

HISTORY AND DEVELOPMENT AND REORGANISATION

HISTORY AND DEVELOPMENT

Our founder, Mr. Fang, began engaging in the small scale trading and recycling of metal scrap in Taizhou during the 1990s. At that time, metal scrap used for recycling was mainly sourced locally in China. Mr. Fang has engaged in the importing of Mixed Metal Scrap from overseas and the production of Recycled Metal Products since 1995. At that time, Delco Recycling, a company indirectly jointly-owned by Mr. de Leeuw and Mr. van Ooijen, was one of the major overseas suppliers to Mr. Fang's Mixed Metal Scrap business.

In 1999, CT Metals was established as a Sino-foreign equity joint venture to carry out the metal scrap recycling business and operations. In 2001, Delco Asia was established by Mr. de Leeuw and Mr. van Ooijen for the purpose of transferring their investments in CT Metals from Delco Recycling to Delco Asia. Delco Recycling then became dormant. In 2002, for the purpose of group restructuring, Hefast was set up as an investment holding company for the metal scrap recycling businesses, and via an equity transfer between Mr. Fang, Delco Asia and Hefast, Hefast acquired the entire interest of CT Metals from Mr. Fang and Delco Asia in 2003. In 2003, Hefast and Takao established CT Foundry and commenced the foundry business. Takao is wholly-owned by Takao Aluminium Alloy Co., Ltd. ("Takao Aluminium"). Both Takao and Takao Aluminium are Independent Third Parties. On 14 June 2005, Takao completed the transfer of all its interest in CT Foundry to Hefast for a total consideration of US\$3,060,000 which is equivalent to the amount contributed by Takao for the stake. After the transfer, CT Foundry became a wholly-owned subsidiary of Hefast. As at the Latest Practicable Date, CT Metals and CT Foundry were wholly-owned subsidiaries of Hefast. In line with our strategy to establish new facilities in other cities in China, we established CT Metals (Ningbo) on 28 September 2008 to engage in the metal recycling business in Ningbo.

CT Metals

CT Metals was established on 24 December 1999 as a Sino-foreign equity joint venture company with a registered capital of US\$840,000. Its initial shareholders were Tian'an Resources, Taian Recycling and Delco Recycling. Tian'an Resources, Taian Recycling and Delco Recycling contributed US\$399,000, US\$220,500 and US\$220,500 respectively to the registered capital of CT Metals and such contributions respectively represented approximately 47.50%, 26.25% and 26.25% of its then registered capital. Both Tian'an Resources and Taian Recycling were ultimately controlled and managed by Mr. Fang. Tian'an Resources was subsequently deregistered in 2002 while Taian Recycling has been inactive since 2005.

On 20 July 2000, CT Metals obtained the status of Designated Processing Unit and commenced its business of recycling, reuse and processing of Mixed Metal Scrap in Taizhou.

On 18 February 2001, the board of CT Metals resolved to increase CT Metals' registered capital from US\$840,000 to US\$1,680,000.

On 28 March 2001, Tian'an Resources completed the transfer of its 47.5% equity interests in CT Metals to Taian Recycling for a total consideration of US\$399,000, representing its original investment cost. After the increase in registered capital and equity transfer set out above, the registered capital of CT Metals was owned by Taian Recycling and Delco Recycling as to US\$1,239,000 and US\$441,000 respectively, thereby representing 73.75% and 26.25% respectively of its then registered capital.

On 18 December 2001, the board of CT Metals resolved to further increase CT Metals' registered capital from US\$1,680,000 to US\$6,000,000, such increase to be contributed by Mr. Fang and Delco Asia in the amounts of US\$1,761,000 and US\$2,559,000, respectively.

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On 22 December 2001, the relevant authority's approval was given for the transfer from Taian Recycling of its entire 73.75% interest in the registered capital of CT Metals to Mr. Fang for a consideration of US\$1,239,000 and the transfer from Delco Recycling of its 26.25% interest in the registered capital of CT Metals to Delco Asia for a consideration of US\$441,000. All such transfers were made at the respective original investment cost and completed on 10 May 2002.

Following the increase in registered capital and various equity transfers referred to above, the registered capital of CT Metals then became owned by Mr. Fang and Delco Asia as to US\$3,000,000 each, representing equal shares in CT Metals.

On 8 October 2002, the board of CT Metals resolved that its registered capital be increased further from US\$6,000,000 to US\$10,882,000. Each of Mr. Fang and Delco Asia made their pro rata contribution and, thereafter, each held US\$5,441,000 of the registered capital of CT Metal, representing equal shares in CT Metals.

For the purpose of a group restructuring, Hefast was established on 20 December 2002 as an investment holding company for Mr. Fang and Delco Asia to jointly hold their investments in the scrap recycling businesses. On 31 December 2002, Mr. Fang, Delco Asia and Hefast entered into a share transfer agreement pursuant to which Mr. Fang and Delco Asia transferred their respective entire interests in CT Metals to Hefast for a total consideration of US\$10,882,000. This was approved and became effective on 22 August 2003. After such transfers, CT Metals became a wholly-owned subsidiary of Hefast, while Hefast was held as to 50% by Delco Asia and as to 50% by Mr. Fang.

On 14 December 2006 and in accordance with relevant governmental approvals, CT Metals increased its registered capital from US\$10,882,000 to US\$12,682,000.

On 16 September 2008 and in accordance with relevant governmental approvals, CT Metals increased its registered capital from US\$12,682,000 to US\$22,682,000.

CT Foundry

With a view to developing new recycled metal products by utilising our supply of recycled metals, CT Foundry was incorporated on 8 December 2003 as a wholly foreign-owned enterprise (外商獨資企業) with a registered capital of US\$6,000,000. At the relevant time, CT Foundry was held as to 51% by Takao (who contributed US\$3,060,000) and as to 49% by Hefast (who contributed US\$2,940,000). CT Foundry is engaged in the business of the production and sale of aluminium-alloy ingots and commenced production in May 2004.

On 1 August 2004, Takao and Hefast entered into an equity transfer agreement pursuant to which Takao transferred its 17.67% interest in CT Foundry to Hefast for a consideration of US\$1,060,000 which is equivalent to the amount contributed by Takao for that stake. After the transfer was completed on 10 May 2005, the registered capital of CT Foundry was then owned as to 66.67% by Hefast and as to 33.33% by Takao.

On 17 December 2004, the board of CT Foundry resolved that Takao to transfer its remaining 33.33% interest in CT Foundry to Hefast for a consideration of US\$2,000,000, which is equivalent to the amount contributed by Takao for the stake. The transfer was completed on 14 June 2005 and as a result CT Foundry became a wholly-owned subsidiary of Hefast. In compliance with the relevant governmental approval, the registered capital of CT Foundry was increased from US\$6,000,000 to US\$7,500,000 on 30 May 2005.

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CT Metals (Ningbo)

In line with our strategy to establish new facilities in other cities in China so as to expand our processing capacity, CT Investments established CT Metals (Ningbo) in Ningbo China on 28 September 2008 as a wholly foreign-owned enterprise of CT Investments with a registered capital of US\$3,000,000. CT Metals (Ningbo) has been established to engage in the business of recycling, reusing and processing of Mixed Metal Scrap and commenced commercial production in November 2009.

As at 26 June 2009, CT Investments has contributed 15.33% of the registered capital for this company and is required to pay the balance of the registered capital within two years from 28 September 2008, being the date of issuance of its business licence.

Our Company

Our Company was incorporated on 15 May 2008 in the Cayman Islands as the holding company of our Group following the Reorganisation with the initial authorised share capital of HK\$50,000, divided into 5,000,000 Shares of HK\$0.01 each. At its incorporation, HWH acquired 1 nil-paid Share in our share capital from the subscriber, Codan Trust Company (Cayman) Limited, and 1 nil-paid Share was allotted and issued to Delco Participation. In consideration for its acquisition on 27 August 2008 of the entire issued share capital of CT International (then held by HWH and Delco Participation in equal shares), 49 Shares were issued to each of HWH and Delco Participation and the 1 nil paid Share previously issued to each of them were paid up.

As a result, our Company became the sole shareholder of CT International while HWH and Delco Participation became the shareholders of our Company, each holding 50% of the Shares then in issue.

On 28 August 2008, each of HWH and Delco Participation transferred 4 Shares to New Asset for an aggregate consideration of US\$12,550,000, funded by a promissory note in the same amount issued by New Asset to HWH, 50% of which was to satisfy the half share of the consideration payable to HWH and the remaining 50% of which New Asset directed HWH to pay in cash to settle the half share of the consideration payable to Delco Participation.

On 12 October 2008 and pursuant to the directions of the beneficiaries of the FDG Trust dated 12 October 2008, New Asset transferred a total of 8 Shares to each of HWH and Delco Participation, in equal proportion, in consideration of the cancellation of the promissory note of US\$12,550,000 issued by New Asset to HWH.

On 8 March 2010, each of HWH and Delco Participation transferred 4 Shares, being a total of 8 Shares, to Green Elite for a total consideration of HK\$0.08.

CT International

CT International was established on 2 April 2008 in BVI as an intermediate holding company of our Group with an authorised share capital of US\$50,000 divided into 50,000 Shares of US\$1 each. On 6 June 2008, 1 share of US\$1 each in its share capital was issued to each of HWH and Delco Participation respectively for a cash consideration of US\$1 each. These 2 shares comprised the entire issued share capital of CT International at the relevant time.

On 27 August 2008, as part of the Reorganisation, HWH and Delco Participation transferred their entire interests in CT International to our company in consideration of which 49 new Shares were issued to each of them and the 1 nil paid Share previously issued to each of them were paid up. Following the transfer, CT International became a wholly-owned subsidiary of our Company. It is an investment holding company.

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Hefast

Hefast was incorporated in Hong Kong on 20 December 2002 with its initial shareholders being the two nominee companies which applied for its incorporation, each holding one share of HK\$1 each. It was then incorporated primarily as a holding company for our Group's subsidiaries in the PRC. On 31 December 2002 the two nominees transferred their entire interest in Hefast to Mr. Fang and Delco Asia, each of whom acquired one share of HK\$1 each. At the same time, Mr. Fang and Delco Asia also subscribed for an additional 4,999 shares of HK\$1 each, whereupon Hefast became equally owned by Mr. Fang and Delco Asia.

As part of the Reorganisation, on 27 August 2008 Hefast increased its issued share capital from HK\$10,000 to HK\$100,000 and issued 90,000 new shares at par to CT International for a cash consideration of HK\$90,000. On 29 August 2008, each of Delco Asia and Mr. Fang transferred their entire interests in Hefast to CT International for a nominal consideration of HK\$1 each. Immediately upon completion of these transactions Hefast became a wholly-owned subsidiary of CT International and, upon completion of the Reorganisation, an indirectly wholly-owned subsidiary of our Company. Hefast is an investment holding company.

CT HK

CT HK was incorporated in Hong Kong on 12 May 2004 with Mr. Fang as its sole shareholder, holding one share of HK\$1 each.

Mr. Fang, whether by himself or through his nominee shareholder, remained the sole beneficial shareholder of CT HK until he transferred his 1 share to BSV on 8 December 2006 at a consideration of HK\$1 being its par value. BSV was wholly-owned by Mr. Fang and was an investment holding company holding HKM Metal only at that time. On 11 March 2008, Hefast acquired the one share from BSV for a cash consideration of HK\$1.

As part of the Reorganisation, on 29 August 2008 Hefast transferred the one share in CT HK to CT International for a cash consideration of HK\$1. CT HK then became a wholly-owned subsidiary of CT International and an indirect wholly-owned subsidiary of our Company. CT HK obtained the Supplier Registration Licence in December 2008 and currently acts principally as our Group's purchasing agent and primarily responsible for our wholesale business.

CT Investments

CT Investments was incorporated in Hong Kong on 16 July 2008 with its entire issued capital of HK\$10,000, comprising 10,000 shares of HK\$1 each issued to CT International for a cash consideration of HK\$10,000. It is an investment holding company.

CT HK (Copper)

CT HK (Copper) was incorporated in Hong Kong on 15 June 2009 with CT Investments, RQD (Hong Kong) Investment Company Limited ("RQD") and Kwongwik Investments Limited ("Kwongwik") as its initial shareholders respectively holding 5,100 shares, 4,000 shares and 900 shares of HK\$1 each, respectively. RQD and Kwongwik are investment holding companies held by independent third parties.

CT HK (Copper) was initially set up to hold CT Copper (Ningbo), which was intended to pursue the trading of single metal scrap in China. Subsequently, as the joint venture partners and our management did not share the same management directions, on 29 December 2009, RQD and Kwongwik transferred their entire shareholdings in CT HK (Copper) to CT Investments for a cash consideration of HK\$4,000 and HK\$900 respectively. Following the transfer, CT HK (Copper) became a wholly-owned subsidiary of CT Investments. CT HK (Copper) is an investment holding

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company and is currently dormant. Given that CT Metals (Ningbo) is able to undertake the trading of single metal scrap in China, we decided to de-register CT Copper (Ningbo).

CT Copper (Ningbo)

On 5 August 2009, CT Copper (Ningbo) was established as a wholly foreign-owned enterprise of CT HK (Copper) in Ningbo with a registered capital of US\$ 2,000,000. CT Copper (Ningbo) was initially set up by CT HK (Copper), which was a joint venture between CT Investments, RQD and Kwongwik, for pursuing the trading of single metal scrap in China. Subsequently, as the joint venture partners and our management did not share the same management directions, RQD and Kwongwik transferred their entire shareholdings in CT HK (Copper) to CT Investments on 29 December 2009. Given that CT Metals (Ningbo) is able to undertake the trading of single metal scrap in China, we decided to de-register CT Copper (Ningbo). CT Copper (Ningbo), was deregistered on 9 June 2010.

Delco Europe

Delco Europe was incorporated in the Netherlands on 18 January 1985 and held in equal shares by SVO and HPL. Delco Europe obtained the Supplier Registration Licence in January 2005 and it is principally engaged in the provision of purchasing services to our Group in connection with sourcing and trading of metals scrap in Europe and the United States for export to the PRC.

With effect from 1 January 2010, CT International acquired 40 shares in the issued share capital of Delco Europe from SVO and HPL, being the entire of Delco Europe's issued share capital, for a total consideration of EUR100. Following the share purchase, Delco Europe became a wholly-owned subsidiary of CT International.

Further disclosures relating to Delco Europe for the financial year ended 31 December 2009 are set out in the Accountants' Report in Appendix I to this prospectus.

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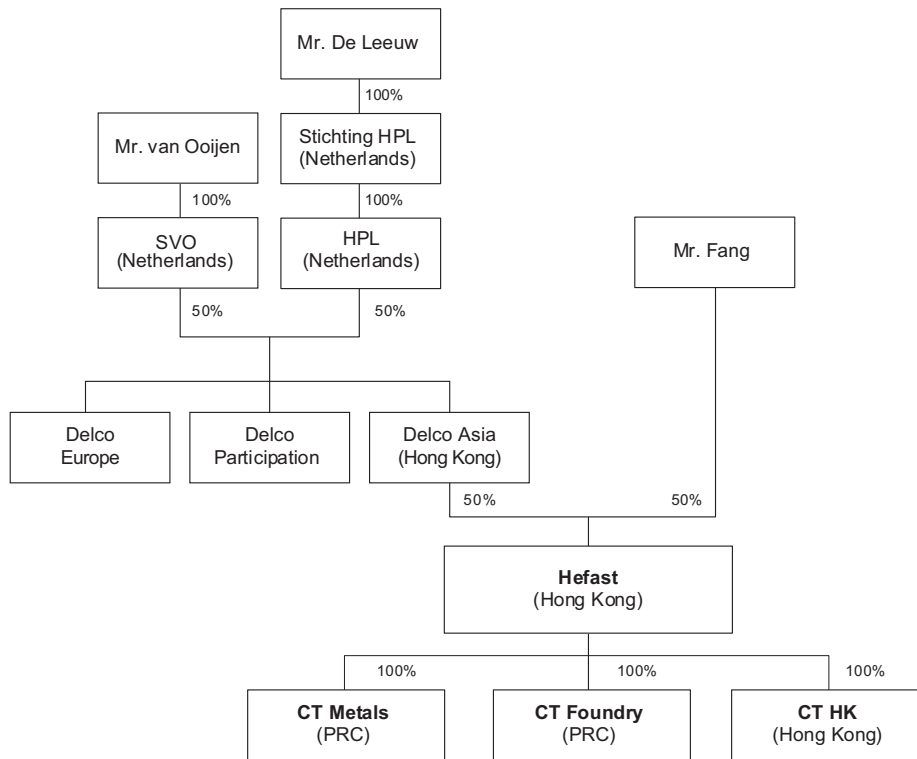
Reorganisation

We underwent the Reorganisation to rationalise our Group's structure in preparation for the Global Offering, pursuant to which our Company became the holding company of our Group. Further details of the Reorganisation are set out in the section headed "Reorganisation" in Appendix VI to this prospectus.

Our PRC legal adviser has confirmed that all approvals required under the PRC laws and regulations in connection with each stage of the Reorganisation have been obtained.

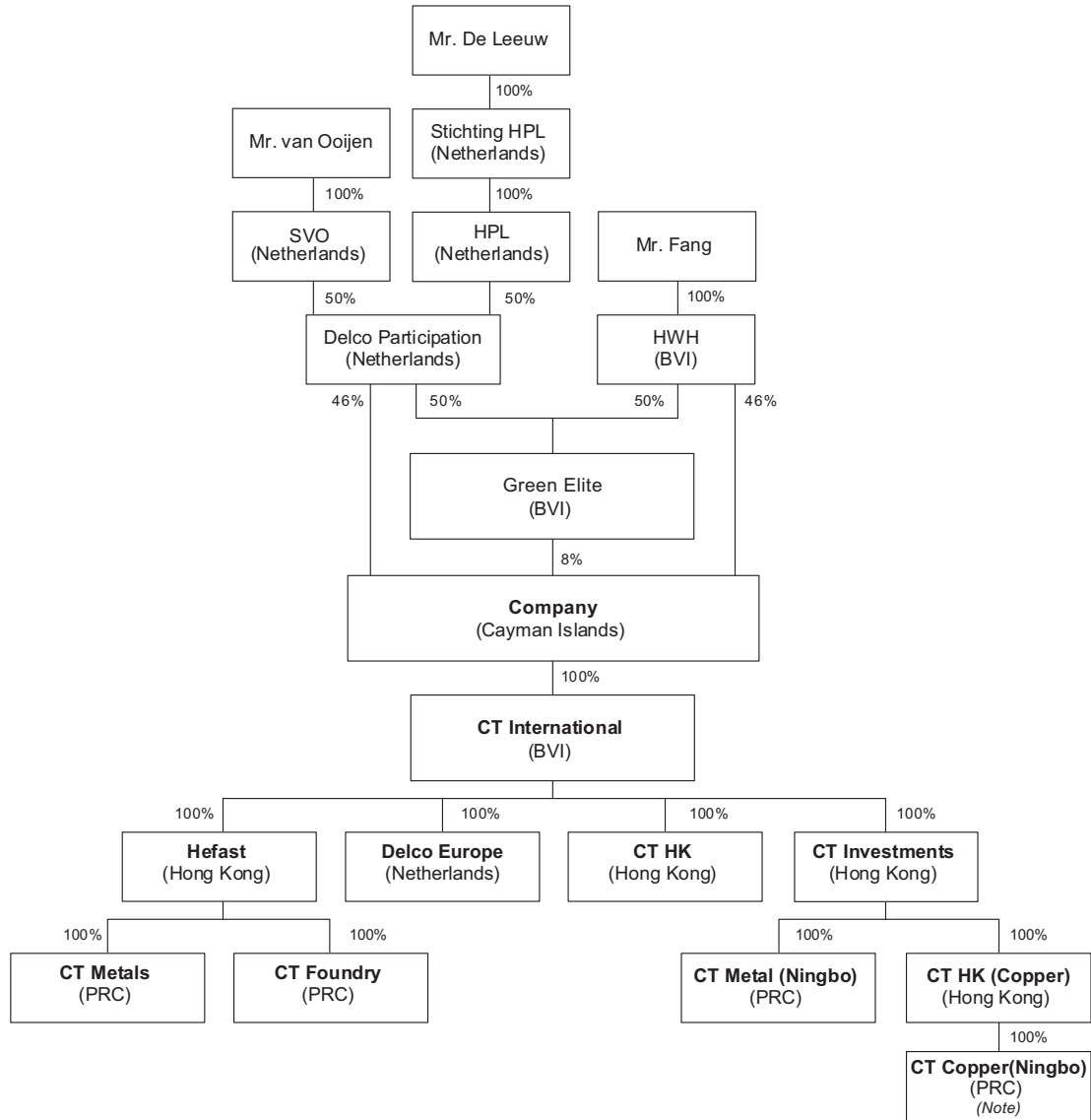
Corporate Structure

Set out below is a diagrammatic presentation of our Group's corporate structure immediately before the Reorganisation:



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Set out below is a diagrammatic presentation of our Group's corporate structure immediately after the Reorganisation:



Note: CT Copper (Ningbo) was deregistered on 9 June 2010.

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Set out below is a diagrammatic presentation of our Group's corporate structure immediately after the Global Offering and the Capitalisation Issue assuming (i) the Over-allotment Option is not exercised; and (ii) no Shares are issued pursuant to the exercise of options granted or to be granted under the Share Option Schemes:

