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CHINA METAL RESOURCES UTILIZATION LIMITED

中國金屬資源利用有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1636)

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

The Directors are pleased to announce that, on 19 December 2014, Tongxin, a wholly-owned subsidiary of the Company, entered into a one-year Annual Procurement Agreement with each of 7 of its suppliers, pursuant to which each of the Suppliers agrees to supply a targeted amount of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton as compared to the same-day average purchase price of the Group from other suppliers. The annual supply target of the 7 Suppliers under the Annual Procurement Agreements is 49,500 tonnes in aggregate. To encourage the Suppliers to achieve the targeted amount to supply raw materials and in consideration of the discounts to be received under the respective Annual Procurement Agreement, the Company entered into a Warrant Subscription Agreement with each of the 7 Subscribers on 19 December 2014, pursuant to which the Company has agreed to issue and the Subscribers have agreed to subscribe for an aggregate of 133,650,000 Warrants at an Issue Price of HK\$0.001 per Warrant. The Warrants will be vested in phases according to the vesting conditions. The Subscribers are wholly-owned companies of the Suppliers. In the five years from the date of Completion, after the Warrants are being vested and become effective, each Warrant will entitle its holder to subscribe for one Share at a Subscription Price of HK\$1.30 per Share (subject to adjustment). The Warrants will become vested and exercisable only upon the relevant Supplier supply raw materials to the Group so that the Group benefits from the discount before any Warrant is exercisable and of any value. Please refer to the section headed “Vesting Conditions” for further details.

As at the date of this announcement, the Company has a total of 2,105,145,600 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, an aggregate of up to 133,650,000 Shares will be issued, which represent approximately 6.35% of the existing issued share capital of the Company and approximately 5.97% of the issued share capital as enlarged by the issue of the Shares to be issued upon exercise in full of the subscription rights attached to the Warrants.

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

The gross proceeds in cash from the Warrant Subscription will be HK\$133,650. The net proceeds from the Warrant Subscription, after deduction of related expenses, are estimated to be approximately HK\$133,650, representing a net Issue Price of approximately HK\$0.001 per Warrant. Assuming that each of the annual supply targets set out in the Annual Procurement Agreements is achieved, the total discounts obtained by the Group from purchases of raw materials under such agreements are RMB49,500,000 (or approximately HK\$62,721,743), which represents approximately HK\$0.469 per Warrant. Accordingly, the effective total Issue Price per Warrant is HK\$0.470.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that an additional amount of HK\$173,745,000 will be raised. The aggregate net proceeds in cash from the Warrant Subscription and the exercise of the subscription rights attaching to the Warrants in a total amount of HK\$173,878,650 are intended to be used as general working capital of the Group.

Assuming that each of the annual supply targets set out in the Annual Procurement Agreements is achieved and assuming full exercise of the subscription rights to the Warrants, it is expected that the aggregate effective benefit to be obtained by the Group will equal HK\$236,600,393, inclusive of the aggregate Issue Price received in cash, the total discounts obtained by the Group under the Annual Procurement Agreements and the aggregate Subscription Price received in cash.

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

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

The Directors are pleased to announce that, on 19 December 2014, Tongxin, a wholly-owned subsidiary of the Company, entered into a one-year Annual Procurement Agreement with each of 7 of its suppliers, pursuant to which each of the Suppliers agrees to supply a targeted amount of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton as compared to the same-day average purchase price of the Group from other suppliers. The annual supply target of the 7 Suppliers under the Annual Procurement Agreements is 49,500 tonnes in aggregate. To encourage the Suppliers to achieve the targeted amount to supply raw materials and in consideration of the discounts to be received under the respective Annual Procurement Agreement, the Company entered into a Warrant Subscription Agreement with each of the 7 Subscribers on 19 December 2014, pursuant to which the Company has agreed to issue and the Subscribers have agreed to subscribe for an aggregate of 133,650,000 Warrants at an Issue Price of HK\$0.001 per Warrant. The Warrants will be vested in phases according to the vesting conditions. The Subscribers are wholly-owned companies of the Suppliers.

THE ANNUAL PROCUREMENT AGREEMENTS

On 19 December 2014, Tongxin, a wholly-owned subsidiary of the Company, entered into a one-year Annual Procurement Agreement with each of 7 of its suppliers, pursuant to which each of the Suppliers has agreed to supply a targeted amount of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton as compared to the same-day average purchase price of the Group from other suppliers. The annual supply target of the 7 Suppliers under the Annual Procurement Agreements is 49,500 tonnes in aggregate.

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

Date

19 December 2014

Parties

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

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

Term

12 months commencing from the 1 January 2015.

Condition

Obligations of the Company and each of the Suppliers are conditional upon the Warrant Subscription Agreements becoming unconditional.

Obligations of the Suppliers

Pursuant to the Annual Procurement Agreements, each of the Suppliers shall supply up to a targeted amount of copper scrap raw materials to Tongxin or its designated Group company in 2015 with a fixed discount of RMB1,000 per ton below the same-day average purchase price of the Group from other suppliers, which shall be calculated on the basis of quotations obtained by the Group from other suppliers on the same day. Payment for the copper scrap raw materials supplied shall be made by Tongxin to the relevant Supplier within 10 Business Days after receiving the raw materials supplied.

The annual supply target of the 7 Suppliers under the Annual Procurement Agreements is 49,500 tons in aggregate. The respective annual supply targets for each of the Suppliers are set out below:

Name of the Supplier	Annual supply target (tons)
Yang Shishu	10,000
Zheng Zhuxing	10,000
Wang Zhong	10,000
Yan Changmei	5,000
Hu Junde	4,000
Zhou Jianli	4,500
Weng Yiming	6,000

THE WARRANT SUBSCRIPTION AGREEMENTS

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

Date

19 December 2014

Parties

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

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

Number of Warrants

Pursuant to the Warrant Subscription Agreements, the Company has agreed to issue a total of 133,650,000 Warrants to the Subscribers. The Warrants will rank pari passu in all respects among themselves.

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

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Name of the Supplier and ultimate wholly-owned shareholder of the relevant Subscriber	Name of the Subscriber	Total discount received under the Annual Procurement Agreement ⁽¹⁾ (RMB)	Total discount received under the Annual Procurement Agreement (expressed in HK\$) ⁽²⁾	Number of Warrants to be subscribed	Cash element of Issue Price per Warrant (HK\$)	In-kind element of Issue Price per Warrant (being D divided by E) (HK\$)	Total effective Issue Price per Warrant (being F + G) (HK\$)
Yang Shishu	Start Rich Limited	10,000,000	12,671,059	27,000,000	0.001	0.469	0.470
Zheng Zhuxing	Colour Trend Global Limited	10,000,000	12,671,059	27,000,000	0.001	0.469	0.470
Wang Zhong	Celestial Depot Limited	10,000,000	12,671,059	27,000,000	0.001	0.469	0.470
Yan Changmei	May Spring Investments Limited	5,000,000	6,335,530	13,500,000	0.001	0.469	0.470
Hu Junde	Heroic Wisdom Limited	4,000,000	5,068,424	10,800,000	0.001	0.469	0.470
Zhou Jianli	Treasure Lit Limited	4,500,000	5,701,977	12,150,000	0.001	0.469	0.470
Weng Yiming	Honest Fame Global Limited	6,000,000	7,602,636	16,200,000	0.001	0.469	0.470

⁽¹⁾ The agreed discount is RMB1,000 per ton.

⁽²⁾ Using an exchange rate of HK\$1 to RMB\$0.7892, based on the middle rate as published by the People's Bank of China on 19 December 2014.

The numbers of Warrants to be issued to each of the Subscribers are determined with reference to (1) the annual supply target of copper scrap raw materials agreed by their respective ultimate beneficial owners, being suppliers of the Group, and the corresponding discounts expected to be received by the Group pursuant to the Annual Procurement Agreements and (2) the value of HK\$0.467 per Warrant determined by the valuation of an independent valuer based on the Binomial Valuation Model.

Issue Price

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

Pursuant to the Warrant Subscription Agreements, the Subscribers shall pay the aggregate Issue Price of the Warrants of HK\$133,650 in cash (Hong Kong Dollars) to the Company upon Completion.

Assuming that each of the annual supply targets set out in the Annual Procurement Agreements is achieved, the total discounts obtained by the Group from purchases of raw materials under such agreements are RMB49,500,000 (or approximately HK\$62,721,743), which represents approximately HK\$0.469 per Warrant. Accordingly, the effective total Issue Price per Warrant is HK\$0.470.

The effective total Issue price of HK\$0.470 per Warrant represents approximately 0.6% premium over the value of HK\$0.467 per Warrant as appraised by an independent valuer using the Binomial Valuation Method.

Condition

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

1. The listing of the Shares has not been revoked and the Shares continue to be listed on the Stock Exchange before Completion, the Stock Exchange or the Securities and Futures Commission has not expressed that it will raise any objection against the listing status of the Shares due to the transactions contemplated under the respective Warrant Subscription Agreement or any reasons in connection with such transactions;
2. The Listing Committee approves without conditions (other than conditions which are customary) the listing and trading of the Shares to be issued upon the exercise of subscription rights attached to the Warrants and such approval has not been revoked before Completion;
3. No government departments or regulatory institutions in any jurisdiction has proposed, formulated or adopted any order, decree, regulatory or decision imposing restriction or prohibition on the transactions contemplated under the Warrant Subscription Agreements or causing them invalid;
4. No third party has proposed restriction or prohibition on the transactions contemplated under the respective Warrant Subscription Agreement to any court or government organisations in any jurisdiction, sought to declare such transactions invalid or any pending litigation or has legal procedures seeking for compensation of substantial damages in connection with these transaction, nor threaten to bring such litigation or legal procedures;

5. The Company and the respective Subscriber have obtained all required consent and approval for the transactions contemplated under the respective Warrant Subscription Agreement, and met and fully complied with the relevant laws and regulations (including but not limited to the Listing Rules and the relevant regulations in the Cayman Islands and Hong Kong), such consents and approvals remain valid until the date of Completion and the relevant authorities have not implemented any rules or regulations to prohibit or severely delay the fulfilment and Completion of the respective Warrant Subscription Agreement; and
6. The Company has duly executed the Annual Procurement Agreement with the relevant party, and the Annual Procurement Agreement is legally binding to each party and continues to be effective and has not been terminated.

If the above conditions have not been fulfilled before 31 January 2015 (or such other date the relevant Subscriber and the Company mutually agree in writing), the relevant Warrant Subscription Agreement will be automatically terminated and lapse, and the obligations of the parties under such Warrant Subscription Agreement will be released, except for certain specified provisions and legal responsibilities arising from the antecedent breach.

Completion

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

PRINCIPAL TERMS OF THE WARRANTS

Number of Shares Issuable

As at the date of this announcement, the Company has a total of 2,105,145,600 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, an aggregate of up to 133,650,000 Shares will be issued, which represent approximately 6.35% of the existing issued share capital of the Company and approximately 5.97% of the issued share capital as enlarged by the issue of the Shares to be issued upon exercise in full of the subscription rights attached to the Warrants.

Subscription Price

Each Warrant carries the right to subscribe for one Share at the Subscription Price of HK\$1.30 per Share.

The Subscription Price represents:

- (i) a discount of approximately 5.8% to the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 0.5% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.306;
- (iii) a premium of approximately 11.7% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$1.164; and
- (iv) a premium of approximately 83.6% to the net asset value per Share of approximately RMB0.559 (approximately HK\$0.708) as at 30 June 2014 (based on the latest unaudited net assets of the Group as of 30 June 2014 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

The aggregate of (a) the Issue Price of HK\$0.001 per Warrant and (b) the Subscription Price of HK\$1.30 per Warrant is HK\$1.301, which represents:

- (i) a discount of approximately 5.7% to the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 0.4% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.306;
- (iii) a premium of approximately 11.8% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$1.164; and
- (iv) a premium of approximately 83.8% to the net asset value per Share of approximately RMB0.559 (approximately HK\$0.708) as at 30 June 2014 (based on the latest unaudited net assets of the Group as of 30 June 2014 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

The aggregate of (a) the effective total Issue Price of HK\$0.470 per Warrant and (b) the Subscription Price of HK\$1.30 per Warrant is HK\$1.77, which represents:

- (i) a premium of approximately 28.3% to the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 35.5% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.306;

- (iii) a premium of approximately 52.1% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$1.164; and
- (iv) a premium of approximately 150.0% to the net asset value per Share of approximately RMB0.559 (approximately HK\$0.708) as at 30 June 2014 (based on the latest unaudited net assets of the Group as of 30 June 2014 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

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

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

Exercise Period

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

Form

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

Listing

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

Ranking of the Shares

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

Transferability

The Warrants are not transferable.

Voting rights of the Warrants

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

Vesting Conditions

The vesting condition is that the Suppliers shall carry out the transactions under their respective Annual Procurement Agreements. The amount of vested Warrants for each Subscriber shall be calculated quarterly in 2015 in accordance with the ratio of the total amount of copper scrap raw materials supplied by the relevant Supplier to the Group in such quarter to the targeted amount of raw materials set out under the relevant Annual Procurement Agreement. This is to ensure each of the Warrant is exercisable and of any value only after the Group has been supplied with the raw materials and benefited from the associated discount.

Limitations on exercise of the subscription rights attaching to the Warrants

The Warrants will be effective subject to the fulfilment of the vesting conditions. All the Warrants which remain unvested on 31 December 2015 will be lapsed on the same date. The exercise of subscription rights attaching to the Warrants is subject to the conditions and terms of the Warrants.

INFORMATION OF THE SUBSCRIBERS AND THE SUPPLIERS

The Subscribers are Start Rich Limited, Colour Trend Global Limited, Celestial Depot Limited, May Spring Investments Limited, Heroic Wisdom Limited, Treasure Lit Limited and Honest Fame Global Limited. Each Subscriber is a company incorporated in the British Virgin Islands with limited liability, principally engaged in investment holding.

The respective ultimate beneficial shareholders of Start Rich Limited, Colour Trend Global Limited, Celestial Depot Limited, May Spring Investments Limited, Heroic Wisdom Limited, Treasure Lit Limited and Honest Fame Global Limited are Yang Shishu, Zheng Zhuxing, Wang Zhong, Yan Changmei, Hu Junde, Zhou Jianli and Weng Yiming, each of them is an individual carrying out recycling of waste materials (including copper scrap) business in China, and is a supplier of the Group.

With the exception of Wang Zhong, who is a new supplier to the Group, each of Suppliers has a standing business relationship with the Group from one to four years. The aggregated historical transaction amounts with these Suppliers are approximately RMB471.8 million in the six months ended 30 June 2014 and RMB604.6 million and RMB127.8 million in the years ended 31 December 2013 and 31 December 2012 respectively, representing approximately 26.0%, 22.1% and 9.1% of the total costs of raw material purchased by the Group in the said periods, respectively. Among the 7 Suppliers, 3 and 4 are among the top 5 suppliers of the Group in the six months ended 30 June 2014 and the year ended 31 December 2013, respectively. The Directors considered that the granting of the Warrants is beneficial in maintaining the Group's relationship with the Suppliers in light of their importance to the Group as key suppliers and the growing volume of raw material supplied by them.

INFORMATION OF THE GROUP

The Group is a fast-growing manufacturer of recycled copper products (also known as copper semis) in Southwest China. The Group processes recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wire rods, copper wires, copper plates and copper granules.

GENERAL MANDATE TO ISSUE THE SHARES UNDER THE WARRANTS

The Shares to be allotted and issued upon exercising of the subscription rights of the Warrants will be allotted and issued pursuant to the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM, under which the Directors are authorized to issue Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM, which is equivalent to a maximum issue of additional 421,029,120 Shares. As the issue of the Warrants utilises the General Mandate, no further approval from Shareholders is needed.

Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the Subscription Price, upon the full exercise of the subscription rights attaching to the 133,650,000 Warrants, a total of 133,650,000 new Shares will be issued, which represent approximately 6.35% of aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM.

REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

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

Tongxin, a wholly-owned subsidiary of the Group, entered into 7 one-year Annual Procurement Agreements with 7 Suppliers, pursuant to which each of the Suppliers has agreed to supply a targeted amount of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton as compared to the same-day average purchase price of the Group from other suppliers. The annual supply target of the 7 Suppliers under the Annual Procurement Agreements is 49,500 tonnes in aggregate. The issue of the Warrants is effectively in consideration of the discounts offered by the Suppliers. In addition, the arrangements are expected to encourage such Suppliers to achieve the targeted amount to supply raw material and to maintain continued cooperative relationship with the Group. For the reasons above, the Company entered into a Warrant Subscription Agreement with each of the Subscribers.

The aggregate net proceeds from the Warrant Subscription and the exercising of the subscription rights attaching to the Warrants in a total amount of HK\$173,878,650 are intended to be used as general working capital of the Group.

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

The gross proceeds in cash from the Warrant Subscription will be HK\$133,650. The net proceeds from the Warrant Subscription, after deduction of related expenses, are estimated to be approximately HK\$133,650, representing a net Issue Price of approximately HK\$0.001 per Warrant. Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that an additional amount of HK\$173,745,000 will be raised.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,105,145,600 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	Number of Shares	Approximate percentage of the issued share capital of the Company (%)	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Shareholders				
Epoch Keen Limited (<i>Note 1</i>)	958,574,400	45.53	958,574,400	42.82
First Harvest Global Limited and Gold Wide Enterprises Limited (<i>Note 2</i>)	270,915,400	12.87	270,915,400	12.10
Silver Harvest Holdings Limited and Ocean Through Limited (<i>Note 3</i>)	142,606,800	6.78	142,606,800	6.37
Mr. Kwong Wai Sun Wilson (<i>Note 4</i>)	4,772,600	0.23	4,772,600	0.21
VMS Investment Group Limited (<i>Note 5</i>)	122,492,000	5.81	122,492,000	5.47
Subscribers	178,480,000	8.48	312,130,000	13.94
Other public shareholders	427,304,400	20.30	427,304,400	19.09
Total	2,105,145,600	100.00	2,238,795,600	100.00

Note:

- Epoch Keen Limited is wholly-owned by Mr. Yu Jianqiu (Chairman of the Company and an executive Director).
- First Harvest Global Limited and Gold Wide Enterprises Limited are wholly-owned by Mr. Huang Weiping (an executive Director).
- Silver Harvest Holdings Limited and Ocean Through Limited are wholly-owned by Mr. Liu Hanjiu (an executive Director).
- Mr. Kwong Wai Sun Wilson is an executive Director.
- VMS Investment Group Limited is wholly-owned by Madam Mak Siu Hang Viola, who is independent of and not connected persons of the Company and is a third party independent of, and not connected with, the directors, chief executive(s) or substantial shareholder(s) of the Company, any of its subsidiaries, or their respective associates.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the initial public offering conducted by the Company on 21 February 2014, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

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

As at the date of this announcement, there are no equity securities of the Company with subscription rights outstanding and not yet exercised.

Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, a total of 133,650,000 new Shares will be issued, which represent approximately 6.35% of the existing issued share capital of the Company and approximately 5.97% of the issued share capital as enlarged by the issue of the Shares under the Warrants. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

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

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 6 June 2014
“Annual Procurement Agreement”	each annual procurement agreement entered into by Tongxin and the relevant Supplier in relation to the supply of copper scrap raw materials, pursuant to which such Supplier has agreed to supply a targeted amount of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton as compared to the same-day average purchase price of the Group from other suppliers

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays) on which banks are open for business in Hong Kong
“Company”	China Metal Resources Utilization Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1636)
“Completion”	completion of the Warrant Subscription
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the AGM to allot, issue and deal with Shares and to make or grant offers, agreements and options which may require Shares to be issued, allotted or dealt with, which is subject to the limit of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	HK\$0.001 per Warrant
“Last Trading Day”	19 December 2014, being the last trading day of the Shares on which the Warrant Subscription Agreements were entered into

“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	7 limited liability companies incorporated in the British Virgin Islands, details of which is set out in the section headed “Information of the Subscribers and the Suppliers” above
“Subscription Price”	an initial exercise price of HK\$1.30 per Share (subject to adjustment pursuant to the terms and conditions of the Warrants) at which holder(s) of the Warrants may subscribe for the Shares
“Suppliers”	7 suppliers of the Group which has entered into the Annual Procurement Agreements with Tongxin in relation to the supply of copper scrap raw materials, details of which is set out in the section headed “Information of the Subscribers and the Suppliers” above
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Tongxin”	Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

“Warrant(s)”	133,650,000 unlisted warrants in registered form and constituted by the terms and conditions of the Warrants, which are to be issued by the Company at the Issue Price, and each entitles the holder thereof to subscribe for one Share at the Subscription Price (subject to adjustment pursuant to the terms and conditions of the Warrants) at any time during a period of 5 years commencing from the date of Completion
“Warrant Subscription”	the subscription of the Warrants by the Subscribers pursuant to the Warrant Subscription Agreement
“Warrant Subscription Agreement”	each of the conditional subscription agreements dated 19 December 2014 entered into between the Company and each of the Subscribers in relation to the Warrant Subscription
“%”	per cent.

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

Hong Kong, 19 December 2014

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