Ningbo) to continue its normal operation; and (b) indemnify CT Metals (Ningbo) for all losses attributable to the title defect. The Management Committee has further given its commitment to procure that the Lessor observes the aforesaid undertakings.

In the event that both the Lessor and the Management Committee reneges on their undertakings and we are unable to relocate our Ningbo operations in a timely and cost efficient manner, our operations may be adversely affected. Our PRC legal adviser is however of the view that the risk of such adverse effect arising from the Lessor's lack of building ownership certificates for the Premises is low.

RISKS RELATING TO CHINA

The PRC's economic, political and legal developments, as well as government policies, could affect our business

A majority of our assets are located in China and we derive most of our revenues from our operations in China. Accordingly, our results of operations and prospects are, to a significant degree, subject to the economic, political and legal developments in China. The economy of China differs from the economies of most developed countries in many respects, including the extent of government involvement, its level of development, its growth rate and its control of foreign exchange. The economy of China has been transitioning from a planned economy to a more market-oriented economy. However, the PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over the China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. All these factors could affect the economic conditions of China and, in turn, affect our business. Any policies, laws, regulations and measures implemented by the PRC government which have a negative effect on us may affect our results of operations and financial condition.

The PRC legal system has inherent uncertainties that could limit the legal protections available to our Shareholders

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court or other relevant authorities. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, taxation and trade. However, because these laws are relatively new, and because of the limited number of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties.

Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution of similar cases may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

As an investor holding our Shares, you hold an indirect interest in our operations in China through our Company. Our operations in China are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and these regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, are less developed than those applicable to companies incorporated in other developed countries or regions. Therefore, you may not enjoy the same shareholder protections that are available in more developed jurisdictions.

Fluctuations in the Renminbi exchange rate may adversely affect our financial conditions and results of operations

On 21 July 2005, the PBOC announced that the Renminbi would no longer be pegged to the US dollar in favour of a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies as part of the reform of the Renminbi exchange rate mechanism. The PBOC will announce the closing price of a foreign currency such as the US dollar traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day. The daily trading price of the US dollar against the RMB in the inter-bank foreign exchange market will continue to be allowed to float within a band of 0.3% around the central parity published by the PBOC while the trading prices of the non-US dollar currencies against the RMB will be allowed to move within a certain band announced by the PBOC. Yet effective from 21 May 2007 onwards, the aforesaid floating band has been set at a rate of 0.5% regarding trading price of the RMB against US dollar in the inter-bank foreign exchange market. The PBOC will make adjustment of the RMB exchange rate band when necessary according to market development as well as the economic and financial situation.

If the Renminbi devalues by a substantial percentage, the purchasing power of the Renminbi will decrease. As we receive substantially all of our revenues in Renminbi and imports most of our raw materials from overseas in US dollars, our financial condition and results of operations may be adversely affected upon a significant devaluation of the Renminbi.

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

We receive substantially all of our revenues in Renminbi, which currently is not a freely convertible currency. Our Company will have to convert a portion of these revenues into other currencies in order to make payments on declared dividends, if any, on our Shares.

Under the PRC's existing foreign exchange regulations, following the completion of the Global Offering, our Company will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with various procedural requirements. The PRC government, however, may, at its discretion, restrict access in the future to foreign currencies for current account transactions. If this were to occur, our Company may not be able to pay dividends in foreign currencies to our Shareholders.

The value of the Renminbi against the Hong Kong dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's political and economic conditions. Any devaluation of the Renminbi, however, may materially and adversely affect the value of, and any dividends payable on, our Shares in foreign currency terms, since our Company will receive substantially all of our revenues, and express our profits, in Renminbi.

The implementation of the labour contract law, increase in labour costs and future labour disputes may affect our operations and our profitability

The Labour Contract Law (勞動合同法) became effective on 1 January 2008 in China. It imposes more stringent requirements on employers in relation to fixed term employment contracts, hiring of temporary employees and dismissal of employees. In addition, under the newly promulgated "Regulations on Paid Annual Leave for Employees" (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the employees' years of services. Employees who waive such vacation time at the request of employers shall be compensated for three times their normal daily salaries for each vacation day being waived. As a result of the new law and regulations, our labour costs may increase. Our Directors cannot assure you that any labour disputes, work stoppages or strikes will not arise in the future. Increases in our labour costs and future labour disputes with our employees could adversely affect our business, financial condition and results of operations.

Enforcement of judgments in China may be difficult to obtain

Substantially all of our assets are located in China, and some of our Directors and executive officers reside in China. As a result, it may be difficult for investors to effect service of process upon those of our Directors and executive officers. China does not have treaties providing for the reciprocal recognition and enforcement of judgments with many regions or countries, including the United Kingdom and the United States. As a result, recognition and enforcement in China of judgments of courts in those jurisdictions may be difficult or impossible.

PRC regulations of investment and loans by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make additional capital contributions or loans to members of our Group

Any capital contributions or loans we, as an offshore entity, make to PRC members of our Group, including from the proceeds of the Global Offering, are subject to PRC regulations. For example, the total of any offshore loans to PRC members of our Group cannot exceed the difference between the registered capital and total investment of the relevant member of our Group, which shall comply with certain regulatory limits prescribed by the competent authority of the MOFCOM and such loans must be registered with SAFE or its authorised organisation. In addition, our capital contributions to PRC members of our Group must be approved by the competent authorities of the MOFCOM and SAFE. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to capitalise the relevant PRC members of our Group or fund their operations or to utilise the proceeds of this offering in the manner described in the section headed "Future Plans and Use of Proceeds" may be adversely affected, which could adversely affect the liquidity of the relevant PRC member of our Group, our ability to grow through our subsidiaries' operations and our financial condition and results of operations.

A newly enacted PRC tax law may affect tax exemptions on dividends received by us and Shareholders and increase our enterprise income tax rate

We are incorporated under the laws of the Cayman Islands and hold interests in our PRC subsidiaries through Hefast and CT Investments, both Hong Kong incorporated limited companies. Under the new laws, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in China, and a withholding tax at the rate of 5% is applicable to any dividends paid to Hefast, unless we are entitled to reduction or elimination of such tax, including by tax treaties. As a foreign legal person, dividends derived from our business operations prior to 1 January 2008 in China were not subject to income tax under PRC law.

A new law, the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the Implementation Rules of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) were enacted respectively on 16 March 2007 and 6 December 2007, both of which have become effective as of 1 January 2008. The new laws provide that, if an enterprise incorporated outside China has its "de facto management organisation" located within the PRC, such enterprise may be recognised as a PRC tax resident enterprise and thus may be subject to enterprise income tax at the rate of 25% on its worldwide income. If we are deemed to be a PRC tax resident enterprise by the PRC tax authority, we may be subject to an enterprise income tax rate of 25% on our worldwide income (including dividend income received from our subsidiaries), which excludes the dividends received directly from another PRC tax resident, our historical operating results may not be indicative of our operating results for future periods and the value of our shares will be adversely affected.

Currently, there is no published general guideline to determine whether a non-Chinese enterprise such as our Company, that by virtue of it having its actual management or control located in China, being considered a PRC tax resident enterprise. However, in analysing whether we are likely to be considered a PRC tax resident enterprise should such general guidelines be published, we have taken reference to Guoshuifa [2009] No. 82 promulgated by State Administration of Taxation in April, 2009. Whilst Guoshuifa [2009] No. 82 is not entirely relevant to our current situation since it only provides evaluation criteria to determine whether a non-Chinese subsidiary of a Chinese incorporated entity would be considered as a PRC tax resident enterprise, we however believe that the evaluation criteria set forth could be used as references as to the possible guiding principle as to how the State Administration of Taxation determine the location of actual management and control.

Guoshuifa [2009] No.82 provides four detailed criteria for judging whether an enterprise incorporated outside the PRC with another PRC enterprise(s) as major shareholder (境外註冊中資控股企業) should be recognised as a PRC tax resident. If all of the four criteria are met, the enterprise would be considered as PRC tax resident and subject to PRC Enterprise Income Tax:

The four criteria include:

1. The places where senior management and senior management departments that are responsible for daily production, operation and management of the enterprise perform their duties are mainly located within the territory of the PRC;

2. Financial decisions (such as money borrowing, lending, financing and financial risk management) and personnel decisions (such as appointment, dismissal and salary and wages) are decided or need to be decided by organisations or persons located within the territory of the PRC;

3. Main property, accounting books, corporate seal, the board of directors and files of the minutes of shareholders' meetings of the enterprise are located or preserved within the territory of the PRC; and

4. One half (or more) of the directors or senior management staff having the right to vote habitually reside within the territory of the PRC.

Of the three executive Directors on our Board, one of them is Dutch and our Board meetings were all and will continue to be held in Hong Kong or places outside the PRC or by way of a Hong Kong or overseas based telephone conference facility. Further, our financial decisions, operations decision and personnel decisions have been and will continue to be made in Hong Kong or places outside the PRC or by way of a Hong Kong or overseas based telephone conference facility and our Company's main property, accounting records, company seal, files and records of Board and Shareholders' meetings have been and will continue to be kept in Hong Kong. Notwithstanding the aforesaid, if a general guideline as to how the State Administration of Taxation will determine the tax resident status of a non-Chinese enterprise is published and such guidelines contain similar criteria as set out above which are applied separately, we may be considered as a PRC tax resident enterprise and this may result in us having to pay higher taxes than we are currently paying.

The relevant PRC regulatory authorities have not explicitly promulgated the detailed implementation rules of the M&A Rules

Under the provisions of "Securities Law of the PRC" (中華人民共和國證券法) effective from 1 January 2006, domestic enterprises which directly or indirectly issue securities overseas or listed for trading in overseas markets must obtain approvals from the securities supervisory and administrative authorities of the State Council according to the requirements of the State Council. The M&A Rules contain provisions regarding "foreign investors merge and acquire domestic companies through equity-settled payment transactions" which requires that an offshore company holding interests of special purpose vehicles formed for overseas listing purposes shall obtain approvals from the securities supervisory and administrative authorities of the State Council. On 21 September 2006, CSRC has announced such assessment procedures on its website and specified documents required. However, according to the "continuous implementation of administrative approved projects according to laws and administrative regulations" and the "State Council determination to retain administrative approved projects according to regulatory documents except law and administrate regulations" issued by the Central People's Government of the PRC in its Official Web Portal on 25 June 2007, offshore listing transactions of special purpose vehicles are not included in either of the above two administrative approved projects. Therefore, application of the M&A Rules is subject to the interpretation of relevant regulatory authorities. However, if CSRC or other Chinese regulatory authorities subsequently decide that our Company must obtain approval from CSRC prior to its listing, our Company and its domestic subsidiaries may be subject to regulatory penalties. Regulatory authorities may impose fines on our Company and our domestic subsidiaries, restrict the operational rights of our Group within China, extend or restrict the transfer of capital raised or other policies that may affect the business, finance, reputation and prospects of our Group. Meanwhile, if our Company and our subsidiaries are required to obtain approval from CSRC in the future, our Company and our subsidiaries may not be able to obtain waivers. Uncertainties and negative influence concerning the assessment requirements of CSRC might affect the share price of our Company.

RISK RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and liquidity may be low

Prior to the Global Offering, there has been no public market for the Shares. The initial Offer Price range for the Shares was the result of negotiations between our Group and CCBIC (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. Our Group has applied to list and deal in our Shares on the Stock Exchange. However, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop following the Global Offering.

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

The Offer Price for the Offer Shares will be determined by negotiations between us and the Sole Bookrunner (on behalf of the Public Offer Underwriters) and may not be indicative of prices that will prevail in the trading market. Investors may not be able to resell their Shares at or above the Offer Price. The price and trading volume of our Shares may be highly volatile. Factors such as changes in the our results of operations, announcements of technological innovations or events affecting other companies in our industry, currency fluctuations and general political, economic and market conditions may cause the market price of our Shares to change substantially. The volatility in the price of our Shares may be caused by factors outside our control.

Investors in the Global Offering will experience immediate dilution

The Offer Price is higher than the net tangible book value per Share prior to the Global Offering. Therefore, when you purchase our Shares in the Global Offering at the Offer Price, you will incur an immediate dilution in pro forma adjusted consolidated net tangible assets of HK$1.14 per Share, assuming an Offer Price at HK$3.13, the high end of the indicative Offer Price range stated in this prospectus, and that the Over-allotment Option is not exercised. In addition, we may issue additional Shares or equity-related securities in the future under our Share Option Schemes or to raise additional funds, finance acquisitions or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

Future sale of our Shares or major divestment of Shares by any major Shareholder could adversely affect our Share price

The sale of a significant number of our Shares in the public market after the Global Offering, or the perception that these sales may occur, could adversely affect the market price of our Shares. Except as otherwise described in the paragraph headed “Underwriting — Undertakings” there are no restrictions imposed on our substantial Shareholders to dispose of their shareholdings. Any major disposal of Shares by any of our major Shareholders may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price our Directors deem appropriate, thereby limiting our ability to raise capital.

We have conditionally granted options to certain employees, officers and Directors of our Group to purchase an aggregate of 12,140,000 Shares under our Pre-IPO Share Option Scheme (assuming that the Over-allotment Option is not exercised), which shall vest over three years following the end of the first anniversary of the Listing Date as to 30%, 30% and 40%, respectively during each of those three years. Therefore, any exercise of options granted under the Pre-IPO Share Option Scheme would dilute the existing shareholding and may adversely impact our earnings per share. If all options granted under the Pre-IPO Share Option Scheme were exercised in the year ended 31 December 2009, this would have a dilutive effect on earnings per Share attributable to equity holders of approximately 1.6% (assuming that the Over-allotment Option is not exercised and the Capitalisation Issue has occurred) for the year ended 31 December 2009. In addition, we have conditionally approved a Post-IPO Share Option Scheme under which 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 Global Offering and the Capitalisation Issue (without taking into account any Shares that may be issued upon the exercise of the Over-allotment Option), representing 100,000,000 Shares.

Our results of operations are difficult to predict, and if we do not meet the market expectations, the price of our Shares will likely decline

Our results of operations are difficult to predict and may fluctuate from time to time. It is possible that our results of operations in some reporting periods will be below market expectations. Our results of operations will be affected by a number of factors as set forth in the section headed "Financial Information" in this prospectus. If our results of operations for a particular reporting period are lower than the market expectations for such reporting period, investors are likely to react negatively, and as a result, the price of our Shares may materially decline.

Prior dividend policy and past dividend declared should not be used as an indicator for future dividends

We have not declared any dividend during the Track Record Period. In the future, the amount of dividends that we may declare will be subject to, among other things, the availability of our Company's cash and distributable reserves, our investment requirements, our cash flow and working capital requirements. Accordingly, the past dividends declared does not amount to any guarantee or representation or indication that our Company must or will declare and pay a dividend in such manner or declare and pay any dividend at all, either in the first financial year subsequent to the Global Offering or thereafter. The dividend policy is subject to review by our Directors at any time and our Company may determine not to pay any dividends as a result of such review.

We cannot guarantee the accuracy of facts and statistics with respect to certain information obtained from government official publications contained in this prospectus

Facts and statistics in this prospectus relating to China, its economy and the metals recycling and foundry industry derived from government official publications are generally believed to be reliable. However, we cannot guarantee the quality and reliability of such information from such publications. These facts and figures have not been independently verified by us, the Sole Sponsor or the Underwriters and their respective directors and advisers and, therefore, our Group, the Sole Sponsor, the Underwriters and their respective directors and advisers make no representation as to their accuracy or completeness. Further, there can be no assurance that these sources have stated or compiled such facts and figures on the same basis or with the same degree of accuracy or completeness as may be the case elsewhere. In all cases, you should not unduly rely on these facts and statistics.

Forward-looking statements may not be accurate

This prospectus contains certain statements that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "expect", "estimate", "may", "ought to", "should" and "will". Those statements include, among other things, the discussion of our Group's growth strategy and expectations concerning our Group's future operations, liquidity and capital resources. Purchasers and subscribers of our Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions also could be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by our Group that our plans and objectives will be achieved.