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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)

(1) PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARE (2) CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board proposes that Share 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 Shares such that the par value of each issued Share will be reduced from HK\$1.00 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Shares of par value of HK\$1.00 each be sub-divided into 100 New Shares of par value of HK\$0.01 each.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Hong Kong Stock Exchange in the board lot size of 4,000 Shares, it is proposed that the board lot size for trading in the Shares shall be changed from 4,000 Shares to 8,000 New Shares.

GENERAL

It is proposed that the Capital Reduction and the Share Sub-division will be approval at the EGM. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Capital Reduction and the Share Sub-division, and no Shareholders are required to abstain from voting at the EGM. A circular containing, among other matters, further details of the Capital Reduction and Share Sub-division and a notice convening the EGM for the purpose of considering and, if thought fit, passing the necessary resolutions for the approval of, among other matters, the Capital Reduction and Share Sub-division, will be dispatched to the Shareholders in due course.

As the Capital Reduction and the Share Sub-division are subject to the satisfaction of certain conditions, they may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

PROPOSED CAPITAL REDUCTION AND SHARE SUB- DIVISION

The Board proposes that 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 Shares such that the par value of each issued Share will be reduced from HK\$1.00 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Shares of par value of HK\$1.00 each be sub-divided into 100 New Shares of par value of HK\$0.01 each.

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank *pari passu* in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles.

The Company had previously proposed to implement the Capital Reduction and the Share Sub-division at the extraordinary general meeting on 7 April 2025. 68.37% of the votes cast for the resolution were in favour of the resolution and 31.63% of the votes cast for the resolution were against the resolution. As a result, the resolution was not passed as it failed to achieve the three-fourths voting requirement needed to pass it as a special resolution. For details, please refer to the announcement of the Company dated 7 April 2025 in relation to, among others, the poll results at the extraordinary general meeting of even date. To the best of knowledge, information and belief of the Company, the resolution was voted down primarily due to the fact that a number of Shareholders at the time did not fully appreciate the benefits and necessity of the Capital Reduction to the Company. For the reasons set out in the section headed “Reasons for the Capital Reduction, the Share Sub-Division and the Change in Board Lot Size” below, the Company is proposing the EGM to approve the the Capital Reduction and the Share Sub-division.

Following the extraordinary general meeting on 7 April 2025, the Company has been proactively engaged with those dissenting Shareholders to understand their concerns regarding the Capital Reduction and Share Sub-division. Through direct dialogue, these dissenting Shareholders gained clarity on the benefits, including enhanced capital flexibility and liquidity, and the Company expects significantly improved support from those dissenting Shareholders in the forthcoming vote on the Capital Reduction and Share Sub-division.

Further the Capital Reduction and Share Sub-division are critical to enable future fundraising activities of the Company, including but not limited to the issuance of convertible notes announced on 18 March 2025. In particular, as the drawdown of such convertible notes is subject to certain conditions precedent, including the Company having completed its capital reorganization to lower the par value of the Shares to HK\$0.01 per Share. As such, the Capital Reduction and Shares Sub-division are essential to address imminent funding needs, settle outstanding liabilities, and support ongoing business operations.

Effect of the Capital Reduction and the Share Sub-division

Immediately upon the Capital Reduction and the Share Sub-division becoming effective and assuming no further Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Capital Reduction and the Share Sub-division shall become effective, the authorised share capital of the Company shall be HK\$10,000,000,000 divided into 1,000,000,000,000 New Shares with par value of HK\$0.01 each, of which 448,155,726 New Shares will be in issue and fully paid or credited as fully paid.

Based on the 448,155,726 Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or repurchased prior to the date of which the Capital Reduction and the Share Sub-division shall become effective, a credit amounting to approximately HK\$443.67 million will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and the Articles.

Assuming that there is no change in the number of issued Shares from the date of this announcement up to and including the date on which the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately upon the Capital Reduction and the Share Sub-division becoming effective
Par value	HK\$1.00 per Share	HK\$0.01 per Share
Number of authorised shares of the Company	10,000,000,000 Shares	1,000,000,000,000 Shares
Amount of authorised share capital of the Company	HK\$10,000,000,000	HK\$10,000,000,000
Number of issued shares of their Company	448,155,726 Shares	448,155,726 New Shares
Amount of issued share capital of the Company	HK\$448,155,726	HK\$4,481,557

Other than the expenses to be incurred in relation to the Capital Reduction and Share Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Directors are of the view that the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction and the Share Sub-division

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

- (i) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Share Sub-division;
- (ii) the Court granting an order confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction;
- (v) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective; and
- (vi) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction and Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Share Sub-division at the EGM, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company as soon as reasonably practicable after the Court hearing date(s) are confirmed.

As at the date of this announcement, none of the above conditions have been fulfilled.

Application for listing of the New Shares

An application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reduction and the Share Sub-division becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Shares are listed or dealt in any other stock exchange other than the Hong Kong Stock Exchange, and at the time the Capital Reduction and the Share Sub-division becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division as set out under the section titled “Expected Timetable” is tentative at present. Should the Capital Reduction and the Share Sub-division become effective, Shareholders may submit share certificates for the Shares (in yellow colour) to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong to exchange for new share certificates for the New Shares (in blue colour) at the expense of the Company within the relevant free exchange period from the date of which the Capital Reduction and the Share Sub-division shall become effective. Details of such free exchange of share certificates will be announced as soon as the date of which the Capital Reduction and the Share Sub-division shall become effective is ascertained.

The Company will publish announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

All existing certificates of the Shares or (as the case may be) the Shares will continue to be evidence of title to such Shares but all existing certificate of Shares will cease to be valid for trading and settlement purposes.

The Board hereby announces that the board lot size of the shares with par value of HK\$0.01 (subject to the passing of special resolution in the EGM) each in the share capital of the Company for trading on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Wednesday, 2 July 2025 (the “**Change in Board Lot Size**”). Based on the closing price of HK\$0.36 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of the existing board lot of 4,000 Shares each is HK\$1,440. Upon the Change in Board Lot Size becoming effective, the market value of the then board lot of 8,000 Shares each will be HK\$2,880 (based on the closing price of HK\$0.36 per Share as quoted on the Stock Exchange as at the date of this announcement). The Change in Board Lot Size will increase the board lot value. The Change in Board Lot Size will not affect any of the relative rights of the Shareholders. The Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if applicable and if any) of the Shares, the Company has appointed Luk Fook Securities (HK) Limited as an agent to provide matching services, on a best effort basis, regarding the sale and purchase of odd lots of Shares from 9:00 a.m. on 2 July 2025 to 4:00 p.m. on 22 July 2025 (both days inclusive). Shareholders who wish to acquire odd lots to make up a full board lot, or to dispose of their holding of odd lots of the Shares, should contact Mr. Tommy Cheng of Luk Fook Securities (HK) Limited at Units 2201-2207 & 2213-2214, 22/F. Cosco Tower, 183 Queen's Road Central, Hong Kong (telephone number: (852) 2980 0820) during the office hours of such period.

REASONS FOR THE CAPITAL REDUCTION, SHARE SUB-DIVISION AND CHANGE IN BOARD LOT SIZE

Under the Companies Act, a company may not issue shares at a discount to the nominal value of such shares. As at the date of this announcement, the nominal value of the Shares is HK\$1.00 per Share.

The Capital Reduction and the Share Sub-division will keep the nominal value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and the Articles.

As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the value of each board lot shall not be less than HK\$2,000. Based on the closing price of HK\$0.36 per Share as at the Last Trading Day, (i) the value per board lot of 4,000 Shares is HK\$1,440; and (ii) the value per board lot of 8,000 Shares would be HK\$2,880. The Board believes that the Change in Board Lot Size would allow the Company to comply with the requirement. The Change in Board Lot Size will not affect the relative rights of Shareholders.

Accordingly, the Board considers that the Capital Reduction, the Share Sub-division and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the Capital Reduction and the Share Sub-division together with the Change in Board Lot Size is set out below. Part of the expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates unless otherwise stated in this announcement.

Time and date

Expected date of despatch of Circular, the
notice of the EGM and the form of proxy of
the EGM..... on or before
Wednesday, 11 June 2025

First day of free exchange of existing share
certificates in board lot of 4,000 Shares each
for new share certificate in board lot of
8,000 Shares each..... Tuesday, 17 June 2025

Latest date and time for lodging transfer
documents in order to qualify for attending
and voting at the EGM 4:30 p.m. on
Tuesday, 24 June 2025

Closure of register of members for determining
the entitlement to attend and vote at the
EGM (both dates inclusive) Wednesday, 25 June 2025 to
Monday, 30 June 2025

Latest date and time for lodging the proxy
form for the EGM 3:00 p.m. on
Saturday, 28 June 2025

Record date for the EGM Monday, 30 June 2025

Expected date and time of the EGM 3:00 p.m. on
Monday, 30 June 2025

Publication of announcement of poll results
of the EGM Monday, 30 June 2025

Time and date

The following events are conditional upon the results of the EGM, compliance with any requirements imposed by the Court in order for it to be able to confirm, the Capital Reduction, and the availability of the Court. It may be two to three months before the matter is heard by the Court. The dates are therefore tentative only.

Last day for trading of Shares in board lot of
4,000 Shares each in the original counter..... Monday, 30 June 2025

Effective date of the Change in Board Lot Size
from 4,000 Shares each to 8,000 Shares each..... Wednesday, 2 July 2025

Odd lot arrangement Wednesday, 2 July 2025 to
Tuesday, 22 July 2025

Last day for free exchange of existing share
certificates in board lot of 4,000 Shares each
for new share certificates in board lot of
8,000 Shares each 4:30 p.m. on
Thursday, 24 July 2025

Effective date and time of the Capital
Reduction and the Share Sub-division Before 9:00 a.m. on
Monday, 25 August 2025

Commencement of dealing in the New Shares
in board lot of 8,000 New Shares 9:00 a.m. on
Monday, 25 August 2025

First day of free exchange of existing share
certificates for the Shares into new share
certificates for New Shares Monday, 25 August 2025

Last day of free exchange of existing share
certificates for the Shares into new share
certificates for New Shares Tuesday, 30 September 2025

EXCHANGE OF NEW SHARE CERTIFICATES

Shareholders may submit their existing share certificates in board lot of 4,000 shares each to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (the "**Share Registrar**") in exchange for new share certificates in board lot of 8,000 Shares each free of charge during business hours (i.e. 9:00 a.m. to 4:30 p.m.) from Tuesday, 17 June 2025 to Thursday, 24 July 2025 (both days inclusive). After the expiry of such period, existing share certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate in board lot of 8,000 Shares each issued or each existing share certificate submitted, whichever number of share certificate involved is higher. It is expected that the new share certificates will be available for collection from the Share Registrar by the holders of Shares within ten business days after delivery of the existing share certificates to the Share Registrar for exchange purpose. As from Wednesday, 2 July 2025, any new share certificates will be issued in board lot of 8,000 Shares each (except for odd lots or where the Share Registrar is otherwise instructed). All existing share certificates in board lot of 4,000 Shares each will continue to be evidence of legal title to such Shares and be valid for transfer, delivery and settlement purposes. Save and except for the change in the number of Shares for each board lot, the new share certificates will have the same format and color as the existing share certificates.

GENERAL

It is proposed that the Capital Reduction and the Share Sub-division will be approval at the EGM. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Capital Reduction and the Share Sub-division, and no Shareholders are required to abstain from voting at the EGM. A circular containing, among other matters, further details of the Capital Reduction and Share Sub-division and a notice convening the EGM for the purpose of considering and, if thought fit, passing the necessary resolutions for the approval of, among other matters, the Capital Reduction and Share Sub-division, will be dispatched to the Shareholders in due course.

DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended from time to time
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the par value of each issued Share will be reduced from HK\$1.00 to HK\$0.01
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“Change in Board Lot Size”	the proposed change in board lot size for trading in the Shares from 4,000 Shares to 8,000 New Shares
“Circular”	the circular to be despatched to the Shareholders containing, among other things, details of the Capital Reduction, the Share Sub- division and the notice of the EGM
“Closing Price”	the closing price for the Shares published in the daily quotation sheet published by the Hong Kong Stock Exchange for such day
“Companies Act”	the Companies Act (Revised), of the Cayman Islands as consolidated and revised
“Company”	China Metal Resources Utilization Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1636)
“Court”	the Grand Court of the Cayman Islands
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Capital Reduction and the Share Sub- division

“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to HKSCC, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party”	person(s) or companies who is/are not connected persons or associates of connected persons of the Company as defined in the Listing Rules
“Last Trading Day”	10 June 2025, being the last full Trading Day immediately prior to the publication of this announcement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Memorandum”	the memorandum of association of the Company, as amended from time to time
“New Shares”	Shares to be allotted and issued by the Company upon the Capital Reduction and Share Sub-division
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) each in the share capital of the Company
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Share of par value HK\$0.01 each

“Shareholders”	the holders of Shares
“Trading Day(s)”	days on which the Hong Kong Stock Exchange is open for dealing business

* *The English translation of the name is for reference only. The official name of the company is in Chinese.*

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

Hong Kong, 10 June 2025

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. Gao Qiang and Ms. Zhu Yufen; and three independent non-executive directors, namely, Mr. Li Wei, Mr. Fang Guanghua and Mr. Yu Renzhong.