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## **CHINA METAL RESOURCES UTILIZATION LIMITED**

**中國金屬資源利用有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1636)**

### **INSIDE INFORMATION**

#### **(1) UPDATE ON THE BANKRUPTCY REORGANISATION APPLICATION OF PRC SUBSIDIARIES OF THE COMPANY AND (2) CONTINUED SUSPENSION OF TRADING**

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

References are made to the announcements of the Company (i) dated 6 June 2022 in relation to the Bankruptcy Reorganisation Application made by the Relevant Subsidiaries; (ii) dated 3 August 2022 in relation to the Court’s acceptance of the Bankruptcy Reorganisation Application; (iii) dated 5 August 2022 in relation to the Court’s decision on the designation of Sichuan Dingtian Law Firm\* (四川鼎天律師事務所) and Sichuan Chunlei Law Firm\* (四川春雷律師事務所) as the Joint Provisional Administrators; (iv) dated 3 January 2023 in relation to the Court's acceptance of the application of the Relevant Subsidiaries for substantive consolidated bankruptcy reorganization in accordance with the Enterprise Bankruptcy Law and the Court's decision on the designation of the Joint Provisional Administrators as the Joint Administrators; and (v) dated 28 March 2023 in relation to the first creditors' meeting regarding the restructuring of the Relevant Subsidiaries (collectively, the “**Announcements**”). Unless the context otherwise requires, terms used in this announcement shall have the same meaning as those defined in the Announcements.

#### **RESTRUCTURING OF MIANYANG BAOHE TAIYUE COMMUNICATIONS CABLE CO. LTD. (綿陽保和泰越通信線纜有限公司)**

The Board announces that, in addition to the bankruptcy reorganisations of the Relevant Subsidiaries, Mianyang Baohe Taiyue Communications Cable Co. Ltd. (綿陽保和泰越通信線纜有限公司) (“**Taiyue**”), an indirect wholly-owned subsidiary of the Company, also intends to restructure its existing indebtedness through the applicable provisions of the Enterprise Bankruptcy Law of the PRC. A voluntary application for the aforementioned bankruptcy reorganization of Taiyue (the “**Taiyue Bankruptcy Reorganisation Application**”, and together with the Bankruptcy Reorganisation Application, the “**Bankruptcy Reorganisation Applications**”) has been filed with the Court on 18 May 2023.

On 24 May 2023, the Company received the Court's civil ruling dated 23 May 2023. According to the civil ruling dated 23 May 2023, the Court has accepted the Taiyue Bankruptcy Reorganisation Application after taking into account various considerations, including the Court's acceptance of Bankruptcy Reorganisation Application by the Relevant Subsidiaries on 29 July 2022 and as disclosed in the announcement of the Company dated 3 August 2022.

The Board is of the view that, by filing the Taiyue Bankruptcy Reorganisation Application with the Court voluntarily, there would be a platform for Taiyue to restructure its existing indebtedness with the relevant creditors, with the sanction by the Court (the "**Taiyue Debt Restructuring**", and together with the Debt Restructuring, the "**Debt Restructurings**"). The Board envisages that the Taiyue Debt Restructuring, if successfully implemented, would reduce the debts of Taiyue, release the intrinsic value and business potential of the quality assets currently held by Taiyue, and allow Taiyue to fully utilise such assets to increase the revenue generation ability. Although Taiyue presently faces difficulties in repaying its debts, the Board is of the view that (i) the assets held by Taiyue is of strategic value; (ii) Taiyue possesses strong technical capabilities pedigree; and (iii) the production and recycling industries in which Taiyue operates has promising prospects in the PRC in light of the 14th Five-Year Plan published by the PRC government. After the Taiyue Debt Restructuring, the Board believes that Taiyue will be able to continue to operate as a going concern and improve the overall financial position of Taiyue and the Group. Further, through the Taiyue Debt Restructuring, the Company hopes to preserve the welfare of the staff of Taiyue, as a matter of social responsibilities, and contribute to the local community.

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

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

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

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

The Company will keep the shareholders and the public informed of any major developments in relation to the Debt Restructurings by issuing further announcement(s) as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 April 2023 and will remain suspended until further notice.

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

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

Hong Kong, 25 May 2023

*As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Yu Jianqiu (Chairman), Mr. Kwong Wai Sun Wilson, Mr. Huang Weiping, Mr. Gao Qiang and Ms. Zhu Yufen; and three independent non-executive directors, namely, Mr. Li Wei, Mr. Fang Guanghua and Mr. Yu Rengzhong.*