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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)

PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2018 UNDER GENERAL MANDATE

PROPOSED ISSUE OF THE CONVERTIBLE BONDS

On 9 April 2017, the Company entered into the Subscription Agreement with the Investor pursuant to which the Investor agreed to subscribe and pay for the Convertible Bonds to be issued by the Company in an aggregate principal amount of HK\$250,000,000 to be issued in two tranches, Tranche I Convertible Bonds (in the amount of HK\$135,000,000) and Tranche II Convertible Bonds (in the amount of HK\$115,000,000). The Convertible Bonds are convertible in the circumstances set out in the Terms and Conditions into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial Conversion Price of HK\$3.00 per Share.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$3.00 per Share, the Convertible Bonds will be convertible into approximately 83,333,333 New Shares, representing approximately 3.62% of the issued share capital of the Company as at the date of this announcement and approximately 3.49% of the issued share capital of the Company as enlarged by the issue of the New Shares. The conversion rights attaching to the Convertible Bonds may be exercised (in whole or in part) if after the exercise of the conversion rights the public float will be not less than 25% of the issued share capital of the Company as enlarged by the issue of the New Shares.

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

LISTING RULES IMPLICATIONS

The New Shares will be issued pursuant to the General Mandate. The issue of the Convertible Bonds is not subject to the approval of the Shareholders.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” below for further information.

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

PROPOSED ISSUE OF THE CONVERTIBLE BONDS

The Subscription Agreement

Date:

9 April 2017

Parties:

1. The Company as issuer;
2. Mr. Yu Jianqiu, chairman and executive Director of the Company as guarantor; and
3. The Investor, as subscriber.

Subscription:

Subject to the satisfaction (or waiver) of the conditions set out below in the section headed “Conditions Precedent”, the Company has agreed to issue and the Investor has agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$250,000,000 in two tranches, Tranche I Convertible Bonds (in the amount of HK\$135,000,000) and Tranche II Convertible Bonds (in the amount of HK\$115,000,000).

Conditions Precedent:

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

1. from the date of signing of the Subscription Agreement to the Closing Date, the existing listing of the Shares on the Hong Kong Stock Exchange has not been withdrawn and continuous trading in the Shares shall remain on the Hong Kong Stock Exchange without a trading halt for over 3 consecutive Trading Days, other than a suspension required under the Listing Rules;
2. the listing committee of the Hong Kong Stock Exchange shall grant the listing of, and permission to deal in, all the New Shares and such listing approval has not been withdrawn before the Closing Date;
3. no notice, order, judgment, litigation or proceedings have been served, issued, delivered or initiated which restricts, prohibits or renders illegal, or intends to restrict, prohibit or render illegal, any transaction contemplated under the transaction documents or may have material adverse impact on the exercise of the Investor's rights under the transaction documents;
4. warranties shall remain true and accurate and shall not be misleading in all material respects;
5. no material adverse effect or changes have occurred before the Closing Date;
6. the Investor is satisfied with the due diligence results in relation to the Company's business, operations and financial condition; and
7. the Company has obtained board approval to execute the Subscription Agreement and to allot and issue the Convertible Bonds to the Investor according to the initial Conversion Price.

The Investor has discretion to waive one or more of the conditions precedent (except condition (2) above) by notice in writing to the Company from time to time.

If any of the above conditions precedent has not been satisfied or waived by the Investor by 23 April 2017 (or such other date as may be agreed in writing by the Company and the Investor), the Subscription Agreement will terminate and have no further effect. The parties to the Subscription Agreement will have no claim against, and no obligation towards, each other, save as to any antecedent breaches.

As at the date of this announcement, all the above conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or (as the case may be) waived.

Closing:

Closing shall take place on the first Business Day following the satisfaction (or waiver) of the condition set out above in the section headed "Conditions Precedent" or such other date as agreed by the Company and the Investor in writing.

Termination:

If, at any time before Closing:

1. the Company commits or has committed any material breach of, or neglects or fails or has neglected or failed to fulfill its obligations or undertakings under the Subscription Agreement or the transactions contemplated thereunder in any material respects, and no remedy is made within three (3) Business Days after the Investor's request for remedy;
2. any warranty becomes untrue, inaccurate, misleading materially;
3. there occurs a material adverse effect (or changes) on the Company or the Group (as a whole);
4. the listing of the Shares have been withdrawn and trading in the Shares suspended (other than a trading halt pursuant to the Listing Rules, which under no circumstances shall last for more than three (3) consecutive Trading Days (or such other period as may be agreed by the parties));
5. any required consent, registration, filing, permission, confirmation, approval, judgment or decision have not been obtained from the competent authorities or banking institutions or creditors of any member of the Group or any other third parties which may be significant to the transactions contemplated under the Subscription Agreement, or, if already obtained, the same shall have been revoked; or
6. notice, order, judgment, litigation or proceedings has been served, issued, or delivered which restricts, prohibits or renders illegal any transactions contemplated under the Subscription Agreement, or may have a material adverse impact on the Investor's legal and beneficial ownership of the Convertible Bonds.

in each case, the Investor may terminate the Subscription Agreement by notifying the Company in writing.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

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

Principal amount: The Convertible Bonds in an aggregate principal amount of HK\$250,000,000 to be issued in two tranches, Tranche I Convertible Bonds (in the amount of HK\$135,000,000) and Tranche II Convertible Bonds (in the amount of HK\$115,000,000).

Maturity Date: Date of the first anniversary of the Issue Date (unless redeemed or repurchased early), subject to the Investor's right to extend the maturity date initially for a period of up to one (1) year (the "**Extended Maturity**") and also for a period of up to one (1) year after the Extended Maturity by notice in writing to the Company (the "**Further Extended Maturity**").

Redemption amount on maturity:	<p>If the Convertible Bonds have not been converted before the Maturity Date, the Company shall on the Maturity Date redeem all the outstanding Convertible Bonds at nominal value (plus interest accrued but unpaid) and any cash amounts (if applicable) as specified by the Terms and Conditions.</p> <p>If the Convertible Bonds are due for redemption pursuant to the Terms and Conditions and the average closing share price of the Company during any 6 consecutive months within the period commencing from the Issue Date to the Maturity Date has never, at any point of time, reached or exceeded the Conversion Price, the Company shall, upon redemption of the Convertible Bonds, compensate the Bondholder(s) in cash so that such Bondholder(s) is(are) guaranteed an annualised return of 13% for the period commencing from the Issue Date to the first anniversary of the Issue Date and an annualised return of 16% for the period commencing from the day following the first anniversary of the Issue Date to the date of redemption (the annualised return includes the coupon payments on such portion of Convertible Bonds).</p>
Interest rate:	<p>The Convertible Bonds bear coupon interest at the rate of 12 per cent. per annum from and including the Issue Date payable quarterly in arrears on 30 March, 30 June, 30 September and 30 December in each year.</p>
Status:	<p>The Convertible Bonds constitute direct and unconditional obligations of the Company.</p>
Conversion right:	<p>Subject to the Terms and Conditions, the Bondholder(s) shall be entitled to convert, in whole or in part, the Convertible Bonds into New Shares on any Business Day from the first Business Day following the first anniversary of the Issue Date up to and including the day preceding the Extended Maturity or Further Extended Maturity.</p>
Conversion Price:	<p>The Conversion Price will initially be HK\$3.00 per Share (subject to adjustment as provided in the Terms and Conditions).</p>

Adjustments to the Conversion Price:

The Conversion Price will be subject to adjustment upon the occurrence of certain events as set out in the Terms and Conditions including but not limited to (i) an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification; (ii) the issue of any Shares by way of capitalisation of profits or reserves; (iii) the issue of Shares in lieu of a cash dividend; (iv) capital distribution; (v) an offer to the holders of the Shares new shares for subscription by way of rights issue, or a grant to holders of the Shares any options or warrants; (vi) the issue of Shares or other securities pursuant to which Shares can be subscribed for or converted at a price lower than 95% of the market price of the Shares; and (vii) issue of other securities by the Company or its subsidiaries or other entities which by their terms are convertible into or exchangeable for or carry rights to subscribed for new Shares at a price lower than 95% of the market price.

For the avoidance of doubt, if any corporate action would trigger an adjustment event which would result in the General Mandate being insufficient to cover the issue of New Shares, such corporate action will not be taken.

Restriction on conversion:

The conversion rights attaching to the Convertible Bonds may be exercised (in whole or in part) if after the exercise of conversion rights the public float will be not less than 25% of the issued share capital of the Company as enlarged by the issue of the New Shares.

Early redemption for relevant event (shareholding of the Management Level Shareholders) by the Bondholder:

If for any reason, the aggregate shareholding of the Management Level Shareholders in the Company is less than 30% of the entire share capital of the Company on a fully diluted basis, the Bondholder(s) may within 60 days of the event request for early redemption and the Company shall redeem all the outstanding Convertible Bonds at nominal value (plus interest accrued but unpaid).

In the event of such early redemption, the Company shall, upon redemption, compensate the Bondholder in cash so that such Bondholder(s) is(are) guaranteed an annualised return of 12% for the period commencing from the Issue Date to the first anniversary of the Issue Date and an annualised return of 15% for the period commencing from the day following the first anniversary of the Issue Date to the date of early redemption (the annualised return includes the coupon payments on such portion of Convertible Bonds).

Early redemption for relevant event (Share price of the Company) by the Bondholder: If on any Trading Day, the average Closing Price of the Company is lower than 50% of the Closing Price of the Company on the Issue Date, the Bondholder(s) may request for early redemption and the Company shall redeem all the outstanding Convertible Bonds at nominal value (plus interest accrued but unpaid).

In the event of such early redemption, the Company shall, upon redemption, compensate the Bondholder in cash so that such Bondholder(s) is(are) guaranteed an annualised return of 12% for the period commencing from the Issue Date to the date of early redemption (the annualised return includes the coupon payments on such portion of Convertible Bonds).

Early redemption by the Company: Commencing from the third (3) month after the Issue Date to the Maturity Date, the Company may notify the Bondholder(s) for early redemption of the outstanding Convertible Bonds in the principal amount of HK\$135,000,000 (in whole or in part). Such request by the Company requires the consent of the Bondholder(s).

In the event of such early redemption, the Company shall, upon redemption, compensate the Bondholder in cash so that such Bondholder(s) is(are) guaranteed an annualised return of 12% for the period commencing from the Issue Date to the date of early redemption (the annualised return includes the coupon payments on such portion of Convertible Bonds).

Early redemption by special request to the Company by the Bondholder: Pursuant to the Tranche I Terms and Conditions only, commencing from the sixth (6) month after the Issue Date to the Maturity Date, the Bondholder(s) may, by giving no less than ten (10) Business Days prior notice to the Company, request for early redemption by the Company and the Company shall redeem the outstanding Convertible Bonds in the principal amount of HK\$135,000,000 (in whole or in part). Such request by the Bondholder does not require the consent by the Company.

In the event of such early redemption, the Company shall, upon redemption, compensate the Bondholder in cash so that such Bondholder(s) is(are) guaranteed an annualised return of 12% for the period commencing from the Issue Date to the date of early redemption (the annualised return includes the coupon payments on such portion of Convertible Bonds).

For the avoidance of doubt, the Tranche II Terms and Conditions do not contain the early redemption right as description in the section headed “Early redemption by special request to the Company by the Bondholder”.

- Form and denomination: The Convertible Bonds will be in registered form in the denomination of HK\$100,000 each and integral multiples thereof.
- Voting rights: Bondholders will not have any right to attend or vote at any meeting of the Company by virtue of them being Bondholders.
- Transferability: The Convertible Bonds are freely transferable from the Issue Date provided that the Bondholder has notified and provided a completed transfer form in respect of the transfer to the Company.
- Events of default: If, among others, any of the following event occurs prior to the Maturity Date, the Bondholder may give notice to the Company that the principal amount outstanding of the Convertible Bonds, together with interests accrued, are immediately due and payable. The Company shall pay penalty interests of the outstanding Convertible Bonds at the rate of 20% to the Bondholder(s) commencing from the date of default. The Bondholder(s) may also enforce any collateral attached to the Convertible Bonds.
1. the Company fails to pay the principal amount of or interest on the Convertible Bonds when due unless such non-payment is due solely to administrative or technical error and payment is made within 5 Business Days of the due date thereof; or
 2. the Company defaults in any of its obligations set out in the Terms and Conditions, the default of which is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the Bondholder remedied within 14 days after notice of such default has been given to the Company by such Bondholder; or
 3. an encumbrancer takes possession or a receiver, manager or other similar officer is appointed on the whole or any part of the business, assets, property or revenues of the Company or its principal subsidiaries; or

4. the Company or any of its principal subsidiaries is unable to pay its debts exceeding the amount HK\$7,750,000 as they fall due; or any administrator, liquidator or receiver has been appointed on the whole or any part of their business, assets, property or revenues; or any proceedings under any law for readjustment or deferment of any of their debt; or any general assignment or compromise with or for the benefit of their creditors;
5. an order is made or a resolution is passed for the winding-up of the Company or any of its principal subsidiaries except for winding-up for the purpose of the reorganisation of the Group;
6. suspension of trading of the Shares on the Hong Kong Stock Exchange or a recognised stock exchange for a continuous period of 14 Trading Days and which will result in a material adverse effect on the Group's business, operations, assets, financial condition;
7. the aggregate shareholding of the Management Level Shareholders of the Company is less than 30% of the entire share capital of the Company on a fully diluted basis;
8. Mr. Yu Jianqiu ceases to be the chairman and/or an executive director of the Company; or
9. a legal proceeding is initiated against the Company or any of its principal subsidiaries, Mr. Yu Jianqiu and/or any of the Company's management and where such legal proceeding will or may result in a material adverse effect on the Group's business, operations, assets or financial condition.

Guarantee:

Mr. Yu Jianqiu has given an unconditional and irrevocable guarantee over the Company's fulfilment and performance of the Company's obligation under the Subscription Agreement, including the payment to the Investor (or any person designated by the Investor) of all of the principal amount, interests and other payment obligations under the Convertible Bonds pursuant to the Terms and Conditions.

The New Shares to be issued upon conversion of the Convertible Bonds will take priority over any claim on the shareholders' loan provided by Mr. Yu Jianqiu to the Company. Further, the Company shall not pay the principal amount or interests of the shareholders' loan provided by Mr. Yu Jianqiu before the redemption by the Bondholder(s), except with the consent of no less than 50% of the Bondholder(s) holding the outstanding Convertible Bonds at the relevant time.

Listing:

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

INFORMATION OF THE INVESTOR

The Investor is a limited company incorporated in the British Virgin Islands which is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investor is an Independent Third Party of the Group and the connected persons to the Group.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE BONDS

Assuming full conversion of the Convertible Bonds at an initial Conversion Price of HK\$3.00 per Share, the Convertible Bonds will be convertible into approximately 83,333,333 New Shares, representing approximately 3.62% of the issued share capital of the Company as at the date of this announcement and approximately 3.49% of the issued share capital of the Company as enlarged by the issue of the New Shares.

The conversion rights attaching to the Convertible Bonds may be exercised (in whole or in part) if after the exercise of conversion rights the public float will be not less than 25% of the issued share capital of the Company as enlarged by the issue of the New Shares.

To the best knowledge of the Company, assuming that there is no change in the issued share capital of the Company prior to the conversion of the Convertible Bonds, the following table summarises the potential effects on the shareholding structure of the Company as a result of the issue of the Convertible Bonds (by reference to the shareholdings as at the date of this announcement and assuming full conversion of the Convertible Bonds):

	As at the date of this announcement		Assuming the Convertible Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$3.00 each	
	Number of Shares directly or indirectly held	Approximate percentage of the issued share capital of the Company (%)	Number of Shares directly or indirectly held	Approximate percentage of the issued share capital of the Company (%)
Shareholders				
Mr. Yu Jiangqiu and Epoch Keen Limited (<i>note 1</i>)	1,037,354,400	45.06	1,037,354,400	43.49
First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited (<i>note 2</i>)	310,317,000	13.48	310,317,000	13.01
Mr. Kwong Wai Sun Wilson (<i>note 3</i>)	3,272,600	0.14	3,272,600	0.14
Public Shareholders				
Hong Kong Zhongliang Recycling Mining Investments Limited	135,000,000	5.87	135,000,000	5.66
Silver Harvest Holdings Limited (<i>note 4</i>)	115,649,200	5.02	115,649,200	4.85
Investor	—	—	83,333,333	3.49
Other public shareholders	700,352,400	30.43	700,352,400	29.36
Total	<u>2,301,945,600</u>	<u>100.00</u>	<u>2,385,278,933</u>	<u>100.00</u>

Notes:

1. The shares were 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.
4. Silver Harvest Holdings Limited, a company wholly-owned by Mr. Wang Huailin, who is an Independent Third Party of the Company and the Company's connected persons and is an Independent Third Party of the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates.

The Company has adopted a share option scheme on 28 January 2014. As at the date of this announcement, the Company has granted 256,090,000 share options to the Directors and certain eligible participants under the share option scheme to subscribe for up to a total of 256,090,000 Shares. As at the date of this announcement, 160,156,000 share options remain outstanding. Please refer to the announcements of the Company for further details.

On 19 January 2015, the Company issued the 19 December Warrants to the subscribers, each a wholly-owned company of a supplier of the Group. The 19 December Warrants will be vested in phases according to the vesting conditions. Upon the full exercise of the subscription rights attaching to the 19 December Warrants which have not lapsed, an aggregate of up to 19,385,877 Shares will be issued. Please refer to the announcement of the Company dated 19 December 2014 for further details.

On 5 February 2015, the Company issued the 5 February Warrants to the subscribers, each a wholly-owned company of a supplier of the Group. The 5 February Warrants will be vested in phases according to the vesting conditions. Upon the full exercise of the subscription rights attaching to the 5 February Warrants which have not lapsed, an aggregate of up to 8,328,073 Shares will be issued. Please refer to the announcement of the Company dated 5 February 2015 for further details.

On 13 April 2015, the Company issued the Huarong Convertible Bonds to Huarong. The Huarong Convertible Bonds can be converted in whole or in part on any Business Day from the day of its issuance up to the day preceding its maturity date. Upon the full conversion of the conversion rights attaching to the Huarong Convertible Bonds, an aggregate of up to approximately 90,555,555 Shares (subject to exchange rate adjustment) will be issued. Please refer to the announcement of the Company dated 27 March 2015 for further details.

Save as disclosed above, at the date of this announcement, the Company has no outstanding convertible securities which are convertible into Shares.

COMPARISON OF CONVERSION PRICE

The initial Conversion Price was determined after arm's length negotiations between the Company and the Investor. The initial Conversion Price of HK\$3.00 represents:

- (1) a discount of approximately 2.28% over the Closing Price of HK\$3.070 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 2.79% over the average Closing Price of HK\$3.086 per Share for the last five consecutive Trading Days up to and including the Last Trading Day; and
- (3) a discount of approximately 2.60% over the average Closing Price of HK\$3.080 per Share for the last ten consecutive Trading Days up to and including the Last Trading Day.

GENERAL MANDATE

The Shares to be allotted and issued upon exercising of the subscription rights of the Convertible Bonds 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 authorised 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 421,029,120 Shares. As the issue of the Convertible Bonds utilises the General Mandate, no further approval from Shareholders is needed.

The conversion rights attaching to the Convertible Bonds may be exercised (in whole or in part) if after the exercise of conversion rights the public float will be not less than 25% of the issued share capital of the Company as enlarged by the issue of the New Shares. Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the Conversion Price, upon the conversion of the Convertible Bonds, a total of approximately 83,333,333 New Shares will be issued, which represent approximately 3.96% of aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM.

Since the grant of the General Mandate and up to the date of this announcement, the General Mandate has been utilised as to 135,000,000 Shares. Save to the above, there are no other Shares or securities allotted and issued by the Company under the General Mandate.

LISTING RULES IMPLICATIONS

The New Shares will be issued pursuant to the General Mandate to allot and issue new Shares as described above. The issue of the Convertible Bonds is not subject to the approval of the Shareholders.

USE OF PROCEEDS

The net proceeds from the issue of the Convertible Bonds will be approximately HK\$242,500,000.

The Company intends to use the net proceeds (net of fees, commissions and expenses) from the issue of the Convertible Bonds to repay the principal amount and interest of the Huarong Convertible Bonds with the balance for general working capital purpose.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS

The Directors are of the view that the issuance of such convertible bonds will enhance the Group's capital structure and liquidity.

The Directors consider that the terms, including the Conversion Price, of the Subscription Agreement and the transactions contemplated thereunder, which were arrived at after arm's length negotiations between the Company and the Investor, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
3 May 2016	Proposed issue of shares which has subsequently lapsed and did not proceed	—	—	—
11 August 2016	Issue of 135,000,000 shares under general mandate	HK\$348,300,000	Construction of new plant	The construction is in progress as intended

Save as to the above, the Company has not carried out any capital fund raising activities in the 12 months period immediately before the date of this announcement.

INFORMATION ABOUT 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.

APPLICATION FOR LISTING

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

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” above for further information.

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

DEFINITIONS

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

“19 December Warrants”	133,650,000 unlisted warrants which were issued by the Company on 19 January 2015 at HK\$0.001 per 19 December Warrant, and each entitles the holder thereof to subscribe for one Share at an initial exercise price of HK\$1.30 per Share (subject to adjustment pursuant to the terms and conditions of the 19 December Warrants) at any time during a period of 5 years commencing from the date of completion. For further information, please refer to the Company’s announcement dated 19 December 2014
“5 February Warrants”	102,000,000 unlisted warrants which were issued by the Company on 5 February 2015 at HK\$0.001 per 5 February Warrant, and each entitles the holder thereof to subscribe for one Share at the initial exercise of HK\$1.50 per Share (subject to adjustment pursuant to the terms and conditions of the 5 February Warrants) at any time during a period of 5 years commencing from the date of completion. For further information, please refer to the Company’s announcement dated 5 February 2015
“AGM”	the annual general meeting of the Company held on 6 June 2016
“Bondholder(s)”	the holders of the Convertible Bonds from time to time
“Business Day”	a day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business during normal business hours
“Closing”	completion of the subscription of the Convertible Bonds in accordance with the Subscription Agreement
“Closing Date”	the first Business Day following the satisfaction (or waiver) of the conditions set out in the section headed “Conditions Precedent”
“Closing Price”	the closing price for the Shares published in the daily quotation sheet published by the Hong Kong Stock Exchange for such day

“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)
“Convertible Bonds”	the convertible bonds consisting of Tranche I Convertible Bonds and Tranche II Convertible Bonds due 2018
“Conversion Price”	the price at which the Shares will be issued upon conversion of the Convertible Bonds which will initially be HK\$3.00 per Share (subject to adjustment)
“Director(s)”	the director(s) of the Company
“Extended Maturity”	has the meaning given to it in the section headed “Principal Terms of the Convertible Bonds”
“Further Extended Maturity”	has the meaning given to it in the section headed “Principal Terms of the Convertible Bonds”
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huarong”	China Huarong International Holdings Limited (formerly known as Huarong (HK) International Holdings Limited) a limited liability company incorporated under the laws of Hong Kong

“Huarong Convertible Bonds”	convertible bonds of the Company issued to Huarong pursuant to a subscription agreement dated 27 March 2015 in an aggregate principal amount of USD32,610,000 bearing a fixed interest rate of 10% which can be converted into Shares at an adjusted conversion price of HK\$1.39 per share as at the date of this announcement (subject to any further adjustment) and will expire at the second anniversary of the issue date
“Independent Third Party”	person(s) who is/are independent of the Company and its connected persons and their respective associates
“Investor”	Leading Sky Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands
“Issue Date”	the date of issue of the Convertible Bonds
“Last Trading Day”	7 April 2017, being the last full Trading Day immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Management Level Shareholders”	Mr. Yu Jianqiu, Mr. Huang Weiping, other executive Directors of the Company and their respective associates (as defined in the Listing Rules) and the directors and general manager of the Company’s subsidiaries
“Maturity Date”	the date on which the Convertible Bonds mature, namely the date which is the first anniversary of the Issue Date, subject to the Investor’s rights to extend it as described in this announcement
“New Shares”	Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds
“Shareholders”	the holders of Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Subscription Agreement”	the subscription agreement entered into among the Company, the Investor and Mr. Yu Jianqiu on 9 April 2017 in relation to the proposed issue of the Convertible Bonds
“substantial shareholder”	has the meaning ascribed to that term in the Listing Rules and “substantial shareholders” shall be construed accordingly

“Terms and Conditions”	the terms and conditions consisting of the Tranche I Terms and Conditions and Tranche II Terms and Conditions
“Trading Day”	a day on which the Hong Kong Stock Exchange is open for dealing business
“Tranche I Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$135,000,000 in the denomination of HK\$100,000 each and integral multiples thereof proposed to be issued by the Company under the Subscription Agreement
“Tranche I Terms and Conditions”	the terms and conditions governing the Tranche I Convertible Bonds
“Tranche II Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$115,000,000 in the denomination of HK\$100,000 each and integral multiples thereof proposed to be issued by the Company under the Subscription Agreement
“Tranche II Terms and Conditions”	the terms and conditions governing the Tranche II Convertible Bonds
“%”	per cent.

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

Hong Kong, 9 April 2017

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely, Mr. Yu Jianqiu (Chairman), Mr. Kwong Wai Sun Wilson, Mr. 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.