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CHINA METAL RESOURCES UTILIZATION LIMITED

中國金屬資源利用有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1636)

PROPOSED AMENDMENT AND EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

Reference is made to the announcement of the Company dated 12 August 2019, as the Convertible Bonds have matured, the Board announces that on 22 April 2020, the Company has entered into the Amendment Documents which, amongst others, extended the Investor Maturity Date and the Prosper Rich Maturity Date.

LISTING RULES IMPLICATION

As the Amendments required mutual agreement between the Company with Prosper Rich and the Investor respectively, the Amendments would not take place automatically pursuant to its original terms and conditions. Accordingly, the Stock Exchange would treat the Amendments as a new arrangement for the Company to issue the Proper Rich Convertible Bonds and the Investor Convertible Bonds. The Company will therefore apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

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

As the Amendments are subject to fulfilment of certain conditions precedent and may or may not take effect, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

References are made to the announcements of the Company dated 31 July 2017, 11 August 2017 and 12 August 2019 in relation to, amongst others, the issuance and the maturity of the Investor Convertible Bonds and the Prosper Rich Convertible Bonds in the aggregate principal amount of HK\$600,000,000. Terms defined in the announcement of the Company dated 31 July 2017 have the same meaning when used in this announcement unless otherwise specified.

The Board announces that on 22 April 2020, the Company has entered into:

- (1) the Prosper Rich Amendment Deed between the Company and Prosper Rich; and
- (2) the Investor Amendment Agreement between the Company, Mr. Yu Jianqiu and the Investor.

THE AMENDMENT DOCUMENTS

The Prosper Rich Amendment Deed

Date:

22 April 2020 (after trading hours)

Parties:

1. the Company, as issuer of the Prosper Rich Convertible Bonds; and
2. Prosper Rich, as the sole Prosper Rich Bondholder.

Effective Date:

The amendments contained in the Prosper Rich Amendment Deed (as elaborated in “Amendments” below) shall take effect upon Prosper Rich serving the Effective Date Notice on or before 40 calendar days after the date of the Prosper Rich Amendment Deed (or such later date as agreed between the parties). Prosper Rich shall serve the Effective Date Notice as soon as reasonably practicable upon its receipt of all the conditions precedent documents.

Conditions precedent:

The Effective Date Notice shall be issued by Prosper Rich as soon as reasonably practicable upon the receipt of the following documents by Prosper Rich:

1. Corporate documentation:
 - a. a copy of the board resolution of the Company approving, amongst other things, the Prosper Rich Amendment Deed;

- b. a certificate signed by an authorised signatory of the Company and affixed with the chop of the Company confirming, amongst other things, that constitutional documents of the Company provided to Prosper Rich under the Prosper Rich Subscription Agreement remains correct, complete and in full force and effect without modification;

2. Other documents and evidence:

- a. if a specific mandate is required to be obtained under the Listing Rules, a copy of the resolution of the Shareholders duly passed at the extraordinary general meeting of the Company; and
- b. evidence that the supplemental listing approval in respect of the New Shares has been obtained.

Amendment:

With effect from the Effective Date, the Company and Prosper Rich have agreed to the following amendments:

Maturity Date: The Prosper Rich Maturity Date of the Prosper Rich Convertible Bonds shall be extended from 24 months from the Issue Date (i.e. 11 August 2019) to 36 months from the Issue Date (i.e. 11 August 2020).

Events of default: The Company and Prosper Rich have further agreed that if the Company fails to pay any amount payable under the Prosper Rich Amendment Deed (including the payment of accrued interest) on its due date, Prosper Rich has the right to, subject to the Prosper Rich Terms and Conditions, apply a default interest at 0.03% per day on the outstanding payment.

Payment of accrued interest: The Company shall within 15 Business Days from the date of the Prosper Rich Amendment Deed pay to Prosper Rich the accrued interest on the Prosper Rich Convertible Bonds.

Save for the above, all other terms and conditions of the Prosper Rich Convertible Bonds shall remain unchanged. For the details of the Prosper Rich Convertible Bonds, please refer to the announcement of the Company dated 31 July 2017.

The Investor Amendment Agreement

Date:

22 April 2020 (after trading hours)

Parties:

1. the Company, as the issuer of the Investor Convertible Bonds;
2. Mr. Yu Jianqiu, chairman and executive Director of the Company as guarantor; and
3. the Investor, as the sole Investor Bondholder.

Effective Date:

The amendments contained in the Investor Amendment Agreement to the Investor Subscription Agreement and the Investor Terms and Conditions (as elaborated in “Amendments” below) shall take effect upon the Investor serving the Effective Date Notice on or before 40 calendar days after the date of the Investor Amendment Agreement (or such later date as agreed between the parties). The Investor shall notify the Company as soon as reasonably practicable upon its receipt of all the conditions precedent documents.

Conditions Precedent:

The Investor shall notify the Company as soon as reasonably practicable upon the receipt of the following documents by the Investor:

1. Corporate documentation:
 - a. a copy of the personal identification document of Mr. Yu Jianqiu;
 - b. a copy of the board resolution of the Company and the relevant subsidiaries of the Company;
 - c. a copy of the shareholder resolution of the relevant subsidiaries of the Company;
 - d. a certificate of the Company and the relevant subsidiaries of the Company confirming, amongst others, its entry into the Amendment Documents shall be valid and the copies of its constitutional documents and specimen signature in the Investor’s possession remain in full force and effect;
 - e. a certificate of good standing in respect of each of Epoch Keen Limited, Engen Investment Limited and the Company;
2. Amendment documents:
 - a. a copy of each of the Investor Amendment Documents duly executed by the parties to it;

3. Other documents and evidence:

- a. evidence that the Prosper Rich Convertible Bonds have been extended by not less than twelve months from the original Prosper Rich Maturity Date;
- b. a copy of the consent of Prosper Rich to the amendments to the Investor Subscription Agreement made in accordance with the Investor Amendment Agreement and a confirmation from Prosper Rich that the subordination deed dated 31 July 2017 entered into between Prosper Rich, the Company and the Investor remains in full force and effect;
- c. if a specific mandate is required to be obtained under the Listing Rules, a copy of the resolution of the Shareholders duly passed at the extraordinary general meeting of the company;
- d. evidence that the supplemental listing approval in respect of the New Shares has been obtained;
- e. a copy of the warning notice duly executed by Mr. Yu Jianqiu; and
- f. a copy of any other document which the Investor considered to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by any Investor Amendment Documents or for the validity and enforceability of any Investor Amendment Documents.

Amendments:

With effect from the Effective Date, the Company and the Investor have agreed to the following amendments:

- Principal: The outstanding principal amount of the Investor Convertible Bond is amended from HK\$400,000,000 to HK\$390,000,000 to reflect the payment of HK\$10,000,000 paid by the Company to the Investor on 12 September 2019.
- Maturity Date: The Investor Maturity Date of the Investor Convertible Bonds shall be extended from 24 months from the Issue Date (i.e. 12 August 2019) to 36 months from the Issue Date (i.e. 11 August 2020).
- Redemption and early redemption: Further to the Investor Terms and Conditions, at redemption of all the outstanding Investor Convertible Bonds at nominal value (but deducting any of the Convertible Bonds redeemed or converted prior to maturity) at maturity, in addition to the payment of accrued but unpaid interests, the Company agrees to the payment of default interest (if applicable and if any).

The Company further agrees to the payment of default interest (if applicable) on all outstanding Investor Convertible Bonds upon the occurrence of any event of default (in addition to the payment of accrued but unpaid interests on all outstanding Investor Convertible Bonds).

The Investor has the right to request for early redemption of outstanding Investor Convertible Bonds, provided that the aggregate nominal value of such Investor Convertible Bonds to be redeemed shall not exceed HK\$190,000,000, and the Company shall redeem at nominal value of the requested redemption amount (plus any accrued but unpaid interests and default interest (if applicable and if any)).

Interest Rate: The Investor Convertible Bonds bear interest at the rate of 12 per cent. per annum from and including 12 August 2019 payable quarterly in arrear.

Events of default: The Company and the Investor have agreed that the following events would not constitute an event of default under the Investor Terms and Conditions:

- (i) a change of ultimate controller of the Company to SCIG; and
- (ii) if Mr. Yu Jianqiu no longer acts as chairman and/or executive Director of the Company, provided that such role is taken up by a member of staff appointed by SCIG.

The Company and the Investor have further agreed that upon the occurrence of an event of default under the Investor Terms and Conditions and until the actual payment date, the Investor has the right to, subject to the Investor Terms and Conditions, apply a default interest at 0.03% per day on the outstanding payment.

Guarantee and security: In relation to the original guarantees and share charges (the details of which are contained in the Company's announcement dated 31 July 2017), confirmation deeds and confirmation agreements were executed to re-confirm the relevant parties' guarantee and security in respect of the Company's obligations under the Investor Subscription Agreement and the Investor Terms and Conditions as amended by the Investor Amendment Agreement.

Payment of accrued Interest: The Company shall within 15 PRC Business Days of the date of the Investor Amendment Agreement pay to the Investor accrued interest on the Investor Convertible Bonds.

For details of the Investor Convertible Bonds, please refer to the Company's announcement dated 31 July 2017.

Save for the above amendments, all other terms and conditions of the Investor Convertible Bonds shall remain unchanged.

REASONS FOR AND BENEFITS OF THE EXTENSION

The Convertible Bonds (including the conversion rights) have matured. The Amendments would allow the Company to arrange for repayment of its debts under the Convertible Bonds on a later date, and can therefore provide the Group with flexibility in relation to the Group's deployment of its financial resources to fund its operation and development as well as the planning of its working capital requirements. Without the Amendments and in light of the current market conditions, the Company would have to apply substantial working capital for the redemption of the outstanding Convertible Bonds upon demand and incur extra time and costs to arrange for re-financing.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Amendments, which was arrived at after arm's length negotiations between the Company, the Investor and Prosper Rich, is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save for the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of first announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
14 April 2020	Issue of 325,000,000 Shares at a Subscription Price of HK\$2.68 per Subscription Share under general mandate	HK\$840,515,000	Repayment of certain interest-bearing borrowings and general working capital of the Group	The net proceeds have not been utilized as of the date of this announcement as completion of the transaction has not taken place.

COMPARISON OF CONVERSION PRICE

The initial Conversion Price was determined after arm's length negotiations between the Company and the Investor and Prosper Rich.

The initial Investor Conversion Price and Proper Rich Conversion price of HK\$2.990 represents:

- (1) a premium of approximately 1.70% over the Closing Price of HK\$2.940 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 1.91% over the average Closing Price of HK\$2.934 per Share for the last five consecutive Trading Days up to and including the Last Trading Day; and
- (3) a premium of approximately 1.87% over the average Closing Price of HK\$2.935 per Share for the last ten consecutive Trading Days up to and including the Last Trading Day.

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

The following table illustrates, based on the latest information available and to the best knowledge of the Directors, (1) the existing shareholding structure of the Company as at the date of this announcement; and (2) the shareholding structure of the Company assuming the outstanding Convertible Bonds are fully converted into New Shares at the Conversion Price of HK\$2.99 each; on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the outstanding Convertible Bonds in full, save for the issue of the New Shares as a result of the conversion of the outstanding Convertible Bonds in full; and (b) the holders of the Convertible Bonds do not and will not hold any additional Shares other than the Shares held on the date of this announcement and the New Shares as a result of the conversion of the Convertible Bonds.

Shareholders	As at the date of this announcement		Assuming the Convertible Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$2.99 each	
	Number of Shares directly or indirectly held	Approximate percentage of the issued share capital of the Company (%)	Number of Shares directly or indirectly held	Approximate percentage of the issued share capital of the Company (%)
Mr. Yu Jianqiu and Epoch Keen Limited (<i>note 1</i>)	780,218,400	29.65	780,218,400	27.58
First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited (<i>note 2</i>)	310,317,000	11.79	310,317,000	10.97
Mr. Kwong Wai Sun Wilson (<i>note 3</i>)	3,272,600	0.12	3,272,600	0.12
Other Shareholders				
Prosper Rich	28,782,074	1.10	95,671,706	3.38
The Investor	90,881,295	3.45	221,316,077 (<i>note 4</i>)	7.82
Other shareholders (excluding Prosper Rich and the Investor)	<u>1,418,132,469</u>	<u>53.89</u>	<u>1,418,132,469</u>	<u>50.13</u>
Total	<u><u>2,631,603,838</u></u>	<u><u>100.00</u></u>	<u><u>2,828,928,252</u></u>	<u><u>100.00</u></u>

Notes:

- The shares were held by Mr. Yu Jianqiu, chairman and an executive Director of the Company, together with Epoch Keen Limited, a company wholly-owned by Mr. Yu Jianqiu.

2. First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited are companies wholly-owned by Mr. Huang Weiping, a Director.
3. Mr. Kwong Wai Sun Wilson is an executive Director of the Company.
4. For illustration purposes only as the Investor Terms and Conditions restricts the exercise of conversion right up to a principal amount of HK\$200,000,000, which is convertible into approximately 66,889,632 Shares (subject to adjustments).

TERMINATION OF BACKUP CALL OPTION AGREEMENT

In relation to the Call Option Agreement and the Backup Call Option Agreement (the details of which are contained in the Company's announcement dated 31 July 2017), as the Call Option Agreement has been automatically terminated in accordance to its terms, Prosper Rich has entered into the Backup Call Option Termination Deed with Epoch Keen Limited on 22 April 2020 to terminate the Backup Call Option Agreement. The Company is not a party to the Call Option Agreement, the Backup Call Option Agreement or the Backup Call Option Termination Deed.

GENERAL MANDATE

The Shares to be allotted and issued upon exercising of the subscription rights of the Convertible Bonds will be allotted and issued pursuant to the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM, under which the Directors are authorised to issue Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM, which is equivalent to a maximum issue of additional 522,998,883 Shares. As the issue of the Convertible Bonds utilises the General Mandate, no further approval from Shareholders is needed.

The conversion rights attaching to the Convertible Bonds may be exercised (in whole or in part) if after the exercise of conversion rights the public float will be not less than 25% of the issued share capital of the Company as enlarged by the issue of the New Shares. Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the Conversion Price, upon the conversion of the Convertible Bonds, a total of approximately 197,324,414 New Shares will be issued, which represent approximately 7.50% of aggregate nominal amount of the existing share capital of the Company in issue.

Since the grant of the General Mandate and up to the date of this announcement, the General Mandate has been utilised as to 325,000,000 Shares and the Directors are allowed to issue up to a remaining 197,998,883 new Shares under the General Mandate. As at the date of this announcement, no Shares has been issued under the General Mandate.

LISTING RULES IMPLICATION

As the Amendments required mutual agreement between the Company with Prosper Rich and the Investor respectively, the Amendments would not take place automatically pursuant to its original terms and conditions. Accordingly, the Stock Exchange would treat the Amendments as a new arrangement for the Company to issue the Prosper Rich Convertible Bonds and the Investor Convertible Bonds. The Company will therefore apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

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

As the Amendments are subject to fulfilment of certain conditions precedent and may or may not take effect, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 6 June 2019
“Amendments”	the amendments under each of the Amendment Documents, the details of which is set out in the sections headed “Amendments” above
“Amendment Documents”	the Prosper Rich Amendment Deed and the Investor Amendment Documents
“Backup Call Option Agreement”	a call option agreement entered into by Epoch Keen Limited and Prosper Rich on 31 July 2017
“Backup Call Option Termination Deed”	a deed of termination entered into by Epoch Keen Limited and Prosper Rich on 22 April 2020 in relation to the termination of the Backup Call Option Agreement
“Call Option Agreement”	a call option agreement entered into by Prosper Rich and the Investor on 31 July 2017
“Convertible Bonds”	the Investor Convertible Bonds and the Prosper Rich Convertible Bonds
“Effective Date”	the date the Amendments will take effect, the details of which is set out in the sections headed “THE AMENDMENT DOCUMENTS — The Prosper Rich Amendment Deed — Effective Date” and “THE AMENDMENT DOCUMENTS — The Investor Amendment Agreement — Effective Date” above
“Effective Date Notice”	the notice to be issued by the Investor and Prosper Rich as soon as reasonably practicable upon the receipt of all conditions precedent documents by the Investor and Prosper Rich, respectively
“Extension”	the Prosper Rich Extension and the Investor Extension

“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the AGM to issue, allot, 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
“Investor Amendment Agreement”	the amendment agreement entered into between the Company, the Investor and Mr. Yu Jianqiu on 22 April 2020 in relation to the amendments to the Investor Subscription Agreement and the Investor Terms and Conditions
“Investor Amendment Documents”	Investor Amendment Agreement, Supplemental Investor Bond Instrument, the amendment agreement in relation to the tripartite agreement dated 8 August 2017 entered into between Huarong International Securities Limited, Epoch Keen Limited and the Investor and the confirmatory security and guarantee in relation to the original guarantees and share charges (the details of which are contained in the Company’s announcement dated 31 July 2017)
“Investor Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$390,000,000 issued by the Company to the Investor under the Investor Subscription Agreement, as amended by the Investor Amendment Agreement
“Investor Extension”	in relation to the Investor Convertible Bonds, the extension of the Investor Maturity Date from 12 August 2019 to 11 August 2020 as agreed between the Investor and the Company, with effect from the Effective Date
“Investor Maturity Date”	the date on which the Investor Convertible Bonds mature in accordance with the Investor Terms and Conditions, as amended from time to time
“Investor Terms and Conditions”	the terms and conditions governing the Investor Convertible Bonds as amended by the Investor Amendment Agreement and the Supplemental Investor Bond Instrument
“Issue Date”	11 August 2017
“Last Trading Day”	22 April 2020, being the last full Trading Day immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC Business Day”	a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for business in the PRC
“Prosper Rich Amendment Deed”	the amendment deed entered into between the Company and Prosper Rich on 22 April 2020 in relation to the Prosper Rich Terms and Conditions
“Prosper Rich Extension”	in relation to the Prosper Rich Convertible Bonds, the extension of the Prosper Rich Maturity Date from 11 August 2019 to 11 August 2020, as agreed between Prosper Rich and the Company, with effect from the Effective Date
“Prosper Rich Maturity Date”	the date on which the Prosper Rich Convertible Bonds mature in accordance with the Prosper Rich Terms and Conditions, as amended from time to time
“Prosper Rich Terms and Conditions”	the terms and conditions governing the Prosper Rich Convertible Bonds as amended by the Prosper Rich Amendment Deed
“SCIG”	Sichuan Provincial Investment Group Co., Ltd (四川省投資集團有限公司)
“Supplemental Investor Bond Instrument”	the supplemental bond instrument entered into by the Company on 22 April 2020 in relation to amendment of the Investor Terms and Conditions

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

Hong Kong, 22 April 2020

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