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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITED FINANCIAL HIGHLIGHTS

- Revenue decreased by 53.8% to RMB7,719.4 million, as compared to 2020.
- Gross profit margin amounted to 2.0%, as compared to a gross profit margin of 0.4% for last year.
- Loss attributable to the owners of the Company for the year amounted to RMB95.5 million, as compared to the loss attributable to the owners of the Company of RMB387.3 million for last year.
- Loss per share for the year amounted to RMB0.03, as compared to loss per share of RMB0.15 for last year.
- Current ratio of 1.2 as at 31 December 2021, as compared to 1.2 as at 31 December 2020.
- Debt to equity ratio of 105.3% as at 31 December 2021, as compared to 126.7% as at 31 December 2020.
- The Board does not recommend the declaration of any final dividend for the year ended 31 December 2021.

RESULTS

The board (the "Board") of directors (the "Directors") of China Metal Resources Utilization Limited (the "Company") is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021
(Expressed in Renminbi)

		2021	2020
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**7,719,448**	16,698,527
Cost of sales		**(7,567,848)**	(16,635,950)
GROSS PROFIT		**151,600**	62,577
Other income/(expenses), gain/(loss), net	*5*	**269,866**	(33,320)
Selling and distribution expenses		**(18,182)**	(21,637)
Administrative expenses		**(131,955)**	(162,733)
Provision for doubtful debts, net		**(103,558)**	(47,005)
Finance costs	*7*	**(221,483)**	(170,004)
Share of loss of associates		**(427)**	(754)
Loss before tax	*6*	**(54,139)**	(372,876)
Income tax expense	*8*	**(41,338)**	(14,373)

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company		**(95,477)**	(387,249)
Other comprehensive income after tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**23,720**	43,012
Other comprehensive income for the year, net of tax		**23,720**	43,012
Total comprehensive loss for the year attributable to owners of the Company		**(71,757)**	(344,237)
Loss per share	*9*		
Basic (RMB per share)		**(0.03)**	(0.15)
Diluted (RMB per share)		**(0.03)**	(0.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**512,702**	563,953
Right-of-use assets	*11*	**113,202**	120,011
Interests in associates		**48,001**	67,354
Prepayments, other receivables and other assets		**19,756**	18,934
Deferred tax assets		**–**	6,493
Total non-current assets		**693,661**	776,745
CURRENT ASSETS			
Inventories		**189,455**	316,776
Trade and bills receivables	*12*	**2,311,465**	2,129,701
Prepayments, other receivables and other assets		**2,628,316**	2,354,325
Derivative financial instrument		**–**	106,306
Amounts due from associates		**25,780**	594
Amounts due from related parties		**10**	–
Pledged deposits		**873,359**	525,902
Cash and cash equivalents		**11,953**	47,321
Total current assets		**6,040,338**	5,480,925

	Notes	**2021** *RMB'000*	2020 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*13*	**1,343,685**	1,068,604
Other payables and accruals		**1,605,871**	1,333,347
Note payables		**21,519**	89,479
Interest-bearing bank and other borrowings		**1,185,554**	1,232,104
Liability component of convertible bonds		**585,733**	553,004
Lease liabilities		**3,946**	3,605
Consideration liabilities		**121,383**	–
Contingent consideration liabilities		**–**	123,474
Amounts due to associates		**–**	161,583
Amounts due to related parties		**55,777**	132,600
Tax payable		**90,428**	58,852
Total current liabilities		**5,013,896**	4,756,652
NET CURRENT ASSETS		**1,026,442**	724,273
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,720,103**	1,501,018
NON-CURRENT LIABILITIES			
Lease liabilities		**3,212**	7,517
Deferred government grants		**6,558**	3,669
Deferred tax liabilities		**936**	1,697
Total non-current liabilities		**10,706**	12,883
NET ASSETS		**1,709,397**	1,488,135
EQUITY			
Share capital	*14*	**280,461**	211,741
Reserves		**1,428,936**	1,276,394
TOTAL EQUITY		**1,709,397**	1,488,135

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 February 2013.

The Group are principally engaged in the manufacturing and trading of copper and related products. The shares of the Company (the "Shares") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 21 February 2014.

The consolidated financial statements are presented in Renminbi ("RMB").

2. GOING CONCERN BASIS

For the year ended 31 December 2021, the Group recorded a net loss of RMB95,477,000. As at 31 December 2021, the Group had cash and cash equivalents amounted to RMB11,953,000, and there were interest-bearing bank and other borrowings, convertible bonds and note payables totalling RMB1,792,806,000 repayable within one year or on demand. In addition, as at 31 December 2021, the Group had defaulted on the repayment of convertible bonds, entrusted loans and interest-bearing bank and other borrowings amounted to approximately RMB585,733,000, RMB299,116,000 and RMB475,938,000 respectively. The above defaults may trigger cross default of certain other borrowings amounting to RMB410,500,000 as at 31 December 2021. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the results of various financial plans and measures.

In order to address the issue in relation to going concern, the Company has implemented, or is in the process of implementing various financial plans and measures to mitigate the liquidity pressure and to improve its financial position. These measures include but not limited to the following:

(i) As at 31 December 2021, the Company had convertible bonds amounted to RMB385,952,000 (equivalent to approximately HK$472,030,000) (the "Huarong CBs") and RMB199,781,000 (equivalent to approximately HK$244,374,000) (the "Prosper Rich CBs") issued to China Huarong International Holdings Limited ("Huarong") and Prosper Rich Investments Limited ("Prosper Rich"), respectively.

On 31 December 2021, the Company and Huarong entered into a subscription agreement (the "Huarong Subscription Agreement"), pursuant to which the Company has conditionally agreed to issue and Huarong has conditionally agreed to subscribe for 500,000,000 shares at a subscription price of HK$0.465 per subscription share; and the Company and Prosper Rich entered into a subscription agreement (the "Prosper Rich Subscription Agreement"), pursuant to which the Company has conditionally agreed to issue and Prosper Rich has conditionally agreed to subscribe for 525,537,194 shares at a subscription price of HK$0.465 per subscription share. Upon completions, (i) the outstanding liabilities of the Company under the Prosper Rich CBs amounted to approximately HK$244,374,000 will be set off in full by the subscription consideration under the Prosper Rich Subscription Agreement on a dollar-for-dollar basis; (ii) the subscription consideration under the Huarong Subscription Agreement shall be set off against the equivalent amount of the outstanding principal amount and accrued interests amounted to HK$232,500,000 under the Huarong CBs on a dollar-for-dollar basis and (iii) the maturity date (the "Huarong Maturity Date") of the remaining portion of the outstanding principal amount and accrued interests amounted to approximately HK$239,530,000 under the Huarong CBs shall be extended pursuant to an amendment deed (the "Huarong 2nd Amendment Deed") signed on 31 December 2021. Details of the Huarong 2nd Amendment Deed and amendments (the "Amendments") are set forth in the announcement dated 31 December 2021 and 31 March 2022 and the circular (the "Circular") of the Company dated 4 February 2022.

On 24 February 2022, 1,025,537,194 subscription shares in aggregate were allotted and issued to Huarong and Prosper Rich at the subscription price of HK$0.465 per subscription share pursuant to the terms of the Huarong Subscription Agreement and Prosper Rich Subscription Agreement. The respective subscription consideration under the Huarong Subscription Agreement and the Prosper Rich Subscription Agreement have been set off against the outstanding principal amount and accrued interests under the Huarong CBs and the Prosper Rich CBs respectively on a dollar-for-dollar basis as mentioned above.

The conditions precedent of the Huarong 2nd Amendment Deed had been fulfilled or waived (as applicable) and Huarong has issued the Huarong effective date notice on 31 March 2022. Therefore, the Amendments were completed on 31 March 2022 pursuant to the terms and conditions of the Huarong 2nd Amendment Deed.

Following the completion of the Amendments:

(1) the Huarong Maturity Date has been extended to 31 December 2022 (subject to potential further extension to 31 December 2023 pursuant to the terms of the Huarong 2nd Amendment Deed of which the details are set out in the Circular); and

(2) the conditions precedent set out in the waiver letter issued by Huarong have been fulfilled and the waiver of the conversion rights under the Huarong CBs has taken effect from 31 March 2022.

(ii) Liaisons with banks/financial institutions from which the Group has borrowings with repayment dates beyond 2022 and if necessary, to obtain confirmations that there has been no event to trigger the call provision, if any, as stipulated in the relevant loan agreements;

(iii) Liaisons with banks/financial institutions from which the Group has borrowings to renew or extend the existing liabilities;

(iv) If necessary, reduction of scale of the Group's operations so as to, on one hand, reduce its size of inventory, trade receivables and other receivables and, on the other hand, increase its level of cash; and

(v) The management will consider other financial arrangements with a view to increasing the Group's equity.

The Directors are of the opinion that future cash flow generated from operation together with the financial plans and measures will be sufficient to repay liabilities. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instrument and contingent consideration liabilities, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2.3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3 REVENUE

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

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from trading of electrolytic copper *(Note)*	**554,775**	8,516,219
Sales of recycled copper products	**7,089,775**	7,990,892
Sales of power transmission and distribution cables	**28,505**	32,790
Sales of communication cables	**32,201**	136,224
Sales of scrap materials	**8,758**	19,546
Others	**5,434**	2,856
	7,719,448	16,698,527

Note: The Group has entered into trading activities of electrolytic copper since 2015 whereas the Group is considered as the principal of the transactions as it controls the electrolytic copper before the products sold to the customers. The gross inflows of the trading activities are therefore recognised as revenue.

Disaggregated revenue information

	2021			
	Recycled copper products	**Power transmission and distribution cables**	**Communication cables**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from trading of electrolytic copper	**554,775**	**–**	**–**	**554,775**
Sales of recycled copper products	**7,089,775**	**–**	**–**	**7,089,775**
Sales of power transmission and distribution cables	**–**	**28,505**	**–**	**28,505**
Sales of communication cables	**–**	**–**	**32,201**	**32,201**
Sales of scrap materials	**8,758**	**–**	**–**	**8,758**
Others	**5,434**	**–**	**–**	**5,434**
Total revenue from contracts with customers	**7,658,742**	**28,505**	**32,201**	**7,719,448**
Timing of revenue recognition				
Goods transferred at a point in time	**7,658,742**	**28,505**	**32,201**	**7,719,448**

	2020			
	Recycled copper products	Power transmission and distribution cables	Communication cables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from trading of electrolytic copper	8,516,219	–	–	8,516,219
Sales of recycled copper products	7,990,892	–	–	7,990,892
Sales of power transmission and distribution cables	–	32,790	–	32,790
Sales of communication cables	–	–	136,224	136,224
Sales of scrap materials	19,546	–	–	19,546
Others	2,856	–	–	2,856
Total revenue from contracts with customers	16,529,513	32,790	136,224	16,698,527
Timing of revenue recognition				
Good transferred at a point in time	16,529,513	32,790	136,224	16,698,527

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.

4 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:

(i) 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;

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

(iii) 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 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 then prevailing market prices.

	2021			
	Recycled copper products	**Power transmission and distribution cables**	**Communication cables**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue				
Sales to external customers	**7,658,742**	**28,505**	**32,201**	**7,719,448**
Intersegment sales	**314,913**	**9,867**	**12,265**	**337,045**
	7,973,655	**38,372**	**44,466**	**8,056,493**
Reconciliation:				
Elimination of intersegment sales				**(337,045)**
Revenue				**7,719,448**
Segment results	**152,996**	**(16,760)**	**(597)**	**135,639**
Reconciliation:				
Interest income	**12,626**	**7**	**1**	**12,634**
Changes in fair value of contingent consideration liabilities				**(1,452)**
Changes in fair value of derivative financial instrument				**(232)**
Corporate and other unallocated expenses				**(37,343)**
Finance costs	**(156,883)**	**(3,783)**	**(2,292)**	**(162,958)**
Share of losses of associates				**(427)**
Loss before tax				**(54,139)**
Other segment information				
Depreciation and amortisation	**(38,020)**	**(9,747)**	**(2,927)**	**(50,694)**
VAT refunds, government grants and subsidies	**231,523**	**32**	**564**	**232,119**
Provision for doubtful debts, net	**(105,185)**	**4,565**	**(2,938)**	**(103,558)**

	2020			
	Recycled copper products *RMB'000*	Power transmission and distribution *RMB'000*	Communication cables *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	16,529,513	32,790	136,224	16,698,527
Intersegment sales	398,198	17,117	8,591	423,906
	16,927,711	49,907	144,815	17,122,433
Reconciliation:				
Elimination of intersegment sales				(423,906)
Revenue				16,698,527
Segment results	102,081	(7,453)	(8,183)	86,445
Reconciliation:				
Interest income	14,633	7	3	14,643
Impairment of goodwill				(277,895)
Changes in fair value of contingent consideration liabilities				20,010
Changes in fair value of derivative financial instrument				(1,145)
Corporate and other unallocated expenses				(109,657)
Finance costs	(98,617)	(3,489)	(2,417)	(104,523)
Share of losses of associates				(754)
Loss before tax				(372,876)
Other segment information				
Depreciation and amortisation	(39,071)	(9,055)	(2,943)	(51,069)
VAT refunds, government grants and subsidies	227,851	365	529	228,745
Provision for doubtful debts, net	(44,528)	(2,330)	(147)	(47,005)

(b) Geographic information

The Group carried out its business operations in the 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 amounted to 10% or more of the Group's revenue, is set out below:

	2021	2020
	RMB'000	*RMB'000*
Recycled copper products segment		
Customer A#	**1,346,750**	–
Customer B*	**–**	2,398,991
Customer C*	**–**	3,308,727
	1,346,750	5,707,718

Customer A contributed to less than 10% of the Group's revenue for the year ended 31 December 2020.

* Customer B and C contributed to less than 10% of the Group's revenue for the year ended 31 December 2021.

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

		2021	2020
	Notes	***RMB'000***	*RMB'000*
VAT refunds			
— Comprehensive utilisation of resources	*(i)*	**113,576**	149,172
— Others		**568**	1,028
Gain on settlement of note payables	*(ii)*	**34,985**	–
Government grants	*(iii)*	**114,375**	59,054
Government subsidies	*(iv)*	**3,600**	19,491
Interest income		**12,634**	14,648
Net loss on copper futures contracts upon settlement		**–**	(288)
Foreign exchange differences, net		**(230)**	7,275
Written-off of property, plant and equipment		**(2,118)**	(30)
Loss on modification of convertible bonds		**–**	(22,654)
Impairment of goodwill		**–**	(277,895)
Impairment of right-of-use assets		**–**	(3,291)
Impairment of property, plant and equipment		**(3,755)**	–
Changes in fair value of contingent consideration liabilities		**(1,452)**	20,010
Changes in fair value of derivative financial instrument		**(232)**	(1,145)
Others		**(2,085)**	1,305
		269,866	(33,320)

Notes:

(i) The Group is entitled to government grants for refunds of 30% for the year ended 31 December 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 refunds for such subsidiaries are reduced from 50% to 30%.

(ii) On 19 October 2021, the Group issued 172,043,011 shares with fair value of approximately RMB31,293,000 to a note holder to settle note payables of approximately RMB66,143,000 resulted in a gain of approximately RMB34,985,000 and exchange differences had been recognised and included in other comprehensive income of approximately RMB135,000.

(iii) 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 purposes with no future related costs. No specific conditions are required to be met in connection with these grants.

(iv) In 2021, the Group was granted unconditional government subsidies of RMB3,600,000 (2020: RMB19,491,000) from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The government subsidies were received through Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan"), an associate of the Group. Baohe Fushan is principally engaged in the operation and the development of an industrial park in Mianyang City, Sichuan Province, where most of the Group's subsidiaries are located. Baohe Fushan received the government subsidies and distributed to the Group. Baohe Fushan has the discretionary right to allocate and distribute the government subsidies, with reference to the amounts of tax payments made by the entities located in the industrial park.

6 LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	2021 RMB'000	2020 RMB'000
Cost of sales *(Note)*	**7,567,848**	16,635,950
Depreciation of property, plant and equipment	**46,244**	48,143
Depreciation of right-of-use assets	**6,809**	7,108
Research and development costs	**2,048**	1,819
Auditor's remuneration	**2,000**	3,000
Provision for inventories*	**–**	137
Provision for doubtful debts, net	**103,558**	47,005
Written-off of property, plant and equipment#	**2,118**	30
Loss on modification of convertible bonds#	**–**	22,654
Impairment of goodwill#	**–**	277,895
Impairment of right-of-use assets#	**–**	3,291
Impairment of property, plant and equipment#	**3,755**	–
Changes in fair value of contingent consideration liabilities#	**1,452**	(20,010)
Changes in fair value of derivative financial instrument#	**232**	1,145
Foreign exchange differences, net#	**230**	(7,275)
Staff costs (including directors' remuneration):		
— Salaries, bonuses and allowances	**38,073**	41,282
— Retirement benefit scheme contributions	**6,596**	2,960
— Equity-settled share-based payments	**273**	–
	44,942	44,242

* The provision for inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

\# These balances for the year are included in "Other income/(expenses), gain/(loss), net" in the consolidated statement of profit or loss and other comprehensive income.

Note: Cost of sales includes RMB33,105,000 (2020: RMB32,385,000) relating to staff costs, depreciation and amortisation, the amounts of which are also included in the respective total amounts.

7 FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest expenses in relation to:		
— Bank and other borrowings	**100,851**	82,947
— Default fee	**34,720**	–
— Lease liabilities	**1,581**	1,689
— Convertible bonds	**49,234**	58,009
— Note payables	**9,129**	9,372
— Bills payables	**25,345**	15,474
Guarantee fees and other charges	**623**	2,513
	221,483	170,004

8 INCOME TAX

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.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year ended 31 December 2021 (2020: Nil).

The subsidiaries of the Group in the PRC are subject to income tax at the rate of 25% (2020: 25%). In 2021, 4 subsidiaries (2020: 4) were given the New/High Tech Enterprise Award and entitled to a tax concession of a lower income tax rate of 15% (2020: 15%), and 3 subsidiaries (2020: 3) were in the western region that engages in the industries encouraged by the government and entitled to a tax concession of a lower income tax rate of 15% (2020:15%).

	2021	2020
	RMB'000	*RMB'000*
Current tax — the PRC		
Charge for the year	**35,606**	3,601
Underprovision in prior years	**–**	60
	35,606	3,661
Deferred tax	**5,732**	10,712
	41,338	14,373

9 LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2021	2020
	RMB'000	*RMB'000*
Loss:		
Loss attributable to owners of the Company for the purpose of calculating basic earnings per share	**(95,477)**	(387,249)

	2021	2020
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**3,190,075,412**	2,665,486,490
Basic loss per share	**(0.03)**	(0.15)

On 15 June 2018, the Company, certain suppliers of the Group (the "Suppliers") and the relevant subscribers (the "Subscribers") entered into an annual procurement agreement (the "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 (the "Consideration Shares"). Based on the copper scrap raw materials supplied to the Group, 33,882,652 Consideration Shares was allotted and issued on 1 March 2021 to the Subscribers. The calculation of loss per shares for the year ended 31 December 2020 has taken into account the Consideration Shares to be issued by the Company to the Subscribers.

Diluted loss per share

As the Group's outstanding convertible bonds for both years would be anti-dilutive and there was no dilutive potential ordinary shares for the Company's outstanding share options, no diluted earnings per share was presented in both years.

10 DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

11 LEASES AND RIGHT OF USE ASSET

Leases and right-of-use assets

	2021	2020
	RMB'000	*RMB'000*
At 31 December:		
Right-of-use assets		
— Properties	**4,323**	6,681
— Land-use-rights	**106,463**	109,947
— Plant and machinery	**2,416**	3,383
	113,202	120,011

At 31 December 2021, right-of-use assets with an aggregate carrying amount of RMB88,526,000 (2020: RMB91,499,000) were pledged to secure general banking facilities granted to the Group.

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2021	2020
	RMB'000	*RMB'000*
— Less than 1 year	**4,996**	5,198
— Between 1 and 2 years	**3,537**	5,198
— Between 2 and 5 years	**–**	3,705
	8,533	14,101
Depreciation charge of right-of-use assets		
— Properties	**2,358**	2,591
— Land-use-rights	**3,484**	3,593
— Plant and machinery	**967**	924
	6,809	7,108
Impairment loss of right-of-use assets		
— Land-use-rights	**–**	3,291
Lease interests	**1,581**	1,689
Total cash outflow for leases	**5,031**	5,362
Additions to right-of-use assets	**–**	8,260

The Group leases various land-use-rights, land and buildings and motor vehicles. Lease agreements are typically made for fixed periods of 2 to 20 years (2020: 2–20 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

During 2020, due to operating loss in the Group's business, the Group tested related cash generating units ("CGUs") for impairment. The reviews led to the recognition of an impairment loss of land-use-rights of RMB3,291,000, that has been recognised in "Other income/(expenses), gain/(loss), net" in the consolidated statement of profit or loss. The recoverable amount of the relevant assets of RMB40,317,000 has been determined on the basis of its fair value less costs of disposal (level 3 fair value measurements).

12 TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**2,546,254**	2,250,610
Impairment	**(234,789)**	(131,231)
	2,311,465	2,119,379
Bills receivables	**–**	10,322
	2,311,465	2,129,701

Notes:

(i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 0 to 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

(ii) As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Factoring Arrangement") and transferred certain trade receivables to a financial institution. Under the Factoring Arrangement, the Group is required to reimburse the bank for any loss, including the loss arising in default of the trade debtors. Subsequent to the transfer, the Group has retained the substantial risks and rewards of the trade receivables and accordingly, it continued to recognise the full carrying amounts of the trade receivables. Factoring loan is recognised for any consideration received for the Factoring Arrangement. The carrying amount of the assets that the Group continued to recognise as at 31 December 2021 was RMB641,947,000 (2020: RMB593,183,000) and that of the associated liabilities as at 31 December 2021 was RMB507,000,000 (2020: RMB467,000,000).

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

	2021	2020
	RMB'000	*RMB'000*
Within 30 days	**933,228**	1,316,009
31 to 60 days	**275,274**	79,668
61 to 180 days	**303,706**	376,102
Over 180 days	**799,257**	357,922
	2,311,465	2,129,701

13 TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**459,502**	542,894
Bills payables	**884,183**	525,710
	1,343,685	1,068,604

The bills payable is secured by the pledge of the time deposits of the Group amounting to RMB841,760,000 (2020: RMB494,420,000).

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

	2021	2020
	RMB'000	*RMB'000*
Within 30 days	**951,211**	650,531
31 to 60 days	**39,395**	115,850
61 to 180 days	**312,551**	169,517
Over 180 days	**40,528**	132,706
	1,343,685	1,068,604

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

14 SHARE CAPITAL

Authorised and Issued Share Capital

A summary of movements in the Company's share capital is as follows:

	Note	Number of shares	RMB'000
Authorised:			
Ordinary shares of HK$0.1 each			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021		100,000,000,000	8,071,000
Issued and fully paid:			
Ordinary shares of HK$0.1 each			
At 1 January 2020, 31 December 2020, 1 January 2021		2,631,603,838	211,741
Issuance of ordinary shares pursuant to annual procurement agreement	*(a)*	33,882,652	2,829
Issuance of ordinary shares under specific mandate	*(b) (c)*	790,533,577	65,891
At 31 December 2021		3,456,020,067	280,461

Note:

(a) On 15 June 2018, the Company, each of the Suppliers and each of the Subscribers entered into the 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 Agreement, 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 "Subscription"). The aggregate subscription price for all 618,490,566 subscription shares amounted to approximately HK$287,598,000 (equivalent to approximately RMB261,453,000) was settled by Mianyang Fule by way of set-off against other borrowings of approximately RMB261,453,000 owed by the Group to Mianyang Fule. Accordingly, there was no proceeds from the Subscription. RMB51,667,000 and RMB209,786,000 had been transferred from other borrowings to share capital and share premium respectively. Since Mianyang Fule held certain of the existing issued share capital of the Company before completion of the Subscription, there is no gain on settlement of borrowings by way of issuing shares.

(c) On 19 October 2021, 172,043,011 ordinary shares were allotted and issued at HK$0.465 each to Peaceful Wealth International Limited ("Peaceful Wealth"). The aggregate subscription price for all 172,043,011 subscription shares amounted to HK$80,000,000 (equivalent to RMB66,143,000) was settled by Peaceful Wealth by way of set-off against note payables of HK$80,000,000 owed by the Group to Peaceful Wealth. Accordingly, there was no proceeds from the subscription and resulted in gain on settlement of RMB34,985,000. RMB14,224,000 and RMB17,069,000 had been transferred from note payables to share capital and share premium respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2021:

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (" IFRSs ") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(1) Goodwill

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of goodwill amounted to approximately RMB277,895,000 as at 31 December 2019 due to the lack of sufficient historical financial information and other information to support the bases and assumptions as adopted by the management including but not limited to the growth rate, utilisation rate of production and gross profit margins. Details of which were set out in the independent auditor's report issued on 21 August 2020 for the year ended 31 December 2019. The Group recognised impairment losses on goodwill of approximately RMB277,895,000 for the year ended 31 December 2020. We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to these impairment losses on goodwill and whether these impairment losses on goodwill should be recognised in the year ended 31 December 2020 or 31 December 2019.

(2) Contingent consideration liabilities

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of contingent consideration liabilities amounted to approximately RMB151,305,000 as at 31 December 2019 due to the lack of sufficient historical financial information and other information to support the bases and assumptions as adopted by the management including but not limited to the growth rate, utilisation rate of production and gross profit margins. Details of which were set out in the independent auditor's report issued on 21 August 2020 for the year ended 31 December 2019. The Group recognised changes in fair values on contingent consideration liabilities amounted to RMB20,010,000 in profit or loss and exchange differences amounted to RMB7,936,000 in other comprehensive income for the year ended 31 December 2020. We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to these changes in fair values and exchange differences should be recognised in the year ended 31 December 2020 or 31 December 2019.

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2020, and the related disclosures thereof in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which mentioned that the Group recorded a net loss of approximately RMB95,477,000 for the year ended 31 December 2021. As at 31 December 2021, the Group had cash and cash equivalents amounting to approximately RMB11,953,000, and there were interest-bearing bank and other borrowings, convertible bonds and note payables totalling RMB1,792,806,000 repayable within one year or on demand. In addition, as at 31 December 2021, the Group had defaulted on the repayment of convertible bonds, entrusted loans and interest-bearing bank and other borrowings amounted to approximately RMB585,733,000, RMB299,116,000 and RMB475,938,000, respectively. The above defaults may trigger cross-default of certain other borrowings amounting to approximately RMB410,500,000 as at 31 December 2021. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the results of various financial plans and measures implemented by the Group. Our opinion is not modified in respect of this matter.

The independent auditor's report will be included in the 2021 annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group recorded a net loss of approximately RMB95.5 million. The loss was mainly attributable to the decrease in revenue by 53.8% in 2021 as compared to 2020 primarily due to the negative impact on some industries in the economy rippled from the after-effects of COVID-19, especially the housing construction industry and the engineering infrastructure industry, which still needed some time to fully recover. In addition, the downturn of the property sector caused by major property groups getting into serious financial difficulties has negatively affected the demand of our products. As a result, the demand for the Group's products from downstream remained weak and sales declined accordingly. The fallout also included the increase in finance costs along with the increase in bad debt provision due to the tight liquidity situation of customers. Loss per share amounted to RMB0.03 (2020: RMB0.15).

PROSPECTS

With the loosening of pandemic prevention restrictions across the globe, the re-opening of various economies is anticipated to create solid increase in demand for basic metals. We expect the Chinese economy to keep improving. In March 2022, the Chinese government fixed a target of GDP growth rate at 5.5% for the year 2022.

During the 14th Five-Year Plan ("**14th FYP**"), we expect China to continue to pursue its main goal of becoming a manufacturing powerhouse, leveraging innovation and connectivity within the manufacturing industry to promote high-quality economic development. With 5G, the industrial internet of things, big data analytics and other new infrastructure, the manufacturing industry is set to begin a new era of transformation. With the strategic advancement of "carbon dioxide reaching the peak" and "carbon dioxide neutralization", strong demand for copper from China is expected to continue going forward, particularly in areas such as new infrastructure construction, new energy automobile and facilities, high tech home appliances and electronic devices. We believe we are well placed to benefit from this increase in demand for copper.

The State Council of the PRC issued a circular on 22 February 2021 titled "Guiding Opinion on Urging Efforts to Build an Economic System Featuring Green, Low-carbon and Circular Development, and to Promote an Overall Green Transformation of the Economy and Society" 《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》. In light of the circular, we expect stimulus measures to be introduced during the 14th FYP to establish waste recycling system for renewable resources, to develop the remanufacturing industry and clean production, to encourage reusing renewable resources, to promote consumption of green products and advocate a low-carbon lifestyle. The circular marked a crucial step by the Chinese government to materialize the support to the resource recycling industry and shall bring unprecedented opportunities to the Group.

In the first quarter of 2021, the Group completed the new issuance of shares to Mianyang Fule, a state-owned enterprise in Sichuan Province. In the first quarter of 2022, the Group also completed the new issuance of shares to Huarong and Prosper Rich in order to reduce its debts. With more prominent financial institutions as the Company's shareholders, the management expects to better consolidate the Group's business and strengthen its financial position. We expect the Group to be able to take advantage of its improved capital structure to achieve better operational and financial performance.

FINANCIAL REVIEW

Revenue

Our revenue represents the amounts accepted to be entitled for sales of goods and services in the ordinary course of business. Revenue recognised is net of VAT and other taxes, returns and discounts after eliminating sales within our Group.

	2021	2020
	RMB'000	*RMB'000*
Revenue from trading of electrolytic copper *(Note)*	**554,775**	8,516,219
Sales of recycled copper products	**7,089,775**	7,990,892
Sales of power transmission and distribution cables	**28,505**	32,790
Sales of communication cables	**32,201**	136,224
Sales of scrap materials	**8,758**	19,546
Others	**5,434**	2,856
	7,719,448	16,698,527

Note: The Group has entered into trading activities of electrolytic copper since 2015 whereas the Group is considered the principal of the transactions as it controls the electrolytic copper before they are sold to the customers. The gross inflows of the trading activities are therefore recognised as revenue.

Revenue for the year ended 31 December 2021 amounted to RMB7,719.4 million, representing a decrease of 53.8% from RMB16,698.5 million for the year ended 31 December 2020. The decrease in sales volume was principally from the decrease in trading of electrolytic copper and sales of recycled copper products, which was mainly due to the suspension of operation as a result of COVID-19.

Revenue from trading of electrolytic copper amounted to RMB554.8 million for the year ended 31 December 2021, representing a decrease of 93.5% from RMB8,516.2 million for the year ended 31 December 2020. It was mainly a decrease of 95.8% in the sales volume of electrolytic copper from 216,325 metric tons for the year ended 31 December 2020 to 9,108 metric tons for the year ended 31 December 2021, with an increase of 54.7% in average selling price from RMB39,368 per ton for the year ended 31 December 2020 to RMB60,914 per ton for the year ended 31 December 2021.

Revenue from recycled copper products amounted to RMB7,089.8 million for the year ended 31 December 2021, representing a decrease of 11.3% from RMB7,990.9 million for the year ended 31 December 2020. It was mainly a decrease of 28.2% in the sales volume of recycled copper products from 183,742 metric tons for the year ended 31 December 2020 to 131,864 metric tons for the year ended 31 December 2021, with an increase of 23.6% in average selling price from RMB43,488 per ton for the year ended 31 December 2020 to RMB53,766 per ton for the year ended 31 December 2021.

Cost of sales

Cost of sales for the year ended 31 December 2021 totaled RMB7,567.8 million, representing a decrease of 54.5% from RMB16,636.0 million for the year ended 31 December 2020.

Gross profit

Our gross profit was RMB151.6 million for the year ended 31 December 2021, as compared to the gross profit of RMB62.6 million for the year ended 31 December 2020. Our gross profit margin for the year ended 31 December 2021 was 2.0%, as compared to a gross profit margin of 0.4% for the year ended 31 December 2020.

Other income/(expenses), gain/(loss), net

Our other income and gain for the year ended 31 December 2021 were RMB269.9 million as compared to other expenses and loss of RMB33.3 million for the year ended 31 December 2020. The increase was primarily attributed to the loss on goodwill impairment in the amount of RMB277.9 million and the loss on modification of convertible bonds in the amount of RMB22.7 million in 2020, but no such losses were incurred in 2021.

Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2021 were RMB18.2 million, representing a decrease of 15.7% from RMB21.6 million for the year ended 31 December 2020. The decrease was mainly due to the decrease in sales in 2021 as a result of the economic downturn in various industries related to our customers.

Administrative expenses

Our administrative expenses for the year ended 31 December 2021 were RMB132.0 million, representing a decrease of 18.9% from RMB162.7 million for the year ended 31 December 2020. The increase was primarily due to the decrease in professional fee by RMB10.0 million during the period of suspension of operation.

Finance costs

Our finance costs for the year ended 31 December 2021 were RMB221.5 million, representing an increase of 30.3% from RMB170.0 million for the year ended 31 December 2020. The increase was primarily due to the additional interest on the overdue borrowing amounted to RMB34.7 million.

Loss for the year

Our loss for the year ended 31 December 2021 was RMB95.5 million as compared to the loss of RMB387.2 million for the year ended 31 December 2020. The decrease in loss is mainly attributable to the loss on goodwill impairment in 2020 amounting to RMB277.9 million that we did not incur in 2021 and the increase in gross profit amounting to RMB89.0 million, whilst the finance costs and the provision for bad debts increased by RMB51.5 million and RMB56.6 million respectively.

Capital structure

As at 31 December 2021, the capital structure of the Group mainly consisted of shareholders' equity, note payables, interest-bearing bank and other borrowings, lease liabilities and liability component of 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 the reporting period:

	As at 31 December 2021		As at 31 December 2020	
	Weighted average effective interest rate	**Amount**	Weighted average effective interest rate	Amount
	%	***RMB'000***	%	*RMB'000*
Fixed rate borrowings:				
Note payables	**12.50**	**21,519**	12.12	89,479
Interest-bearing bank and other borrowings	**7.09**	**1,185,554**	7.40	1,232,104
Lease liabilities	**18.20**	**7,158**	16.01	11,122
Liability component of convertible bonds	**12.00**	**585,733**	12.00	553,004
Total fixed rate borrowings		**1,799,964**		1,885,709

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

	As at 31 December 2021				
	Note payables	**Interest-bearing bank and other borrowings**	**Lease liabilities**	**Liability component of convertible bonds**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Within one year or repayable on demand	**21,519**	**1,185,554**	**3,946**	**585,733**	**1,796,752**
After one year but less than two years	**–**	**–**	**1,321**	**–**	**1,321**
After two years but less than five years	**–**	**–**	**1,891**	**–**	**1,891**
	21,519	**1,185,554**	**7,158**	**585,733**	**1,799,964**

	As at 31 December 2020				
	Note payables *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	89,479	1,232,104	3,605	553,004	1,878,192
After one year but less than two years	–	–	3,887	–	3,887
After two years but less than five years	–	–	3,630	–	3,630
	89,479	1,232,104	11,122	553,004	1,885,709

Extension of term of Huarong convertible bonds

Reference is made to the convertible bonds in the aggregate principal amount of HK$600,000,000 issued to Huarong and Prosper Rich by the Company on 11 August 2017 (the "August 2017 CBs"). The August 2017 CBs issued on 11 August 2017 have matured on 11 August 2019 and a repayment of principal amount of HK$10,000,000 has been made to Huarong on 12 September 2019. The amendment and extension of term of convertible bonds issued to Huarong and Prosper Rich were completed on 7 May 2020. Following the completion, the maturity date of convertible bonds issued to Huarong and Prosper Rich have been extended to 11 August 2020.

On 31 December 2021, the Company has entered into amendment documents (the "Huarong Amendment Documents") which, amongst others, propose to amend certain terms of the Huarong CBs and to extend the maturity date. On the same date, Huarong issued the Huarong waiver letter pursuant to which Huarong waived the conversion right under the Huarong convertible bonds subscription agreement. The Amendments are as follow:

Principal: The outstanding principal amount of the convertible bonds issued to Huarong is amended from HK$390.0 million to approximately HK$227.7 million, taking into account the set-off arrangement under the Huarong Subscription Agreement.

Maturity Date:	The Huarong Maturity Date shall be extended to (i) 31 December 2022; or (ii) 31 December 2023 provided that the Company gives prior written notice to Huarong at least 60 business days before 31 December 2022 and Huarong gives its consent to such extension, or the next business day from 31 December 2022 or 31 December 2023 (as the case may be) if such date is not a business day.
Interest Rate:	a. for the period from (and including) the date of issue of the convertible bonds to (and excluding) 12 August 2019, at the rate of 8% per annum; b. for the period from (and including) 12 August 2019 to (and excluding) 30 September 2021, at the rate of 12% per annum; c. for the period from (and including) 30 September 2021 to (and excluding) the effective date, at the rate of 12% per annum; and d. from (and including) the effective date, at the rate of 6% per annum.
Event of default:	The Company and Huarong have agreed that (i) shares held by the management of the Company and their affiliates falling below certain level in respect of the issued share capital of the Company; and (ii) a change in actual controller of the Company, would not constitute events of default under the terms and conditions of the convertible bonds issued to Huarong. The Company and Huarong have further agreed to amend and include as events of default under the terms and conditions of the convertible bonds issued to Huarong (i) decrease in Shares charged by Mr. Yu Jiangqiu (through Epoch Keen Limited ("Epoch Keen")) in favour of Huarong after the effective date; and (ii) failure by the Company to reduce certain of its indebtedness by 30 June 2022.
Guarantee and Security:	In relation to the original guarantees and share charges (the details of which are contained in the Company's announcements dated 31 July 2017 and 22 April 2020), confirmation deeds and agreements, amendment agreements, termination agreements and release agreement were executed to re-confirm, amend, terminate and/or release the guarantees and securities in respect of the Company's obligations under the original Huarong convertible bonds subscription agreement, the original Huarong convertible bonds terms and conditions and the Huarong 1st amendment agreement as amended by the Huarong 2nd Amendment Deed. In particular, 78,000,000 Shares out of the 278,000,000 Shares charged by Epoch Keen in favour of Huarong would be released pursuant to the deed of partial release.

The Amendments were completed on 31 March 2022 pursuant to the terms and conditions of the Huarong 2nd Amendment Deed. Following the completion of the Amendments, (i) the Huarong Maturity Date has been extended to 31 December 2022 (subject to potential further extension to 31 December 2023 as disclosed above); and (ii) the conditions precedent set out in the Huarong waiver letter have been fulfilled and the waiver of the conversion rights under the Huarong CBs has taken effect from 31 March 2022.

Pleas refer to the announcements of the Company dated 31 July 2017, 22 April 2020, 27 April 2020, 7 May 2020, 9 July 2020, 31 December 2021 and 31 March 2022 and the Circular for further details.

The Prosper Rich Subscription

On 31 December 2021, the Company and Prosper Rich entered into the Prosper Rich Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and Prosper Rich has conditionally agreed to subscribe for 525,537,194 Shares at a subscription price of HK$0.465 per ordinary Share (“**Prosper Rich Subscription**”).

Upon completion of the Prosper Rich Subscription, which took place on 24 February 2022, the Company and Prosper Rich entered into a deed of set-off, pursuant to which the Prosper Rich subscription consideration in the sum of HK$244,374,795 payable by Prosper Rich to the Company has been set off against the equivalent amount of the outstanding principal amount and accrued interests under the Prosper Rich CBs on a dollar-for-dollar basis, which represent all the outstanding principal amount and accrued interests under the Prosper Rich CBs.

Each of the Company and Prosper Rich agreed to irrevocably and unconditionally fully release and discharge the other party from all claims, liabilities and demands available to it and any claims, right or liabilities which have accrued to it against or are owed to it by any of the other party under or in connection with the Prosper Rich CBs.

Please refer to the announcements of the Company dated 22 April 2020, 27 April 2020, 7 May 2020, 9 July 2020, 31 December 2021 and 22 February 2022 and the Circular for further details.

The Huarong Subscription

On 31 December 2021, the Company and Huarong entered into the Huarong Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and Huarong has conditionally agreed to subscribe for 500,000,000 Shares at a subscription price of HK$0.465 per subscription share (the “**Huarong Subscription**”).

Upon the completion of the Huarong Subscription, the Company and Huarong entered into a deed of set-off, pursuant to which the Huarong subscription consideration in the sum of HK$232,500,000 payable by Huarong to the Company shall be set off against the equivalent amount of the outstanding principal amount and accrued interests under the Huarong CBs on a dollar-for-dollar basis.

Please refer to the announcements of the Company dated 22 April 2020, 27 April 2020, 7 May 2020, 9 July 2020, 31 December 2021 and 22 February 2022 and the Circular for further details.

Liquidity and financial resources

As at 31 December 2021, the Group's cash and cash equivalents (excluding pledged deposits of RMB873.4 million) amounted to RMB12.0 million (as at 31 December 2020: RMB47.3 million).

The Group's inventories decreased by RMB127.3 million to RMB189.5 million (as at 31 December 2020: RMB316.8 million). During the year ended 31 December 2021, the overall inventory turnover days of 12.2 days remained consistent compared to 9.7 days for the year ended 31 December 2020.

Trade and bills receivables increased by RMB181.8 million to RMB2,311.5 million as at 31 December 2021 (as at 31 December 2020: RMB2,129.7 million). Trade and bills receivables turnover days in 2021 of 105.0 days increased compared to 36.3 days in 2020. The increase in trade and bills receivables turnover days is mainly due to the tight liquidity situation of customers as a result of the effect of COVID-19.

Trade and bills payables increased by RMB275.1 million to RMB1,343.7 million as at 31 December 2021 (as at 31 December 2020: RMB1,068.6 million), the payable turnover days were 58.2 days, compared to 17.9 days in 2020. Payable turnover days for the year increased as compared with last year. 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 year ended 31 December 2021, which had a shorter credit period.

The Group's total interest-bearing borrowings decreased by RMB85.7 million to RMB1,800.0 million as at 31 December 2021 (as at 31 December 2020: RMB1,885.7 million). The overall decrease was mainly due to: (i) the decrease in bank loans from RMB1,232.1 million as at 31 December 2020 to RMB1,185.6 million as at 31 December 2021; and (ii) the decrease in note payable by RMB68.0 million, following the repayment of HKD80 million by way of issuance of Shares. The above decreases were partly offset by the accumulation of the accrued interest on convertible bonds amounted to RMB32.7 million.

Bank loans and other borrowings included three entrusted loans totalling approximately RMB300.0 million from Mianyang Science Technology City Development Investment (Group) Co., Ltd. ("Kefa"). Pursuant to the entrusted loan agreement signed among Mianyang Tongxin Copper Co., Ltd. ("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 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 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 31 December 2020 owed by the Group to Kefa. As of the date of this announcement, the discussion with Kefa of the potential subscription for shares is still ongoing.

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

	As at 31 December	
	2021	2020
Current ratio	**1.2**	1.2
Quick ratio	**1.2**	1.1
Debt to equity ratio*	**105.3%**	126.7%
Net debt to equity ratio#	**104.6%**	123.5%

* Total interest-bearing debts/Total equity

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

The current ratio and quick ratio as at 31 December 2021 were consistent with those as at 31 December 2020.

The decrease in debt to equity ratio and net debt to equity ratio as at 31 December 2021 compared with those as at 31 December 2020 was mainly because of the decreases in interest-bearing borrowings, which was mainly attributable to the decreases in bank loans and notes payable.

Charge on assets

The following table sets forth the net book value of assets under pledge for certain banking facilities, bills payable facilities, proceeds from factorer, lease liabilities and outstanding futures contracts as at the dates indicated:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Property, plant and equipment	**284,174**	332,548
Right-of-use assets	**88,526**	91,499
Inventories	**136,840**	164,951
Trade receivables	**641,947**	593,183
Deposits with guarantee companies	**1,075**	1,575
Deposits with banks	**841,760**	494,420
Deposits with lessors of finance leases	**16**	16
Deposits with other companies	**30,508**	29,891
	2,024,846	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, 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 entered copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The market value of futures contracts are based on the quoted market price as at the date of consolidated statement of financial position. The Group did not have outstanding copper futures contracts as at 31 December 2021 (as at 31 December 2020: Nil). No loss or gain was recognized for the year ended 31 December 2021 (2020: net loss of RMB288,000).

Foreign currency risk

The functional currency of a majority of the entities within our 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, the convertible bonds and contingent consideration liabilities, all of which are mainly denominated in HKD. The balance of cash and cash equivalents as at 31 December 2021 including HK$0.4 million and USD5,488 (in total equivalent to approximately RMB0.3 million) were held in banks in Hong Kong.

As at 31 December 2021, the Group's interest-bearing bank and other borrowings and lease liabilities were denominated in RMB but the convertible bonds were denominated in HKD, with an aggregate principal amount of HK$590.0 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 year ended 31 December 2021. During the year ended 31 December 2021, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to RMB23.7 million, part of which was resulted from translating the convertible bonds and contingent consideration liabilities from HKD to RMB.

Significant investments held

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other companies during the year ended 31 December 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 the 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. ("Chengxin"). The transaction has been 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.

For the year ended 31 December 2021, Sky Harvest and its subsidiaries made a net loss of approximately RMB4,677,000 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 the target for the first year, second year and third year

B = performance target for the first, second and third years, i.e. RMB150,000,000

C = cash consideration, i.e. HK$180,000,000

D = the maximum number of consideration shares to be issued for the first, second and third years, i.e. 65,833,000 Shares

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. ("Fuqing Zhongjin", an indirect wholly-owned subsidiary of the Company), acquired the relevant interest in JX E-commerce from Sichuan Xijiulong Investment Co., Ltd. ("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 the 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 is conditional upon obtaining the approval of the independent shareholders to the repurchase agreement and all transactions contemplated thereunder in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 year ended 31 December 2021, save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Capital expenditures

For the year ended 31 December 2021, the Group's capital expenditures payments represent additions to property, plant and equipment (including construction in progress) and land use rights of approximately RMB1.9 million (2020: RMB16.9 million). The capital expenditures were mainly financed from internal resources.

Capital commitments

As at 31 December 2021, the capital commitments in respect of the acquisition of property, plant and equipment and lease prepayments on lands contracted for but not provided in the consolidated financial statements amounted to RMB44.8 million (as at 31 December 2020: RMB28.0 million).

Contingent liabilities

Other than the contingent consideration liabilities of the acquisitions as mentioned above, the Group had no material contingent liabilities as at 31 December 2021.

Events after the Reporting Period

On 28 January 2022, the Company and Mianyang Jin Xunhuan Finance Storage Limited ("MJXFSL") entered into a delivery services agreement (the "**Delivery Services Agreement**"), pursuant to which MJXFSL agreed to provide to the Group delivery services for a period of two years commencing from 1 January 2022 to 31 December 2023.

As at the date of the Delivery Services Agreement, MJXFSL was indirectly controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, daughters of Mr. Yu Jianqiu, the chairman and executive director of the Company. MJXFSL was therefore a connected person of the Company. Accordingly, the entering into of the Delivery Services Agreement and the transactions contemplated under the Delivery Services Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For the purpose of complying with Chapter 14A of the Listing Rules, the Company has estimated that the aggregate fees payable by the Company to MJXFSL for the delivery services during the term of the Delivery Services Agreement shall not exceed RMB46 million, with RMB23 million for the period from 1 January 2022 to 31 December 2022 and RMB23 million for the period from 1 January 2023 to 31 December 2023.

Given the terms of the Delivery Service Agreement were negotiated on an arm's length basis and gone through public tendering, the Directors (including the independent non-executive Directors) are of the view that the terms of the Delivery Services Agreement, including the relevant annual caps, are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Save as disclosed above and disclosed in other sections in this annual results announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2021 and up to the date of this annual results announcement.

Human resources

As at 31 December 2021, the Group had a total of 592 employees (2020: 729). The Group's staff costs for the year ended 31 December 2021 were approximately RMB44.9 million (2020: RMB44.2 million). The Group offers its staff competitive remuneration packages. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff 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 as demonstrated by employing disabled staff and providing appropriate working conditions and protection to them.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental and social activities which benefit the community as a whole.

The Group is operating in the environmental protection industry by virtue of recycling scrap metal materials in the society. Contributing to resolving a significant part of pollution problem in the vicinity of our plants, the Group is highly praised and encouraged by the local governments. The Group also advocated conservation of resources in the office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

For a more comprehensive review, please refer to the 2021 Environmental, Social and Governance Report of the Company that will be dispatched to the shareholders of the Company and available on the website of the Company and the Stock Exchange in due course.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier: 12% of cost of sales

— five largest suppliers combined: 30% of cost of sales

Sales

— the largest customer: 17% of revenue

— five largest customers combined: 43% of revenue

The scrap copper that we process comes from a variety of sources, including used household appliances, electrical equipment and transportation equipment, used cables and wires and scrap materials from certain industrial manufacturing processes. We purchase our scrap copper mainly from domestic suppliers located near our production facilities and elsewhere in other provinces of the PRC. We conduct rigorous quality control tests at different stages of our production processes, including rigorous quality tests of our raw materials. Before entering into a business relationship with a new supplier, we conducted due diligence on the supplier's background and reputation in the market to assess its suitability. In addition, we physically inspect each delivery of raw materials to ensure its compliance with contract specifications, including purity and copper content.

Maintaining strong relationships with our customers is important to us and we believe that our customers' willingness to work with us reflects, among others, our record of producing high quality products that meet industry standards and customer requirements.

None of the Directors or any of their associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any interest in the Group's five largest customers and five largest suppliers.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 June 2022 to 28 June 2022, both days inclusive, during which no transfer of shares can be registered. To qualify for the attendance and voting at the annual general meeting to be held on 28 June 2022, shareholders must ensure that all transfer documents accompanied by the relevant share certificates be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 June 2022.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

REVIEW OF ANNUAL RESULTS

The audit and corporate governance committee of the Company (the "**Audit Committee**") has three members comprising three 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 the external auditor; to review the accounting policies, 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 to make recommendations thereof.

The Audit Committee has also reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021.

The Board, as concurred by the Audit Committee, is of the view that the qualified opinion of ZHONGHUI ANDA CPA Limited as to the corresponding figures are historical events and would not affect the financial statements for the year ended 31 December 2021 saved to the extent described above under the section headed "Basis for Qualified Opinion". The Board expects that the relevant audit qualifications can be removed in relation to the audit for the year ending 31 December 2022.

The Audit Committee has reviewed and agreed with the views and concerns of the independent auditor with respect to the qualified opinion issued in relation to the consolidated financial statements of the Group for the year ended 31 December 2020 and the related disclosures thereof in the consolidated financial statements. The Audit Committee noted that the Board has undertaken or is in the progress of implementing measures to improve the Group's liquidity and financial position. The Audit Committee has reviewed and agreed with the Board's position and has discussed with the independent auditor.

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 year ended 31 December 2021.

CORPORATE GOVERNANCE

For the year ended 31 December 2021, the Company was in compliance with the code provisions of the Corporate Governance Code (the "**CG Code**") as set forth in Appendix 14 of 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 standards set out in the Model Code in Appendix 10 of 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 for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

Notice of annual general meeting of the Company will be published and dispatched to the Company's shareholders in the manner required by the Listing Rules in due course.

PUBLICATIONS OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.cmru.com.cn) and the Stock Exchange (www.hkex.com.hk). The annual report for the year ended 31 December 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the year.

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

Hong Kong, 31 March 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.