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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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

AUDITED FINANCIAL HIGHLIGHTS

- Revenue decreased by 44.1% to RMB468.0 million, as compared to 2023.
- Gross loss margin amounted to 6.6%, as compared to a gross loss margin of 13.4% for last year.
- Provision for doubtful debts amounted to RMB121.8 million in 2024, as compared to RMB142.0 million in 2023.
- Impairment for advance payment to suppliers amounted to RMB72.3 million in 2024, as compared to RMB208.1 million in 2023.
- Loss attributable to the owners of the Company for the year amounted to RMB652.5 million, as compared to the loss attributable to the owners of the Company of RMB805.8 million for last year.
- Loss per share for the year amounted to RMB0.15, as compared to loss per share of RMB0.18 for last year.
- Current ratio of 0.1 as at 31 December 2024, as compared to 0.2 as at 31 December 2023.
- Debt to equity ratio of -40.0% as at 31 December 2024, as compared to -47.1% as at 31 December 2023.
- The Board does not recommend the declaration of any final dividend for the year ended 31 December 2024.

RESULTS

The board (the "Board") of directors (the "Directors") of China Metal Resources Utilization Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in Renminbi)

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	*5*	**468,036**	837,704
Cost of sales		**(498,765)**	(949,599)
GROSS LOSS		**(30,729)**	(111,895)
Other income/(expenses), gain/(loss), net	*6*	**30,301**	52,029
Selling and distribution expenses		**(1,600)**	(7,197)
Administrative expenses		**(102,990)**	(110,661)
Provision for doubtful debts, net		**(121,829)**	(141,978)
Impairment of advance payments to suppliers		**(72,314)**	(208,106)
Finance costs	*7*	**(354,055)**	(277,660)
Share of losses of associates		**(323)**	(299)
Loss before tax		**(653,539)**	(805,767)
Income tax expense	*9*	**1,077**	(13)
Loss for the year attributable to owners of the Company	*8*	**(652,462)**	(805,780)
Other comprehensive loss after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,873)**	(1,835)
Other comprehensive loss for the year, net of tax		**(2,873)**	(1,835)
Total comprehensive loss for the year attributable to owners of the Company		**(655,335)**	(807,615)
Loss per share	*10*		
Basic (RMB per share)		**(0.15)**	(0.18)
Diluted (RMB per share)		**(0.15)**	(0.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2024
(Expressed in Renminbi)

	Notes	**2024** **RMB'000**	2023 RMB'000
Non-current assets			
Property, plant and equipment		**387,299**	418,342
Right-of-use assets		**95,846**	99,830
Interests in associates		**46,484**	46,807
Prepayments, other receivables and other assets		**19,877**	19,760
Total non-current assets		**549,506**	584,739
Current assets			
Inventories		**39,208**	64,536
Trade and bills receivables	*12*	**13,254**	146,292
Prepayments, other receivables and other assets		**417,211**	508,209
Amounts due from associates		**27,867**	27,775
Amounts due from related parties		**199**	179
Pledged deposits		**32,262**	32,262
Cash and cash equivalents		**3,613**	18,327
Total current assets		**533,614**	797,580
Total assets		**1,083,120**	1,382,319
Current liabilities			
Trade payables	*13*	**789,288**	789,709
Other payables and accruals		**2,638,762**	2,291,725
Note payables		**24,373**	23,922
Interest-bearing bank and other borrowings		**1,642,001**	1,628,000
Lease liabilities		**–**	379
Amounts due to a director		**207**	207
Amounts due to associates		**201**	208
Amount due to a related party		**57,722**	61,756
Tax payable		**92,069**	91,829
Total current liabilities		**5,244,623**	4,887,735
Net current liabilities		**(4,711,009)**	(4,090,155)
Total assets less current liabilities		**(4,161,503)**	(3,505,416)

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Non-current liabilities			
Deferred government grants		**–**	644
Deferred tax liabilities		**–**	1,152
Total non-current liabilities		**–**	1,796
NET LIABILITIES		**(4,161,503)**	(3,507,212)
EQUITY			
Share capital	*14*	**363,611**	363,611
Reserves		**(4,525,114)**	(3,870,823)
TOTAL EQUITY		**(4,161,503)**	(3,507,212)

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL INFORMATION

China Metal Resources Utilization Limited (the "Company") was incorporated in the Cayman Islands on 22 February 2013.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the manufacturing and trading of copper and related products. The shares of the Company 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"), while the Company's functional currency is Hong Kong Dollars ("HK$").

2. GOING CONCERN BASIS

The Group recorded a net loss of approximately RMB652,462,000 and RMB805,780,000 respectively for two consecutive years ended 31 December 2024 and 2023. As at 31 December 2024, the Group had net current liabilities of approximately RMB4,711,009,000 and net liabilities of approximately RMB4,161,503,000. As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB3,613,000, while debts repayable within one year or on demand (including interest-bearing bank and other borrowings and note payables) were approximately RMB1,666,374,000. In addition, as at 31 December 2024, the Group had defaulted the repayment of interest-bearing bank and other borrowings and note payables of approximately RMB1,630,001,000 and RMB24,373,000 respectively. In addition, as at 31 December 2024, the Group was also involved in various litigations resulting in the freezing of several bank accounts and the seizure of property, plant and equipment, right-of-use assets and inventories. All these conditions indicated the existence of material uncertainties which may cast significant doubt as to the Group's ability to continue as a going concern.

In light of the above, the Directors of the Company have implemented, or in the process of implementing various financial plans and measures to mitigate the liquidity pressure and to improve its financial position. These measures included but not limited to the followings:

(i) The Group is in the process of restructuring the debt. Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) ("Tongxin"), an indirect wholly-owned subsidiary of the Company; and Mianyang Jin Xunhuan Metal Materials Co., Ltd. (綿陽金循環金屬材料有限公司) ("Jin Xunhuan"), an indirect wholly-owned subsidiary of the Company, were both undergoing a restructuring with the existing debt holders in accordance with the applicable provisions of the Enterprise Bankruptcy Law in the People's Republic of China (the "PRC"). The restructuring involved the filing of a voluntary application for bankruptcy reorganisation with the People's Court of Youxian District (the "Youxian Court") in the Mianyang City, Sichuan Province, the PRC. On 3 January 2023, the Company received from the Youxian Court concerning the Youxian Court's civil rulings, court decisions and notice to Tongxin and Jin Xunhuan (collectively known as "Youxian Court Documents") regarding the reorganisation. Pursuant to which, the Youxian Court Documents indicated that the Youxian Court accepted the application from the Tongxin and Jin Xunhuan for bankruptcy reorganisation in accordance with the Enterprise Bankruptcy Law in the PRC. The first creditors' meeting was held on 28 March 2023. The debt restructuring is in progress up to the date of this announcement.

    In addition to the bankruptcy reorganisations of Tongxin and Jin Xunhuan, 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, is undergoing restructuring its existing indebtedness with existing debt holders 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") has been filed with the Youxian Court on 18 May 2023. On 24 May 2023, Taiyue received the Youxian Court's civil ruling dated 23 May 2023. According to the civil ruling dated 23 May 2023, the Youxian Court has accepted the Taiyue Bankruptcy Reorganisation Application. The debt restructuring is in progress up to the date of this announcement.

    Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) ("Yinlian Xiangbei"), an indirect wholly-owned subsidiary of the Company, received a civil ruling (the "Civil Ruling") from the People's Court of Miluo City, Hunan Province (the "Court of Miluo City") in relation to a petition for winding-up against Yinlian Xiangbei filed by Hunan Miziyuan Asset Holdings Co., Ltd. (湖南汨之源實業集團有限公司) ("Miziyuan"), a creditor of Yinlian Xiangbei, on the ground that Yinlian Xiangbei was unable to repay the debts falling due. The debts involved were in the amount of approximately RMB11.9 million. Yinlian Xiangbei opposed the petition and applied to the Court of Miluo City for bankruptcy reorganisation instead. According to the Civil Ruling, after taking into account the situation of Yinlian Xiangbei and the bankruptcy reorganisation of the Company's other three subsidiaries in Mianyang City, Sichuan Province, the Court of Miluo City rejected Miziyuan's petition for winding-up and accepted Yinlian Xiangbei's bankruptcy reorganisation application on 21 July 2023. The first creditor's meeting was held on 5 January 2024. The debt restructuring is in progress up to the date of this announcement.

    Hubei Rongsheng Copper Co., Ltd* (湖北融晟金屬製品有限公司) ("Hubei Rongsheng"), an indirect wholly-owned subsidiary of the Company, received a decision dated 12 September 2023 and notice to Hubei Rongsheng dated 12 September 2023 from the People's Court of Yunmeng County, Hubei Province in relation to Hubei Rongsheng's application for pre-restructuring in accordance with the pre-restructuring procedure under the applicable provisions of the Enterprise Bankruptcy Law of the People's Republic of China to prepare for its intended bankruptcy reorganisation application an 12 September 2023. The debt restructuring is in progress up to the date of this announcement.

    Tongxin, Jin Xunhuan, Taiyue, Yinlian Xiangbei and Hubei Rongsheng are collectively known as the "Relevant Subsidiaries";

(ii) The Company has been negotiating with China Huarong International Holdings Limited ("Huarong") for further extension of the convertible bonds to Huarong ("Huarong CB") (Huarong CBs has been reclassified as other borrowings during the year ended 31 December 2023), which were matured and fall due on 31 December 2022 and with creditors, banks, financial institutions and note holders for alternative refinancing and/or extension of the due dates;

(iii) The Group has been liaising with banks and financial institutions from which cross default clauses as stipulated in the relevant loan agreements were breached by the Group;

(iv) The Group has been actively seeking other financing arrangements with a view to obtain new funding, including but not limited to convertible bonds from investors, subject to certain conditions;

(v) The Group has been endeavouring to improve the Group's operating performance and cash flows through cost control measures and working capital management to maintain sufficient liquidity; and

(vi) The Group has been in the process of resolving the Group's litigation to release the freezing orders on bank accounts and seizure orders on property, plant and equipment, right-of-use assets and inventories.

The Directors of the Company are of the opinion that future cash flow generated from operation together with the financial plans and measures will be sufficient to repay all these liabilities. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Although the Directors of the Company have formulated a number of plans and taken a number of measures, there are still significant uncertainties as to whether the Group will be able to implement its plans and measures. The Group's ability to continue as a going concern is dependent on the following matters:

(i) Successful completion of the restructuring by Relevant Subsidiaries;

(ii) Successful negotiation with an offshore lender on debt extension;

(iii) The Group's ability to seek cooperation with banks and financial institutions for which cross default clauses were breached;

(iv) The Group's ability to scale down its operation while maintaining positive ongoing business relationship with the Group's suppliers;

(v) The Group's ability to successfully obtain new source of funding; and

(vi) The Group's ability to successfully resolve the pending litigations of the Group and releasing freeze of bank accounts and seizure of property, plant and equipment, right-of-use assets and inventories.

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.

3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRS Accounting Standards 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 IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

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.

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment results do not include certain interest income, non-lease-related finance costs, corporate and other unallocated expenses as well as share of losses of associates.

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 loss 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 information about segment assets or liabilities is presented.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(a) Segment results

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.

	2024			
	Recycled copper products *RMB'000*	**Power transmission and distribution cables** *RMB'000*	**Communication cables** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Sales to external customers	**467,542**	**437**	**57**	**468,036**
Intersegment sales	**2,694**	**–**	**–**	**2,694**
	470,236	**437**	**57**	**470,730**
Reconciliation:				
Elimination of intersegment sales				**(2,694)**
Revenue				**468,036**
Segment results	**(247,959)**	**(2,064)**	**–**	**(250,023)**
Reconciliation:				
Interest income	**28**	**–**	**–**	**28**
Corporate and other unallocated expenses				**(66,102)**
Finance costs	**(336,005)**	**(1,113)**	**(1)**	**(337,119)**
Share of losses of associates				**(323)**
Loss before tax				**(653,539)**
Other segment information				
Depreciation and amortisation	**(29,660)**	**(5,689)**	**(1)**	**(35,350)**
VAT refunds, government grants and subsidies	**39,054**	**–**	**–**	**39,054**
Impairment on advance payments to suppliers	**(72,314)**	**–**	**–**	**(72,314)**
Provision for doubtful debts, net	**(121,715)**	**(101)**	**(13)**	**(121,829)**

	2023			
	Recycled copper products *RMB'000*	Power transmission and distribution cables *RMB'000*	Communication cables *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	833,966	3,498	240	837,704
Intersegment sales	6,747	–	–	6,747
	840,713	3,498	240	844,451
Reconciliation:				
Elimination of intersegment sales				(6,747)
Revenue				837,704
Segment results	(490,395)	(25,359)	(1,105)	(516,859)
Reconciliation:				
Interest income	7,085	–	–	7,085
Corporate and other unallocated expenses				(52,713)
Finance costs	(240,100)	(2,844)	(37)	(242,981)
Share of losses of associates				(299)
Loss before tax				(805,767)
Other segment information				
Depreciation and amortisation	(31,867)	(9,328)	(1)	(41,196)
VAT refunds, government grants and subsidies	44,337	–	–	44,337
Impairment on advance payments to suppliers	(208,106)	–	–	(208,106)
Provision for doubtful debts, net	(140,503)	(688)	(787)	(141,978)
(Provision)/reversal of provision for inventories	(3,117)	616	–	(2,501)

(b) Geographic information

The Group carries 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 contributed 10% or more to the Group's revenue, is set out below:

	2024 ***RMB'000***	2023 *RMB'000*
Recycled copper products segment		
Customer A#	**219,344**	N/A
Customer B	**63,076**	252,998

\# Customer A had less than 10% of the Group's revenue for the year ended 31 December 2023.

5. REVENUE

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers	**468,036**	837,704

Revenue from contracts with customers are mainly derived from manufacturing and sales of copper and related products in the 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:

	2024 *RMB'000*	2023 *RMB'000*
Sales of recycled copper products	**458,062**	811,094
Sales of power transmission and distribution cables	**437**	3,498
Sales of communication cables	**57**	240
Sales of scrap materials	**5,054**	17,797
Others	**4,426**	5,075
	468,036	837,704

Disaggregation of revenue from contracts with customers:

	2024			
	Recycled copper products *RMB'000*	**Power transmission and distribution cables** *RMB'000*	**Communication cables** *RMB'000*	**Total** *RMB'000*
Sales of recycled copper products	**458,062**	**–**	**–**	**458,062**
Sales of power transmission and distribution cables	**–**	**437**	**–**	**437**
Sales of communication cables	**–**	**–**	**57**	**57**
Sales of scrap materials	**5,054**	**–**	**–**	**5,054**
Others	**4,426**	**–**	**–**	**4,426**
Total revenue from contracts with customers	**467,542**	**437**	**57**	**468,036**
Timing of revenue recognition				
Goods transferred at a point in time	**467,542**	**437**	**57**	**468,036**

	2023			
	Recycled copper products *RMB'000*	Power transmission and distribution cables *RMB'000*	Communication cables *RMB'000*	Total *RMB'000*
Sales of recycled copper products	811,094	–	–	811,094
Sales of power transmission and distribution cables	–	3,498	–	3,498
Sales of communication cables	–	–	240	240
Sales of scrap materials	17,797	–	–	17,797
Others	5,075	–	–	5,075
Total revenue from contracts with customers	833,966	3,498	240	837,704
Timing of revenue recognition				
Goods transferred at a point in time	833,966	3,498	240	837,704

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 0 to 3 months from delivery, except for new customers, where payment in advance is normally required.

6. OTHER INCOME/(EXPENSES), GAIN/(LOSS), NET

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
VAT refunds			
— Comprehensive utilisation of resources	*(i)*	**13,044**	24,382
— Others		**–**	37
Government grants	*(ii)*	**1,010**	400
Government subsidies		**25,000**	19,518
Interest income		**28**	7,085
Foreign exchange differences, net		**(760)**	(666)
Written-off of property, plant and equipment		**–**	(69)
(Loss)/gain on disposal of property, plant and equipment		**(52)**	119
Others		**(7,969)**	1,223
		30,301	52,029

Notes:

(i) The Group is entitled to government grants for refunds of 30% for the year ended 31 December 2024 (2023: 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) 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 meet in connection with these grants.

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses in relation to:		
— Bank and other borrowings	**214,821**	140,947
— Default fee	**135,963**	123,531
— Lease liabilities	**7**	331
— Note payables	**3,264**	2,979
— Bills payables	**–**	6,229
Guarantee fees and other charges	**–**	3,643
	354,055	277,660

8. LOSS FOR THE YEAR

This is stated at after charging/(crediting) the following:

	2024	2023
	RMB'000	*RMB'000*
Cost of sales *(Note)*	**498,765**	949,599
Depreciation of property, plant and equipment	**31,635**	37,688
Depreciation of right-of-use assets	**3,489**	4,678
Research and development costs	**419**	599
Auditor's remuneration	**2,100**	1,800
Staff costs (including directors' remuneration):		
— Salaries, bonuses and allowances	**23,250**	23,481
— Retirement benefit scheme contributions	**3,300**	2,668
— Equity-settled share-based payments	**1,044**	2,403
	27,594	28,552

Note: Cost of sales includes RMB5,618,000 (2023: RMB16,284,000) relating to staff costs, depreciation and amortisation, and provision for inventories, net of approximately RMB nil (2023: provision for inventories of RMB2,501,000), the amounts of which are also included in the respective total amounts.

9. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Charge for the year	**75**	13
Deferred tax	**(1,152)**	–
	(1,077)	13

10. LOSS PER SHARE

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

	2024	2023
	RMB'000	*RMB'000*
Loss:		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	**(652,462)**	(805,780)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**4,481,557,261**	4,481,557,261
Basic loss per share (RMB)	**(0.15)**	(0.18)

Diluted loss per share

There was no dilutive potential ordinary shares for the Company's outstanding share options, the diluted loss per share for the years ended 31 December 2024 and 2023 were the same as basic loss per share.

11. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2024 and 2023.

12. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**407,808**	419,017
Provision for doubtful debts	**(394,554)**	(317,130)
	13,254	101,887
Bills receivables	**78,509**	78,509
Provision for doubtful debts	**(78,509)**	(34,104)
	–	44,405
	13,254	146,292

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.

The aging analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**3**	26,275
31 to 60 days	**–**	–
61 to 180 days	**407**	584
Over 180 days	**12,844**	119,433
	13,254	146,292

The movement in provision for impairment of trade and bills receivables is as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at beginning of year	**351,234**	281,560
Provision for bad debts, net	**121,829**	141,978
Written off of trade receivables	**–**	(72,304)
Balance at end of year	**473,063**	351,234

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

		Past due				
	Current	**1 days to 2 months**	**2 to 6 months**	**6 to 12 months**	**Over 12 months**	**Total**
At 31 December 2024						
Weighted average expected loss rate	**0%**	**0%**	**42.3%**	**53.2%**	**99.8%**	**96.7%**
Receivable amount (RMB'000)	**–**	**3**	**705**	**25,955**	**381,145**	**407,808**
Loss allowance (RMB'000)	**–**	**–**	**298**	**13,800**	**380,456**	**394,554**
At 31 December 2023						
Weighted average expected loss rate	4.7%	17.8%	36.5%	62.6%	87.8%	75.7%
Receivable amount (RMB'000)	25,847	1,993	896	109,263	281,018	419,017
Loss allowance (RMB'000)	1,211	354	327	68,441	246,797	317,130

13. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**789,288**	789,709

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**144**	14,561
31 to 60 days	**81**	–
61 to 180 days	**83**	39
Over 180 days	**788,980**	775,109
	789,288	789,709

The trade payables are non-interested bearing and are normally settled on 30-days terms.

14. SHARE CAPITAL

	Number of shares	***RMB'000***
Authorised:		
Ordinary shares of HK$0.1 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	100,000,000,000	8,071,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	4,481,557,261	363,611

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.

15. CONTINGENT LIABILITIES

As at the date of approval of the consolidated financial statements, the Group was in progress of various legal litigations relating to bank and other borrowings and trade and other payables. As a result of these litigations, various bank accounts were frozen and various properties, right-of-use assets and inventories were seized. The amount of aforesaid relevant bank balance, property, plant and equipment, right-of-use assets and inventories as at 31 December 2024 and 2023 are stated as follows:

As at 31 December

	2024	2023
	RMB'000	*RMB'000*
Bank balance	**2,756**	4,507
Property, plant and equipment	**149,122**	67,304
Right-of-use assets	**41,051**	36,470
Inventories	**–**	2,430
	192,929	110,711

Save for the above-mentioned litigations, the Group did not have any significant contingent liabilities at 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year 2024 proved to be a challenging yet transformative period for our Group. While we continued to navigate the lingering effects of the COVID-19 pandemic and the downturn in the real estate and engineering infrastructure sectors, our primary focus remained on successfully completing the bankruptcy reorganizations and debt restructuring of our operating subsidiaries.

Despite our efforts, the Group's revenue declined to RMB468.0 million in 2024, compared to RMB837.7 million in the previous year, resulting in a gross loss of RMB30.7 million (2023: gross loss of RMB111.9 million) and a net loss of RMB653.5 million (2023: net loss of RMB805.8 million). The loss per share was RMB0.15 in 2024, compared to RMB0.18 in the previous year. This substantial drop in revenue was primarily attributable to the Company's decision to stop production since July 2024. The temporary suspension of operations was driven by the Group's priority to achieve a successful resumption of trading in Shares of the Company on the Stock Exchange (the "Resumption"), which became the key focus in the second half of 2024. Only after the Resumption process was completed did the Management commence planning and scheduling the resumption of production activities.

In addition to the temporary suspension of production activities, the Group's communication cables business and power transmission and distribution business remained suspended throughout 2024 due to a lack of working capital and the ongoing challenges in the real estate sector, where a significant portion of these products are sold. Despite signs of stabilization in the real estate market, the Group was unable to resume these two downstream businesses until sufficient working capital was secured through the successful completion of the debt restructuring and bankruptcy reorganization processes.

Despite these challenges, the Group remained steadfast in its efforts to restructure and reduce the debts of its subsidiaries through bankruptcy reorganizations and debt restructuring processes. These strategic initiatives aimed to unlock the intrinsic value and business potential of our quality assets, positioning us for long-term success.

Looking ahead, the successful completion of these debt restructuring and bankruptcy reorganization processes is crucial for the Group's long-term sustainability and growth prospects. With the necessary working capital and a strengthened financial position, the Group will be better positioned to resume its communication cables business and power transmission and distribution business, capitalizing on market opportunities as economic conditions improve. We remain committed to working closely with all stakeholders to navigate through these challenges and emerge stronger, better positioned to capture future growth opportunities.

PROSPECTS

While 2024 witnessed a slowdown in the real estate sector, traditionally a key economic driver, compounded by external factors like the Russia-Ukraine conflict, interest rate hikes globally, and heightened tensions with the United States, the central government took proactive measures to mitigate risks. These included expansionary fiscal and monetary policies, such as cutting the seven-day reverse repo rate and reserve requirement ratio, reducing rates on existing mortgages, recapitalizing large state-owned banks, and implementing measures to support the housing and stock markets.

Despite the overall economic uncertainties, the outlook for China's copper sector remains promising, underpinned by the 14th Five-Year Plan (2021–2025) and the 2021 circular 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》). These policies emphasize a transition towards a sustainable economy and the advancement of information technology, including the rollout of 5G networks. With copper being an essential component in electric vehicles, renewable energy systems, and advanced manufacturing, demand is anticipated to rise in line with the government's goal of achieving carbon neutrality by 2060. Moreover, the increasing focus on electrification, smart grid development, and 5G infrastructure needs present substantial opportunities for the copper industry, likely boosting both domestic production and imports.

However, the copper sector must navigate several challenges that could potentially hinder its growth within the framework of the 14th Five-Year Plan. Stringent environmental regulations, resource scarcity, and geopolitical tensions may disrupt supply chains and impact production capacity. Furthermore, while government initiatives aimed at technological innovation and infrastructure development, including 5G deployment, are expected to stimulate demand, competitive pressures and price volatility in global markets could complicate the industry landscape.

One significant challenge faced by the Group and the broader industry is the introduction of the new taxation policy by the State Taxation Administration of China (Announcement No. 5 of 2024) (《國家稅務總局公告2024年第5號》) regarding the recycling industry. This policy change has resulted in a substantial increase in the tax burden on our suppliers, leading to higher operational costs and potential disruptions in the supply chain.

The recycling industry plays a crucial role in promoting a circular economy and supporting China's sustainability goals. However, the new taxation policy has made it more challenging for suppliers to operate efficiently and remain competitive. This development has the potential to impact the Group's procurement processes, pricing strategies, and overall profitability.

Stringent environmental regulations, resource scarcity, and geopolitical tensions may further disrupt supply chains and affect production capacity within the copper industry. While the government's initiatives aimed at technological innovation and infrastructure development, including 5G deployment, are expected to stimulate demand, competitive pressures and price volatility in global markets could complicate the industry landscape.

The Group remains committed to adapting to the evolving regulatory and market conditions. We are actively exploring strategies to mitigate the impact of the new taxation policy, such as optimizing our supplier relationships, seeking alternative sources, and implementing cost-effective measures to maintain our competitiveness.

In addition to the challenges posed by the new taxation policy and other external factors, the Group faced another significant hurdle in the form of delays in receiving government grants. This issue was brought about by the implementation of the new "Regulations on Fair Competition Review" (《公平競爭審查條例》), which imposed stricter rules on the provision of grants by local governments.

Government grants have traditionally played a crucial role in supporting various industries, including the copper sector, by providing financial assistance and incentives. However, the new regulations aim to ensure fair competition and prevent unfair advantages arising from government subsidies or grants.

The delayed receipt of government grants due to the new regulations has resulted in a temporary financial strain on the Group, affecting our cash flow and operational capabilities. This disruption has particularly impacted our ability to invest in new projects, research and development initiatives, and other growth-oriented activities.

While we acknowledge the importance of promoting fair competition and preventing market distortions, the timely receipt of government grants is critical for maintaining our competitiveness and supporting the copper industry's transition towards a more sustainable and technologically advanced future, as envisioned by the 14th Five-Year Plan.

In response to this challenge, the Group is actively engaging with relevant authorities and industry associations to seek clarity on the implementation of the new regulations and explore alternative funding sources or support mechanisms. We are also reviewing our internal processes and strategies to optimize our operations and mitigate the impact of the grant delays.

Despite these challenges, the Group remains steadfast in its commitment to adapting to the evolving regulatory landscape and leveraging our strengths to capitalize on the opportunities presented by the growing demand for copper and China's sustainable development goals.

The successful completion of the bankruptcy reorganizations and debt restructuring for our subsidiaries remains a top priority for the Group. While we anticipate that our operational and financial results may face near-term challenges during this process, we remain confident in our long-term business prospects and the robust demand for our products, particularly copper.

Our strategic approach of voluntarily filing for bankruptcy reorganization applications with the respective courts aims to provide a platform for our subsidiaries, including Mianyang Tongxin Copper Co., Ltd. ("Tongxin"), Mianyang Jin Xunhuan Metal Materials Co., Ltd. ("Jin Xunhuan"), Mianyang Baohe Taiyue Communications Cable Co. Ltd. ("Taiyue"), Hunan Yinlian Xiangbei Copper Co., Ltd. ("Yinlian Xiangbei"), and Hubei Rongsheng Copper Co., Ltd. ("Hubei Rongsheng"), to restructure their existing indebtedness with relevant creditors under the supervision and sanction of the courts ("Debt Restructuring").

By filing the Bankruptcy Reorganisation Application with the Court voluntarily and, if approved, there would be a platform for (i) Mianyang Tongxin Copper Co., Ltd.* (綿陽銅鑫銅業有限公司) ("Tongxin"), a wholly-owned subsidiary of the Company; (ii) Mianyang Jin Xunhuan Metal Materials Co., Ltd.* (綿陽金循環金屬材料有限公司) ("Jin Xunhuan"), an indirect wholly-owned subsidiary of the Company; (iii) 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; (iv) Hunan Yinlian Xiangbei Copper Co., Ltd.* (湖南銀聯湘北銅業有限公司) ("Yinlian Xiangbei"), an indirect wholly-owned subsidiary of the Company; and (v) Hubei Rongsheng Copper Co., Ltd* (湖北融晟金屬製品有限公司) ("Hubei Rongsheng"), an indirect wholly-owned subsidiary of the Company (collectively, the "Relevant Subsidiaries") to restructure their existing indebtedness with the relevant creditors, with the sanction by the Court ("Debt Restructuring"). The Debt Restructuring would reduce the debts of the Relevant Subsidiaries, release the intrinsic value and business potential of the quality assets currently held by the Relevant Subsidiaries, and allow the Relevant Subsidiaries to fully utilise such assets to increase the revenue generation ability. Although the Relevant Subsidiaries presently face difficulties in repaying their debts, the Board is of the view that (i) the assets held by the Relevant Subsidiaries are of strategic value; (ii) the Relevant Subsidiaries possess strong technical capabilities pedigree; and (iii) the production and recycling industries in which the Relevant Subsidiaries operate have promising prospects in the China in light of the 14th Five-Year Plan published by the China government. After the Debt Restructuring, the Board believes that the Relevant Subsidiaries will be able to continue to operate as a going concern and improve the overall financial position of the Relevant Subsidiaries and the Group. Further, through the Debt Restructuring, the Company hopes to preserve the welfare of the staff of the Relevant Subsidiaries, as a matter of social responsibilities, and contribute to the local community.

On 6 June 2022, Tongxin and Jin Xunhuan intended 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 has been filed with the Court on 6 June 2022.

On 25 May 2023, Taiyue also intended 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 has been filed with the Court on 18 May 2023. Please refer to the Company's announcement dated 25 May 2023 for further details.

On 14 August 2023, Yinlian Xiangbe received a civil ruling (the "Civil Ruling") from the People's Court of Miluo City, Hunan Province in relation to a petition for winding-up against Yinlian Xiangbei filed by Hunan Miziyuan Asset Holdings Co., Ltd.* (湖南汨之源實業集團有限公司) ("Miziyuan"), a creditor of Yinlian Xiangbei, on the ground that Yinlian Xiangbei was unable to repay the debts falling due. The debts involved were in the amount of approximately RMB11.9 million. Yinlian Xiangbei opposed the petition and applied to the Court for bankruptcy reorganisation instead. According to the Civil Ruling, after taking into account the situation of Yinlian Xiangbei and the bankruptcy reorganisation of the Company's other certain subsidiaries in Mianyang City, Sichuan Province, the Court rejected Miziyuan's petition for winding-up and accepted Yinlian Xiangbei's bankruptcy reorganisation application. The People's Court of Miluo City, Hunan Province appointed Hunan Licheng Asset Liquidation Management Company Ltd.* (湖南利誠資產清算管理有限公司) as the administrator. The administrator subsequently held the first creditors' meeting on 5 January 2024. Please refer to the Company's announcement dated 14 August 2023 and 13 October 2023 for further details.

On 7 September 2023, Hubei Rongsheng received (i) a decision dated 12 September 2023; and (ii) notice to Hubei Rongsheng dated 12 September 2023 from the People's Court of Yunmeng County, Hubei Province in relation to Hubei Rongsheng's application for pre-restructuring (the "Pre-restructuring") in accordance with the pre-restructuring procedure under the applicable provisions of the Enterprise Bankruptcy Law of the People's Republic of China to prepare for its intended bankruptcy reorganisation application. After considering the opinions of Hubei Rongsheng, its main creditors and interested investors and the relevant government authorities, the Court approved the Pre-restructuring of Hubei Rongsheng and designated Hubei Gongshun Accounting Firm* (湖北公順會計師事務所) as provisional administrator of the Pre-restructuring per the discussion of Hubei Rongsheng and its main creditors. Please refer to the Company's announcement dated 15 September 2023 for further details.

On 22 February 2024, the Company received from 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), the joint administrators for the Debt Restructuring of Tongxin and Jin Xunhuan (the "Joint Administrators"), (i) the Court's civil ruling to the Joint Administrators dated 26 December 2023; and (ii) the Court notice dated 21 February 2024 (collectively, the "Court Documents"). Pursuant to the Court Documents, the Court accepted the application o f Joint Administrators for substantive consolidated bankruptcy reorganization of Tongxin, Jin Xunhuan and Taiyue with the Joint Administrators to perform the duties and responsibilities of administrators for the Debt Restructurings. Please refer to the Company's announcement dated 6 June 2022, 3 August 2022, 5 August 2022, 3 January 2023, 28 March 2023, 25 May 2023 and 23 February 2024 for further details.

On 3 June 2024, the second creditors' meeting for Tongxin, Jin Xunhuan and Taiyue (the "Second Creditors' Meeting") was held. Agenda of the Second Creditors' Meeting included: period performance report of the Joint Administrators, verification of the creditors' rights, report of the Tongxin, Jin Xunhuan and Taiyue's business operations by the Joint Administrators, proposed resolutions, review of Tongxin, Jin Xunhuan and Taiyue' property status report and the Relevant Subsidiaries' management plan and operation supervision plan. Please refer to the Company's announcement dated 19 June 2024 for further details.

The Debt Restructuring process is intended to reduce the debt burden of these subsidiaries, unlock the intrinsic value and business potential of their quality assets, and enable them to fully utilize these assets to enhance revenue generation capabilities. Despite the current challenges in repaying debts, we firmly believe that the assets held by these subsidiaries possess strategic value, supported by their strong technical capabilities and the promising prospects of the production and recycling industries in China, as highlighted in the government's 14th Five-Year Plan.

After the successful completion of the Debt Restructuring, we anticipate that our subsidiaries will be able to continue operating as going concerns, improving their overall financial positions and contributing to the Group's long-term growth. Furthermore, this process aligns with our social responsibilities, allowing us to preserve the welfare of our subsidiaries' employees and contribute to the local communities.

Throughout 2024, significant progress was made in the bankruptcy reorganization and Debt Restructuring processes for our subsidiaries. Key milestones included the acceptance of applications by the respective courts, the appointment of administrators, the holding of creditors' meetings, and the consolidation of the reorganization processes for certain subsidiaries under the supervision of joint administrators.

As we move forward, we remain committed to navigating this reorganization effectively, positioning ourselves for growth once we emerge from this challenging period, and creating long-term value for all our stakeholders.

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.

	2024	2023
	RMB'000	*RMB'000*
Sales of recycled copper products	**458,062**	811,094
Sales of power transmission and distribution cables	**437**	3,498
Sales of communication cables	**57**	240
Sales of scrap materials	**5,054**	17,797
Others	**4,426**	5,075
	468,036	837,704

Revenue for the year ended 31 December 2024 amounted to approximately RMB468.0 million, representing a decrease of 44.13% from approximately RMB837.7 million for the year ended 31 December 2023. The decline in sales volume was primarily due to a significant reduction in the sales of recycled copper products and the Group's decision to stop production since July 2024. The temporary suspension of operations was driven by the Group's priority to achieve a successful Resumption, which became the key focus in the second half of 2024. Only after the Resumption process was completed did the Management commence planning and scheduling the resumption of production activities.

Revenue from recycled copper products amounted to approximately RMB458.1 million for the year ended 31 December 2024, representing a decrease of 43.52% from approximately RMB811.1 million for the year ended 31 December 2023. This was primarily due to a decrease of 46.0% in the sales volume of recycled copper products, which declined from 13,330 metric tons for the year ended 31 December 2023 to 7,192 metric tons for the year ended 31 December 2024. Additionally, there was an increase of 4.7% in the average selling price, rising from RMB60,847 per ton for the year ended 31 December 2023 to RMB63,694 per ton for the year ended 31 December 2024.

Cost of sales

Cost of sales for the year ended 31 December 2024 totaled approximately RMB498.8 million, representing a decrease of 47.49% from approximately RMB950.0 million for the year ended 31 December 2023. This significant decline in cost of sales corresponds with a notable decrease in sales, which saw a reduction of 44.13%.

Gross profit

For the year ended 31 December 2024, we reported a gross loss of approximately RMB30.7 million, a decline from the gross loss of about RMB111.9 million for the year ending 31 December 2023. Our gross profit margin for the year ended 31 December 2024 was negative 6.56%, compared to a margin of negative 13.4% for the year ended 31 December 2023. This improvement in gross margin was primarily driven by the increase in average selling prices of the Group's recycled copper segment products. The Management's proactive cost control measures ensured that the extent of the sales price increase outpaced the change in average costs, resulting in a narrower gross loss.

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

Our net of other income/(expenses) and gain/(loss) totaled approximately RMB30.3 million for the year ended 31 December 2024, representing a significant decrease from approximately RMB52.0 million for the year ended 31 December 2023. This decline was primarily driven by reductions in (i) VAT refunds related to comprehensive resource utilization, (ii) interest income.

Net provision for doubtful debts and impairment of advance payment to suppliers

Our net provision for doubtful debts totaled approximately RMB121.8 million for the year ended 31 December 2024, representing a significant decrease from approximately RMB142.0 million for the year ended 31 December 2023.

Our impairment of advance payment to suppliers totaled approximately RMB72.3 million for the year ended 31 December 2024, representing a significant decrease from approximately RMB208.1 million for the year ended 31 December 2023.

The Group performs impairment assessment on trade and bills receivables and advance payment to suppliers under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of probability of default and loss given default based on historical data and forward looking information is performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL.

Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2024 amounted to approximately RMB1.6 million, representing a 77.8% decrease from approximately RMB7.2 million for the year ended 31 December 2023. This reduction was primarily due to a decline in sales during the year.

Administrative expenses

Our administrative expenses for the year ended 31 December 2024 were approximately RMB103.0 million, representing a decrease of 7.0% from RMB110.7 million for the year ended 31 December 2023. This reduction was primarily due to a decrease in staff costs and operating expenses, which aligned with the decline in sales during the year.

Finance costs

Our finance costs for the year ended 31 December 2024 were approximately RMB354.1 million, representing an increase of 27.5% from RMB277.7 million for the year ended 31 December 2023. This increase was primarily due to higher interest rates and borrowing during the year.

Loss for the year

Our loss for the year ended 31 December 2024 was RMB652.5 million as compared to the loss of RMB805.8 million for the year ended 31 December 2023. The decrease in loss was mainly attributable to the net decrease in net provision for doubtful debts and impairment of advance payment to suppliers of RMB155.9 million.

Capital structure

As at 31 December 2024, the capital structure of the Group mainly consisted of shareholder's equity, note payables and interest-bearing bank and other borrowings. 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:

	31 December 2024		31 December 2023	
	WACC	**Amount**	WACC	Amount
Interest bearing borrowings:				
Note payables	**12–13**	**24,373**	12–13	23,922
Interest-bearing bank and other borrowings	**3.85–9.92**	**1,642,001**	3.85–9.92	1,628,000
Lease liabilities	**–**	**–**	3.25–4.76	379
Total interest bearing borrowings		**1,666,374**		1,652,301

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

	As at 31 December 2024			
	Note payables *RMB'000*	**Interest-bearing bank and other borrowings** *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
Within one year or repayable on demand	**24,373**	**1,642,001**	**–**	**1,666,374**

	As at 31 December 2023			
	Note payables *RMB'000*	Interest-bearing bank and other borrowings *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
Within one year or repayable on demand	23,922	1,628,000	379	1,652,301

Liquidity and financial resources

As at 31 December 2024, the Group's cash and cash equivalents (excluding pledged deposits of RMB32.3 million) amounted to approximately RMB3.6 million (2023: approximately RMB18.3 million).

The Group's inventories decreased by RMB25.3 million to approximately RMB39.2 million, compared to approximately RMB64.5 million in 2023. For the year ended 31 December 2024, the overall inventory turnover days increased to 38 days, compared to 32 days for the year ended 31 December 2023. This decrease in inventory turnover days is mainly attributable to a decrease in demand for copper products and the Company's decision to stop production since July 2024.

Trade and bills receivables decreased by approximately RMB133.0 million to approximately RMB13.3 million as of 31 December 2024 (2023: approximately RMB146.3 million). The trade and bills receivables turnover days in 2024 of 384 days increased compared to 221 days in 2023. The significant increase in trade and bills receivables turnover days was attributable to suspended production activities since July 2024 to prioritize the successful Resumption. This temporary halt in operations led to a lower revenue stream, while outstanding trade receivables remained largely unchanged, resulting in an extended turnover period.

Trade and bills payables decreased by approximately RMB0.4 million to approximately RMB789.3 million as of 31 December 2024 (2023: approximately RMB789.7 million). The payable turnover days were 578 days, compared to 462 days in 2023. Payable turnover days for the year increased compared to the previous year. The increase in payable turnover days was mainly due to tight liquidity resulting from decreased sales and slower collections. The Group is also currently undergoing Debt Restructuring.

The Group's total interest-bearing borrowings increased by approximately RMB14.1 million to RMB1,666.4 million as at 31 December 2024 (2023: approximately RMB1,652.3 million). The overall increase was primarily due to accrued interest and new borrowings during the year.

Bank loans and other borrowings included three entrusted loans totalling approximately RMB300.0 million from Mianyang Science Technology City Development Investment (Group) Co., Ltd.* (綿陽科技城發展投資(集團)有限公司) ("Kefa"), a state-owned enterprise in the PRC. Pursuant to the entrusted loan agreement signed among 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 further 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. 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 on the potential subscription for Shares is still ongoing.

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

	As at 31 December 2024	As at 31 December 2023
Current ratio	**0.1**	0.2
Quick ratio	**0.1**	0.2
Debt to equity ratio *	**-40.0%**	-47.1%
Net debt to equity ratio #	**-40.0%**	-46.6%

* Total interest-bearing debts/Total equity.

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

The negative debt to equity ratio and net debt to equity ratio were a result of net liabilities of approximately RMB4,161.5 million (2023: approximately RMB3,507.2 million) mainly attributable to the losses for the year amounted to approximately RMB652.5 million.

Charge on assets

The following table sets forth the net carrying amounts of assets under pledge for certain banking facilities, bills payable facilities, proceeds from factorer and lease liabilities as at the dates included:

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Property, plant and equipment	**205,093**	223,345
Right-of-use assets	**74,857**	84,164
Inventories	**26,583**	26,583
Bank deposits	**32,262**	32,262
	338,795	366,354

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 as well as 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 will consider to use copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The Group did not have any outstanding copper futures contracts as at 31 December 2024 (2023: Nil). No loss or gain was recognised for the year ended 31 December 2024 (2023: Nil).

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, notes payables and other borrowings, some of which are mainly denominated in HKD.

As at 31 December 2024, certain notes payables and borrowings included in the Group's interest-bearing bank and other borrowings were denominated in HKD, with an aggregate principal amount of approximately HKD376.2 million. The Group did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 December 2024. During the year ended 31 December 2024, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to approximately RMB2.9 million.

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 2024.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies. during the year ended 31 December 2024.

Capital expenditures

For the year ended 31 December 2024, the Group's capital expenditures payments represent additions to property, plant and equipment (including construction in progress) and land use rights of approximately RMB0.1 million (2023: approximately RMB0.5 million). The capital expenditures were mainly financed from internal resources.

Capital commitments

As at 31 December 2024, 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 approximately RMB25.8 million (2023: approximately RMB25.8 million).

Contingent liabilities

As at 31 December 2024, the Group was in progress of various legal litigations relating to bank and other borrowings and trade and other payables. As a result of these litigations, various bank accounts were frozen and various properties, right-of-use assets and inventories were seized.

Events after the reporting period

On 28 January 2025 and as amended on 18 March 2025, a conditional subscription agreement was entered into between the Company as issuer and Top Legend SPC on behalf of Queens SP as subscriber (the "**Investor**") (the "**Convertible Note Subscription Agreement**") in relation to the issue of the convertible notes ("**Convertible Notes**") in the principal amount of HK$10,000,000 due on the day which lands on the sixth month after the date of issue. The Convertible Notes are convertible in the circumstances set out in the terms and conditions of the Convertible Note Subscription Agreement. Assuming full conversion of the Convertible Notes (together with all accrued interests) at their conversion price, the Convertible Notes (together with all accrued interests) will be convertible into approximately 92,477,876 New Conversion Shares as adjusted based on the proposed Share Consolidation, Capital Reduction and Share Subdivision (as defined below).

On 28 January 2025 and as amended on 18 March 2025, a conditional subscription agreement (the "**Share Subscription Agreement**") was entered into between the Company as issuer and Lin Fei as subscriber (the "**Subscriber**") in relation to the issue of a total of 585,659,030 shares of the Company, to be adjusted to 58,565,903 shares of the Company (the "**Subscription Shares**") based on the proposed Share Consolidation, Capital Reduction and Share Subdivision (as defined below).

On 28 January 2025 as updated on 18 March 2025, and on 21 March 2025 (as set out in its Circular), the Company proposes to implement the capital reorganization involving the share consolidation, the capital reduction and the share sub-division, as follows:

The Company proposes a share consolidation of every ten (10) issued and unissued Shares of par value of HK$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK$1.00 (the "**Share Consolidation**").

Immediately following the Share Consolidation becoming effective, the capital reduction and the Share sub-division will be implemented, pursuant to which:

(i) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK$0.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$1.00 to HK$0.01 (the "**Capital Reduction**"); and

(ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK$1.00 each be sub-divided into 100 New Shares of par value of HK$0.01 each (the "**Sub-Division**").

Except for those disclosed, the Group did not have any other material events after the reporting period.

Human resources

As at 31 December 2024, the Group had a total of 250 employees (2023: 287). The Group's staff costs for the year ended 31 December 2024 were approximately RMB27.6 million (2023: RMB28.6 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.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

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 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by ZHONGHUI ANDA 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 on the preliminary announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2024 which included a disclaimer of opinion and other matters:

"DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group recorded a net loss of approximately RMB652,462,000 and RMB805,780,000 respectively for two consecutive years ended 31 December 2024 and 2023. As at 31 December 2024, the Group had net current liabilities of approximately RMB4,711,009,000 and net liabilities of approximately RMB4,161,503,000. As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB3,613,000, while debts repayable within one year or on demand (including interest-bearing bank and other borrowings and note payables) were approximately RMB1,666,374,000. In addition, as at 31 December 2024, the Group had defaulted the repayment of interest-bearing bank and other borrowings and note payables of approximately RMB1,630,001,000 and RMB24,373,000 respectively (collectively referred to as the "Overdue Debts"). In addition, as described in note 37 to the consolidated financial statements, as at 31 December 2024, the Group was also involved in various litigations resulting in the freezing of several bank accounts and the seizure of property, plant and equipment, right-of-use assets and inventories. The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis. The directors of the Company have been undertaking a number of plans and measures as described in note 2 to the consolidated financial statements to mitigate the liquidity pressure and improve its financial position. Should the going concern assumption be inappropriate, adjustments may have to be made to write down the carrying values 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 non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Up to the date of this report, the Relevant Subsidiaries as defined in note 2(i) to the consolidated financial statements are in progress of debt restructuring (the "Debt Restructuring") for purpose of reducing the level of debts of the Relevant Subsidiaries. As of the date of this report, we have not been provided with the debt restructuring agreements and were unable to obtain sufficient appropriate audit evidence as to confirm the timing and extent of the Debt Restructuring.

Furthermore, up to the date of this report, the Group had notified and liaised with the creditors, banks, financial institutions and holders of note payables for extension/alternative refinancing of the Overdue Debts. As of the date of this report, we have not been provided with the extension agreements or refinancing agreements in respect of the Overdue Debts.

Up to the date of this report, the Group had been liaising with banks and financial institutions for obtaining new financing. As of the date of this report, we have not been provided with the financing agreements in respect of the new financing.

In addition, up to the date of this report, the Group has been endeavouring to improve the Group's operating performance and cash flows through cost control measures and working capital management to maintain sufficient liquidity. We have not been provided with sufficient audit evidence on effect on overcoming the net current liabilities and net liabilities positions of the Group from such cost control measures and working capital management.

Also, up to the date of this report, the Group has been in the process of resolving the Group's litigation to release the freezing orders on bank accounts and seizure orders on property, plant and equipment, right-of-use assets and inventories. As of the date of this report, we have not been provided with the settlement agreements with creditors in respect of the amount due to the creditors.

In absence of sufficient appropriate audit evidence of the above, we were unable to ascertain whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

OTHER MATTERS

Had we not disclaimed our opinion regarding the matters described in the Basis for Disclaimer of Opinion section above, we would otherwise have qualified our opinion regarding the scope limitations on our audit relating to the matters detailed below.

(a) Trade and bills receivables

As disclosed in note 21 to the consolidated financial statements, as at 31 December 2024 and 2023, the Group's trade and bills receivables amounted to approximately RMB13,254,000 and RMB146,292,000 respectively, the amount of which approximately RMB nil and RMB115,007,000 respectively (the "Overdue Trade and Bills Receivables") were past due and/or have not been settled up to the date of this report. The management is still negotiating with and considering taking any action to the debtors on the settlement. Due to (1) the past due situation of the Overdue Trade and Bills Receivables, (2) financial difficulties of debtors and (3) unfavourable negotiation results with debtors, the management considered that the chance of recovering the Overdue Trade and Bills Receivables to be remote. The Group recognised provision for doubtful debts of approximately RMB105,391,000 and RMB89,322,000 respectively in respect of the Overdue Trade and Bills Receivables in profit or loss for the year ended 31 December 2024 and 2023.

Due to the above uncertainties, the management is not able to provide further evidences in justifying the sufficiency, adequacy and extent of the provision for doubtful debts being recognised. Accordingly, we are not able to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of Overdue Trade and Bills Receivables of approximately RMB115,007,000 as at 31 December 2023. More importantly, there is no other satisfactory audit procedures that we could perform to satisfy ourselves whether the balance of Overdue Trade and Bills Receivables of approximately RMB115,007,000 were fairly stated as at 31 December 2023. Consequently, we are not able to obtain sufficient appropriate audit evidences on the provision for doubtful debts of approximately RMB105,391,000 and RMB89,322,000 recognised in profit or loss for the years ended 31 December 2024 and 2023 and the recoverability of Overdue Trade and Bills Receivables of approximately RMB115,007,000 at 31 December 2023.

(b) Advance payments to suppliers

As disclosed in note 19 to the consolidated financial statements, as at 31 December 2024 and 2023, the Group's advance payments to suppliers amounted to approximately RMB nil and RMB75,320,000 respectively, of which approximately RMBnil and RMB72,421,000 (the "Long Outstanding Advance Payments"), were long outstanding and/or have not been utilised/recovered up to the date of this report. The management is still negotiating with and considering taking any action to the debtors on the settlement. Due to (1) the long outstanding position of Long Outstanding Advance Payments, (2) financial difficulties of debtors and (3) unfavourable negotiation results with debtors, the management considered that the chance of utilising/recovering the Long Outstanding Advance Payments to be remote. The Group recognised provision for impairment loss of approximately RMB72,314.000 and RMB207,988,000 respectively in respect of the Long Outstanding Advance Payments in profit or loss for the years ended 31 December 2024 and 2023.

Due to the above uncertainties, the management is not able to provide further evidences in justifying the sufficiency, adequacy and extent of the impairment loss being recognised. Accordingly, we are not able to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of the Long Outstanding Advance Payments of approximately RMB72,421,000 as at 31 December 2023. More importantly, there is no other satisfactory audit procedures that we could perform to satisfy ourselves whether the balance of the Long Outstanding Advance Payments of approximately RMB72,421,000 were fairly stated as at 31 December 2023. Consequently, we are not able to obtain sufficient appropriate audit evidences on the provision for impairment loss of approximately RMB72,314,000 and RMB207,988,000 recognised for the years ended 31 December 2024 and 2023 and the recoverability of the Long Outstanding Advance Payments of approximately RMB72,421,000 at 31 December 2023.

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 years ended 31 December 2024 and 2023 and the consolidated financial position of the Group as at 31 December 2023, and the related disclosures thereof in the consolidated financial statements."

AUDIT COMMITTEE'S VIEWS TOWARDS THE AUDIT QUALIFICATION

The audit committee of the Company (the "Audit Committee") had critically reviewed the basis for disclaimer of opinion regarding material uncertainties relating to going concern (the "Disclaimer Opinion") and other matters regarding trade and bills receivables, and advance payments to suppliers included in the other matters (the "Other Matters") expressed by ZHONGHUI ANDA. The Audit Committee had also discussed with the ZHONGHUI ANDA regarding the financial position of the Group, the measures taken and to be taken by the Company, and considered ZHONGHUI ANDA's rationale and understood their consideration in arriving the Disclaimer Opinion and Other Matters. The Audit Committee agrees with the Management with respect to the Disclaimer Opinion and the Group's ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group.

The Audit Committee's views are based on (i) a critical review of the action plan to address the Disclaimer Opinion and Other Matters; and (ii) discussions between the Audit Committee, the Auditors and the Management regarding the Disclaimer and the proposed measures and action plan together with the timeline stated therein to address the Disclaimer Opinion and Other Matters. The Audit Committee requested the Management to take all necessary actions to address the effect on the basis for the Disclaimer Opinion and Other Matters to procure no such Disclaimer Opinion to be made in the next financial year.

REVIEW OF ANNUAL RESULTS

The Audit Committee has three members comprising three independent non-executive Directors, namely Mr. Yu Rengzhong (Chairman of the Audit Committee), Mr. Li Wei and Mr. Fang Guanghua, 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 information of the Group for the year ended 31 December 2024, including the accounting policy adopted by the Group and has discussed the internal controls and financial reporting matters of the Group.

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 2024.

CORPORATE GOVERNANCE

For the year ended 31 December 2024, the Company was in compliance with the code provisions of the Corporate Governance Code (the "CG Code") as set forth in Appendix C1 of the Listing Rules save as disclosed below.

Code Provision C.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 C3 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 2024.

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 2024 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company upon request, 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
Mr. YU Jianqiu
Chairman

Hong Kong, 31 March 2025

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