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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)

INSIDE INFORMATION BANKRUPTCY REORGANISATION APPLICATION OF TWO PRC SUBSIDIARIES OF THE COMPANY

This announcement is made by China Metal Resources Utilization Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.25(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company announces that Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) (“**Tongxin**”), a wholly-owned subsidiary of the Company, and Mianyang Jin Xunhuan Metal Materials Co., Ltd. (綿陽金循環金屬材料有限公司) (“**Jin Xunhuan**”), a wholly-owned subsidiary of Tongxin and in turn an indirect wholly-owned subsidiary of the Company (collectively, the “**Relevant Subsidiaries**”), intend to restructure their existing indebtedness through the applicable provisions of the Enterprise Bankruptcy Law of the People’s Republic of China. The restructuring will involve the filing of a voluntary application for bankruptcy reorganisation (the “**Bankruptcy Reorganisation Application**”) with the People’s Court of Youxian District (the “**Court**”) of Mianyang City, Sichuan Province of the People’s Republic of China (the “**PRC**”), which filing is scheduled to take place on 6 June 2022.

The Board is of the view that, by filing the Bankruptcy Reorganisation Application with the Court voluntarily and, if approved, there would be a platform for the Relevant Subsidiaries to restructure their existing indebtedness with the relevant creditors, with the sanction by the Court (“**Debt Restructuring**”). The Board envisages that the Debt Restructuring, if successfully implemented, would reduce the debts of the Relevant Subsidiaries, release the intrinsic value and business potential of the quality assets currently held by the Relevant Subsidiaries, and allow the Relevant Subsidiaries to fully utilise such assets to increase the revenue generation ability. Although the Relevant Subsidiaries presently face difficulties in repaying their debts, the Board is of the view that (i) the assets held by the Relevant

Subsidiaries are of strategic value; (ii) the Relevant Subsidiaries possess strong technical capabilities pedigree; and (iii) the production and recycling industries in which the Relevant Subsidiaries operate have promising prospects in the PRC in light of the 14th Five-Year Plan published by the PRC government. After the Debt Restructuring, the Board believes that the Relevant Subsidiaries will be able to continue to operate as a going concern and improve the overall financial position of the Relevant Subsidiaries and the Group. Further, through the Debt Restructuring, the Company hopes to preserve the welfare of the staff of the Relevant Subsidiaries, as a matter of social responsibilities, and contribute to the local community.

The major creditors of the Relevant Subsidiaries have expressed their support for the Debt Restructuring. Subject to the successful implementation of the Debt Restructuring, institutional creditors of the Relevant Subsidiaries are willing to continue to provide financing facilities to the Relevant Subsidiaries, while suppliers of the Relevant Subsidiaries are willing to extend the settlement dates of the relevant payables. With the creditors' support, the Board believes that the Relevant Subsidiaries would be able to continue as a going concern after the Debt Restructuring.

The Relevant Subsidiaries have also conducted in-depth communication with strategic investors in relation to future financing plans. Several strategic investors have expressed their preliminary interests in investing in the Relevant Subsidiaries after the Debt Restructuring. The Board envisages that the future financing from strategic investor(s) would enable the Relevant Subsidiaries to (i) repay their existing indebtedness, (ii) revive and grow the scale of their existing production and recycling operations, and (iii) enhance their respective financial positions.

Subject to the Court's discretion, the Debt Restructuring may involve the appointment of provisional administrator(s), the introduction of strategic investors and the coordination of negotiations amongst creditors with the view to formulating the Debt Restructuring plans. Based on the Company's understanding, until the end of the Debt Restructuring, the Relevant Subsidiaries can continue their business operations.

Notwithstanding the Debt Restructuring, the Board intends to continue and focus on the existing operations of the Group, including the operations of the Relevant Subsidiaries. In view of the circumstances described above, the Board is of the view that the Company will be able to continue to carry out a business having substance, with sufficient level of operations and asset of sufficient value to support its operations.

The Company will issue further announcement(s) as and when appropriate on any major developments in relation to the Bankruptcy Reorganisation Application.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. There is no guarantee on the outcome of the Bankruptcy Reorganisation Application or the Debt Restructuring, as it may depend on many factors including the macro-economy, the finalised accounts of the Relevant Subsidiaries, the attitude of creditors and the successful introduction of strategic investor(s).

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

Hong Kong, 6 June 2022

As at the date of this announcement, the Board comprises 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.