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China Metal Resources Utilization Limited

中國金屬資源利用有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1636)

SIGNING OF ANNUAL PROCUREMENT AGREEMENTS AND PROPOSED ISSUE OF UNLISTED WARRANTS UNDER GENERAL MANDATE

The Directors are pleased to announce that, on 20 June 2017, Tongxin, a wholly-owned subsidiary of the Company, entered into a one-year Annual Procurement Agreement with each of the Suppliers, pursuant to which each of the Suppliers agrees to supply a targeted amount of copper scrap raw materials to the Group from 1 July 2017 to 30 June 2018 at a fixed discount of RMB3,000 per ton as compared to the same-day average purchase price of the Group from other suppliers. The annual supply target of the Suppliers under the Annual Procurement Agreements is 56,000 tonnes in aggregate. To encourage the Suppliers to achieve the targeted amount to supply raw materials and in consideration of the discounts to be received under the respective Annual Procurement Agreement, the Company entered into a Warrant Subscription Agreement with each of the Subscribers on 20 June 2017, pursuant to which the Company has agreed to issue and the Subscribers have agreed to subscribe for an aggregate of 184,632,000 Warrants at an Issue Price of HK\$0.001 per Warrant. The Warrants will be vested in phases according to the vesting conditions. Each of the Subscribers is a wholly-owned company of the relevant Supplier. In the five years from the date of Completion, after the Warrants are being vested and become effective, each Warrant will entitle its holder to subscribe for one Share at a Subscription Price of HK\$3.30 per Share (subject to adjustment). The Warrants will become vested and exercisable only upon the relevant Supplier supply raw materials to the Group so that the Group benefits from the discount before any Warrant is exercisable and of any value. Please refer to the section headed “Vesting Conditions” for further details.

As at the date of this announcement, the Company has a total of 2,466,900,969 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, an aggregate of up to 184,632,000 Shares will be issued, which represent approximately 7.48% of the existing issued share capital of the Company and approximately 6.96% of the issued share capital of the Company as enlarged by the issue of the Shares to be issued upon exercise in full of the subscription rights attached to the Warrants.

No listing of the Warrants will be sought in any jurisdiction. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued upon exercise of the subscription rights attached to the Warrants on the Stock Exchange.

The gross proceeds in cash from the Warrant Subscription will be HK\$184,632. The net proceeds from the Warrant Subscription, after deduction of related expenses, are estimated to be approximately HK\$184,632, representing a net Issue Price of approximately HK\$0.001 per Warrant. Assuming that each of the annual supply targets set out in the Annual Procurement Agreements is achieved, the total discounts obtained by the Group from purchases of raw materials under such agreements are RMB168,000,000 (or approximately HK\$192,407,000), which represents approximately HK\$1.042 per Warrant. Accordingly, the effective total Issue Price per Warrant is HK\$1.043.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that an additional amount of HK\$609,285,600 will be raised. The aggregate net proceeds in cash from the Warrant Subscription and the exercise of the subscription rights attaching to the Warrants in a total amount of HK\$609,470,232 are intended to be used as general working capital of the Group.

Assuming that each of the annual supply targets set out in the Annual Procurement Agreements is achieved and assuming full exercise of the subscription rights to the Warrants, it is expected that the aggregate effective benefit to be obtained by the Group will equal HK\$801,877,232, inclusive of the aggregate Issue Price received in cash, the total discounts obtained by the Group under the Annual Procurement Agreements and the aggregate Subscription Price received in cash.

The Shares to be issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

Shareholders and potential investors should note that the Warrant Subscription and the Annual Procurement Agreements are subject to the fulfilment or waiver of certain conditions and may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

The Directors are pleased to announce that, on 20 June 2017, Tongxin, a wholly-owned subsidiary of the Company, entered into a one-year Annual Procurement Agreement with each of the Suppliers, pursuant to which each of the Suppliers agrees to supply a targeted amount of copper scrap raw materials to the Group from 1 July 2017 to 30 June 2018 at a fixed discount of RMB3,000 per ton as compared to the same-day average purchase price of the Group from other suppliers. To ensure that the same-day average purchase price is on normal commercial terms and fair and reasonable, the Company will calculate such price with quotations obtained from a number of suppliers of the Company other than those which have entered into the Annual Procurement Agreements. In addition, the Company will compare the quotations obtained to the spot price of copper on the Shanghai Changjiang Nonferrous Metal Market on the same day to ensure that the prices quoted are generally in line with the trend reflected on the Shanghai Changjiang Nonferrous Metal Market. The annual supply target of the Suppliers under the Annual Procurement Agreements is 56,000 tonnes in aggregate. To encourage the Suppliers to achieve the targeted amount to supply raw materials and in consideration of the discounts to be received under the respective Annual Procurement Agreement, the Company entered into a Warrant Subscription Agreement with each of the Subscribers on 20 June 2017, pursuant to which the Company has agreed to issue and the Subscribers have agreed to subscribe for an aggregate of 184,632,000 Warrants at an Issue Price of HK\$0.001 per Warrant. The Warrants will be vested in phases according to the vesting conditions. Each of the Subscribers is a wholly-owned company of the relevant Supplier.

THE ANNUAL PROCUREMENT AGREEMENTS

The principal terms of the Annual Procurement Agreements between the Company and the Suppliers are as follows:

Date

20 June 2017

Parties

- (a) Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司), wholly-owned subsidiary of the Company;
- (b) Each of the Suppliers.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Suppliers are third parties independent of the Group and the connected persons of the Group.

Term

12 months commencing from 1 July 2017.

Condition

Obligations of the Company and each of the Suppliers are conditional upon the Warrant Subscription Agreement between the Company and the relevant Supplier becoming unconditional. Each of the Warrant Subscription Agreements is not conditional upon the other Warrant Subscription Agreements becoming unconditional.

Obligations of the Suppliers

Pursuant to the Annual Procurement Agreements, each of the Suppliers shall supply up to a targeted amount of copper scrap raw materials to Tongxin or its designated Group company from 1 July 2017 to 30 June 2018 with a fixed discount of RMB3,000 per ton below the same-day average purchase price of the Group from other suppliers, which shall be calculated on the basis of quotations obtained by the Group from other suppliers on the same day. Payment for the copper scrap raw materials supplied shall be made by Tongxin to the relevant Supplier within 10 Business Days after receiving the raw materials supplied.

The annual supply target of the Suppliers under the Annual Procurement Agreements is 56,000 tonnes in aggregate. The respective annual supply targets for each of the Suppliers are set out below:

Name of the Supplier	Annual supply target (tonnes)
Hu Lin	8,000
Yang Zaipei	8,000
Pu Tao	20,000
Weng Yiming	20,000
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	56,000
	<hr/> <hr/>

THE WARRANT SUBSCRIPTION AGREEMENTS

Below is a summary of the principal terms of the Warrant Subscription Agreements between the Company and the Subscribers:

Date

20 June 2017

Parties

- (a) The Company; and
- (b) Each of the Subscribers.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are third parties independent of the Group and the connected persons of the Group.

Number of Warrants

Pursuant to the Warrant Subscription Agreements, the Company has agreed to issue a total of 184,632,000 Warrants to the Subscribers. The Warrants will rank pari passu in all respects among themselves.

The Warrants to be subscribed by each of the Subscribers and the effective Issue Price are set out below:

(A) Name of the Supplier and ultimate wholly-owned shareholder of the relevant Subscriber	(B) Name of the Subscriber	(C) Total discount received under the Annual Procurement Agreement ⁽¹⁾ (RMB)	(D) Total discount received under the Annual Procurement Agreement (expressed in HK\$) ⁽²⁾	(E) Number of Warrants to be subscribed	(F) Cash element of Issue Price per Warrant (HK\$)	(G) In-kind element of Issue Price per Warrant (being D divided by E) (HK\$)	(H) Total effective Issue Price per Warrant (being F + G) (HK\$)
Yang Zaipei	Quick Gold Group Limited	24,000,000	27,487,000	26,376,000	0.001	1.042	1.043
Hu Lin	New Silver Group Limited	24,000,000	27,487,000	26,376,000	0.001	1.042	1.043
Pu Tao	Gain Big Limited	60,000,000	68,716,500	65,940,000	0.001	1.042	1.043
Weng Yiming	Honest Frame Global Limited	60,000,000	68,716,500	65,940,000	0.001	1.042	1.043
		168,000,000	192,407,000	184,632,000			

(1) The agreed discount is RMB3,000 per ton.

(2) Using an exchange rate of HK\$1 to RMB\$0.87315, based on the middle rate as published by the People's Bank of China on 20 June 2017.

The number of Warrants to be issued to each of the Subscribers is a result of arm's length negotiation and are determined with reference to (1) the annual supply target of copper scrap raw materials agreed by their respective ultimate beneficial owners, being suppliers of the Group, and the corresponding discounts expected to be received by the Group pursuant to the Annual Procurement Agreements and (2) the value of HK\$1.04212 per Warrant determined by the valuation of an independent valuer based on the Binomial Valuation Model.

Issue Price

The Issue Price payable in cash is HK\$0.001 per Warrant. The net Issue Price per Warrant, after deduction of all relevant expenses, is approximately HK\$0.001 per Warrant.

Pursuant to the Warrant Subscription Agreements, the Subscribers shall pay the aggregate Issue Price of the Warrants of HK\$184,632 in cash to the Company upon Completion.

Assuming that each of the annual supply targets set out in the Annual Procurement Agreements is achieved, the total discounts obtained by the Group from purchases of raw materials under such agreements are RMB168,000,000 (or approximately HK\$192,407,000), which represents approximately HK\$1.042 per Warrant. Accordingly, the effective total Issue Price per Warrant is HK\$1.043.

The effective total Issue price of HK\$1.043 per Warrant represents approximately 0.1% premium over the value of HK\$1.04212 per Warrant as appraised by an independent valuer using the Binomial Valuation Method.

Condition

Obligations of the Company and each of the Subscribers of the Warrant Subscription are conditional upon, among other matters, the fulfillment of the following conditions:

1. The listing of the Shares has not been revoked and the Shares continue to be listed on the Stock Exchange before Completion, the Stock Exchange or the Securities and Futures Commission has not expressed that it will raise any objection against the listing status of the Shares due to the transactions contemplated under the respective Warrant Subscription Agreement or any reasons in connection with such transactions;
2. The Stock Exchange approves without conditions (other than conditions which are customary) the listing and trading of the Shares to be issued upon the exercise of subscription rights attached to the Warrants and such approval has not been revoked before Completion;
3. No government departments or regulatory institutions in any jurisdiction has proposed, formulated or adopted any order, decree, regulatory or decision imposing restriction or prohibition on the transactions contemplated under the Warrant Subscription Agreements or causing them invalid;
4. No third party has proposed restriction or prohibition on the transactions contemplated under the respective Warrant Subscription Agreement to any court or government organisations in any jurisdiction, sought to declare such transactions invalid or any pending litigation or has legal procedures seeking for compensation of substantial damages in connection with these transaction, nor threaten to bring such litigation or legal procedures;
5. The Company and the respective Subscriber have obtained all required consent and approval for the transactions contemplated under the respective Warrant Subscription Agreement, and met and fully complied with the relevant laws and regulations (including but not limited to the Listing Rules and the relevant regulations in the Cayman Islands and Hong Kong), such consents and approvals remain valid until the date of Completion and the relevant authorities have not implemented any rules or regulations to prohibit or severely delay the fulfilment and Completion of the respective Warrant Subscription Agreement; and
6. The Company has duly executed the Annual Procurement Agreement with the relevant party, and the relevant Annual Procurement Agreement is legally binding to each party and continues to be effective and has not been terminated.

If the above conditions have not been fulfilled before 28 June 2017 (or such other date the relevant Subscriber and the Company mutually agree in writing), the relevant Warrant Subscription Agreement will be automatically terminated and lapse, and the obligations of the parties under such Warrant Subscription Agreement will be released, except for certain specified provisions and legal responsibilities arising from the antecedent breach.

Completion

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

PRINCIPAL TERMS OF THE WARRANTS

Number of Shares Issuable

As at the date of this announcement, the Company has a total of 2,466,900,969 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, an aggregate of up to 184,632,000 Shares will be issued, which represent approximately 7.48% of the existing issued share capital of the Company and approximately 6.96% of the issued share capital of the Company as enlarged by the issue of the Shares to be issued upon exercise in full of the subscription rights attached to the Warrants. The aggregate nominal value of the Shares which will be issued upon exercise in full of the subscription rights attached to the Warrants is HK\$18,463,200.

Subscription Price

Each Warrant carries the right to subscribe for one Share at the Subscription Price of HK\$3.30 per Share.

The Subscription Price represents:

- (i) a premium of approximately 10.7% to the closing price of HK\$2.980 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.4% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$2.990;
- (iii) a premium of approximately 10.0% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$3.000; and
- (iv) a premium of approximately 718.9% to the net asset value per Share of approximately RMB0.352 (approximately HK\$0.403) as at 31 December 2016 (based on the latest audited net assets of the Group as of 31 December 2016 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

The aggregate of (a) the Issue Price of HK\$0.001 per Warrant and (b) the Subscription Price of HK\$3.30 per Warrant is HK\$3.301, which represents:

- (i) a premium of approximately 10.8% to the closing price of HK\$2.980 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.4% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$2.990;
- (iii) a premium of approximately 10.0% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$3.000; and
- (iv) a premium of approximately 719.1% to the net asset value per Share of approximately RMB0.352 (approximately HK\$0.403) as at 31 December 2016 (based on the latest audited net assets of the Group as of 31 December 2016 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

The aggregate of (a) the effective total Issue Price of HK\$1.043 per Warrant and (b) the Subscription Price of HK\$3.30 per Warrant is HK\$4.343, which represents:

- (i) a premium of approximately 45.7% to the closing price of HK\$2.98 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 45.2% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$2.99;
- (iii) a premium of approximately 44.8% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$3.000; and
- (iv) a premium of approximately 977.7% to the net asset value per Share of approximately RMB0.352 (approximately HK\$0.403) as at 31 December 2016 (based on the latest audited net assets of the Group as of 31 December 2016 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

If there is a change in the nominal value of the Shares resulting from share consolidation or division or reclassification, the Subscription Price shall be adjusted accordingly in accordance with the terms of the Warrants.

Both the Issue Price and the Subscription Price are determined after arm's length negotiations between the Company and the Subscribers, taking into account the recent trading prices of the Shares. The Board is of the opinion that the Issue Price and the Subscription Price are fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

Exercise Period

The subscription rights attaching to the Warrants can be exercised at any time during the 5-year period commencing from the date of Completion.

Form

The Warrants will be issued upon Completion in registered form. Definitive certificates will be issued to the Subscribers.

Listing

No listing of the Warrants will be sought in any jurisdiction. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued upon exercise of the subscription rights attached to the Warrants on the Stock Exchange.

Ranking of the Shares

The Shares to be allotted and issued upon exercising of the subscription rights of the Warrants will be allotted and issued after the issuance of such Shares and the payment of the Subscription Price, except for the dividends distributed before the date on which the holders of the Warrants are registered on the Register of Shareholders of the Company. The Shares to be issued upon the exercise of subscription rights attached to the Warrants shall rank pari passu with the Shares of the same class.

Transferability

The Warrants are not transferable.

Voting rights of the Warrants

The holder(s) of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants.

Vesting Conditions

The vesting condition is that the Suppliers shall carry out the transactions under their respective Annual Procurement Agreements. The amount of vested Warrants for each Subscriber shall be calculated every three months between 1 July 2017 to 30 June 2018 in accordance with the ratio of the total amount of copper scrap raw materials supplied by the relevant Supplier to the Group in such period to the targeted amount of raw materials set out under the relevant Annual Procurement Agreement. This is to ensure each of the Warrant is exercisable and of any value only after the Group has been supplied with the raw materials and benefited from the associated discount.

Limitations on exercise of the subscription rights attaching to the Warrants

The Warrants will be effective subject to the fulfilment of the vesting conditions. All the Warrants which remain unvested on 30 June 2018 will be lapsed on the same date. The exercise of subscription rights attaching to the Warrants is subject to the conditions and terms of the Warrants.

INFORMATION OF THE SUBSCRIBERS AND THE SUPPLIERS

The Subscribers are Honest Fame Global Limited, New Silver Group Limited, Gain Big Limited and Quick Gold Group Limited. Each Subscriber is a company incorporated in the British Virgin Islands with limited liability, principally engaged in investment holding.

The respective ultimate beneficial shareholders of Honest Fame Global Limited, New Silver Group Limited, Gain Big Limited and Quick Gold Group Limited are Weng Yiming, Hu Lin, Pu Tao and Yang Zaipei. Each of them is an individual carrying out recycling of waste materials (including copper scrap) business in China.

Except Weng Yiming, each of the Suppliers is a new supplier to the Group. The Directors considered that the granting of the Warrants is beneficial in providing incentive to the Suppliers to achieve their targeted amount under the Annual Procurement Agreements, which would help to broaden supplier base to cater for the Group's production needs.

INFORMATION OF THE GROUP

The Group is a fast-growing manufacturer of recycled copper products (also known as copper semis), communication cables and power transmission and distribution cables in Southwest China. The Group processes recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wire rods, copper wires, copper plates, copper granules, communication cables and power transmission and distribution cables. Since 2015, the Group has also extended its product range to aluminium products and has entered into trading activities in relation to electrolytic copper.

GENERAL MANDATE TO ISSUE THE SHARES UNDER THE WARRANTS

The Shares to be allotted and issued upon exercising of the subscription rights of the Warrants will be allotted and issued pursuant to the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM, under which the Directors are authorized to issue Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM, which is equivalent to a maximum issue of additional 478,565,379 Shares. As at the date of this announcement, no Shares has been issued under the General Mandate. As the issue of the Warrants utilises the General Mandate, no further approval from Shareholders is needed.

Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the Subscription Price, upon the full exercise of the subscription rights attaching to the 184,632,000 Warrants, a total of 184,632,000 new Shares will be issued, which represent approximately 7.72% of aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM.

REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

Both the total effective Issue Price and the Subscription Price are at a premium over the value of the Warrants appraised by an independent valuer and the recent trading prices of the Shares, respectively.

The issue of the Warrants is effectively in consideration of the discounts offered by the Suppliers under the respective Annual Procurement Agreements. In addition, the arrangements are expected to encourage such Suppliers to achieve the targeted amount to supply raw material with a view to broadening the Group's supplier base to cater for the Group's production needs. For the reasons above, the Company entered into a Warrant Subscription Agreement with each of the Subscribers.

The aggregate net proceeds from the Warrant Subscription and the exercising of the subscription rights attaching to the Warrants in an aggregate amount of HK\$609,470,232 are intended to be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Warrant Subscription (including the Issue Price and the Subscription Price) are on normal commercial terms, fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The gross proceeds in cash from the Warrant Subscription will be HK\$184,632. The net proceeds from the Warrant Subscription, after deduction of related expenses, are estimated to be approximately HK\$184,632, representing a net Issue Price of approximately HK\$0.001 per Warrant. Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that an additional amount of HK\$609,285,600 will be raised.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,466,900,969 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

Shareholders	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	<i>Number of Shares</i>	<i>Approximate percentage of the issued share capital of the Company (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage of the issued share capital of the Company (%)</i>
Mr. Yu Jiangqiu and Epoch Keen Limited (<i>Note 1</i>)	1,037,354,400	42.05	1,037,354,400	39.12
First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited (<i>Note 2</i>)	310,317,000	12.58	310,317,000	11.70
Mr. Kwong Wai Sun Wilson (<i>Note 3</i>)	3,272,600	0.13	3,272,600	0.12
Public Shareholders				
Hong Kong Zhongliang Recycling Mining Investments Limited	135,000,000	5.47	135,000,000	5.09
Subscribers	—	—	184,632,000	6.96
Other public shareholders	<u>980,956,969</u>	<u>39.77</u>	<u>980,956,969</u>	<u>37.01</u>
Total	<u>2,466,900,969</u>	<u>100.00</u>	<u>2,651,532,969</u>	<u>100.00</u>

Notes:

1. The shares are held by Mr. Yu Jianqiu, Chairman and an executive Director of the Company, together with Epoch Keen Limited, a company wholly-owned by Mr. Yu Jianqiu.
2. First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited are companies wholly-owned by Mr. Huang Weiping, a Director.
3. Mr. Kwong Wai Sun Wilson is an executive Director.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
11 August 2016	Issue of 135,000,000 new shares	HK\$348,300,000	Construction of the Company's new plant for the production of copper plates and copper wire rods in Huili county, Sichuan, PRC	As intended
9 April 2017	Issue of convertible bonds in an aggregate principle amount of HK\$250,000,000	HK\$242,500,000	Redemption of convertible bonds upon maturity and general working capital of the Group	As intended
1 June 2017	Issuance of 74,074,074 Shares under general mandate	Approximately HK\$194.0 million	(i) approximately HK\$85,000,000 for purchasing additional raw materials; (ii) approximately HK\$85,000,000 for purchasing additional copper products; and (iii) approximately HK\$24,000,000 for repaying part of the Group's trade payable.	As intended

Save as to the above, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights (other than options granted under the employee share option scheme), if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issue share capital of the Company at the time the Warrants are issued.

As at the date of this announcement 27,713,950 warrants were issued and remain unexercised. Upon the full exercise of the subscription rights attaching to the issued warrants 27,713,950 shares may be issued and allotted.

Save as to the above, assuming there is no further issue or repurchase of the shares, upon the full exercise of the subscription rights attached to the issued warrants and the warrants, a total of 212,345,950 new shares will be issued, which represent approximately 8.61% of the existing share capital of the Company and approximately 7.93% of the issued share capital as enlarged by the issue of shares under the issued warrants and the warrants. Accordingly, the issue of the warrants is in compliance with Rule 15.02(1) of the Listing Rules.

Completion of the Warrant Subscription and the Annual Procurement Agreements are subject to fulfillment of the respective conditions precedent in the Warrant Subscription Agreements and the Annual Procurement Agreement. As the Warrant Subscription and the Annual Procurement Agreements may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 6 June 2017
“Annual Procurement Agreement”	each annual procurement agreement entered into by Tongxin and the relevant Supplier in relation to the supply of copper scrap raw materials, pursuant to which such Supplier has agreed to supply a targeted amount of copper scrap raw materials to the Group from 1 July 2017 to 30 June 2018 at a fixed discount of RMB3,000 per ton as compared to the same-day average purchase price of the Group from other suppliers
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays) on which banks are open for business in Hong Kong
“Company”	China Metal Resources Utilization Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1636)
“Completion”	completion of the Warrant Subscription
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the AGM to allot, issue and deal with Shares and to make or grant offers, agreements and options which may require Shares to be issued, allotted or dealt with, which is subject to the limit of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Issue Price”	HK\$0.001 per Warrant
“Issued Warrants”	the outstanding issued warrants as at the date of this announcement
“Last Trading Day”	20 June 2017, being the last trading day of the Shares on which the Warrant Subscription Agreements were entered into
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	4 limited liability companies incorporated in the British Virgin Islands, details of which are set out in the section headed “Information of the Subscribers and the Suppliers” above
“Subscription Price”	an initial exercise price of HK\$3.30 per Share (subject to adjustment pursuant to the terms and conditions of the Warrants) at which holder(s) of the Warrants may subscribe for the Shares
“Suppliers”	4 suppliers of the Group which has entered into the Annual Procurement Agreement with Tongxin in relation to the supply of copper scrap raw materials, details of which are set out in the section headed “Information of the Subscribers and the Suppliers” above
“Tongxin”	Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

“Warrant(s)”	184,632,000 unlisted warrants in registered form and constituted by the terms and conditions of the Warrants, which are to be issued by the Company at the Issue Price, and each entitles the holder thereof to subscribe for one Share at the Subscription Price (subject to adjustment pursuant to the terms and conditions of the Warrants) at any time during a period of 5 years commencing from the date of Completion
“Warrant Subscription”	the subscription of the Warrants by the Subscribers pursuant to the Warrant Subscription Agreement
“Warrant Subscription Agreement”	each of the conditional subscription agreements dated 20 June 2017 entered into between the Company and each of the Subscribers in relation to the Warrant Subscription
“%”	per cent.

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

Hong Kong, 20 June 2017

As at the date of this announcement, the Board comprises of four executive directors, namely, Mr. Yu Jianqiu (Chairman), Mr. Kwong Wai Sun Wilson, Mr. Huang Weiping and Ms. Zhu Yufen; and three independent non-executive directors, namely, Mr. Lee Ting Bun Denny, Mr. Pan Liansheng and Ms. Ren Ruxian.