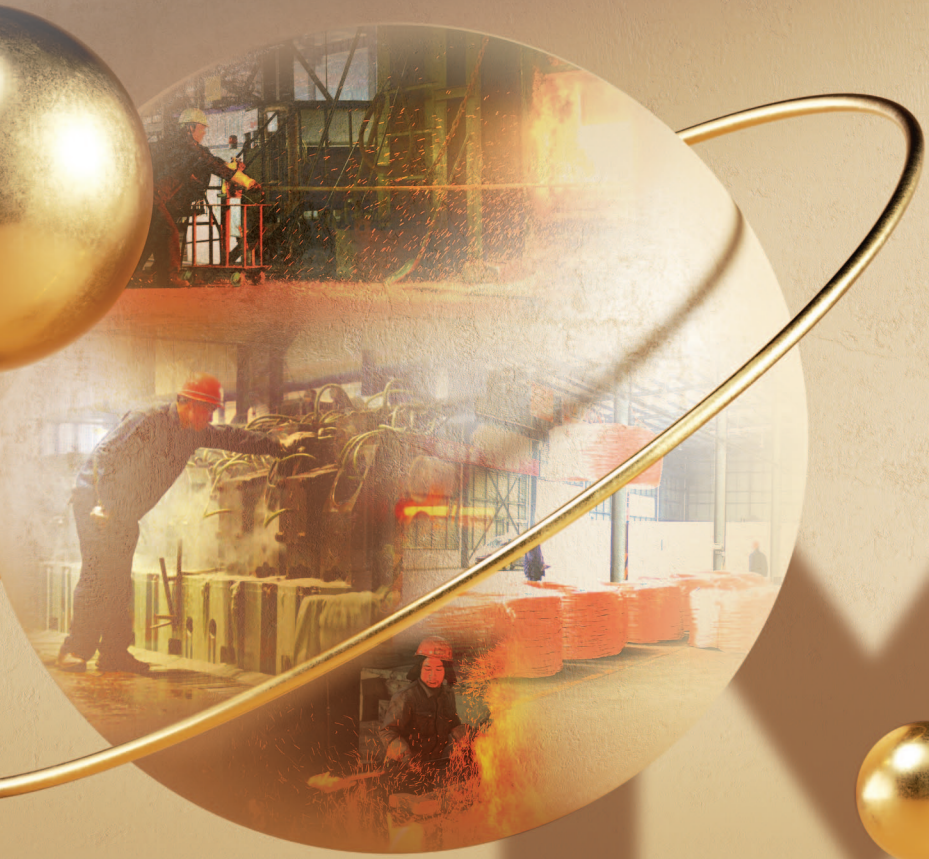
中金资源

China Metal Resources Utilization Limited
中國金屬資源利用有限公司

(a company incorporated under the laws of Cayman Islands with limited liability)
(根據開曼群島法律註冊成立的有限公司)

Stock Code 股份代號：1636



Interim Report
中期報告 2021

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This interim report, in both English and Chinese versions, is available on the Company's website at http://www.cmru.com.cn/. Shareholders who have chosen to receive the corporate communications of the Company (the "Corporate Communications") in either the English version or the Chinese version may request for a copy in the other language. The interim report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company with Computershare Hong Kong Investor Services Ltd. at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

DIRECTORS

EXECUTIVE DIRECTORS

Yu Jianqiu
Kwong Wai Sun Wilson
Huang Weiping
Zhu Yufen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lee Ting Bun Denny
Pan Liansheng
Ren Ruxian

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

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Mianyang
Sichuan Province
China

PLACE OF BUSINESS IN HONG KONG

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Hong Kong

COMPANY SECRETARY

Cheung Ying Kwan

AUDITORS

ZHONG HUI ANDA CPA Limited
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law
Herbert Smith Freehills
As to PRC law
Chen & Co Law Firm

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Lee Ting Bun Denny *(Chairperson)*
Pan Liansheng
Ren Ruxian

REMUNERATION COMMITTEE

Pan Liansheng *(Chairperson)*
Lee Ting Bun Denny
Ren Ruxian

NOMINATION COMMITTEE

Ren Ruxian *(Chairperson)*
Lee Ting Bun Denny
Pan Liansheng

AUTHORIZED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Kwong Wai Sun Wilson
Cheung Ying Kwan

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China
Mianyang Commercial Bank
Huarong Xiangjiang Bank
China Merchants Bank
Youxian Rural Credit Cooperative Association

COMPANY WEBSITE

http://www.cmru.com.cn

STOCK CODE

1636

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue	**3,355,148**	10,186,358
Net loss attributable to the shareholders of the Company	**(72,063)**	(156,150)
Loss per share	**RMB(0.02)**	RMB(0.06)

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000	Change
Cash and cash equivalents	**24,805**	47,321	(47.6)%
Total assets	**6,131,594**	6,257,670	(2.0)%
Total liabilities	**(4,447,861)**	(4,769,535)	(6.7)%
Total Equity	**1,683,733**	1,488,135	13.1%

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Net loss margin	**(2.15)%**	(1.53)%
Return on equity	**(9.2)%**	(18.3)%

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Inventory turnover days	**44.9**	9.7
Receivables turnover days	**89.2**	36.3
Payables turnover days	**48.4**	17.9
Current ratio	**1.2**	1.2
Quick ratio	**0.9**	1.1
Debt to equity ratio*	**110.3%**	126.7%
Net debt to equity ratio#	**108.8%**	123.5%

* Total interest-bearing debts/Total equity.

\# Total interest-bearing debts less cash and cash equivalents/Total equity.

BUSINESS REVIEW

China's economy continues to recover from the Coronavirus Disease 2019 ("COVID-19") pneumonia pandemic. Overall, China's GDP increased by 12.7% through the first half of 2021, putting the country on track to meet its growth target of over 6% in 2021.

In January 2021, the General Administration of Customs of the People's Republic of China reclassified high-grade copper scrap as resource and re-approved imports. All imports of copper scrap were prohibited previously. As a result, the amount of China's copper scrap imports jumped by 73% in the first half of 2021 and is expected to increase by more than 50% in 2021. With the release of import prohibition of copper scrap into China and solid recovery of industrial production, the management adjusted its strategy to focus more on production of refined copper products by making use of scrap copper that became more abundant to reduce its trading activities of finished copper products. Such strategy successfully reduced the fluctuation of copper prices inherent in the Group's business of trading electrolytic copper. By focusing on business of sales of recycled copper products, the Group realized a positive gross profit margin of 1.1% and also recorded a significant decrease in its net loss in the first half of 2021.

FUTURE PROSPECTS/OUTLOOK

In the first quarter of 2021, the Group completed the new issuance of shares to Mianyang Fule Investment Co., Ltd.* (綿陽富樂投資有限公司) ("Fule"), a state-owned enterprise ("SOE") in Sichuan Province. With Fule as the Group's single largest shareholder, the management expects to better consolidate its business and strengthen its financial positions. We are continuing to work hard in restructuring our overall financing and shareholding structure. Once such restructuring is complete, we expect the Group to be able to take advantage of an improving economy to achieve better operational and financial performance. In addition, we aim to enforce more stringent management on trade receivables to further improve our cash flow situation in the second half of this year.

HUMAN RESOURCES

As at 30 June 2021, the Group had a total of approximately 665 employees (31 December 2020: 729). The Group's staff costs for the six months ended 30 June 2021 were approximately RMB23.7 million. The Group offers competitive remuneration schemes to its employees. In addition, discretionary bonuses and share options may also be granted to eligible employees based on individual and the Group's performance. The Group is committed to nurturing a learning and sharing culture across its organization. Heavy emphasis is placed on the training and development of individual employees and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated professionals. The Group is also committed to social responsibility by employing disabled staff and providing appropriate working conditions and protection to them.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

FINANCIAL REVIEW

REVENUE

Our revenue represents the fair value of consideration received or receivable for sales of goods and services in the ordinary course of business. Revenue is shown net-of-VAT and other taxes, returns and discounts after eliminating sales within the Group.

The following table sets forth an analysis of our revenue:

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Sales from trading of electrolytic copper	**429,230**	8,209,482
Sales of recycled copper products	**2,856,319**	1,955,972
Sales of power transmission and distribution cables	**13,289**	9,582
Sales of communication cables	**46,248**	8,751
Sales of scrap materials	**8,597**	1,633
Others	**1,465**	938
	3,355,148	10,186,358

Revenue for the six months ended 30 June 2021 amounted to RMB3,355.1 million, representing a decrease of 67.1% from RMB10,186.4 million for the six months ended 30 June 2020.

Revenue from copper products amounted to RMB3,285.5 million (including revenue from trading of electrolytic copper of RMB429.2 million and revenue from recycled copper products of RMB2,856.3 million) for the six months ended 30 June 2021, representing a decrease of 67.7% from RMB10,165.4 million for the six months ended 30 June 2020, reflecting mainly a decrease of 74.2% in the sales volume of all copper products from 257,664 metric tons for the six months ended 30 June 2020 to 66,404 metric tons for the six months ended 30 June 2021, and an increase of 25.4% in average selling price from RMB39,452 per ton for the six months ended 30 June 2020 to RMB49,478 per ton for the six months ended 30 June 2021. Since the Group intended to focus on the sales of recycled copper product which can generate higher gross profit, the sales from trading of electrolytic copper decreased from RMB8,209.5 million for the six months ended 30 June 2020 to RMB429.2 million for the six months ended 30 June 2021.

Revenue from sales of power transmission and distribution cables amounted to RMB13.3 million for the six months ended 30 June 2021, representing an increase of 38.7% from RMB9.6 million for the six months ended 30 June 2020. Lower revenue from sales of power transmission and distribution cables for the six months ended 30 June 2020 was primarily attributable to the suspension of production as a result of COVID-19. Revenue from sales of communication cables amounted to RMB46.2 million for the six months ended 30 June 2021, representing an increase of 428.5% from RMB8.8 million for the six months ended 30 June 2020.

LOSS FOR THE PERIOD

Our loss for the six months ended 30 June 2021 was RMB72.1 million whereas loss for the six months ended 30 June 2020 was RMB156.2 million. The decrease in loss was mainly due to the increase of 178.8% in VAT refunds under the Comprehensive Utilisation of Resources Policy from RMB23.1 million for the six months ended 30 June 2020 to RMB64.5 million for the six months ended 30 June 2021, and the increase of 160.5% in government grant from RMB21.0 million for the six months ended 30 June 2020 to RMB54.8 million for the six months ended 30 June 2021.

CAPITAL STRUCTURE

As at 30 June 2021, the capital structure of the Group mainly consisted of shareholders' equity, bank and other borrowings and finance leases and convertible bonds. There is no material seasonality of borrowing requirements for the Group. The following table details the interest rate profile of the Group's total interest-bearing borrowings at the end of reporting periods:

	As at 30 June 2021		As at 31 December 2020	
	Weighted average effective interest rate %	Amount RMB'000	Weighted average effective interest rate %	Amount RMB'000
Fixed rate borrowings:				
Notes payable	12.03	88,469	12.12	89,479
Interest-bearing bank and other borrowings	7.90	1,186,248	7.40	1,232,104
Lease liabilities	16.73	9,376	16.01	11,122
Liability component of convertible bonds	12.00	572,730	12.00	553,004
Total fixed rate borrowings		1,856,823		1,885,709

As at 30 June 2021, the Group's interest-bearing bank and other borrowings and finance lease payables were denominated in RMB but the convertible bonds and notes payable were denominated in HKD, with an aggregate principal amount of HK$696.3 million.

The following table sets forth the maturity profile of the Group's interest-bearing borrowings at the dates indicated:

	As at 30 June 2021					As at 31 December 2020				
	Notes payable RMB'000	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Liability component of convertible bonds RMB'000	Total RMB'000	Notes payable RMB'000	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Liability component of convertible bonds RMB'000	Total RMB'000
Within one year or repayable on demand	88,469	1,186,248	3,850	572,730	1,851,297	89,479	1,232,104	3,605	553,004	1,878,192
After one year but within two years	–	–	3,830	–	3,830	–	–	3,887	–	3,887
After two years but within five years	–	–	1,696	–	1,696	–	–	3,630	–	3,630
	88,469	1,186,248	9,376	572,730	1,856,823	89,479	1,232,104	11,122	553,004	1,885,709

EXTENSION OF TERM OF CONVERTIBLE BONDS

Reference is made to the convertible bonds in the aggregate principal amount of HK$600,000,000 issued to China Huarong International Holdings Limited ("Huarong") and Prosper Rich Investments Limited ("Prosper Rich") by the Company on 11 August 2017 (the "August 2017 CBs"). The August 2017 CBs originally matured on 11 August 2019 and a repayment of principal amount of HK$10,000,000 was made to Huarong on 12 September 2019. Following the completion of the amendment and extension of term of the August 2017 CBs on 7 May 2020, the maturity date of the August 2017 CBs was extended to 11 August 2020. On 9 July 2020, the Company entered into a non-legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussing a possible extension of the maturity date of such convertible bonds. As of the date of this report, the discussion with Huarong and Prosper Rich of a potential extension is still ongoing. Please refer to the announcements of the Company dated 22 April 2020, 27 April 2020, 7 May 2020 and 9 July 2020 for further details.

ISSUANCE OF NEW SHARES UNDER GENERAL AND SPECIFIC MANDATES

(a) On 15 June 2018, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an annual procurement agreement, pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares.

On 1 March 2021, pursuant to the annual procurement agreements, based on the copper scrap raw materials supplied to the Group, 33,882,652 consideration shares were allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the shareholders passed at the annual general meeting held on 5 September 2020.

(b) On 20 July 2020, the Company entered into a subscription agreement with Fule pursuant to which the Company has conditionally agreed to issue and Fule has conditionally agreed to subscribe for 618,490,566 subscription shares at the original subscription price of HK$0.53 per subscription share. On 15 September 2020, shareholders of the Company has passed ordinary resolutions to approve the subscription agreement entered and the grant of the specific mandate for allotment of the subscription shares in accordance with the terms of the Subscription Agreement.

On 4 January 2021, the Company and Fule entered into a supplemental subscription agreement to amend certain terms of the Subscription Agreement (the Subscription Agreement as amended and supplemented by the supplemental subscription agreement, the "Revised Subscription Agreement"), including but not limited to, the adoption of the revised subscription price HK$0.465 per subscription share, amending the amount of outstanding loan owed by the Group to Fule to be set-off through the subscription and the revision of the long stop date for subscription. On 4 January 2021, the closed price of shares of the Company was HK$0.193.

In accordance with the terms and conditions of the Revised Subscription Agreement, a total of 618,490,566 new ordinary shares were successfully allotted and issued to Fule on 18 March 2021 under specific mandate granted by shareholders in the extraordinary general meeting of the Company held on 26 February 2021.

The aggregate subscription price for all 618,490,566 subscription shares (being approximately HK$287,598,113) was settled by Fule at completion by way of set off against the loan in the principal amount of RMB261,452,830 ("Loan") owed by Mianyang Tongxin Copper Co., Ltd.* (綿陽銅鑫銅業有限公司) ("Tongxin"), a wholly-owned subsidiary of the Company, to Fule. Accordingly, there was no proceeds from the Subscription.

The net proceeds from the Loan are intended to be used, including but not limited to, repay certain existing indebtedness of the Group and use as general working capital of the Group. As at 30 June 2021, RMB190.6 million had been utilised for repayment of the existing indebtedness of the Group, RMB64.9 million had been utilised for settlement of trade payables and RMB6.0 million had been utilized to settle the salaries and tax expenses. For details of the existing indebtedness, please refer to the circular of the Company dated 8 February 2021.

For detail of the above issuance of new shares under specific mandate, please refer to the announcements of the Company dated 20 July 2020, 4 January 2021 and 18 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group's cash and cash equivalents (excluding pledged deposits of RMB164.8 million) amounted to RMB24.8 million (as at 31 December 2020: RMB47.3 million).

The Group's inventories increased by RMB1,013.2 million to RMB1,330.0 million (as at 31 December 2020: RMB316.8 million). During the six months ended 30 June 2021, the inventory turnover days were 44.9 days as compared with 9.7 days for the year ended 31 December 2020. Such increase was mainly attributable to the decrease in sales from trading of electrolytic copper during the six months ended 30 June 2021.

Trade and bills receivables decreased by RMB953.2 million to RMB1,176.5 million as at 30 June 2021 (as at 31 December 2020: RMB2,129.7 million). During the six months ended 30 June 2021, the receivables turnover days were 89.2 days as compared with 36.3 days for the year ended 31 December 2020. The increase in receivable turnover days was mainly due to the decrease in sales from trading of electrolytic copper which have a shorter debt collection period.

Trade and bills payables decreased by RMB362.5 million to RMB706.1 million as at 30 June 2021 (as at 31 December 2020: RMB1,068.6 million) while the payable turnover days were 48.4 days, compared with 17.9 days for the year ended 31 December 2020. The increase in payable turnover days as compared to last year was mainly due to the decrease in purchase from the suppliers of electrolytic copper during the six months ended 30 June 2021, which had a shorter credit period.

The Group's total interest-bearing borrowings decreased by RMB28.9 million to RMB1,856.8 million as at 30 June 2021 (31 December 2020: RMB1,885.7 million). The increase was mainly due to the decrease of bank loans and other borrowings.

Bank loans and other borrowings included three entrusted loans totaled approximately RMB299 million from Mianyang Science Technology City Development Investment (Group) Co., Ltd.* (綿陽科技城發展投資(集團)有限公司) ("Kefa"). Pursuant to the entrusted loan agreement signed among Tongxin, a wholly-owned subsidiary of the Company, Kefa and the entrusted bank, the entrusted loans expired on 27 August 2016, 23 September 2016 and 18 November 2016 respectively. Kefa, the entrusted bank and Tongxin have agreed that, the entrusted loan would not be repayable until further agreed otherwise. On 16 July 2020, the Company has entered into a non-legally binding framework agreement with Kefa, a state-owned enterprise in the PRC. Under the framework agreement, it is intended, among others, that Kefa will subscribe for shares of the Company for a consideration of more than RMB300 million. The intended uses of the proceeds from Kefa will include, but not be limited to, the repayment of entrusted loans amounting to approximately RMB299 million as at 30 June 2021 owed by the Group to Kefa.

The following table sets forth certain financial ratios of the Group as at the dates indicated:

	As at 30 June 2021	As at 31 December 2020
Current ratio	**1.2**	1.2
Quick ratio	**0.9**	1.1
Debt to equity ratio*	**110.3%**	126.7%
Net debt to equity ratio#	**108.8%**	123.5%

* Total interest-bearing debts/Total equity.

\# Total interest-bearing debts less cash and cash equivalents/Total equity.

The decrease of quick ratio as at 30 June 2021 compared with those as at 31 December 2020 was primarily attributable to the increase in inventory from RMB316.8 million as at 31 December 2020 to RMB1,330.0 million as at 30 June 2021.

The decrease in debt to equity ratio as at 30 June 2021 increased as compared with that as at 31 December 2020 was attributed to the issuance of ordinary shares during the six months ended 30 June 2021.

CHARGE ON ASSETS

The following table sets forth the net book value of assets under pledge for certain banking facilities, bills payable facilities, contractual liabilities, obligations under finance leases and outstanding futures contracts as at the dates indicated:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Property, plant and equipment	**318,949**	332,548
Right-of-use assets	**89,670**	91,499
Inventories	**164,951**	164,951
Trade receivables	**593,183**	593,183
Deposits with guarantee companies	**1,575**	1,575
Deposits with banks	**132,150**	494,420
Deposits with lessors of finance leases	**476**	16
Deposit with other companies	**30,609**	29,891
	1,331,563	1,708,083

COMMODITY RISK

The major raw materials used in the production of our recycled copper products are scrap copper. We are exposed to fluctuations in the prices of raw materials as well as finished goods which are influenced by global as well as regional supply and demand conditions. Fluctuations in the copper prices could adversely affect our financial performance. The Group uses copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The market value of futures contracts is based on the quoted market price as at the date of consolidated statement of financial position. The Group did not have any outstanding copper futures contracts as at 30 June 2021 (as at 31 December 2020: Nil). Net loss of nil was recognized for the six months ended 30 June 2021 (six months ended 30 June 2020: net loss of RMB0.3 million) from futures contracts.

FOREIGN CURRENCY RISK

The functional currency of a majority of the entities within the Group is RMB and most of the transactions are settled in RMB. However, we are exposed to currency risk primarily related to the cash and cash equivalents, loan from a related party, note payable, the convertible bonds and contingent consideration liabilities, all of which are mainly denominated in HKD. The balance of cash and cash equivalents as at 30 June 2021 including HK$0.2 million and USD5,487 (in total equivalent to approximately RMB0.2 million) were held in banks in Hong Kong.

As at 30 June 2021, the Group's interest-bearing bank and other borrowings and finance lease payables were denominated in RMB but the convertible bonds and notes payable were denominated in HKD, with an aggregate principal amount of HK$696.3 million. During the year ended 31 December 2018, the Group has completed the acquisitions of certain target groups, the considerations are subject to adjustment pursuant to earn-out arrangements and will be settled partly by cash considerations in HKD and partly by allotment and issue of consideration shares which are denominated in HKD. The Group did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 30 June 2021. During the six months ended 30 June 2021, the Company incurred an exchange difference on translation of financial statements of entities outside of mainland China equivalent to RMB6.2 million, part of which was resulted from translating the note payable, loan from a related party, convertible bonds and contingent consideration liabilities from HKD to RMB.

SIGNIFICANT INVESTMENTS HELD

Saved as disclosed elsewhere in this report, except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interests in any other companies during the six months ended 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

SKY HARVEST GLOBAL LIMITED ("SKY HARVEST")

On 19 October 2018, the Company entered into the sale and purchase agreement with Advance Splendid Limited ("Advance Splendid"), pursuant to which the Company agreed to purchase, and Advance Splendid agreed to sell, 100% of the issued share capital in Sky Harvest for an aggregate maximum consideration of HK$509,164,969, of which HK$180,000,000 shall be settled in cash and HK$329,164,969 shall be settled by way of allotment and issue of consideration shares. The consideration is subject to adjustment pursuant to an earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Advance Splendid, 65,833,000 shares will be issued under the sale and purchase agreement. Sky Harvest owns 100% equity interests in Chengxin Copper Copper Co., Ltd.* (晟鑫銅業有限公司) ("Chengxin"). The transaction was completed in November 2018. Please refer to the announcements of the Company dated 19 October 2018, 31 October 2018 and 16 November 2018 for further details.

For the year ended 31 December 2019, Sky Harvest and its subsidiaries made a net profit of RMB5,631,000 under IFRS, and as such, no consideration shares were issuable to Advance Splendid under the sale and purchase agreement.

For the year ended 31 December 2020, Sky Harvest and its subsidiaries made a net loss of approximately RMB596,000 under IFRS, and as such, no consideration shares are issuable to Advance Splendid under the sale and purchase agreement.

The number of consideration shares for the second year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times HK\$5.0) - (C \times E \times HK\$5.0)/HK\$5.0$$

A = actual net profits of Sky Harvest for the first year
B = performance target for the first and second years, i.e. RMB85,000,000
C = cash consideration, i.e. HK$180,000,000
D = the maximum number of consideration shares to be issued for the first and second years, i.e. 37,305,000 shares
E = the number of consideration shares already issued for the first and second years, i.e. nil

DISPOSAL OF 25% EQUITY INTEREST IN SICHUAN JIN XUNHUAN E-COMMERCE TRADING CO., LTD. ("JX E-COMMERCE") BY EXERCISING THE PUT OPTION

Reference is made to the announcement of the Company dated 25 October 2017, in relation to the equity transfer agreement, pursuant to which Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd.* (福清中金有色金屬材料有限公司) ("Fuqing Zhongjin", an indirect wholly-owned subsidiary of the Company), acquired the relevant interest in JX E-commerce from Sichuan Xijiulong Investment Co., Ltd.* (四川西九龍投資有限公司) ("Sichuan Xijiulong"). Under the equity transfer agreement, Sichuan Xijiulong also granted Fuqing Zhongjin the put option to require Sichuan Xijiulong to purchase back the relevant interest from Fuqing Zhongjin, if JX E-Commerce fails to complete a qualified initial public offering ("IPO") within 3 years of the date of the completion of the equity transfer agreement, at any time after the expiration of such 3-year period, at the consideration of RMB125,000,000, which equals to the acquisition consideration of the relevant interest by Fuqing Zhongjin under the equity transfer agreement. As at 6 November 2020, on which 3 years have expired since the completion date, JX E-Commerce did not complete any qualified IPO.

On 9 November 2020, the Board announced that a repurchase agreement was entered into between Fuqing Zhongjin and Sichuan Xijiulong, pursuant to which Fuqing Zhongjin conditionally agreed to sell and transfer, and Sichuan Xijiulong conditionally agreed to purchase the relevant interest at the consideration of RMB125,000,000 pursuant to the put option. Completion was conditional upon obtaining the approval of the independent shareholders of the Company to the repurchase agreement and all transactions contemplated thereunder in compliance with the Listing Rules, and compliance with other requirements of the Listing Rules applicable to the repurchase agreement and all transactions contemplated thereunder.

The transaction was approved by the extraordinary general meeting held on 18 June 2021. The transaction also completed on 18 June 2021.

During the six months ended 30 June 2021, save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

CAPITAL EXPENDITURES

For the six months ended 30 June 2021, the Group's capital expenditures represent additions to property, plant and equipment (including construction in progress) and right of use of assets in respect of land use right of approximately RMB0.9 million (2020: RMB14.9 million). The capital expenditures were mainly financed from internal resources.

CAPITAL COMMITMENTS

As at 30 June 2021, the capital commitments in respect of the acquisition of property, plant and equipment and right of use of assets in respect of land contracted for but not provided in the consolidated financial statements amounted to RMB32.3 million (as at 31 December 2020: RMB28.0 million).

CONTINGENT LIABILITIES

Other than the contingent considerations of acquisitions of Sky Harvest as mentioned above, the Group had no material contingent liabilities as at 30 June 2021.

EQUITY LINKED AGREEMENTS

SHARE OPTION SCHEME

Details of the Share Option Scheme of the Company are set out in the section below headed "SHARE OPTION SCHEMES".

ISSUE OF THE HUARONG CONVERTIBLE BONDS ON 11 AUGUST 2017

On 11 August 2017, the Company issued convertible bonds with an aggregate principal amount of HK$400,000,000 to Huarong ("Huarong CB 2017"). The convertible bonds bear a fixed interest rate of 8% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK$0.10 each in the issued share capital of the Company at an initial conversion price of HK$2.99 per share (subject to adjustment). As at 31 December 2019, the outstanding principal amount of Huarong CB 2017 was HK$390,000,000. On 22 April 2020, the Company and Huarong entered into an amendment and extension agreement to conditionally extend the maturity date of the Huarong CB 2017. The amendment and extension of term of the Huarong CB 2017 were completed on 7 May 2020. Following the completion, the maturing date of Huarong CB 2017 was extended to 11 August 2020. On 9 July 2020, the Company had entered into a non-legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussion a possible extension of the maturity date of Huarong CB 2017. The Huarong CB 2017 matured on 11 August 2020. As of the date of this report, the discussion with Huarong of a potential extension is still ongoing. Please refer to the announcements of the Company dated 31 July 2017, 11 August 2017, 22 April 2020, 27 April 2020 and 7 May 2020 for further details.

On 8 August 2017, Epoch Keen, a company wholly-owned by Mr. Yu Jianqiu, entered into a share charge ("2017 Share Charge") with Huarong, pursuant to which Epoch Keen charged 278,000,000 ordinary shares of the Company in favour of Huarong as security for the payment and discharge of obligations owing from the Company to Huarong pursuant to, amongst others, the subscription agreement of the Huarong CB 2017. Pursuant to the amendment agreement entered into between the Company and Huarong, confirmation deed was executed to re-confirm the 2017 Share Charge. Please refer to the announcements of the Company dated 8 August 2017, 22 April 2020, 27 April 2020 and 7 May 2020 for further details.

ISSUE OF THE PROSPER RICH CONVERTIBLE BONDS ON 11 AUGUST 2017

On 11 August 2017, the Company issued convertible bonds with an aggregate principal amount of HK$200,000,000 to Prosper Rich. The convertible bonds bear a fixed interest rate of 8% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK$0.10 each in the issued share capital of the Company at an initial conversion price of HK$2.99 per share (subject to adjustment). The amendment and extension of term of convertible bonds issued to Prosper Rich was completed on 7 May 2020. Following the completion, the maturity date of convertible bonds issued to Prosper Rich was extended to 11 August 2020. As at 30 June 2021, the outstanding principal amount of Prosper Rich convertible bonds was HK$200,000,000. Please refer to the announcements of the Company dated 31 July 2017 and 11 August 2017 for further details.

The Directors are of the view that the above convertible bonds issues represented good opportunities for the Company to raise funds to strengthen its financial position and to finance the Group's future development and expansion. The Directors consider that raising funds by way of issuing the convertible bonds would enable the Company to obtain funds with a lower financial cost considering the recent debt and equity market conditions.

SIGNING OF ANNUAL PROCUREMENT AGREEMENTS INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

On 15 June 2018, the Company entered into respective annual procurement agreements with fourteen suppliers, pursuant to which each supplier agreed to supply a target amount of copper scrapped raw materials to the Company from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares. For each ton of copper scrap raw materials supplied by a supplier, the Company will pay (i) up to RMB3,000 by way of issuance of a maximum number of 734 consideration shares at an issue price of HK$5 per consideration share; and (ii) the remainder of the balance in cash. The arrangements under the annual procurement agreements are expected to encourage such suppliers

to achieve the targeted raw material supply amount with a view to broadening the Group's supplier base to cater for the Group's production needs. As the targeted amount of supply of copper scrap raw materials from the suppliers is 160,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the annual procurement agreements is 117,440,000 shares. Please refer to the announcement of the Company dated 15 June 2018 for further details.

On 1 March 2021, pursuant to the annual procurement agreements, based on the copper scrap raw materials supplied to the Group, 33,882,652 consideration shares were allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the shareholders passed at the annual general meeting held on 5 September 2020. For details, please refer to the announcements of the Company dated 13 January 2021 and 22 January 2021.

SIGNING OF SALE AND PURCHASE AGREEMENT INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Details of the consideration shares under earn-out arrangements in the acquisitions of 100% issued share capital of Sky Harvest are set out in the section above headed "MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES" in this report.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 June 2021 which would materially affect the Group's operating and financial performance as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2021, the interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), of the directors and chief executives of the Company which would have to be notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

(1) LONG POSITIONS IN THE ORDINARY SHARES OF THE COMPANY:

Name of Director	Capacity/ Nature of interest	Number of shares held	Approximate percentage of shareholdings[1]
Mr. Yu Jianqiu	Interest in a controlled corporation[2]	532,794,400	16.22%
	Beneficial owner	6,204,000	0.19%
Mr. Huang Weiping	Interest in a controlled corporations[3]	310,317,000	9.45%
Mr. Kwong Wai Sun Wilson	Beneficial owner	3,272,600	0.10%

Notes:

(1) The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2021.

(2) The shares were held by Mr. Yu Jianqiu, Chairman and an executive Director of the Company, together with Epoch Keen, a company wholly-owned by Mr. Yu Jianqiu.

(3) The shares were held by First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited. All these companies are wholly-owned by Mr. Huang Weiping.

(2) LONG POSITIONS IN THE UNDERLYING SHARES OF THE COMPANY:

Name of Director	Capacity/ Nature of interest	Number of shares held	Approximate percentage of shareholdings[1]
Mr. Huang Weiping	Beneficial owner[4]	667,000	0.02%
Ms. Zhu Yufen	Beneficial owner[5]	3,334,000	0.10%
Mr. Kwong Wai Sun Wilson	Beneficial owner[6]	5,000,000	0.15%
Mr. Lee Ting Bun Denny	Beneficial owner[7]	1,000,000	0.03%
Mr. Pan Liansheng	Beneficial owner[8]	1,000,000	0.03%
Ms. Ren Ruxian	Beneficial owner[9]	1,000,000	0.03%

Notes:

(4) These equity derivatives were share options granted to Mr. Huang Weiping under the Share Option Scheme of the Company on 2 July 2014. Please see the section headed "Share Option Scheme" for further details.

(5) These equity derivatives were share options granted to Ms. Zhu Yufen under the Share Option Scheme of the Company on 2 July 2014. Please see the section headed "Share Option Scheme" for further details.

(6) These equity derivatives were share options granted to Mr. Kwong Wai Sun Wilson under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.

(7) These equity derivatives were share options granted to Mr. Pan Liansheng under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.

(8) These equity derivatives were share options granted to Mr. Lee Ting Bun Denny under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.

(9) These equity derivatives were share options granted to Ms. Ren Ruxian under the Share Option Scheme of the Company on 31 May 2016. Please see the section headed "Share Option Scheme" for further details.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as otherwise disclosed in this report, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 30 June 2021, the following persons (not being a director or chief executive of the Company) had interests of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(1) LONG POSITIONS IN THE ORDINARY SHARES OF THE COMPANY:

Name	Note	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholdings[1]
Quaetus Capital Pte Ltd	2	Beneficial interests	280,312,902	8.54%
Kwek Steven Poh Song	3	Interests in a controlled corporation	280,312,902	8.54%
Mianyang Fule Investment Co., Ltd.* (綿陽富樂投資有限公司)	4	Beneficial interests and interests in a controlled corporation	717,994,566	21.86%
State Owned Assets Supervision and Administration Office of Youxian District Mianyang City* (綿陽市遊仙區國有資產監督管理辦公室)	5	Interests in a controlled corporation	717,994,566	21.86%

Notes:

(1) The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2021.

(2) These interests represented Quaestus Capital Ptd Ltd's beneficial interests in 280,312,902 Shares. The interests were disclosed based on the disclosure of interest filing made by Quaestus Capital Ptd Ltd on 3 April 2020.

(3) Quaestus Capital Pte Ltd is 80% controlled by Kwek Steven Poh Song. Kwek Steven Poh Song was deemed to be interested in such Shares under SFO. The interests were disclosed based on the disclosure of interest filing made by Kwek Steven Poh Song on 3 April 2020.

(4) These interests represented Fule's beneficial interests in 694,470,566 Shares and interests in a controlled corporation of 23,524,000 Shares. The interests were disclosed based on the disclosure of interest filing made by Fule on 23 March 2021.

(5) Fule is 100% controlled by State Owned Assets Supervision and Administration Office of Youxian District Mianyang City. State Owned Assets Supervision and Administration Office of Youxian District Mianyang City was deemed to be interested in such Shares under SFO. The interests were disclosed based on the disclosure of interest filing made by State Owned Assets Supervision and Administration Office of Youxian District Mianyang City on 23 March 2021.

* For identification purposes

(2) LONG POSITIONS IN THE UNDERLYING SHARES OF THE COMPANY:

Name	Note	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholdings[1]
Mianyang Science Technology City Development Investment (Group) Co., Ltd.	1	Persons having a security interests in shares	310,317,000	9.45%
China Huarong Asset Management Co., Ltd	2	Interests in a controlled corporation	368,881,295	11.23%

Notes:

(1) On 15 August 2014, Ocean Through Limited, First Harvest Global Limited and Gold Wide Enterprises Limited, shareholders of the Company, has each entered into share charges in respect of their respective shareholding of 39,401,600, 167,952,400 and 102,963,000 shares of the Company in favour of Kefa as the secured party.

(2) These interests represented (i) Huarong's beneficial interests in 90,881,295 Shares; and (ii) derivative interests in 278,000,000 underlying shares derived from the share charges entered into between Epoch Keen Limited and Huarong.

Epoch Keen entered into a share charge and a confirmatory share charge with Huarong on 8 August 2017 and 22 April 2020, respectively, pursuant to which Epoch Keen charged 278,000,000 shares in favour of Huarong as security for the payment and discharge of obligations owing from the Company to Huarong pursuant to, amongst others, the subscription agreement of the Huarong CB 2017.

These Shares are held by China Huarong Asset Management Co., Ltd. through Huarong Real Estate Co., Ltd., Huarong Zhiyuan Investment & Management Co., Ltd. and China Huarong International Holdings Limited, based on the disclosure of interest filing made by China Huarong Asset Management Co., Ltd. on 28 December 2018.

Other than as disclosed above, as at 30 June 2021, the directors had not been notified by any person (not being the directors or chief executive of the Company) who had 5% or more interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Company. The Share Option Scheme was conditionally approved by a written resolution of the then shareholders of the Company on 28 January 2014 and has come into effect upon the Company's Listing on 21 February 2014. The scheme mandate limit was refreshed by a resolution passed at the annual general meeting held on 9 June 2015.

Details of share options granted, exercised, cancelled/lapsed and outstanding under the Share Option Scheme during the review period are as follows:

			Changes during the period						
Category/name	Date of grant	Number of share options held at 1 January 2021	Granted	Exercised	Lapsed/ Cancelled	Number of share options held at 30 June 2021	Exercise period	Exercise price HK$	Price of the share of the Company at the grant date of share options HK$
Directors									
Mr. Huang Weiping	2 July 2014	667,000	–	–	–	667,000	2 July 2014 to 1 July 2024	1.13	1.07
Ms. Zhu Yufen	2 July 2014	3,334,000	–	–	–	3,334,000	2 July 2014 to 1 July 2024	1.13	1.07
Mr. Kwong Wai Sun Wilson	7 May 2015	5,000,000	–	–	–	5,000,000	7 May 2015 to 6 May 2025	1.68	1.68
Mr. Pan Liansheng	7 May 2015	1,000,000	–	–	–	1,000,000	7 May 2015 to 6 May 2025	1.68	1.68
Mr. Lee Ting Bun Denny	7 May 2015	1,000,000	–	–	–	1,000,000	7 May 2015 to 6 May 2025	1.68	1.68
Ms. Ren Ruxian	31 May 2016	1,000,000	–	–	–	1,000,000	31 May 2016 to 30 May 2026	3.66	3.05
Eligible person other than directors									
Eligible persons other than directors	2 July 2014	7,426,000	–	–	(1,211,000)	6,215,000	2 July 2014 to 1 July 2024	1.13	1.07
Eligible persons other than directors	7 May 2015	78,760,000	–	–	(2,280,000)	76,480,000	7 May 2015 to 6 May 2025	1.68	1.68
Eligible persons other than directors	31 May 2016	27,840,000	–	–	(2,000,000)	25,840,000	31 May 2016 to 30 May 2026	3.66	3.05
Eligible persons other than directors	12 December 2017	808,334	–	–	–	808,334	12 December 2017 to 11 December 2022	3.70	3.70
Total		126,835,334	–	–	(5,491,000)	121,344,334			

VALUE OF SHARE OPTIONS

The fair value of the relevant share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the relevant share options were granted.

The following table sets out the inputs to the model used:

Grant date	2 July 2014		7 May 2015		31 May 2016			12 December 2017
	Share options granted to		Share options granted to		Share options granted to			Share options granted to
	Executive directors	Other employees	Executive directors	Other employees	Executive directors	Other employees	Certain eligible participants	Certain eligible participants
Fair value at measurement date (HK$)	0.44	0.39	0.71	0.58	1.22	1.17	1.45	1.45
Share price (HK$)	1.07	1.07	1.68	1.68	3.05	3.05	3.05	3.70
Exercise price (HK$)	1.13	1.13	1.68	1.68	3.66	3.66	3.66	3.70
Expected volatility	45.54%	45.54%	46.20%	46.20%	50.00%	50.00%	50.00%	41.61%
Expected life	10 years	10 years	10 years	10 years	10 years	10 years	10 years	6.3 years
Expected dividends	3%	3%	3%	3%	1.47%	1.47%	1.47%	0.92%
Risk-free interest rate based on Hong Kong Exchange Fund Notes)	2.059%	2.059%	1.745%	1.745%	1.286%	1.286%	1.286%	1.642%
Exercise multiple	2.8	2.2	2.8	2.2	2.8	2.2	–	–
Post-vesting exit rate	0%	5.44%	0%	16.12%	9.22%	9.22%	–	–

No other feature of the relevant share options was incorporated into the measurement of fair value.

The value of the relevant share options is subject to the limitations of the binomial model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate.

Further details relating to the Share Option Scheme and share options granted thereunder are set out in the announcements of the Company dated 2 July 2014, 7 May 2015, 31 May 2016 and 12 December 2017. Apart from the above, the Company had not granted any share options under the Share Option Scheme to any other persons as required to be disclosed under the Rule 17.07 of the Listing Rules during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

During the six months ended 30 June 2021, the Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules save as disclosed below.

Code Provision A.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Yu Jianqiu is both the Chairman and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding the directors' securities transactions on terms not less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. After specific enquiry made by the Company, all directors confirmed that they had complied with the required standards set out in the Model Code and the code of conduct regarding the directors' securities transactions throughout the six months ended 30 June 2021.

REVIEW OF INTERIM REPORT

The audit and corporate governance committee of the Company (the "Audit Committee") has three members, all of them are independent non-executive directors, namely Mr. Lee Ting Bun Denny (Chairman of the Audit Committee), Mr. Pan Liansheng and Ms. Ren Ruxian, with written terms of reference in compliance with the Listing Rules.

The primary duties of the Audit Committee are mainly to communicate with external auditor; to review the accounting policy, financial position and financial reporting procedures of the Group; and to assess the financial reporting system, internal control procedures and risk management function of the Group and make recommendations thereof.

The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2021.

ACKNOWLEDGEMENT

The Board would like to take this opportunity to express its gratitude to all shareholders and business associates for their continuous support and to all employees for their dedication and contribution to the Group.

By Order of the Board
China Metal Resources Utilization Limited
YU Jianqiu
Chairman

Hong Kong, 31 August 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	4	**3,355,148**	10,186,358
Cost of sales		**(3,319,898)**	(10,245,200)
Gross profit/(loss)		**35,250**	(58,842)
Other income and gain, net	5	**126,579**	52,274
Selling and distribution expenses		**(7,942)**	(5,042)
Administrative expenses		**(71,735)**	(62,708)
Provision of provision for doubtful debts, net		**(56,344)**	(6,970)
Finance costs		**(78,658)**	(97,946)
Share of profits of associates		**(282)**	362
Loss before tax	6	**(53,132)**	(178,872)
Income tax expense	7	**(18,931)**	22,722
Loss for the period attributable to owners of the Company		**(72,063)**	(156,150)
Loss per share	8		
Basic (RMB)		**(0.02)**	(0.06)
Diluted (RMB)		**(0.02)**	(0.06)

The notes on pages 34 to 60 form part of this interim financial report.

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Loss for the period	**(72,063)**	(156,150)
Other comprehensive loss for the period		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:		
Exchange differences on translation of the Company	**6,208**	(14,056)
Total comprehensive loss for the period, attributable to owners of the Company	**(65,855)**	(170,206)

The notes on pages 34 to 60 form part of this interim financial report.

	Note	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**541,208**	563,953
Interests in associates		**48,146**	67,354
Right of use assets		**116,606**	120,011
Prepayments, other receivables and other assets	11	**19,326**	18,934
Deferred tax assets		**8,340**	6,493
		733,626	776,745
Current assets			
Inventories	10	**1,330,001**	316,776
Trade and bills receivables	11	**1,176,508**	2,129,701
Prepayments, other receivables and other assets	11	**2,690,469**	2,354,325
Amounts due from associates		**11,353**	594
Derivative financial instrument		**–**	106,306
Amounts due from related parties		**23**	–
Pledged deposits		**164,809**	525,902
Cash and cash equivalents		**24,805**	47,321
		5,397,968	5,480,925
Current liabilities			
Trade and bills payables	12	**706,143**	1,068,604
Note payable		**88,469**	89,479
Other payables and accruals	12	**1,494,801**	1,333,347
Contingent consideration liabilities		**–**	123,474
Consideration liabilities		**123,536**	–
Interest-bearing bank and other borrowings	13	**1,186,248**	1,232,104
Lease liabilities		**3,850**	3,605
Amounts due to associates		**–**	161,583
Amount due to a related party		**196,336**	132,600
Liability component of convertible bonds		**572,730**	553,004
Tax payable		**64,708**	58,852
		4,436,821	4,756,652
Net current assets		**961,147**	724,273
Total assets less current liabilities		**1,694,773**	1,501,018

The notes on pages 34 to 60 form part of this interim financial report.

	Note	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Non-current liabilities			
Lease liabilities		**5,526**	7,517
Deferred government grants		**3,954**	3,669
Deferred tax liabilities		**1,560**	1,697
		11,040	12,883
NET ASSETS		**1,683,733**	1,488,135
EQUITY			
Share capital	14	**266,237**	211,741
Reserves		**1,417,496**	1,276,394
TOTAL EQUITY		**1,683,733**	1,488,135

The notes on pages 34 to 60 form part of this interim financial report.

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Share-based payment reserve RMB'000	Convertible bonds equity reserve RMB'000	Consideration share reserve RMB'000	Accumulated losses RMB'000	Revaluation reserve RMB'000	Total equity RMB'000
At 1 January 2021	211,741	1,538,809	(35,106)	132,055	131,938	76,004	22,285	138,486	(728,077)	-	1,488,135
Loss for the year	-	-	-	-	-	-	-	-	(72,063)	-	(72,063)
Other comprehensive loss for the year:											
Exchange differences on translation of the Company	-	-	6,208	-	-	-	-	-	-	-	6,208
Total comprehensive loss for the year	-	-	6,208	-	-	-	-	-	(72,063)	-	(65,855)
Issuance of ordinary shares	51,667	209,786	-	-	-	-	-	-	-	-	261,453
Issuance of consideration shares	2,829	135,657	-	-	-	-	-	(138,486)	-	-	-
Appropriation to statutory reserves	-	-	-	-	17,408	-	-	-	(17,408)	-	-
Lapse of share options	-	-	-	-	-	(3,462)	-	-	3,462	-	-
At 30 June 2021	266,237	1,884,252	(28,898)	132,055	149,346	72,542	22,285	-	(814,086)	-	1,683,733

The notes on pages 34 to 60 form part of this interim financial report.

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Share-based payment reserve RMB'000	Warrant reserve RMB'000	Convertible bonds equity reserve RMB'000	Consideration share reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2020	211,741	1,538,809	(78,118)	132,055	122,120	81,035	3,560	40,539	138,486	(380,140)	1,810,087
Loss for the year	–	–	–	–	–	–	–	–	–	(156,150)	(156,150)
Other comprehensive loss for the year:											
Exchange differences on translation of the Company	–	–	(14,056)	–	–	–	–	–	–	–	(14,056)
Total comprehensive loss for the year	–	–	(14,056)	–	–	–	–	–	–	(156,150)	(170,206)
Expiry of warrant	–	–	–	–	–	–	(3,560)	–	–	3,560	–
Conversion of convertible bonds to note payable	–	–	–	–	–	–	–	(358)	–	358	–
Appropriation to statutory reserves	–	–	–	–	1,207	–	–	–	–	(1,207)	–
Lapse of share options	–	–	–	–	–	(3,396)	–	–	–	3,396	–
At 30 June 2020	211,741	1,538,809	(92,174)	132,055	123,327	77,639	–	40,181	138,486	(530,183)	1,639,881

The notes on pages 34 to 60 form part of this interim financial report.

	30 June 2021 (Unaudited) RMB'000	30 June 2020 (Unaudited) RMB'000
Net cash flows generated from/(used in) operating activities	**(313,313)**	325,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(880)**	(14,862)
Interest received	**4,214**	6,943
Increase in contingent consideration liability	**–**	115
Net cash flows used in investing activities	**3,334**	(7,804)
FINANCING ACTIVITIES		
Proceeds from bank loans and other borrowings	**4,900**	493,500
Repayment of bank loans and other borrowings	**(50,756)**	(456,709)
Proceeds from new note payable	**–**	12,684
Repayment of note payable	**–**	(30,804)
Advance from related parties and associates, net	**16,371**	212,863
Increase/(decrease) in pledged deposits	**361,093**	(482,582)
Interest paid	**(28,211)**	(81,955)
Guarantee fees and other charges	**(9)**	(16)
Principal portion of lease liabilities/finance lease payments	**(2,599)**	(2,641)
Net cash flows generated from financing activities	**300,789**	(335,660)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(9,190)**	(17,709)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**47,321**	64,703
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(13,326)**	57
CASH AND CASH EQUIVALENTS AT 30 JUNE	**24,805**	47,051

The notes on pages 34 to 60 form part of this interim financial report.

1 GENERAL INFORMATION AND BASIS OF PREPARATION

(a) GENERAL INFORMATION

China Metal Resources Utilization Limited (the "Company") was incorporated in the Cayman Islands on 22 February 2013.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the manufacturing, sales and trading of copper, aluminium and related products. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 21 February 2014. In the opinion of the directors, the holding company and ultimate holding company of the Company is Epoch Keen Limited ("Epoch Keen"), which is incorporated in the British Virgin Islands ("BVI").

(b) BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 31 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1 GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

(b) BASIS OF PREPARATION (continued)

This interim financial report contains unaudited interim condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the IASB.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2020 are available from the Group's registered office.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, for the first time for the current period's financial information.

For these unaudited consolidated financial results, the Group has applied the new and amendments to IFRSs and interpretations. The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group.

3 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) Recycled copper products segment: use of scrap copper and electrolytic copper for the manufacturing and trading of recycled copper products, and trading of electrolytic copper and nickel products;

(b) Power transmission and distribution cables segment: manufacturing and sales of power transmission and distribution cables; and

(c) Communication cables segment: manufacturing and sales of communication cables.

(a) SEGMENT RESULTS

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that certain interest income, corporate and other unallocated income/(expenses), certain finance costs as well as share of profits of associates are excluded from such measurement.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

3 SEGMENT REPORTING (continued)

(a) SEGMENT RESULTS (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods is set out below:

	For the six months ended 30 June 2021			
	Recycled copper products (Unaudited) RMB'000	Power transmission and distribution cables (Unaudited) RMB'000	Communication cables (Unaudited) RMB'000	Total (Unaudited) RMB'000
Sales to external customers	3,295,610	13,289	46,249	3,355,148
Intersegment sales	159,831	8,725	10,543	179,099
	3,455,441	22,014	56,792	3,534,247
Reconciliation:				
Elimination of intersegment sales				(179,099)
Revenue				3,355,148
Segment results	43,260	(5,198)	(15,193)	22,869
Interest income	4,206	6	1	4,213
Corporate and other unallocated income				(30,623)
Change in fair value of contingent consideration liabilities				(1,459)
Change in fair value of derivative financial instrument				(232)
Finance costs	(45,061)	(1,796)	(761)	(47,618)
Share of losses of associates				(282)
Loss before tax				(53,132)
Other segment information				
Depreciation and amortisation	(20,230)	(4,905)	(1,465)	(26,600)
VAT refunds, government grants and subsidies	119,000	26	215	119,241
(Provision)/reversal of provision for doubtful debts, net	(63,523)	75	7,104	(56,344)

3 SEGMENT REPORTING (continued)

(a) SEGMENT RESULTS (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods is set out below:

	For the six months ended 30 June 2020			
	Recycled copper products (Unaudited) RMB'000	Power transmission and distribution cables (Unaudited) RMB'000	Communication cables (Unaudited) RMB'000	Total (Unaudited) RMB'000
Sales to external customers	10,168,025	9,582	8,751	10,186,358
Intersegment sales	221,531	4,899	3,257	229,687
	10,389,556	14,481	12,008	10,416,045
Reconciliation:				
Elimination of intersegment sales				(229,687)
Revenue				10,186,358
Segment results	(127,104)	(8,562)	(4,152)	(139,818)
Interest income	6,937	2	2	6,941
Corporate and other unallocated income				7,333
Finance costs	(50,212)	(1,813)	(1,665)	(53,690)
Share of profits of associates				362
Loss before tax				(178,872)
Other segment information				
Depreciation and amortisation	(20,832)	(5,059)	(1,481)	(27,372)
VAT refunds, government grants and subsidies	44,078	365	24	44.467
(Provision)/reversal of provision for doubtful debts, net	(13,272)	4,182	2,120	(6,970)

3 SEGMENT REPORTING (continued)

(b) GEOGRAPHIC INFORMATION

The Group carried out its business operations in the People's Republic of China ("PRC"), thus no separate geographical segment analysis based on the location of assets and the revenue and profit or loss are presented.

(c) INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from each of the major customers, which contributed 10% or more of the Group's revenue, is set out below:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Recycled copper product segment		
Customer A	**N/A**	3,057,199
Customer B	**N/A**	2,398,991
Customer C	**597,680**	N/A
	597,680	5,456,190

4 REVENUE

Revenue from contracts with customers are mainly derived from manufacturing and sales of copper and related products in the PRC, of which the revenue was recognised at a point of time when goods were transferred.

The amount of each significant category of revenue is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue from trading of electrolytic copper	**429,230**	8,209,482
Sales of recycled copper products	**2,856,319**	1,955,972
Sales of power transmission and distribution cables	**13,289**	9,582
Sales of communication cables	**46,248**	8,751
Sales of scrap materials	**8,597**	1,633
Others	**1,465**	938
	3,355,148	10,186,358

4 REVENUE (continued)

DISAGGREGATED REVENUE INFORMATION

	For the six months ended 30 June 2021			
	Recycled copper products (Unaudited) RMB'000	Power transmission and distribution cables (Unaudited) RMB'000	Communication cables (Unaudited) RMB'000	Total (Unaudited) RMB'000
Revenue from trading of electrolytic copper	429,230	–	–	429,230
Sales of recycled copper products	2,856,319	–	–	2,856,319
Sales of power transmission and distribution cables	–	13,289	–	13,289
Sales of communication cables	–	–	46,248	46,248
Sales of scrap materials	8,597	–	–	8,597
Others	1,465	–	–	1,465
	3,295,611	13,289	46,248	3,355,148

	For the six months ended 30 June 2020			
	Recycled copper products (Unaudited) RMB'000	Power transmission and distribution cables (Unaudited) RMB'000	Communication cables (Unaudited) RMB'000	Total (Unaudited) RMB'000
Revenue from trading of electrolytic copper	8,209,482	–	–	8,209,482
Sales of recycled copper products	1,955,972	–	–	1,955,972
Sales of power transmission and distribution cables	–	9,582	–	9,582
Sales of communication cables	–	–	8,751	8,751
Sales of scrap materials	1,633	–	–	1,633
Others	938	–	–	938
	10,168,025	9,582	8,751	10,186,358

4 REVENUE (continued)

DISAGGREGATED REVENUE INFORMATION (continued)

Performance obligations

Information about the Group's performance obligations is summarised below:

SALE OF GOODS

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 3 months from delivery, except for new customers, where payment in advance is normally required.

5 OTHER INCOME AND GAIN, NET

	Notes	For the six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
VAT refunds			
— Comprehensive utilisation of resources	(i)	**64,484**	23,131
— Others		**7**	317
Government grants	(ii)	**54,750**	21,019
Interest income		**4,214**	6,943
Net loss on copper futures contracts upon settlement		**–**	(288)
Foreign exchange differences, net		**3,968**	2,859
Loss on disposal of property, plant and equipment		**(1)**	(2)
Changes in fair value of contingent considerations liabilities		**(1,459)**	(990)
Others		**616**	(715)
		126,579	52,274

5 OTHER INCOME, GAIN/(LOSS), NET (continued)

Notes:

(i) The Group is entitled to government grants for refunds of 30% for the six months ended 30 June 2021 (2020: 30%) of the net VAT paid/payable. The Ministry of Finance and the State Administration of Taxation jointly issued a notice concerning the "Catalogue on Products and Labour Services relating to Comprehensive Utilisation of Resources Eligible for Concessions of Value-added Tax" (Cai Shui 2015 (No. 78)) (the "New VAT Policy") on 12 June 2015, which replaced, amongst others, Cai Shui 2011 No. 115 (the "Former VAT Policy")). Under the Former VAT Policy, certain subsidiaries of the Group are entitled to government grants for refunds of 50% of the net VAT paid/payable. The New VAT Policy took effect on 1 July 2015. According to the New VAT Policy, the applicable VAT refund for such subsidiaries has been reduced from 50% to 30%.

(ii) The amounts represent local government grants received by operating subsidiaries of the Group in the PRC for the purpose of providing immediate financial support to those subsidiaries for general operating use with no future related costs. No specific conditions are required to meet in connection with these grants.

6 LOSS BEFORE TAX

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cost of sales (Note)	**3,319,898**	101,245,200
Staff costs	**23,685**	22,227
Depreciation of property, plant and equipment	**23,195**	23,834
Depreciation of right-of-use assets	**3,742**	3,538
(Reversal of write-down)/write-down of inventories	**(86)**	811

Note: Cost of sales includes RMB16,968,000 (30 June 2020: RMB17,810,000) relating to staff cost, depreciation and amortisation, which amount is also included in the respective total amounts.

7 INCOME TAX

	For the six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current tax — PRC corporate income tax		
Provision for the period	**20,914**	864
	20,914	864
Deferred tax	**(1,983)**	(23,586)
	18,931	(22,722)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax during the current and prior periods.

(iii) The Company's PRC subsidiaries are subject to PRC corporate income tax applicable for each subsidiary.

8 LOSS PER SHARE

(a) BASIC

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company of RMB72,063,000 (loss for the six months ended 30 June 2020: RMB156,150,000) and the weighted average number of 3,024,279,360 ordinary shares (six months ended 30 June 2020: 2,665,486,490 shares) issued during the interim period.

(b) DILUTED

Because the Group was loss-making for the six months ended 30 June 2021, share options and convertible bonds had no dilutive impact.

9 PROPERTY, PLANT AND EQUIPMENT

(a) ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2021, the Group's additions to property, plant and equipment amounted to RMB450,000 (six months ended 30 June 2020: RMB75,000). No material disposal of property, plant and equipment was made during the six months ended 30 June 2021 and 2020.

9 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) All of the Group's property, plant and equipment are located in the PRC. As at 30 June 2021, property, plant and equipment with the net book value of RMB318,949,000 (31 December 2020: RMB332,548,000) were pledged for certain banking facilities granted to the Group (see note 13(b)).

10 INVENTORIES

As at 30 June 2021, inventories of RMB164,951,000 (31 December 2020: RMB164,951,000) were pledged for banking facilities granted to the Group (see note 13(b)).

11 TRADE AND BILLS RECEIVABLES, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivables, based on invoice date and net of allowance for impairment loss is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 30 days	**459,177**	1,316,009
31 to 60 days	**4,823**	79,668
61 to 180 days	**186,268**	376,102
Over 180 days	**526,240**	357,922
Trade and bills receivables, net of allowance for doubtful debts	**1,176,508**	2,129,701
Advance payments to suppliers	**2,275,044**	1,957,978
Government grants receivable	**221,306**	242,446
Other deposits, prepayments and receivables	**213,445**	172,835
Total prepayments, other receivables and other assets	**2,709,795**	2,373,259
Less: non-current portion	**(19,326)**	(18,934)
Current portion	**2,690,469**	2,354,325

Trade and bills receivables are normally due within 90 days from the date of billing.

12 TRADE AND BILL PAYABLES, OTHER PAYABLES AND ACCRUALS

As at the end of the reporting period, the ageing analysis of the trade and bills payables, based on transaction date, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 30 days	**488,510**	650,531
31 to 60 days	**45,518**	115,850
61 to 180 days	**148,588**	169,517
Over 180 days	**23,527**	132,706
Trade and bills payables	**706,143**	1,068,604
Contract liabilities	**493,247**	364,198
Accrued expenses and other payables	**1,001,554**	969,149
Other payables and accruals	**1,494,801**	1,333,347

13 INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) As at 30 June 2021, the analysis of interest-bearing bank and other borrowings is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Bank loans — secured	**256,294**	260,400
Other borrowings — secured	**134,270**	135,420
Other borrowings — unsecured and guaranteed	**–**	25,600
Other borrowings — unsecured and unguaranteed	**22,568**	37,568
Factoring loan-secured	**467,000**	467,000
Entrusted loans — secured (Note)	**306,116**	306,116
	1,186,248	1,232,104
Represented by:		
Within 1 year or on demand	**1,186,248**	1,232,104
	1,186,248	1,232,104

Note:

As at 30 June 2021, entrusted loans are repayable within one year or on demand, and were interest-bearing at 4.2% to 10% (2020: 4.2%–10%) per annum.

The Group has defaulted in its repayment of entrusted loans which matured in August and September 2016 ("the loans payable"). The loans payable of RMB299,116,000 were secured by 310,317,000 ordinary shares (2020: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, key management personnel of the Group, representing 9.4% (31 December 2020: 11.8%) of the issued share capital of the Company as at 30 June 2021. At 30 June 2021, the negotiation to settle the outstanding entrusted loans of RMB299,116,000 (2019: RMB299,116,000) was still ongoing. The abovementioned defaulted loans were recorded in current liabilities as at 30 June 2021.

13 INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(a) As at 30 June 2021, the analysis of interest-bearing bank and other borrowings is as follows: (continued)

Note: (continued)

On 16 July 2020, the Company has entered into a non-legally binding framework agreement with the entrusted party. Under the framework agreement, it is intended, among others, that the entrusted party will subscribe for shares of the Company for a consideration of more than RMB300 million. The share subscription consideration will be settled by the repayment of entrusted loans amounting to RMB299 million as at 30 June 2020 owed by the Group to entrusted party.

(b) The banking facilities of the Group were secured by the following assets:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Property, plant and equipment (note 9(b))	**318,949**	332,548
Right-of-use assets	**89,670**	91,499
Inventories (note 10)	**164,951**	164,951
Trade receivables	**593,183**	593,183
Pledged deposits	**164,810**	525,902
	1,331,563	1,708,083

(c) The default of convertible bonds and entrusted loan may had caused cross-default of certain other borrowings as 30 June 2021. The respective balance of RMB83,200,000 was reclassified from non-current liabilities to current liabilities.

13 INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(d) Certain of the Group's interest-bearing bank and other borrowings are secured by:

(i) The pledge of 310,317,000 ordinary shares (31 December 2020: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, key management personnel of the Group, representing 9.4% (31 December 2020: 11.8%) of the issued share capital of the Company as at 30 June 2021.

(ii) At 30 June 2021, bank loans of RMB12,000,000 (31 December 2020: RMB15,500,000) were secured by property, plant and equipment of Sichuan Gushan Vegetable Fat Chemistry Co., Ltd ("Gushan Vegetable"), a private company controlled by Mr. Yu Jianqiu.

(iii) At 30 June 2021, bank loans of RMB41,000,000 (2020: RMB42,000,000) were secured by property, plant and equipment of Mianyang Baohe Jiahao Waste Material Recycling Co., Ltd. ("Baohe Jiahao"). An associate of the Group has 20% in Baohe Jiahao.

(iv) At 30 June 2021, bank loans of RMB5,000,000 (2020: RMB5,000,000) were secured by property, plant and equipment of Shanghai Mengjun Investment Management Co. ("Shanghai Mengjun"), a private company controlled by a daughter of Mr. Yu Jianqiu.

14 CAPITAL, RESERVES AND DIVIDENDS

(a) DIVIDENDS

No interim dividend (six months ended 30 June 2020: Nil) was declared during the six months ended 30 June 2021.

No dividend payable to equity shareholders attributable to the previous financial year (six months ended 30 June 2020: Nil) was approved or paid during the period.

(b) SHARE CAPITAL

Authorised and issued share capital

	Par value HK$	No. of shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	0.10	100,000,000,000	10,000,000

	No. of shares	HK$'000	RMB'000
Issued and fully paid:			
At 31 December 2020 and 1 January 2020	2,631,603,838	263,160	211,741
Issuance of ordinary shares pursuant to annual procurement agreement (a)	33,882,652	3,388	2,829
Issuance of ordinary shares under specific mandate (b)	618,490,566	61,849	51,667
At 30 June 2021	3,283,977,056	328,397	266,237

14 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) SHARE CAPITAL (continued)

(a) On 15 June 2018, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an annual procurement agreement, pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares.

On 1 March 2021, pursuant to the annual procurement agreements, based on the copper scrap raw materials supplied to the Group, 33,882,652 consideration shares were allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the shareholders passed at the annual general meeting held on 5 September 2020. RMB2,829,000 and RMB135,657,000 had been transferred from consideration share reserve to share capital and share premium respectively.

(b) On 18 March 2021, 618,490,566 ordinary shares were allotted and issued at HK$0.465 each to Mianyang Fule Investment Co., Ltd ("Mianyang Fule") pursuant to the specific mandate granted at the extraordinary general meeting held on 26 February 2021. The aggregate subscription price for all 618,490,566 subscription shares amounted to HK$287,598,113 (equivalent to RMB261,452,830) was settled by Mianyang Fule by way of set-off against the outstanding liabilities owed by the Group to the Mianyang Fule.

On 4 January 2021, the Company and Fule have entered into a supplemental subscription agreement to amend certain terms of the Subscription Agreement (the Subscription Agreement as amended and supplemented by the supplemental subscription agreement, the "Revised Subscription Agreement"), including but not limited to, the adoption of the revised subscription price HK$0.465 per subscription share, amending the outstanding loan owed by Group to Fule to be set-off through the subscription and the revision of the long stop date for subscription.

In accordance with the terms and conditions of the Revised Subscription Agreement, a total of 618,490,566 new ordinary shares were successfully allotted and issued to Fule on 18 March 2021 under specific mandate granted by shareholders in the extraordinary general meeting of the Company held on 26 February 2021.

The aggregate subscription price for all 618,490,566 subscription shares (being approximately HK$287,598,113) had been settled by Fule at completion by way of set off against the loan in the principal amount of RMB261,452,830 ("Loan") owed by Mianyang Tongxin Copper Co., Ltd.* (綿陽銅鑫銅業有限公司), a wholly owned subsidiary of the Group to Fule owed by the Group to Fule. Accordingly, there will be no proceeds from the Subscription. RMB51,667,000 and RMB209,786,000 had been transferred from other payable to share capital and share premium respectively.

14 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) STATUTORY RESERVES

In accordance with the Wholly Foreign Owned Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). At least 10% of the after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(d) SHARE PREMIUM

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

(e) SHARE-BASED PAYMENT RESERVE

Share-based payment reserve represents the portion of the fair value of unexercised share options granted to employees of the Group at grant date that has been recognised in accordance with the accounting policy adopted for equity-settled share option expense to the financial statements.

The amount will either be transferred to the share premium account when the option is exercised, or be released directly to retained profits if the option is lapsed or forfeited.

(f) CONVERTIBLE BONDS EQUITY RESERVE

Convertible bonds equity reserve arises from the residual amount of the net proceeds of convertible bonds less the fair value of liability component and derivative component at the date of issuance. The equity component will remain as a separate line item within equity until the conversion option is exercised (in which case the corresponding portion of the equity component will be transferred to share capital and share premium). Where the conversion option remains unexercised at the expiry date, the balance will be released to the retained earnings/accumulated losses.

15 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 28 January 2014 and has come into effect upon the Company's listing on 21 February 2014 whereby the directors of the Company, are authorised, at their discretion, to invite any director or employee of the Group and any other person who in the sole discretion of the directors has contributed or will contribute to the Group to take up options to subscribe for shares of the Company. For detailed share option scheme, please refer to the Company's announcements on 2 July 2014, 7 May 2015, 23 July 2015, 31 May 2016 and 12 December 2017.

The number and weighted-average exercise prices of share options under the share option scheme were as follows:

In thousands of options	**Number of options for the six months ended 30 June 2021 '000**	**Weighted-average exercise price for the six months ended 30 June 2021 HK$**	Number of options for the six months ended 30 June 2020 '000	Weighted-average exercise price for the six months ended 30 June 2020 HK$
Outstanding at 1 January	**126,835**	**2.09**	133,492	2.13
Lapsed during the period/year	**(5,491)**	**2.28**	(4,096)	3.25
Outstanding at the end of the period/year	**121,344**	**2.09**	129,396	2.10
Exercisable at the end of the period/year	**121,344**	**2.09**	129,396	2.10

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS AT 31 DECEMBER

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Financial assets		
Derivative financial instrument	–	106,306
Financial assets at amortised cost (including cash and cash equivalents)	**1,408,807**	2,739,320
	1,408,807	2,845,626
Financial liabilities		
Contingent consideration liabilities	–	123,474
Financial liabilities at amortised cost	**2,964,007**	3,356,024

FAIR VALUES

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings and amounts due to related parties, and equity attributable to owners of the Company, which includes share capital and reserves.

The Group's management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issuance of new shares as well as raising of borrowings, if necessary.

17 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(A) DISCLOSURE OF LEVEL IN FAIR VALUE HIERARCHY:

Description **Recurring fair value measurements:**	**2021** **Level 3** **RMB'000**	2020 Level 3 RMB'000
Financial assets:		
Derivative financial instrument	–	106,306
Financial liabilities:		
Contingent consideration liabilities	–	123,474

17 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT (continued)

(B) RECONCILIATION OF ASSETS MEASURED AT FAIR VALUE BASED ON LEVEL 3:

Financial assets:

	Derivative financial instrument RMB'000
As at 31 December 2019 and 1 January 2020	107,451
Total gains or losses recognised	
— in profit or loss(#)	(1,145)
As at 31 December 2020	106,306
Total gains or losses recognised	
— in profit or loss(#)	(232)
Settled against the liability (Note)	(106,074)
As at 30 June 2021	–

Note:

On 25 October 2017, a subsidiary of the Group, Fuqing Zhongjin, entered into an equity transfer agreement (the "Equity Transfer Agreement") with Sichuan Xijiulong Investment Co, Ltd. ("Xijiulong"), a company controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, who are connected persons of the Company by virtue of them being the daughters of Mr. Yu Jianqiu, pursuant to which Fuqing Zhongjin agreed to purchase a 25% equity interest of JX E-commerce Trading Co., Ltd ("JX E-commerce") from Xijiulong for a cash consideration of RMB125,000,000. The acquisition of JX E-commerce was completed on 6 November 2017 (the "Acquisition Date").

Under the Equity Transfer Agreement for the acquisition of JX E-commerce, an associate of the Group, the Group was granted a right to resell the entire equity interests to Xijiulong at a consideration equivalent to the net investment cost paid by the Group for the acquisition, if JX E-commerce fails to complete a qualified initial public offering within 3 years from the acquisition date. As at 31 December 2020, the fair value of the right to resell was estimated by the Company as approximately RMB106,306,000 (2019: RMB107,451,000).

The transaction had been approved by the extraordinary general meeting held on 18 June 2021. The transaction had also completed on 18 June 2021.

(#) Represent gains or losses for assets held at end of reporting period

17 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT (continued)

(B) RECONCILIATION OF ASSETS MEASURED AT FAIR VALUE BASED ON LEVEL 3: (continued)

Financial liabilities:

	Contingent consideration liabilities RMB'000
As at 31 December 2019 and 1 January 2020	151,305
Gains recognised in profit or loss(#)	(20,010)
Additions	115
Exchange differences recognised in other comprehensive income	(7,936)
As at 31 December 2020	123,474
Loss recognised in profit or loss	1,459
Reclassified to consideration liability	(123,536)
Exchange differences recognised in other comprehensive income	(1,397)
As at 30 June 2021	–

(#) Represent gains or losses for liabilities held at end of reporting period

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other income/(expenses), gains/(loss) in the consolidated statement of profit or loss and other comprehensive income.

17 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT (continued)

Other than the calculation method of fair value of contingent consideration liabilities which is based on discounted cash flows forecasts prepared by the management, the fair values of the non-current portion of pledged deposits and non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance leases payable and interest-bearing bank and other borrowings as at 30 June 2021 was assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:
As at 31 December 2020 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instrument	–	–	106,306	106,306

17 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT (continued)

FAIR VALUE HIERARCHY (continued)

Liabilities measured at fair value:

As at 31 December 2020 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Contingent consideration liabilities	–	–	123,474	123,474

18 COMMITMENTS

Capital commitments contracted but not provided for as at 30 June 2021 were as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Contracted for		
— property, plant and equipment	**19,752**	15,433
— land use rights	**12,545**	12,545
	32,297	27,978

19 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in this interim financial report, the Group entered into the following significant related party transactions during the current and prior periods.

OTHER RELATED PARTIES TRANSACTIONS

		For the six months ended 30 June	
	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Delivery cost charged by Mianyang Jin Xunhuan Finance Storage Limited, a subsidiary of an associate	(i)	**3,076**	1,756
Interest expense on a loan from Epoch Keen Limited, a private company controlled by Mr. Yu Jianqiu	(ii)	**–**	117
Security provided by Gushan Vegetable, a private company controlled by Mr. Yu Jianqiu	(iii)	**15,500**	15,500
Loan secured by the property, plant and equipment of Mianyang Baohe Jiahao, a private company controlled by an associate of the Group		**52,500**	42,000
Loan secured by the property, plant and equipment by Shanghai Mengjun, a private company controlled by a daughter of Mr. Yu Jianqiu		**5,000**	5,000

19 MATERIAL RELATED PARTY TRANSACTIONS (continued)

OTHER RELATED PARTIES TRANSACTIONS (continued)

Notes:

(i) The delivery cost is charged at a rate ranging from RMB28 to RMB390 per ton (2020: RMB28 to RMB390 per ton).

(ii) The loan from Epoch Keen Limited which is unsecured, non-interest-bearing (2020: at 4.35%) per annum and repayable on demand was settled during the year.

(iii) At 30 June 2021, bank loans of RMB15,500,000 (2020: RMB15,500,000) were secured by property, plant and equipment of Gushan Vegetable.

20 COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

The total compensation of key management personnel amounted to RMB3,155,000 (2020: RMB3,525,000) during the period ended 30 June 2021.

21 EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 June 2021 which would materially affect the Group's operating and financial performance as at the date of this report.

China Metal Resources Utilization Limited
中國金屬資源利用有限公司

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