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CHINA METAL RESOURCES UTILIZATION LIMITED

中國金屬資源利用有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1636)

- (1) PROPOSED ISSUE OF CONVERTIBLE NOTES
UNDER SPECIFIC MANDATE;
(2) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(3) PROPOSED SHARE CONSOLIDATION, CAPITAL REDUCTION OF
ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARE**

PROPOSED ISSUE OF THE CONVERTIBLE NOTES

On 28 January 2025, the Company entered into the Convertible Note Subscription Agreement with the Investor, pursuant to which the Investor agreed to subscribe and pay for the Convertible Notes to be issued by the Company in a principal amount of HK\$10,000,000. Subject to the fulfillment of certain conditions, the Convertible Notes are convertible in the circumstances set out in the Terms and Conditions into ordinary shares of the Company at the Conversion Price.

Assuming full conversion of the Convertible Notes (together with all outstanding interests) at their Conversion Price and completion of the Share Consolidation, Capital Reduction and Share Sub-division, the Convertible Notes (together with all outstanding interests) will be convertible into approximately 46,238,938 New Conversion Shares (as adjusted based on the proposed Share Consolidation, Capital Reduction and Share Sub-division), representing approximately 20.64% of the issued share capital of the Company as at the date of this announcement and approximately 14.06% of the issued share capital of the Company as enlarged by the issue of the New Conversion Shares and the Subscription Shares.

The New Conversion Shares to be issued upon conversion of the Convertible Notes will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

No listing of the Convertible Notes will be sought in any jurisdiction. An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Conversion Shares.

PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

The Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price.

The Subscription Shares to be allotted and issued to the Subscriber represent (i) approximately 26.14% of the existing issued share capital of the Company of 4,481,557,261 Shares as at the date of this announcement; and (ii) approximately 17.81% of the Company's issued share capital as enlarged by the issue and allotment of the New Conversion Shares and the Subscription Shares (assuming there will be no other changes in the issued share capital of the Company between the date of this announcement and the completion of the Share Subscription Agreement, but assuming the completion of the Conversion, the proposed Share Consolidation, Capital Reduction and Share Sub-division).

There will be no proceeds arising from the Share Subscription as the aggregate Subscription Price will be set off against the Outstanding Liabilities.

PROPOSED SHARE CONSOLIDATION, CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Company proposes to implement the following capital reorganization involving the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

Proposed Share Consolidation

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Shares of par value of HK\$0.10 each be consolidated into one (1) Consolidated Share of HK\$2.00 each.

Proposed Capital Reduction and Share Sub-division

The Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01; and

- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$2.00 each be sub-divided into 200 New Shares of par value of HK\$0.01 each.

On the Last Trading Day, the Shares were traded on the Hong Kong Stock Exchange in board lot size of 4,000 Shares. Upon the Capital Reduction and Share Sub-division becoming effective, the size of each board lot will remain the same as that of the Consolidated Shares, being 4,000 New Shares per board lot and the New Shares will rank *pari passu* in all respects with each other in accordance with the Memorandum and the Articles.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Convertible Note, the Share Subscription, the Share Consolidation, the Capital Reduction and the Share Sub-division. To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Subscription Agreements and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreements, the Share Consolidation, the Capital Reduction and the Share Sub-division and the transactions contemplated thereunder at the EGM.

The Circular containing, among other things, (i) information on the Subscription Agreements; (ii) the Specific Mandate; (iii) information regarding the Share Consolidation, the Capital Reduction and the Share Sub-division; and (iv) a notice of the EGM and a form of proxy will be dispatched to the Shareholders as soon as practicable.

As the Conversion, the Share Subscription, Share Consolidation, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions, they may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

THE CONVERTIBLE NOTES

The Convertible Note Subscription Agreement

Date:

28 January 2025

Parties:

1. The Company, as issuer; and
2. The Investor, as the subscriber.

Subscription:

The Company has agreed to issue and the Investor has agreed to subscribe for the Convertible Notes in the principal amount of HK\$10,000,000.

Conditions Precedent:

The obligations of the Investor to subscribe and pay for, and the obligations of the Company to issue, the Convertible Notes are conditional upon the fulfilment of the following conditions:

1. The issuance of the Convertible Note and the related specific mandate have been approved by the shareholders of the Company in a general meeting;
2. The Noteholder has completed legal, operational, and financial due diligence on the Company to its satisfaction; and
3. The Company has obtained all necessary external and internal authorizations for the execution of the documents under the Convertible Note Subscription Agreement and the performance of the transactions contemplated herein.

Closing:

Save and except that condition (2) in the section headed “Conditions Precedent” set out above which may be waived by the Investor unilaterally at any time prior to the Long Stop Date (as defined below) by notice in writing to the Company, no other conditions can be waived by any party. Closing shall take place within five (5) business days following the satisfaction (or waiver, if applicable) of the conditions set out above.

If any condition in the section headed “Conditions Precedent” set out above (save and except such conditions precedent waived or to be waived pursuant to the above paragraph) shall not have been fulfilled by 31 March 2025 (the “**Long Stop Date**”), the Convertible Note Subscription Agreement shall, unless the parties agree in writing to postpone the Long Stop Date to another date (being a business day), automatically terminate and cease to be of any effect except for certain terms as set out in the Convertible Note Subscription Agreement which shall remain in force, and none of the parties shall have any claim of any nature or liabilities under the Convertible Note Subscription Agreement whatsoever against the other party save for any antecedent breaches of the terms of the Convertible Note Subscription Agreement.

The Company shall deliver, amongst others, to the Investor (i) a duly issued and executed certificate of Convertible Note to the Noteholder (and/or any person(s) designated by the Noteholder) ; (ii) a certified copy of the board resolution of the Company approving and authorizing the execution and performance of the Convertible Note Subscription Agreement (including the issuance of the Convertible Note to the Noteholder); and (iii) a certified copy of the register of convertible notes of the Company, showing the Noteholder or the nominee(s) of the Noteholder has been registered as the holder of the Convertible Notes on the date of closing.

Undertaking:

The Company undertakes to the Investor to (i) obtain the approval for the listing of, and permission to deal in, all the New Conversion Shares from Listing Committee of the Hong Kong Stock Exchange; and (ii) submit to the courts of Cayman Islands documents to effect the Share Consolidation, the Capital Reduction and the Share Sub-division within 4 months from the date of closing.

The Principal Terms of the Convertible Notes

The principal terms of the Convertible Notes are summarised as follows:

Principal amount: The Convertible Notes in a principal amount of HK\$10,000,000.

Maturity Date: Six months after the date of closing.

Interest rate: Save for the following, the Convertible Notes bear interest at the rate of 9 per cent. per annum from and including the date of closing and until the redemption or the conversion of the Convertible Notes. Any interest accrued is payable every six (6) months from the date of closing.

If the Noteholder exercises the right of conversion under the Convertible Notes within four (4) months of the date of closing, the Convertible Notes shall bear interest at the rate of 3 per cent. per annum from and including the date of closing and until the redemption or the conversion of the Convertible Notes.

Status: The Convertible Notes constitute direct, unconditional, unsubordinated and secured obligations of the Company. The Convertible Notes shall at all times rank *pari passu* and without any preference or priority among themselves.

Conversion right: The Noteholder shall be entitled to convert in whole (but not in part), the Convertible Notes into New Conversion Shares from the Issue Date up to the Maturity Date, subject to the Terms and Conditions and the fulfilment of the following conditions:

1. at the time the Noteholder converts the Convertible Notes, the par value of the Shares being lower than the Conversion Price; and

2. the Listing Committee of the Hong Kong Stock Exchange having granted approval for the listing of, and permission to deal in, all the New Conversion Shares and such listing approval and permission have not been withdrawn. The Company may elect to pay the interest accrued on the Convertible Notes in the form of cash instead of New Conversion Shares.

Conversion Price:	The Conversion Price will be HK\$0.0113 per Share, subject to adjustment to HK\$0.226 after the completion of the proposed Share Consolidation, Capital Reduction and Share Sub-division.
Adjustment to the Conversion Price:	<p>The Conversion Price will be subject to adjustment upon the occurrence of certain events as set out in the Terms and Conditions as follows:</p> <ol style="list-style-type: none">(i) an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification which results in a change in the number of issued Shares; and(ii) the issue of Shares at a price lower than the then prevailing Conversion Price,
Early redemption for relevant event by the Noteholder:	In the event of the occurrence of an event of default as set out in the Terms and Conditions, the Noteholder may request for early redemption and the Company shall redeem all the outstanding Convertible Notes at nominal value (plus interest accrued but unpaid).
Form:	The Convertible Notes will be in registered form.
Transferability:	The Convertible Notes are transferable provided that the Noteholder has notified the Company before such transfer.
Event of default:	If any event of default set out in the Terms and Conditions occurs, the Noteholder may give notice to the Company that the Convertible Notes, together with the interest accrued, will become immediately due and payable.

Information about the Group

The Group is a manufacturer of recycled copper products (also known as copper semis), communication cables and power transmission and distribution cables. The Group processes recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wire rods, copper wires, copper plates, copper granules, communication cables and power transmission and distribution cables.

Information of the Investor

Top Legend SPC is an exempted company incorporated with limited liability and registered as a segregated portfolio company incorporated in the Cayman Islands acting for and on behalf of one of its segregated portfolios Queens SP (being a fund incorporated in the Cayman Islands).

As at the date of this announcement, each of Mr. SIT Hon (“**Mr. Sit**”) and Ms. TSANG Karen Ka Yan (“**Ms. Tsang**”) holds 50 management shares of Top Legend SPC, representing the entire number of management shares of Top Legend SPC.

Queens SP, as a segregated portfolio of Top Legend SPC, is not a legal entity. Any action of Queens SP shall be taken by Top Legend SPC acting on behalf of and for the account of Queens SP.

Queens SP is managed by Top Legend Global Investment Limited in its capacity as the investment manager.

Top Legend Global Investment Limited is a company incorporated in the British Virgin Islands with limited liability on 28 July 2023, and is owned as to 50% by Mr. Sit and 50% by Ms. Tsang, respectively. Both Mr. Sit and Ms. Tsang are the directors of Top Legend Global Investment Limited.

Mr. Sit serves as the Investment Manager at Allied Top Investment Limited since April 2019. Mr. Sit invested in various types of financial assets such as private equity and stock loan. Before that, Mr. Sit was the Chief Operating Officer of a trading company, responsible for setting the strategy and overseeing business development for the luxury watches retail and wholesale company.

Ms. Tsang focuses on both pre-IPO and IPO investments, as well as fund raising for listed companies. Ms. Tsang is the founder of an investment firm, Legend Global Group Limited, which was founded in March 2015. She has led a numerous of successful investments in private equity, IPO, and secondary market. Legend Global Group Limited is wholly-owned by Ms. Tsang, with its principal business being investment holding. Save for Ms. Tsang ownership, there is no relationship between Legend Global Group Limited and Top Legend Global Investment Limited.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Investor is an Independent Third Party.

Effect on the Share Capital of the Company as a Result of the Conversion of the Convertible Notes

Assuming full conversion of the Convertible Notes (together with all outstanding interests) at their Conversion Price, the Convertible Notes (together with all outstanding interests) will be convertible into approximately 46,238,938 New Conversion Shares (as adjusted based on the proposed Share Consolidation, Capital Reduction and Share Sub-division), representing approximately 20.64% of the issued share capital of the Company as at the date of this announcement and approximately 14.06% of the issued share capital of the Company as enlarged by the issue of the New Conversion Shares and the Subscription Shares. The New Conversion Shares to be issued upon conversion of the Convertible Notes will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Except for the convertible notes in the principal amount of RMB400 million as disclosed on 3 October 2024 which has not completed as at the date of this announcement, the Company has no outstanding convertible securities which are convertible into Shares.

The Conversion Price

The Conversion Price was determined after arm's length negotiations between the Company and the Investor.

The Conversion Price of HK\$0.0113 represents:

- (1) a discount of approximately 90.58% to the Closing Price of HK\$0.12 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 90.55% to the average Closing Price of HK\$0.1196 per Share for the last five consecutive Trading Days up to and including the Last Trading Day; and
- (3) a discount of approximately 90.58% to the average Closing Price of HK\$0.1199 per Share for the last ten consecutive Trading Days up to and including the Last Trading Day.

Listing Rules Implication

The New Conversion Shares will be issued pursuant to the Specific Mandate.

The Company will seek the Specific Mandate from the Shareholders at the EGM to allot and issue the New Conversion Shares. To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Convertible Note Subscription Agreement and will be required to abstain from voting on the resolution(s) to approve the Convertible Note Subscription Agreement and the transactions contemplated thereunder at the EGM.

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve among other things, the Convertible Note Subscription Agreement and the transaction contemplated thereunder (including but not limited to the Specific Mandate). A circular containing, among other things, (i) information on the Convertible Note Subscription Agreement; (ii) the Specific Mandate; and (iii) a notice of the EGM and a form of proxy will be dispatched to the Shareholders as soon as practicable.

Use of Proceeds

The net proceeds (net of fees and commissions) from the issue of the Convertible Notes will be approximately HK\$10,000,000. The net price per New Conversion Share based on the aforementioned net proceeds will be approximately HK\$0.0108.

The Company intends to use the net proceeds from the issue of the Convertible Notes to settle fees of professional parties and accrued salaries.

Reasons for and Benefits of the Issue of the Convertible Notes

The Directors are of the view that the issuance of the Convertible Notes will improve the Group's liquidity and to settle outstanding fees and salaries necessary for the operation of the Company.

Having considered the Group's financial position, the Directors consider that the terms, including the Conversion Price, of the Convertible Note Subscription Agreement and the transaction contemplated thereunder, which were arrived at after arm's length negotiations between the Company and the Investor, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Application for Listing

No listing of the Convertible Notes will be sought in any jurisdiction. An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Conversion Shares.

As the Convertible Note Subscription Agreement may or may not complete, the Convertible Notes may or may not be issued and/or the New Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SHARE SUBSCRIPTION AGREEMENT

Date

28 January 2025

Parties

- (a) The Company, as issuer; and
- (b) the Subscriber, as subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, other than the 6,000,000 share options at an exercise price of HK\$0.465 per Share that he holds, the Subscriber does not hold any Shares in the Company, and he is currently a vice president (副總監) of the Sales Department of the Group and is an Independent Third Party.

Number of Subscription Shares

The Subscription Shares to be allotted and issued to the Subscriber represent (i) approximately 26.14% of the existing issued share capital of the Company of 4,481,557,261 Shares as at the date of this announcement; and (ii) approximately 17.81% of the Company's issued share capital as enlarged by the issue and allotment of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of the Share Subscription Agreement and its completion save for the issue of the Subscription Shares, but assuming the completion of the Conversion, the proposed Share Consolidation, Capital Reduction and Share Sub-division).

Subscription Price

The Subscription Price of HK\$0.0113 per Subscription Share represents:

- (i) a discount of approximately 90.58% to the closing price of HK\$0.12 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 90.55% to the average closing price of HK\$0.1196 per Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day; and

- (iii) a discount of approximately 90.58% to the average closing price of HK\$0.119 per Share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days immediately prior to the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber. Having considered the Group's financial situation, the Directors consider that the terms and conditions of the Share Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price for the Subscription Shares shall be settled by the Subscriber at completion by way of set off against the Outstanding Liabilities owed by the Group to the Subscriber. Accordingly, there will be no proceeds from the Share Subscription.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will be fully paid and rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of such Subscription Shares.

Conditions Precedent

Completion of the Share Subscription Agreement shall be subject to the following conditions being satisfied:

- (1) the Hong Kong Stock Exchange having granted the approval for the listing of the Subscription Shares, and such approval not having been revoked before Completion; and
- (2) the Company having obtained all required consents and approvals for the transactions contemplated under the Share Subscription Agreement, including the approval by the Shareholders at the EGM of the Share Subscription Agreement and the transactions contemplated thereunder and the change in the par value of the Shares, and met and fully complied with the relevant laws and regulations (including but not limited to the Listing Rules and the relevant regulations in the Cayman Islands and Hong Kong), such consents and approvals remaining valid until the date of Completion and the relevant authorities not having implemented any rules or regulations to prohibit or severely delay the fulfilment and Completion of the Share Subscription Agreement.

Completion

Completion shall take place no later than five(5) Business Days following the fulfillment of the conditions above or such other date as agreed by the Company and the Subscriber.

Application for Listing

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Hong Kong Stock Exchange.

Listing Rules Implications

The Company will seek the Specific Mandate from the Shareholders at the EGM to allot and issue the Subscription Shares. Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The EGM will be convened for the Shareholders to consider and, if thought fit, to approve among other things, the Share Subscription Agreement and the transactions contemplated thereunder (including but not limited to the Specific Mandate). To the best of the Directors' knowledge, no shareholder will be required to abstain from voting on the resolution(s) approving the aforesaid matters.

A circular containing, among other things, (i) information on the Share Subscription Agreement; (ii) the Specific Mandate; and (iii) a notice of the EGM and a form of proxy will be despatched to the Shareholders as soon as practicable.

Reasons for the Issue of the Subscription Shares and Use of Proceeds

The Group is of the view that the Share Subscription will (1) strengthen the Group's working capital and liquidity position; and (2) further optimise the Group's capital structure.

Having considered the Group's financial position, the Directors consider that the terms and conditions of the Share Subscription Agreement, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds for the loan advanced pursuant the Outstanding Liabilities were used for the settlement of outstanding fees with professional parties.

The net price of each Subscription Share is approximately HK\$0.0113.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a vice president (副總監) of the Sales Department of the Group.

As the Share Subscription Agreement may or may not complete, the Subscription Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EFFECTS OF THE CONVERSION AND THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,481,557,261 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that there will be no change in the issued share capital and shareholding structure of the Company between the date of the Share Subscription Agreement and its completion, but assuming the completion of the Conversion, the proposed Share Consolidation, Capital Reduction and Share Sub-division) is as follows:

	As at the date of this announcement		Immediately after Completion (note 1)	
	Approximate Number of Shares directly or indirectly held	Approximate percentage of the issued share capital of the Company	Approximate Number of Shares directly or indirectly held	Approximate percentage of the issued share capital of the Company
Shareholders				
Mr. Yu Jiangqiu and Epoch Keen Limited (note 2)	538,998,400	12.03	26,949,920	8.19
Mr. Kwong Wai Sun Wilson (note 3)	3,272,600	0.07	163,630	0.05
Mianyang Fule Investment Co., Ltd. (綿陽富樂投資有限公司)	717,994,566	16.02	35,899,728	10.92
Prosper Rich Investments Limited	557,627,268	12.44	27,881,363	8.48
Mianyang Yuan Cheng Ronghe Development Group Co., Ltd. (綿陽園城融合發展集團有限責任公司)	500,000,000	11.16	25,000,000	7.60
First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited	310,317,000	6.92	15,515,850	4.72
Quaestus Capital Pte. Ltd.	280,312,902	6.25	14,015,645	4.26
The Investor	0	0	46,238,938	14.06
The Subscriber	0	0	58,565,903	17.81
Other public shareholders	<u>1,573,034,525</u>	<u>35.11</u>	<u>78,651,727</u>	<u>23.91</u>
Total	<u>4,481,557,261</u>	<u>100.00</u>	<u>328,882,704</u>	<u>100.00</u>

Notes:

- Assuming the completion of the Conversion and the Share Subscription, together with the completion of the Share Consolidation, the Capital Reduction and the Share Sub-division as described below.
- The Shares are held by Mr. Yu Jianqiu, Chairman and an executive Director of the Company, together with Epoch Keen Limited, a company wholly-owned by Mr. Yu Jianqiu.
- Mr. Kwong Wai Sun Wilson is an executive Director.

Fundraising Activity by the Company in the Last 12 Months

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fundraising activity	Net proceeds expected to be raised	Intended use of the net proceeds
3 October 2024	Issue of convertible notes in the principal amount of RMB400,000,000.	Approximately HK\$443,562,248	<p>RMB200,000,000 for injection into the Company's operations in Mianyang. It is expected that all the proceeds shall be used in the procurement of raw materials;</p> <p>RMB60,000,000 for injection into the Company's operations in Hubei. It is expected that the proceeds shall be used in the procurement of raw materials, salary expenses, and the maintenance of fixed assets and other expenditures;</p> <p>RMB60,000,000 for injection into the Company's operations in Hunan. It is expected that the proceeds shall be used in the procurement of raw materials, salary expenses, and the maintenance of fixed assets and other expenditures; and</p> <p>RMB20,000,000 for other uses, including general working capital.</p>

PROPOSED SHARE CONSOLIDATION, CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Company proposes to implement the following capital reorganization involving the Share Consolidation, the Capital Reduction and the Share Sub-division as follows.

Proposed Share Consolidation

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Shares of par value of HK\$0.10 each be consolidated into one (1) Consolidated Share of HK\$2.00 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000,000 divided into 100,000,000,000 Shares with par value of HK\$0.10 each, of which 4,481,557,261 Shares have been issued and are fully paid or credited as fully paid.

Assuming that no further Shares will be issued or repurchased from the date of this announcement until the date of the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$10,000,000,000 divided into 5,000,000,000 Consolidated Shares with par value of HK\$2.00 each, of which 224,077,863 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Reference is made to the announcement of the company dated 3 October 2024. As at the date of this announcement, the Company has convertible notes in an aggregate principal amount of approximately RMB400,000,000. Assuming full conversion of the outstanding convertible notes, an aggregate of 1,068,364,985 Shares may be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Notes in full. The Share Consolidation may cause adjustments to the conversion price of Convertible Notes and/or the maximum number of Consolidated Shares that will be issued upon conversion. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, in the section under “Share Option Scheme” as disclosed in the Company’s interim report for the six months ended 30 June 2024 and in this announcement, the Company does not have any other outstanding derivatives, options, warrants, conversion rights, securities in issue, convertible securities or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Share Consolidation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be in March 2025. Further announcement on the effective date of the Share Consolidation will be made as and when appropriate.

As at the date of this announcement, none of the conditions above had been fulfilled.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Hong Kong Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Shares are listed or dealt in any other stock exchange other than the Hong Kong Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Hong Kong Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders, but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the existing Shares regardless of the number of share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if applicable and if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Details of the odd lots arrangement will be set out in the Circular.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the period from 9:00 a.m. on Tuesday, 18 March 2025 to 4:30 p.m. on Monday, 28 April 2025 (both days inclusive), submit share certificates for the existing Shares (in brown colour) to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in yellow colour). Thereafter, share certificates for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Hong Kong Stock Exchange from time to time) for each share certificate for the Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 24 April 2025, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Shares which are in brown colour.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Hong Kong Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “Guide”) issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in June 2024 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the 2 years prior to and on the Last Trading Day, the share price of the Company has been trading at around HK\$0.1, and the Closing Price of the existing Shares as at the Last Trading Day is HK\$0.119 per Share. The value of each existing board lot has been less than HK\$2,000. Based on the Closing Price of HK\$0.119 per Share as at the Last Trading Day and the existing board lot size of 4,000 Shares, the Board resolved to propose the Share Consolidation, resulting in a market price of approximately HK\$2.38 per Consolidated Share (which will be higher than the extremity of HK\$0.10 as mentioned in the Guide) and HK\$9,520 per board lot of 4,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules that the expected board lot value will be greater than HK\$2,000.

The Board considers that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Hong Kong Stock Exchange. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge minimum transaction costs for each securities trade. In view of the above reasons, the Board considers that the Share Consolidation is justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the capital reorganisation and the Company does not have any other concrete plan or arrangement to conduct any other fund raising activities in the next 12 months other than disclosed above. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in a change in the relative rights of the Shareholders.

Proposed Capital Reduction and Share Sub-Division

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$2.00 each be sub-divided into 200 New Shares of par value of HK\$0.01 each.

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles.

Effect of the Capital Reduction and the Share Sub-division

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Capital Reduction and the Share Sub-division shall become effective, the authorised share capital of the Company shall be HK\$10,000,000,000 divided into 1,000,000,000,000 New Shares with par value of HK\$0.01 each, of which 224,077,863 New Shares will be in issue and fully paid or credited as fully paid.

Based on the 4,481,557,261 Shares in issue as at the date of this announcement or (as the case may be) 224,077,863 Consolidated Shares in issue as at the date of which the Share Consolidation becoming effective, and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased prior to the date of which the Capital Reduction and the Share Sub-division shall become effective, a credit amounting to approximately HK\$445.91 million will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and the Articles.

Effect of the Share Consolidation, the Capital Reduction and the Share Sub-division

Assuming that there is no change in the number of issued Shares from the date of this announcement up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective	Immediately upon the Capital Reduction and the Share Sub-division becoming effective
Par value	HK\$0.10 per Share	HK\$2.00 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares of the Company	100,000,000,000 Shares	5,000,000,000 Consolidated Shares	1,000,000,000,000 New Shares
Amount of authorised share capital of the Company	HK\$10,000,000,000	HK\$10,000,000,000	HK\$10,000,000,000
Number of issued shares of the Company	4,481,557,261 Shares	224,077,863 Consolidated Shares	224,077,863 New Shares
Amount of issued share capital of the Company	HK\$448,155,726.10	HK\$448,155,726.10	HK\$2,240,778.63

Other than the expenses to be incurred in relation to the Capital Reduction and Share Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction and the Share Sub-division

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

- (i) the Share Consolidation has become effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Share Sub-division;
- (iii) the Court granting an order confirming the Capital Reduction;
- (iv) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (v) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction;
- (vi) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective; and
- (vii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction and Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company as soon as reasonably practicable after the Court hearing date(s) are confirmed.

As at the date of this announcement, none of the above conditions have been fulfilled.

Application for listing of the New Shares

An application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reduction and the Share Sub-division becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Shares are listed or dealt in any other stock exchange other than the Hong Kong Stock Exchange, and at the time the Capital Reduction and the Share Sub-division becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division as set out under the section titled “Expected Timetable” is tentative at present. Should the Capital Reduction and the Share Sub-division become effective, Shareholders may submit share certificates for the Consolidated Shares (in yellow colour) to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong to exchange for new share certificates for the New Shares (in blue colour) at the expense of the Company within the relevant free exchange period from the date of which the Capital Reduction and the Share Sub-division shall become effective. Details of such free exchange of share certificates will be announced as soon as the date of which the Capital Reduction and the Share Sub-division shall become effective is ascertained.

The Company will publish announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

All existing certificates of the Consolidated Shares or (as the case may be) the Shares will continue to be evidence of title to such Shares but all existing certificate of Shares will cease to be valid for trading and settlement purpose.

Reasons for the Capital Reduction and Share Sub-division

Under the Companies Act, a company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the nominal value of the Consolidated Shares will be HK\$2.00 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the nominal value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and the Articles. The Board considers that the Capital Reduction and the Share Sub-division is beneficial to and in the interests of the Company and the Shareholders as a whole.

NO CHANGE IN BOARD LOT SIZE

As at the Last Trading Day, the Shares were traded on the Hong Kong Stock Exchange in board lot size of 4,000 Shares. Upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, if and when the New Shares resume trading on the Hong Kong Stock Exchange, the board lot size for trading in the New Shares will remain unchanged at 4,000 New Shares per board lot.

Based on the Closing Price of HK\$0.119 per Share (equivalent to the theoretical closing price of HK\$2.38 per Consolidated Share) as quoted on the Hong Kong Stock Exchange as at the Last Trading Day, (i) the value per board lot of 4,000 Shares is HK\$476; and (ii) the estimated value per board lot of 4,000 New Shares would be HK\$9,520 assuming that the Share Consolidation, the Capital Reduction and the Share Sub-division becomes effective.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Capital Reduction and the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, the Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates unless otherwise stated in this announcement.

Time and date

Expected date of despatch of Circular, the notice of the EGM and the form of proxy of the EGM..... on or before
Thursday, 27 February 2025

Latest date and time for lodging transfer documents in order to qualify for attending and voting at EGM 4:30 p.m. on
Monday, 10 March 2025

Time and date

Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)..... Tuesday, 11 March 2025 to Friday, 14 March 2025

Latest date and time for lodging the proxy form for the EGM 11:00 a.m. on Wednesday, 12 March 2025

Record date for EGM..... Friday, 14 March 2025

Expected date and time of the EGM..... 2:00 p.m. on Friday, 14 March 2025

Publication of announcement of poll results of the EGM..... Friday, 14 March 2025

The following events are conditional upon the results of the EGM and therefore the dates are tentative only.

Effective date of the Share Consolidation Tuesday, 18 March 2025

First day for free exchange of existing share certificates for new share certificates of the Consolidated Shares..... Tuesday, 18 March 2025

Dealings in the Consolidated Shares commence..... 9:00 a.m. on Tuesday, 18 March 2025

Original counter for trading in existing Shares in board lots of 4,000 Shares (in the form of existing share certificates) temporarily closes 9:00 a.m. on Tuesday, 18 March 2025

Temporary counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) opens..... 9:00 a.m. on Tuesday, 18 March 2025

Original counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens..... 9:00 a.m. on Tuesday, 1 April 2025

Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences 9:00 a.m. on Tuesday, 1 April 2025

Time and date

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares 9:00 a.m. on Tuesday, 1 April 2025

Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares 4:00 p.m. on Thursday, 24 April 2025

Temporary counter for trading Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) closes 4:10 p.m. on Thursday, 24 April 2025

Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends 4:10 p.m. on Thursday, 24 April 2025

Last date and time for free exchange of existing share certificates for the new share certificates of the Consolidated Shares 4:30 p.m. on Monday, 28 April 2025

The following events are conditional upon the results of the EGM, compliance with any requirements imposed by the Court in order for it to be able to confirm, the Capital Reduction, and the availability of the Court. It may be two to three months before the matter is heard by the Court. The dates are therefore tentative only.

Effective date and time of the Capital Reduction and the Share Sub-division..... Before 9:00 a.m. on Monday, 26 May 2025

Commencement of dealing in the New Shares 9:00 a.m. on Monday, 26 May 2025

First day of free exchange of existing share certificates for the Consolidated Shares into new share certificates for New Shares Monday, 26 May 2025

Last day of free exchange of existing share certificates for the Consolidated Shares into new share certificates for New Shares Wednesday, 2 July 2025

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Articles”	the articles of association of the Company, as amended from time to time
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“Circular”	the circular to be despatched to the Shareholders containing, among other things, details of the Convertible Note, the Share Consolidation, the Capital Reduction, the Share Sub-division and the notice of the EGM
“Closing Price”	the closing price for the Shares published in the daily quotation sheet published by the Hong Kong Stock Exchange for such day
“Companies Act”	the Companies Act (Revised), of the Cayman Islands as consolidated and revised
“Company”	China Metal Resources Utilization Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1636)
“Consolidated Share(s)”	the ordinary share(s) of par value HK\$2.00 each in the share capital of the Company upon the Share Consolidation becoming effective
“Conversion”	the conversion of Convertible Notes into Shares
“Conversion Price”	the price at which the Shares will be issued upon conversion of the Convertible Notes which will be HK\$0.0113 per Share, to be adjusted to HK\$0.226 as a result of the completion of the proposed Share Consolidation, the Share Reduction and Share Sub-division
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Convertible Notes

“Convertible Note Subscription”	the subscription of the Convertible Notes by the Investor pursuant to the Subscription Agreement
“Convertible Note Subscription Agreement”	the subscription agreement entered into between the Company and the Investor on 28 January 2025 in relation to the proposed issue of the Convertible Note
“Convertible Notes”	the convertible notes in the aggregate principal amount of HK\$10,000,000 proposed to be issued by the Company to the Investor under the Convertible Note Subscription Agreement
“Court”	the Grand Court of the Cayman Islands
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the Specific Mandate; (ii) the Subscription Agreement and the transaction contemplated thereunder; and (iii) the Share Consolidation, the Capital Reduction and the Share Sub-division
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to HKSCC, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party”	person(s) or companies who is/are not connected persons or associates of connected persons of the Company as defined in the Listing Rules

“Investor”	Top Legend SPC on behalf of Queens SP, a limited liability company incorporated under the laws of the PRC
“Issue Date”	the date of issue of the Convertible Notes
“Last Trading Day”	27 January 2025, being the last full Trading Day immediately prior to the publication of this announcement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Maturity Date”	the date on which the Convertible Notes mature, namely the date which is the second anniversary of the Issue Date
“Memorandum”	the memorandum of association of the Company, as amended from time to time
“New Conversion Shares”	Shares to be allotted and issued by the Company upon the conversion of the Convertible Notes
“New Shares”	Shares to be allotted and issued by the Company upon the Share Consolidation, Capital Reduction and Share Sub-division
“Noteholder(s)”	the holder(s) of the Convertible Notes from time to time
“Outstanding Liabilities”	The loan in the principal amount of RMB12,000,000 together with such interests (equivalent to approximately HK\$13,235,894), owed by the Company to the Subscriber as at the date of this Announcement. The loan was assigned from Sichuan Kaiyue Investment Company Limited* (四川凱越投資集團有限公司) to the Subscriber on 16 December 2024
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Shares of par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$2.00
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value HK\$0.01 each

“Share Subscription”	the subscription by the Subscriber of the Subscription Shares pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the subscription agreement dated 28 January 2025 between the Company and the Subscriber in respect of the Share Subscription
“Share Subscription Price”	HK\$0.0113 per Subscription Share, which shall be adjusted to HK\$0.226 upon the completion of the proposed Share Consolidation, Capital Reduction and Share Sub-division
“Shareholders”	the holders of Shares
“Specific Mandate”	the specific mandate to allot and issue with the New Shares to be proposed for approval as an ordinary resolution of the Shareholders of the EGM
“Subscription Agreements”	the Convertible Note Subscription Agreement and the Share Subscription Agreement
“Subscription Shares”	new Share(s) to be allotted and issued to the Subscriber pursuant to the Share Subscription Agreement, comprising a total of 1,171,318,053 Shares, to be adjusted to 58,565,902 Shares upon the completion of the Share Consolidation, Capital Reduction and Share Sub-division
“Terms and Conditions”	the terms and conditions governing the Convertible Notes
“Trading Day(s)”	days on which the Hong Kong Stock Exchange is open for dealing business

* *The English translation of the name is for reference only. The official name of the company is in Chinese.*

By order of the board of Directors
China Metal Resources Utilization Limited
Mr. YU Jianqiu
Chairman

Hong Kong, 28 January 2025

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely, Mr. Yu Jianqiu (Chairman), Mr. Kwong Wai Sun Wilson, Mr. Gao Qiang and Ms. Zhu Yufen; and three independent non-executive directors, namely, Mr. Li Wei, Mr. Fang Guanghua and Mr. Yu Renzhong.