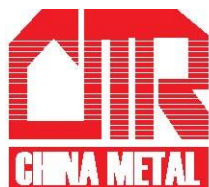


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA METAL RECYCLING (HOLDINGS) LIMITED

中國金屬再生資源（控股）有限公司

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00773)

UPDATE TO SHAREHOLDERS

Reference is made to the announcements of China Metal Recycling (Holdings) Limited (Provisional Liquidators Appointed) (“Company”) dated 29 July 2013 and 15 August 2013 in relation to the appointment of Cosimo Borrelli and Chi Lai Man Jocelyn as joint and several provisional liquidators of the Company and its 2 wholly owned subsidiaries, Huan Bao Steel Limited (Provisional Liquidators Appointed) (“Huan Bao Steel”) and Central Steel (Macao Commercial Offshore) Limited (“Central Steel Macao”) (together “Provisional Liquidators”), pursuant to Orders of the High Court of Hong Kong Special Administrative Region (“HK Court”) on 26 July 2013 and 8 August 2013 respectively.

Winding-up Petition – HCCW 210/2013

On 26 July 2013, the Securities and Futures Commission (“Commission”) filed a winding-up petition against the Company (“Petition”) with the HK Court pursuant to section 212 of the Securities and Futures Ordinance. Pursuant to this section, the Commission may apply to the HK Court to wind up a corporation (other than a bank, restricted licensed bank or deposit-taking company) on the just and equitable ground, if it appears to the Commission that it is desirable in the public interest that the corporation should be so wound up. .

The Commission’s application followed its investigations that found evidence suggesting that the Company has overstated its financial position in the prospectus used for its initial public offering in 2009 (covering the financial years ended 31 December 2006, 2007 and 2008) and in its annual report for 2009. The Commission alleges this was achieved by inflating the size of the business and the amount of revenue generated by the major operating subsidiary of the Company. The Commission alleges, inter alia, that an overwhelming majority of the subsidiary's purported purchases from its three major suppliers for the financial years ended 31 December 2007, 2008 and 2009 were fictitious by escalating amounts in each successive year.

The Commission's investigation also found evidence showing that the suspected exaggeration of the Company’s financial situation remains a current issue that would affect its 2012 financial results, which remain unissued.

Mr Jiang Yan Zhang ("Mr Jiang"), an executive director of the Company, and Mr Yan Qi Ping ("Mr Yan"), an independent non-executive director of the Company, pursuant to their residual powers as directors of the Company, passed a resolution on 15 August 2013 to engage solicitors to advise the Company in relation to the HCCW 210/2013 proceedings, to act as the Company's legal representatives in those proceedings and to conduct those proceedings on behalf of the Company. The Company opposes the Petition.

Mr Chun Chi Wai ("Mr Chun"), an executive director and the Chairman of the Board of Directors of the Company, and Wellrun Limited ("Wellrun"), a British Virgin Islands ("BVI") incorporated company wholly owned by Mr Chun which is a controlling shareholder of the Company, were joined at their request to the HCCW 210/2013 proceedings. Mr Chun and Wellrun also oppose the Petition.

The trial of the Petition is scheduled to take place from 2 February 2015 to 17 February 2015 and from 24 February 2015 to 6 March 2015 ("Trial").

The next hearing of the Petition has been adjourned to 25 August 2014.

The Company, again on the instructions of Mr Yan, has also applied to the HK Court seeking to set aside the Order dated 26 July 2013 appointing the Provisional Liquidators or alternatively seeking an order to replace the Provisional Liquidators. A hearing in respect of this application is scheduled to take place on 14 October 2014 and 15 October 2014.

High Court Action - HCA 1412/2013

The investigations undertaken by the Provisional Liquidators shortly following their appointment indicated that in excess of HK\$1 billion was transferred from Central Steel Macao to entities associated with the Commission's investigations in the days prior to the appointment of the Provisional Liquidators. As a result, and following further investigation, on 30 July 2013 the Provisional Liquidators successfully applied to the HK Court for sanction to commence proceedings and for a worldwide freezing injunction order against Mr Chun and his wife, Lai Wun Yin ("Ms Lai"), who is a non-executive director of the Company, and 10 other entities ("Freezing Injunction") pursuant to which the assets of these parties up to a value of HK\$1,682,198,420 were frozen. On 31 July 2013, pursuant to the sanction of the HK Court, the Provisional Liquidators commenced HCA 1412/2013 against these parties. Wellrun was joined as an additional defendant to HCA 1412/2013 and was made subject to a further worldwide freezing injunction order on 7 August 2013 ("Wellrun Freezing Injunction").

The Provisional Liquidators have subsequently discontinued the HCA 1412/2013 proceedings against two of the original parties to the action and an interlocutory judgment has been entered against 4 of the defendants to the action. The action against Mr Chun, Wellrun, Ms Lai and 4 other defendants is continuing. The Freezing Injunction and Wellrun Freezing Injunction continue to be in force against 10 of the defendants in HCA 1412/2013, including Mr Chun and Wellrun. The Freezing Injunction against Ms Lai was discharged by the HK Court on 9 August 2013.

The Provisional Liquidators' further investigations have revealed that in the 43 day period prior to their appointment, a total sum of HK\$1,960,887,984.44 was transferred from Central Steel Macao to entities associated with the Commission's investigations. Each of these transfers appears to have been authorised by Mr Chun.

Winding-up Petitions against Subsidiaries of the Company – HCCW 231/2013 and HCCW 232/2013

Immediately after their appointment, the Provisional Liquidators passed shareholder resolutions to appoint themselves and their representative as directors of the BVI, Hong Kong, Macau and Singapore subsidiaries to seek to secure control of and better understand the operational and financial affairs of these companies.

On 8 August 2013, the Provisional Liquidators, with the sanction of the HK Court, commenced winding-up proceedings against Huan Bao Steel and Central Steel Macao in the HK Court (in HCCW 231/2013 and HCCW 232/2013 respectively) and successfully sought their appointment as provisional liquidators of these two subsidiaries in order to assist them to secure effective control over and preserve the assets of these companies. Pursuant to a further Order made by the HK Court on 10 March 2014, the winding-up petitions in respect of Huan Bao Steel and Central Steel Macao have been adjourned. The Provisional Liquidators have the ability to restore each winding-up petition upon giving no less than 7 days' notice to the parties in those proceedings. The Provisional Liquidators do not currently anticipate restoring these petitions until after the HK Court's determination of the Petition.

The Provisional Liquidators have made requests for assistance from the officers and management of the Company's subsidiaries in the People's Republic of China ("PRC") in the discharge of their duties to protect and preserve the legitimate business of the Company's subsidiaries in PRC ("PRC Subsidiaries"). These PRC Subsidiaries are important assets of the Company. To date, despite their requests for assistance, no meaningful assistance has been provided to the Provisional Liquidators by the officers and management of the PRC Subsidiaries.

In order to secure and preserve these assets of the Company, the Provisional Liquidators have used the Company's direct and indirect shareholdings in the PRC Subsidiaries to pass shareholder resolutions in August 2013 appointing themselves and their representatives as legal representatives and directors of the PRC Subsidiaries in place of the original legal representatives and directors. The Provisional Liquidators have also commenced confirmation proceedings in the PRC against certain of the PRC Subsidiaries to give effect to their change of legal representative and directors.

Orders to Compel Cooperation of Mr Chun

The Provisional Liquidators have sought to work cooperatively with Mr Chun in respect of the Company and its subsidiary operations including, in particular, the PRC Subsidiaries. Mr Chun has thus far refused to provide any meaningful assistance to the Provisional Liquidators. Given the lack of meaningful assistance from Mr Chun, the Provisional Liquidators have applied to the HK Court ("Application") for orders compelling Mr Chun, who is legal representative and/or director of some of the PRC Subsidiaries, to (inter alia):

- (a) take all steps requested of him by the Provisional Liquidators to procure the appointment or removal of the directors and legal representative of each of the PRC Subsidiaries;
- (b) take all steps requested of him by the Provisional Liquidators to procure the change of the authorised signatories of the bank accounts maintained by the PRC Subsidiaries; and
- (c) take all steps requested of him by the Provisional Liquidators to procure the change of the authorised signatories of the bank accounts of Central Steel Macao held with the banks in Guangzhou, PRC.

The HK Court has to date granted 3 Court orders (on 17 March 2014, 7 April 2014 and 30 April 2014) compelling Mr Chun to provide the Provisional Liquidators with the necessary assistance sought by the Application and to execute various documents to give effect to the changes set out in (a) to (c) above.

To date, the Provisional Liquidators have been unable to successfully register any of the changes of legal representatives and directors at the relevant Administration for Industry and Commerce Bureaus. The Provisional Liquidators anticipate further applications to the HK Court will be required in this regard.

In order to preserve the assets of the Group, the Provisional Liquidators have closed down (i) the sole Singapore subsidiary of the Company (which had not commenced any trading activity but was incurring substantial monthly operating expenses, and (ii) loss making operations in Hong Kong which were already in the process of being wound down by the Company at the time of the appointment of the Provisional Liquidators.

Ongoing Legal Proceedings

Other than the legal proceedings described above, the Provisional Liquidators are also involved or are participating in the following proceedings commenced in Macao and PRC:

1. injunction proceedings commenced by the former directors of Central Steel Macao against the Provisional Liquidators and their representative personally in the Macao court for the purpose of restoring the outgoing directors' control of Central Steel Macao and cancelling the Provisional Liquidators' and their representative's registration as directors of Central Steel Macao from the Commercial and Movable Properties Registry Bureau of Macau. The Macao Second Court of Instance rejected such proceedings and the decision became final on 7 April 2014;
2. 4 sets of reorganisation proceedings and 1 set of bankruptcy proceedings commenced against 5 of the PRC Subsidiaries by PRC banks seeking to reorganise or liquidate the affairs of these PRC Subsidiaries;
3. 3 sets of repayment proceedings commenced by China Minsheng Bank Corporation Limited Guangzhou Branch claiming RMB211.4 million (HK\$262.9 million) from the relevant Group companies including but not limited to the Company, Huan Bao Steel and Central Steel Macao;
4. confirmation proceedings against 11 of the PRC Subsidiaries commenced by the Provisional Liquidators to effect the change of their legal representative and directors (and thus secure control over these PRC Subsidiaries); and
5. reputation proceedings commenced by 4 of the PRC Subsidiaries against, inter alia, the Provisional Liquidators claiming compensation for the alleged infringement of their reputations.

In light of the ongoing investigations of the Commission and the Provisional Liquidators and the above legal proceedings involving the Company, the Provisional Liquidators and others, the Provisional Liquidators must exercise caution in disclosing information involving the Company and its subsidiaries at this stage. The Provisional Liquidators are not currently in a position to disclose further information in respect of their continuing investigations and findings to date. Nor are they in a position, at this stage, to advise of the possible consequences of the Trial in February and March 2015 including the possible ramifications for the creditors and shareholders of the Company.

Further announcements will be made as and when appropriate.

Trading in the shares of the Company has been suspended since 28 January 2013 and will remain suspended until further notice.

For and on behalf of
China Metal Recycling (Holdings) Limited
(Provisional Liquidators Appointed)
Chi Lai Man Jocelyn
and
Cosimo Borrelli
Joint and Several Provisional Liquidators

Hong Kong, 11 June 2014

On the basis of the information available from the previous announcements made by the Company, the Board of Directors of the Company comprises: Mr Chun Chi Wai and Mr Jiang Yan Zhang as executive directors and Ms Lai Wun Yin as non-executive director; and Mr Yan Qi Ping as independent non-executive director.