



China Metal Resources Utilization Limited
中國金屬資源利用有限公司

(a company incorporated under the laws of Cayman Islands with limited liability)
(根據開曼群島法律註冊成立的有限公司)

Stock Code 股份代號 : 1636

2024

INTERIM REPORT 中期報告

CONTENTS

- 2** Corporate Information
- 3** Financial Highlights
- 4** Management Discussion and Analysis
- 15** Other Information
- 24** Condensed Consolidated Statement of Profit or Loss
and Other Comprehensive Income
- 26** Condensed Consolidated Statement of Financial Position
- 28** Condensed Consolidated Statement of Changes in Equity
- 29** Condensed Consolidated Statement of Cash Flows
- 30** Notes to the Condensed Consolidated Financial Information



DIRECTORS

EXECUTIVE DIRECTORS

Yu Jianqiu
Kwong Wai Sun Wilson
Gao Qiang
Zhu Yufen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Wei
Fang Guanghua
Yu Rengzhong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

She Nos 1, 3 and 8
Shunhe Village Xiaojiangou Town
Youxian District
Mianyang
Sichuan Province
China

PLACE OF BUSINESS IN HONG KONG

Unit 2513B, COSCO Tower,
183 Queen's Road Central,
Sheung Wan,
Hong Kong

COMPANY SECRETARY

Cheung Ying Kwan

AUDITORS

ZHONG HUI ANDA CPA Limited
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law
Herbert Smith Freehills

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Li Wei
Fang Guanghua
Yu Rengzhong (*Chairman*)

REMUNERATION COMMITTEE

Li Wei
Fang Guanghua (*Chairman*)
Yu Rengzhong

NOMINATION COMMITTEE

Li Wei (*Chairman*)
Fang Guanghua
Yu Rengzhong

AUTHORIZED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Kwong Wai Sun Wilson
Cheung Ying Kwan

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

COMPANY WEBSITE

<http://www.cmru.com.cn>

STOCK CODE

1636

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024 RMB'000	2023 RMB'000	
Revenue	454,200	141,496	
Net loss attributable to the shareholders of the Company	(221,735)	(496,374)	
Loss per share	RMB(0.05)	RMB(0.11)	
	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000	Change %
Cash and cash equivalents	21,632	18,327	18.03%
Total assets	1,305,839	1,382,319	(5.53)%
Total liabilities	(5,039,856)	(4,889,531)	3.07%
Total Equity	(3,734,017)	(3,507,212)	6.47%

	For the six months ended 30 June		
	2024 RMB'000	2023 RMB'000	
Net loss margin	(48.82)%	(350.80)%	
Return on equity	N/A	N/A	
	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000	
Inventory turnover days	19	32.0	
Receivables turnover days	181	221.0	
Payables turnover days	300	462.0	
Current ratio	0.1	0.2	
Quick ratio	0.1	0.2	
Debt to equity ratio [^]	(44.50)%	(47.1)%	
Net debt to equity ratio [#]	(43.90)%	(46.6)%	

[^] Total interest-bearing debts/Total equity.

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

BUSINESS REVIEW

Throughout the six months ending 30 June 2024, copper prices on the Shanghai Futures Exchange increased significantly, rising from approximately RMB69,000 per ton at the beginning of the period to around RMB79,000 per ton by period-end, peaking at approximately RMB88,000 per ton during this time. This price escalation was driven by strong demand and ongoing recovery efforts in infrastructure and manufacturing, despite challenges such as a sluggish real estate sector and geopolitical tensions impacting trade dynamics. Notably, the Group's manufacturing facilities were suspended for several months, but operations resumed on 1 June 2023.

As a result of these factors, revenue for the six months ended 30 June 2024 grew significantly, increasing from approximately RMB141.5 million to around RMB454.2 million compared to the corresponding period in 2023. And the loss for the six months ended 30 June 2024 was decreased from approximately RMB496.4 million to approximately RMB221.7 million compared to the corresponding period of 2023.

Furthermore, in order to weather this situation and safeguard our businesses and assets, we have taken the initiative to apply for bankruptcy reorganization for some of our operating subsidiaries. These applications have been approved by the relevant courts. The effect of the bankruptcy reorganizations would be that the debts of the operating subsidiaries are restructured as well as reduced so that the intrinsic value and business potential of the quality assets held by the subsidiaries can be released, allowing the subsidiaries to fully utilize such assets to increase their revenue generation ability.

Moving forward, our primary focus is to successfully complete the bankruptcy reorganizations of our subsidiaries in a timely manner. While we anticipate that our short-term operational and financial results may suffer during this process, we remain optimistic about our long-term business outlook.

Additionally, the Group's manufacturing facilities has been suspended certain months and resumed operations on 1 June 2023. During the six months ended 30 June 2024, the Group has sold 7,004 tons of recycled copper products, achieved sales revenue of recycled copper products of RMB445.9 million. The communication cables business and power transmission and distribution business of the Group have not yet resumed their businesses due to lack of working capital and poor market conditions in the real estate sector where most of the products are being sold into. As the real estate market begins to stabilise, the Company expects to resume these two downstream businesses once the Group has obtained sufficient working capital.

PROSPECTS

In 2023, China's economic recovery was not as robust as anticipated, primarily due to a significant slowdown in the real estate sector, which has traditionally been a key driver of growth. External factors such as the ongoing Russia-Ukraine conflict, interest rate hikes by major economies, and escalating tensions with the United States contributed to the uncertainties facing China's economy and its enterprises. Amid these challenges, the central government took decisive actions in the second half of the year to mitigate risks associated with the real estate market and local government debt. A set of targeted expansionary fiscal and monetary policies was implemented, along with supportive industrial measures. These initiatives began to show signs of effectiveness, leading to a self-repairing economy that gradually recovered, achieving a year-on-year GDP growth rate of 5.2%.

Despite overall economic uncertainties, the outlook for China's copper sector remains positive, particularly as highlighted in the 14th Five-Year Plan (2021–2025) and the 22 February 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 plans emphasize a transition to a sustainable economy and the advancement of information technology, particularly with the deployment of 5G networks. Given copper's essential role in electric vehicles (EVs), renewable energy systems, and advanced manufacturing, demand is expected to grow in alignment with the government's goal of achieving carbon neutrality by 2060. Additionally, the increasing focus on electrification, the development of smart grids, and the infrastructure needs for 5G technology present substantial opportunities for the copper industry, likely resulting in boosts to both domestic production and imports.

Nevertheless, the copper sector must navigate several challenges that could hinder its growth within the framework of the 14th Five-Year Plan. Factors such as stringent environmental regulations, resource scarcity, and geopolitical tensions may disrupt supply chains and affect production capacity. Additionally, although 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 sector's landscape.

On 24 September 2024, a series of policies were announced by China's three top financial officials at a press conference to backstop the stalling economy. These notably included a 20-basis-point cut to the seven-day reverse repo rate (RRR; the policy interest rate); a 50-basis-point cut to the reserve requirement ratio (RRR); a rate cut on existing mortgages; capital replenishment of large state-owned banks; and other measures to support the housing and the stock markets.

We believe we are well positioned to benefit from the anticipated increase in demand for copper.

Furthermore, our immediate priority is to successfully complete the bankruptcy reorganizations of our subsidiaries as quickly as possible. While we anticipate that our short-term operational and financial results may be negatively impacted during this process, we remain confident in our long-term business prospects. We believe that demand for our products, particularly copper, will continue to be robust in the future. This confidence underpins our commitment to navigating this reorganization effectively and positioning ourselves for growth once we emerge from this challenging period.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. Please refer to the Company's announcement dated 6 June 2022 for further details.

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.

Yinlian Xiangbei 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 of Joint Administrators for substantive consolidated bankruptcy reorganization of the Relevant Subsidiaries 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.

HUMAN RESOURCES

As at 30 June 2024, the Group had a total of 262 employees (31 December 2023: 287). The Group’s staff costs for the six months ended 30 June 2024 were approximately RMB13.1 million. The Group offers competitive remuneration schemes to its employees. In addition, share options may also be granted to eligible employees based on individual and the Group’s performance. The Group is committed to nurturing a learning and sharing culture across its organization. Heavy emphasis is placed on the training and development of individual employees 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 by employing disabled staff and providing appropriate working conditions and protection to them.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

FINANCIAL REVIEW

REVENUE

Our revenue represents the fair value of consideration received or receivable for sales of goods and services in the ordinary course of business. Revenue is shown net-of-VAT and other taxes, returns and discounts after eliminating sales within the Group.

The following table sets forth an analysis of our revenue:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Sales of recycled copper products	445,883	124,221
Sales of power transmission and distribution cables	177	1,067
Sales of communication cables	42	196
Sales of scrap materials	5,011	13,710
Others	3,087	2,302
	454,200	141,496

Revenue for the six months ended 30 June 2024 amounted to RMB454.2 million, representing a significant increase of 321.0% from RMB141.5 million for the six months ended 30 June 2023.

Revenue from copper products amounted to RMB445.9 million for the six months ended 30 June 2024, representing an increase of 359.0% from RMB124.2 million for the six months ended 30 June 2023, reflecting mainly an increase of 375.8% in the sales volume of all copper products from 1,864 metric tons for the six months ended 30 June 2023 to 7,004 metric tons for the six months ended 30 June 2024, and an increase of 10.1% in average selling price from RMB57,809 per ton for the six months ended 30 June 2023 to RMB63,658 per ton for the six months ended 30 June 2024. Due to the suspension of the Group's manufacturing facilities for several months, operations resumed on 1 June 2023, and have been fully operational during the six months ended 30 June 2024.

LOSS FOR THE PERIOD

Our loss for the six months ended 30 June 2024 was RMB221.7 million whereas loss for the six months ended 30 June 2023 was RMB496.4 million. The decrease in loss was mainly due to the decrease in provision for doubtful debts and impairment of advance payments to suppliers from RMB297.5 million for the six months ended 30 June 2023 to RMB20.4 million for the six months ended 30 June 2024.

CAPITAL STRUCTURE

As at 30 June 2024, the capital structure of the Group mainly consisted of shareholders' equity, bank and other borrowings and finance leases and convertible bonds. 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 reporting periods:

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

Interest bearing borrowings:	As at 30 June 2024		As at 31 December 2023	
	Effective interest rate %	Amount RMB'000	Effective interest rate %	Amount RMB'000
Note payables	12-13	24,497	12-13	23,922
Interest-bearing bank and other borrowings	3.85-9.92	1,636,225	3.85-9.92	1,628,000
Lease liabilities	3.25-4.76	98	3.25-4.76	379
Total interest bearing borrowings		1,660,820		1,652,301

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

	As at 30 June 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	24,497	1,636,225	98	1,660,820

MANAGEMENT DISCUSSION AND ANALYSIS

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group's cash and cash equivalents (excluding pledged deposits of RMB32.3 million) amounted to RMB21.6 million (as at 31 December 2023: RMB18.3 million).

The Group's inventories decreased by RMB30.5 million to RMB34.0 million (as at 31 December 2023: RMB64.5 million). During the six months ended 30 June 2024, the inventory turnover days were 19 days as compared with 32 days for the year ended 31 December 2023. Such decrease was mainly attributable to the increase in sales of copper products during the six months ended 30 June 2024 and due to the suspension of the Group's manufacturing facilities for several months, operations resumed on 1 June 2023, and have been fully operational during the six months ended 30 June 2024.

Trade and bills receivables decreased by RMB20.9 million to RMB125.4 million as at 30 June 2024 (as at 31 December 2023: RMB146.3 million). During the six months ended 30 June 2024, the receivables turnover days were 181 days as compared with 221 days for the year ended 31 December 2023. The decrease in receivables turnover days was primarily due to faster collections from customers and improved operations compared for the year ended 31 December 2023.

Trade and bills payables increased by RMB0.8 million to RMB790.5 million as at 30 June 2024 (as at 31 December 2023: RMB789.7 million) while the payable turnover days were 300 days, compared with 462 days for the year ended 31 December 2023. The decrease in payable turnover days was mainly due to resulting from increased sales and faster collections compared for the year ended 31 December 2023. The Group is also currently undergoing Debt Restructuring.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total interest-bearing borrowings slightly increased by RMB8.5 million to RMB1,660.8 million as at 30 June 2024 (as at 31 December 2023: RMB1,652.3 million).

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 report, 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 30 June 2024	As at 31 December 2023
Current ratio	0.1	0.2
Quick ratio	0.1	0.2
Debt to equity ratio [^]	-44.5%	-47.1%
Net debt to equity ratio [#]	-43.9%	-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 RMB3,734.0 million (As at 31 December 2023: approximately RMB3,507.2 million) mainly attributable to the losses for the period amounted to approximately RMB227.3 million.

* For identification purpose only.

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 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Property, plant and equipment	213,088	223,345
Right-of-use assets	83,557	84,164
Inventories	26,583	26,583
Bank deposits	32,262	32,262
	355,490	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 30 June 2023 (As at 31 December 2023: Nil). No loss or gain was recognised for the six months ended 30 June 2024 and the corresponding period of 2023.

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, the convertible bonds and contingent consideration liabilities, all of which are mainly denominated in HKD.

As at 30 June 2024, the Group's interest-bearing bank and other borrowings and lease liabilities were denominated in RMB but the certain 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 six months ended 30 June 2024. During the six months ended 30 June 2024, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to approximately RMB5.6 million.

SIGNIFICANT INVESTMENTS HELD

Saved as disclosed elsewhere in this report, except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interests in any other companies during the six months ended 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2024, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

CAPITAL EXPENDITURES

For the six months ended 30 June 2024, the Group's capital expenditures represent additions to property, plant and equipment (including construction in progress) and right of use of assets in respect of land use right of approximately RMB0.2 million (2023: nil). The capital expenditures were mainly financed from internal resources.

CAPITAL COMMITMENTS

As at 30 June 2024, the capital commitments in respect of the acquisition of property, plant and equipment and right of use of assets in respect of land contracted for but not provided in the consolidated financial statements amounted to RMB25.8 million (as at 31 December 2023: RMB25.8 million).

CONTINGENT LIABILITIES

As at 30 June 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 27 September 2024, the Company entered into a subscription agreement with the investor, pursuant to which the investor agreed to subscribe for and pay for the convertible notes to be issued by the Company in a principal amount of RMB400,000,000, subject to the satisfaction of certain conditions. The convertible notes are convertible in the circumstances set out in the terms and conditions into ordinary shares of HK\$0.10 each share of the Company at a conversion price of HK\$0.465 per ordinary share of the Company.

Except for those disclosed above and in the "PROSPECT" and "RESUMPTION OF TRADING CONDITIONS" sections of this report, the Group did not have any other material events after the reporting period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2024, the interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), of the directors and chief executives of the Company which would have to be notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), were as follows:

(1) INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of director	Capacity/Nature of interest	Number of Shares held	Number of underlying shares (unlisted and physically settled derivatives)	Approximately percentage of interests ⁽¹⁾
Mr. Yu Jianqiu	Beneficial owner	6,204,000 (L)	-	0.14%
	Interest in a controlled corporation ⁽³⁾	332,794,400 (L) 200,000,000 (S)	-	7.43% 4.46%
Mr. Kwong Wai Sun Wilson	Beneficial owner	3,272,600 (L)	4,000,000 (L) ⁽⁴⁾	0.16%
Ms. Zhu Yufen	Beneficial owner	-	3,000,000 (L) ⁽⁴⁾	0.07%

Notes:

1. The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 30 June 2024, that is 4,481,557,261 ordinary shares of the Company.
2. The letters “L” and “S” denote a person’s/an entity’s long position and short position in the shares of the Company, respectively.
3. Mr. Yu Jianqiu is the beneficial owner of the entire issued share capital of Epoch Keen Limited and is deemed to be interested in the 532,794,400 Shares held by Epoch Keen Limited under the SFO.

The short position of 200,000,000 shares represents the shares which are pledged by Epoch Keen Limited in favour of with China Huarong International Holdings Limited (“Huarong International”).

Epoch Keen Limited entered into a share charge (the “2017 Share Charge”) and a confirmatory share charge with Huarong International on 8 August 2017 and 22 April 2020, respectively, pursuant to which Epoch Keen Limited charged 278,000,000 Shares in favour of Huarong International as security for the payment and discharge of obligations owing from the Company to Huarong International pursuant to, amongst others, the convertible bonds subscription agreement with Huarong International. On 31 March 2022, 78,000,000 Shares out of the 278,000,000 Shares charged by Epoch Keen Limited has been released pursuant to the deed of partial release.

4. These equity derivatives were share options granted under the Share Option Scheme of the Company on 14 December 2021. Please see the section headed “Share Option Scheme” for further details.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as otherwise disclosed in this report, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 30 June 2024, the following persons (not being a director or chief executive of the Company) had interests of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(1) LONG AND SHORT POSITIONS IN THE ORDINARY SHARES OF THE COMPANY:

Name	Note	Capacity/Nature of interest	Number of Shares held	Number of underlying shares (unlisted and physically settled derivatives)	Approximately percentage of interests ⁽¹⁾
Kwek Steven Poh Song	3	Interest in a controlled corporation	280,312,902 (L)	–	6.25%
State-owned Assets Supervision and Administration Office of Youxian District, Mianyang City* ("Mianyang SASA Office")	4	Interest in a controlled corporation	717,994,566 (L)	–	16.02%
China CITIC Financial Asset Management Co., Limited (formerly known as "China Huarong Asset Management Co., Limited")	5	Interests in a controlled corporation Person having a security interest in the shares	90,485,295 (L) –	– 700,000,000 (L)	2.02% 15.62%
Leung Lisa	6	Interests in a controlled corporation	557,627,268 (L)	–	12.44%
Huang Weiping	7	Interests in a controlled corporation	310,317,000 (S)	–	6.92%
Mianyang Yuan Cheng Integration Development Group Co., Limited * ("Mianyang Yuan Cheng")	8	Beneficial interests	500,000,000 (S)	–	11.16%
Mianyang Science Technology City Development Investment (Group) Co., Ltd.	9	Person having a security interest in the shares	–	310,317,000 (L)	6.92%

Notes:

- (1) The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 30 June 2024, that is 4,481,557,261 ordinary shares of the Company.
- (2) The letters "L" and "S" denote a person's/an entity's long position and short position in the shares of the Company respectively.
- (3) The 280,312,902 Shares are directly held by Quaestus Capital Pte Limited, which is 80% equity interest owned by Kwek Steven Poh Song. According to the SFO, Kwek Steven Poh Song is deemed to have interests in the 280,312,902 Shares held by Quaestus Capital Pte Limited.
- (4) The 717,994,566 shares of the Company comprise:
 - (i) The 694,470,566 Shares are directly held by Mianyang Fule Investment Co., Limited*, which is wholly owned by Mianyang SASA Office; and
 - (ii) The 23,524,000 Shares are directly held by Mianyang Zantai Industrial Co., Limited*, which is wholly owned by Mianyang Fule Investment Co., Limited* which is in turn wholly owned by Mianyang SASA Office.

According to the SFO, Mianyang SASA Office is therefore deemed to be interested in the shares held by Mianyang Fule Investment Co., Limited* and Mianyang Zantai Industrial Co., Limited*.

- (5) The 90,485,295 Shares are directly held by Huarong International and the 700,000,000 Shares represents the security interests in the shares held by Huarong International. Huarong Real Estate Co., Limited and Huarong Zhiyuan Investment & Management Co., Limited hold 88.1% and 11.9% equity interests in Huarong International, respectively. Huarong Real Estate Co., Limited and Huarong Zhiyuan Investment & Management Co., Limited are directly wholly owned by China CITIC Financial Asset Management Co., Limited. According to the SFO, China CITIC Financial Asset Management Co., Limited is therefore deemed to be interested in the shares held by Huarong International.
- (6) The 557,627,268 Shares are directly held by Prosper Rich Investments Limited, which is wholly owned by Leung Lisa. According to the SFO, Leung Lisa is deemed to have interests in the 280,312,902 Shares held by Prosper Rich Investments Limited.

- (7) The 310,317,000 shares of the Company comprise:
- (i) The 102,963,000 Shares are directly held by Gold Wide Enterprises Limited, which is wholly owned by Huang Weiping ;
 - (ii) The 167,952,400 Shares are directly held by First Harvest Global Limited, which is wholly owned by Huang Weiping ;
 - (iii) The 39,401,600 Shares are directly held by Ocean Through Limited, which is wholly owned by Huang Weiping ;

According to the SFO, Huang Weiping is therefore deemed to be interested in the shares held by Gold Wide Enterprises Limited, First Harvest Global Limited and Ocean Through Limited.

- (8) The short position of 500,000,000 Shares represents the shares which are pledged by Mianyang Yuan Cheng in favour of with Huarong International. Mianyang Yuan Cheng entered into a share charge with Huarong International on 31 May 2022.
- (9) The short position of 310,317,000 Shares represents the shares which are pledged by:
- (i) 39,401,600 Shares held by Ocean Through Limited;
 - (ii) 167,952,400 Shares held by First Harvest Global Limited; and
 - (iii) 102,963,000 Shares held by Gold Wide Enterprises Limited;

in favour of with Mianyang Science Technology City Development Investment (Group) Co., Ltd.*. Ocean Through Limited, First Harvest Global Limited and Gold Wide Enterprises Limited has each entered into a share charge with Mianyang Science Technology City Development Investment (Group) Co., Ltd.* on 15 August 2014.

Other than as disclosed above, as at 30 June 2024, the directors had not been notified by any person (not being the directors or chief executive of the Company) who had 5% or more interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Share Option Scheme”) to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Company. The Share Option Scheme was conditionally approved by a written resolution of the then shareholders of the Company on 28 January 2014 and has come into effect upon the Company’s Listing on 21 February 2014. The scheme mandate limit was refreshed by a resolution passed at the annual general meeting held on 9 June 2015 and was further refreshed by a resolution passed at the extraordinary general meeting held on 22 February 2022.

Details of share options granted, exercised, cancelled/lapsed and outstanding under the Share Option Scheme during the review period are as follows:

Category	Date of grant	Number of Options held at 1 January 2024	Changes during the period				Number of Options held at 30 June 2024	Exercise period of Options	Exercise price of Options	Price of Share at the grant date of Options
			Granted	Exercised	Cancelled	Lapsed				
Directors										
Mr. Kwong Wai Sun Wilson	14 December 2021	4,000,000	0	0	0	0	4,000,000	14 December 2021 to 13 December 2031	0.465	0.168
Ms. Zhu Yufen	14 December 2021	3,000,000	0	0	0	0	3,000,000	14 December 2021 to 13 December 2031	0.465	0.168
Eligible Persons other than Directors										
Employees	7 May 2015	14,000,000	0	0	0	0	14,000,000	7 May 2015 to 6 May 2025	1.680	1.680
Consultants	7 May 2015	13,000,000	0	0	0	0	13,000,000	7 May 2015 to 6 May 2025	1.680	1.680
Others-suppliers	12 December 2017	744,224	0	0	0	(744,224)	0	12 December 2017 to 30 March 2024	3.700	3.700
Others-customers	12 December 2017	64,110	0	0	0	(64,110)	0	12 December 2017 to 30 March 2024	3.700	3.700
Employees	14 December 2021	107,075,000	0	0	0	0	107,075,000	14 December 2021 to 13 December 2031	0.465	0.168
Total		141,883,334	0	0	0	(808,334)	141,075,000			

VALUE OF SHARE OPTIONS

The fair value of the relevant share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the relevant share options were granted.

The following table sets out the inputs to the model used:

Grant date	2 July 2014		7 May 2015		23 July 2015	31 May 2016		12 December 2017		14 December 2021	
	Options granted to		Options granted to		Options granted to	Options granted to		Options granted to		Options granted to	
	Directors	Other employees	Directors	Other employees	Certain eligible participants	Directors	Other employees	Certain eligible participants	Certain eligible participants	Directors	Other employees
Fair value at measurement date (HK\$)	0.44	0.39	0.71	0.58	0.22	1.22	1.17	1.45	1.45	0.1003	0.08111
Share price (HK\$)	1.07	1.07	1.68	1.68	1.67	3.05	3.05	3.05	3.70	0.168	0.168
Exercise price (HK\$)	1.13	1.13	1.68	1.68	2.16	3.66	3.66	3.66	3.70	0.465	0.465
Expected volatility	45.54%	45.54%	46.20%	46.20%	49.43%	50.00%	50.00%	50.00%	41.61%	84.7%	84.7%
Historical volatility	45.54%	45.54%	46.20%	46.20%	49.43%	50.00%	50.00%	50.00%	41.61%	84.7%	84.7%
Expected life	10 years	10 years	10 years	10 years	1.5 years	10 years	10 years	10 years	6.3 years	10 years	10 years
Expected dividends	3%	3%	3%	3%	3%	1.47%	1.47%	1.47%	0.92%	0%	0%
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	2.059%	2.059%	1.745%	1.745%	0.239%	1.286%	1.286%	1.286%	1.647%	1.271%	1.271%
Exercise multiple	2.8	2.2	2.8	2.2	-	2.8	2.2	-	-	2.8	2.2
Post-vesting exit rate	0%	5.44%	0%	16.12%	-	9.22%	9.22%	-	-	0%	8.05%

No other feature of the relevant share options was incorporated into the measurement of fair value.

The value of the relevant share options is subject to the limitations of the binomial model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate.

Further details relating to the Share Option Scheme and share options granted thereunder are set out in the announcements of the Company dated 2 July 2014, 7 May 2015, 31 May 2016, 12 December 2017 and 14 December 2021. The Company had not granted any share options under the Share Option Scheme to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules during the six months ended 30 June 2024.

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 six months ended 30 June 2024.

CORPORATE GOVERNANCE

During the six months ended 30 June 2024, the Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code (the "CG Code") 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 standard 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 throughout the six months ended 30 June 2024.

REVIEW OF INTERIM REPORT

The interim report and unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 has been reviewed by the Audit Committee of the Company.

ACKNOWLEDGEMENT

The Board would like to take this opportunity to express its gratitude to all shareholders and business associates for their continuous support and to all employees for their dedication and contribution to the Group.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 April 2023 and will remain suspended pending fulfilment of the Resumption Guidance and any supplement or modification thereof.

RESUMPTION OF TRADING CONDITIONS

On 19 May 2023, the Company received a letter issued by the Stock Exchange, which sets out the guidance in relation to the resumption of trading in the shares of the Company on the Stock Exchange (the “Resumption Guidance”). The Stock Exchange requires the Company to meet all Resumption Guidance, remedy the issues causing the Company’s trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in the Company’s securities is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 2 October 2024. If the Company fails to remedy the substantive issues causing the Company’s trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 2 October 2024, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company’s listing.

Pursuant to the Resumption Guidance, the Company shall:

THE RESUMPTION GUIDANCE

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (c) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

For further details of the conditions of resumption of trading, please refer to the announcement of the Company dated 24 May 2023.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
China Metal Resources Utilization Limited
YU Jianqiu
Chairman

Hong Kong, 2 October 2024

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	454,200	141,496
Cost of sales		(487,992)	(159,773)
Gross loss		(33,792)	(18,277)
Other income/(expenses), gain/(loss), net	5	33,708	10,058
Selling and distribution expenses		(1,144)	(2,872)
Administrative expenses		(47,790)	(51,600)
Provision for doubtful debts, net		(20,347)	(89,390)
Impairment of advance payments to suppliers		(37)	(208,106)
Finance costs		(151,992)	(136,030)
Share of losses of associates		(266)	(157)
LOSS BEFORE TAX	6	(221,660)	(496,374)
Income tax expense	7	(75)	–
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(221,735)	(496,374)
OTHER COMPREHENSIVE LOSS			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(5,603)	(2,553)
Other comprehensive loss for the period, net of tax		(5,603)	(2,553)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY		(227,338)	(498,927)
Loss per share	8		
— Basic (RMB per share)		(0.05)	(0.11)
— Diluted (RMB per share)		(0.05)	(0.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	401,647	418,342
Right-of-use assets		97,838	99,830
Investments in associates		46,541	46,807
Prepayments, other receivables and other assets		20,141	19,760
Total non-current assets		566,167	584,739
Current assets			
Inventories	10	33,998	64,536
Trade and bills receivables	11	125,437	146,292
Prepayments, other receivables and other assets	11	498,277	508,209
Amounts due from associates	16	27,867	27,775
Amounts due from related parties		199	179
Pledged deposits		32,262	32,262
Cash and cash equivalents		21,632	18,327
Total current assets		739,672	797,580
Current liabilities			
Trade and bills payables	12	790,506	789,709
Other payables and accruals	12	2,432,972	2,291,725
Note payables		24,497	23,922
Interest-bearing bank and other borrowings	13	1,636,225	1,628,000
Lease liabilities		98	379
Amounts due to a director		207	207
Amounts due to associates		201	208
Amount due to a related party		61,510	61,756
Tax payable		92,138	91,829
Total current liabilities		5,038,354	4,887,735
Net current liabilities		(4,298,682)	(4,090,155)
Total assets less current liabilities		(3,732,515)	(3,505,416)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Deferred government grants		350	644
Deferred tax liabilities		1,152	1,152
Total non-current liabilities		1,502	1,796
Net liabilities		(3,734,017)	(3,507,212)
EQUITY			
Share capital	14	363,611	363,611
Reserves		(4,097,628)	(3,870,823)
Total equity		(3,734,017)	(3,507,212)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024 (audited)	363,611	2,204,701	(52,935)	132,055	144,662	21,875	(6,321,181)	(3,507,212)
Loss for the period (unaudited)	-	-	-	-	-	-	(221,735)	(221,735)
Other comprehensive income for the period: Exchange differences on translating foreign operations (unaudited)	-	-	(5,603)	-	-	-	-	(5,603)
Total comprehensive loss for the period (unaudited)	-	-	(5,603)	-	-	-	-	(5,603)
Equity-settled share-based payments (unaudited)	-	-	-	-	-	533	-	533
At 30 June 2024 (unaudited)	363,611	2,204,701	(58,538)	132,055	144,662	22,408	(6,542,916)	(3,734,017)
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023 (audited)	363,611	2,204,701	(51,100)	132,055	144,662	19,844	(5,515,773)	(2,702,000)
Loss for the period (unaudited)	-	-	-	-	-	-	(496,374)	(496,374)
Other comprehensive income for the period: Exchange differences on translating foreign operations (unaudited)	-	-	(2,553)	-	-	-	-	(2,553)
Total comprehensive loss for the period (unaudited)	-	-	(2,553)	-	-	-	-	(2,553)
Equity-settled share-based payments (unaudited)	-	-	-	-	-	1,192	-	1,192
At 30 June 2023 (unaudited)	363,611	2,204,701	(53,653)	132,055	144,662	21,036	(6,012,147)	(3,199,735)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash flows generated from/(used in) operating activities	7,813	(187,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for items of property, plant and equipment	(382)	–
Interest received	21	4
Proceeds from disposal of items of property, plant and equipment	131	–
Decrease in pledged deposit	–	201,959
Repayment from/(advances to) related parties and associates	105	(2,412)
Net cash flows (used in)/generated from investing activities	(125)	199,551
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to related parties and associates, net	(231)	–
Interest paid	(3,194)	(1,457)
Guarantee fees and other charges	(634)	–
Principal portion of lease liabilities/finance lease payments	(287)	(223)
Net cash flows used in financing activities	(4,346)	(1,680)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,342	9,906
Cash and cash equivalents at beginning of period	18,327	2,391
Effect of foreign exchange rate changes, net	(37)	(10)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	21,632	12,287
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	21,632	12,287

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) 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, sales and trading of copper, aluminium 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. In the opinion of the directors, the holding company and ultimate holding company of the Company is Epoch Keen Limited (“Epoch Keen”), which is incorporated in the British Virgin Islands (“BVI”).

(b) BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 2 October 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

(b) BASIS OF PREPARATION (continued)

This interim financial report contains unaudited interim condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Group’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2023 are available from the Group’s registered office.

(c) GOING CONCERN BASIS

The Group recorded a net loss of approximately RMB221,660,000 and RMB496,374,000 respectively for two consecutive periods ended 30 June 2024 and 2023. As at 30 June 2024, the Group had net current liabilities of approximately RMB4,298,682,000 and net liabilities of approximately RMB3,734,017,000. By the end of the reporting period, the Group had cash and cash equivalents of approximately RMB21,632,000, while debts repayable within one year or on demand (including interest-bearing bank and other borrowings and note payables) were approximately RMB1,660,722,000. In addition, as at 30 June 2024, the Group had defaulted the repayment of interest-bearing bank and other borrowings and note payables of approximately RMB1,556,225,000 and RMB24,497,000 respectively. In addition, as at 30 June 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.

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

(c) GOING CONCERN BASIS (continued)

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”), a 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 the Relevant Subsidiaries (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.

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.

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

(c) GOING CONCERN BASIS (continued)

(i) (continued)

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 reorganization 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.

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 on 12 September 2023.

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

1. GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

(c) GOING CONCERN BASIS (continued)

- (ii) The Company has been negotiating with Huarong for further extension of the Huarong CBs (Huarong CBs has been reclassified as other borrowings upon maturity), 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 with amount of RMB400 million 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;

1. GENERAL INFORMATION AND BASIS OF PREPARATION (continued)

(c) GOING CONCERN BASIS (continued)

- (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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, for the first time for the current period's financial information.

For these unaudited consolidated financial results, the Group has applied the new and amendments to IFRSs and interpretations. The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group.

For the six months ended 30 June 2024

3. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) 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;
- (b) Power transmission and distribution cables segment: manufacturing and sales of power transmission and distribution cables; and
- (c) Communication cables segment: manufacturing and sales of communication cables.

(a) SEGMENT RESULTS

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 income/(expenses), certain finance costs as well as share of profits 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 segment assets or liabilities information is presented.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. SEGMENT REPORTING (continued)

(a) SEGMENT RESULTS (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods is set out below:

	For the six months ended 30 June 2024			
	Recycled copper products (Unaudited) RMB'000	Power transmission and distribution cables (Unaudited) RMB'000	Communication cables (Unaudited) RMB'000	Total (Unaudited) RMB'000
Sales to external customers	453,981	177	42	454,200
Intersegment sales	2,694	–	–	2,694
	456,675	177	42	456,894
Reconciliation: Elimination of intersegments sales				(2,694)
Revenue				454,200
Segment results	(45,689)	(7,435)	(361)	(53,485)
Interest income	415	–	–	415
Corporate and other unallocated expenses				(30,911)
Finance costs	(135,752)	(1,633)	(28)	(137,413)
Share of losses of associates				(266)
Loss before tax				(221,660)
Other segment information				
VAT refunds, government grants and subsidies	33,289	–	–	33,289
Impairment of advance payments to suppliers	(37)	–	–	(37)
Provision for doubtful debts, net	(20,347)	–	–	(20,347)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. SEGMENT REPORTING (continued)

(a) SEGMENT RESULTS (continued)

	For the six months ended 30 June 2023			
	Recycled copper products (Unaudited) RMB'000	Power transmission and distribution cables (Unaudited) RMB'000	Communication cables (Unaudited) RMB'000	Total (Unaudited) RMB'000
Sales to external customers	140,233	1,067	196	141,496
Intersegment sales	1,699	–	–	1,699
	141,932	1,067	196	143,195
Reconciliation:				
Elimination of intersegment sales				(1,699)
Revenue				141,496
Segment results	(322,793)	(8,541)	(698)	(332,032)
Interest income	4	–	–	4
Corporate and other unallocated expenses				(34,143)
Finance costs	(128,632)	(1,398)	(16)	(130,046)
Share of losses of associates				(157)
Loss before tax				(496,374)
Other segment information				
VAT refunds, government grants and subsidies	3,016	–	–	3,016
Impairment of advance payments to suppliers	(208,106)	–	–	(208,106)
Provision for doubtful debts, net	(89,390)	–	–	(89,390)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. SEGMENT REPORTING (continued)

(b) GEOGRAPHIC INFORMATION

The Group carried out its business operations in the People's Republic of China ("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 of the Group's revenue, is set out below:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Recycled copper product segment		
Customer A	219,274	N/A*
Customer B	59,179	N/A*

* Customer A and B had less than 10% of the Group's revenue for the period ended 30 June 2023.

4. REVENUE

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 of time when goods were transferred.

The amount of each significant category of revenue is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Sales of recycled copper products	445,883	124,221
Sales of power transmission and distribution cables	177	1,067
Sales of communication cables	42	196
Sales of scrap materials	5,011	13,710
Others	3,087	2,302
	454,200	141,496

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

4. REVENUE (continued) DISAGGREGATED REVENUE INFORMATION

	For the six months ended 30 June 2024			
	Recycled	Power	Communication	Total
	copper	transmission	cables	
	products	and distribution	cables	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of recycled copper products	445,883	–	–	445,883
Sales of power transmission and distribution cables	–	177	–	177
Sales of communication cables	–	–	42	42
Sales of scrap materials	5,011	–	–	5,011
Others	3,087	–	–	3,087
				454,200

	For the six months ended 30 June 2023			
	Recycled	Power	Communication	Total
	copper	transmission	cables	
	products	and distribution	cables	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of recycled copper products	124,221	–	–	124,221
Sales of power transmission and distribution cables	–	1,067	–	1,067
Sales of communication cables	–	–	196	196
Sales of scrap materials	13,710	–	–	13,710
Others	2,302	–	–	2,302
				141,496

Performance obligations

Information about the Group's performance obligations is summarised below:

SALE OF GOODS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
VAT refunds — Comprehensive utilisation of resources	(i)	12,989	2,552
Government grants	(ii)	20,300	464
Interest income		20	4
Foreign exchange differences, net		(1)	6,831
Loss on disposal of property, plant and equipment		(15)	—
Others		415	207
		33,708	10,058

Notes:

- (i) The Group is entitled to government grants for refunds of 30% for the six months ended 30 June 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 refund for such subsidiaries has been 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 use with no future related costs. No specific conditions are required to meet in connection with these grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

6. LOSS BEFORE TAX

Loss before taxation is arrived at after charging:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of sales (Note)	487,992	159,773
Staff costs	10,862	13,779
Depreciation of property, plant and equipment	16,624	18,897
Depreciation of right-of-use assets	1,998	3,227

Note: Cost of sales includes RMB5,620,000 (30 June 2023: RMB9,419,000) relating to staff cost, depreciation and amortisation, which amount is also included in the respective total amounts.

7. INCOME TAX

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax — PRC corporate income tax	75	—
Deferred tax	—	—
	75	—

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax during the current and prior periods.
- (iii) The Company's PRC subsidiaries are subject to PRC corporate income tax applicable for each subsidiary.

For the six months ended 30 June 2024

8. LOSS PER SHARE

(a) BASIC

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company of RMB221,735,000 (loss for the six months ended 30 June 2023: RMB496,374,000) and the weighted average number of 4,481,557,261 ordinary shares (six months ended 30 June 2023: 4,481,557,261 ordinary shares) issued during the interim period.

(b) DILUTED

As there was no dilutive potential ordinary shares for the Company's outstanding share options and the Group's outstanding convertible bonds for the period ended 30 June 2024 would be anti-dilutive, the diluted loss per share for the periods ended 30 June 2024 and 2023 were the same as basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

(a) ACQUISITIONS AND DISPOSALS

No material acquisition of property, plant and equipment was made during the six months ended 30 June 2024 and 2023. No material disposal of property, plant and equipment was made during the six months ended 30 June 2024 and 2023.

(b) All of the Group's property, plant and equipment are located in the PRC. As at 30 June 2024, property, plant and equipment with the net book value of RMB213,088,000 (31 December 2023: RMB223,345,000) were pledged for certain banking facilities granted to the Group (see note 13(b)).

10. INVENTORIES

As at 30 June 2024, inventories of RMB26,583,000 (31 December 2023: RMB26,583,000) were pledged for banking facilities granted to the Group (see note 13(b)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

11. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivables, based on invoice date and net of allowance for impairment loss is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 30 days	1,359	26,275
31 to 60 days	59	–
61 to 180 days	11,854	584
Over 180 days	112,165	119,433
Trade and bills receivables, net of allowance for doubtful debts	125,437	146,292
Advance payments to suppliers	73,356	75,320
Government grants receivable	212,738	216,695
Other deposits, prepayments and receivables	232,324	235,954
Total prepayments, other receivables and other assets	518,418	527,969
Less: non-current portion	(20,141)	(19,760)
Current portion	498,277	508,209

Trade and bills receivables are normally due within 90 days from the date of billing.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

12. TRADE AND BILL PAYABLES, OTHER PAYABLES AND ACCRUALS

As at the end of the reporting period, the ageing analysis of the trade and bills payables, based on transaction date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 30 days	76	14,561
31 to 60 days	186	–
61 to 180 days	5,024	39
Over 180 days	785,220	775,109
Trade and bills payables	790,506	789,709
Contract liabilities	381,367	392,002
Accrued expenses and other payables	2,051,605	1,899,723
Other payables and accruals	2,432,972	2,291,725

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) As at 30 June 2024, the analysis of interest-bearing bank and other borrowings is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Bank loans — secured	249,328	249,328
Other borrowings — secured	108,160	108,160
Other borrowings — unsecured and unguaranteed	465,630	457,405
Factoring loan — secured	507,000	507,000
Entrusted loans — secured (Note)	306,107	306,107
	1,636,225	1,628,000
Represented by:		
Within 1 year or on demand	1,636,225	1,628,000

For the six months ended 30 June 2024

13. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(a) (continued)

Note:

As at 30 June 2024, entrusted loans are repayable within one year or on demand, and were interest-bearing at 4.2% to 10% (2023: 4.2%–10%) per annum.

The Group has defaulted in its repayment of entrusted loans which matured in August and September 2016 (“the loans payable”). The loans payable of RMB299,116,000 were secured by 310,317,000 ordinary shares (2023: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, shareholder of the Group, representing 6.9% (31 December 2023: 9.4%) of the issued share capital of the Company as at 30 June 2024. At 30 June 2024, the negotiation to settle the outstanding entrusted loans of RMB299,116,000 (2023: RMB299,116,000) was still ongoing. The abovementioned defaulted loans were recorded in current liabilities as at 30 June 2024.

(b) The banking facilities of the Group were secured by the following assets:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Property, plant and equipment (note 9(b))	213,088	223,345
Right-of-use assets	83,557	84,164
Inventories (note 10)	26,583	26,583
Pledged deposits	32,262	32,262
	355,490	366,354

For the six months ended 30 June 2024

13. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

- (c) Certain of the Group's interest-bearing bank and other borrowings are secured by:
- (i) The pledge of 310,317,000 ordinary shares (31 December 2023: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, shareholder of the Group, representing 6.9% (31 December 2023: 6.9%) of the issued share capital of the Company as at 30 June 2024.
 - (ii) At 30 June 2024, bank loans of RMB12,000,000 (31 December 2023: RMB12,000,000) were secured by property, plant and equipment of Sichuan Gushan Vegetable Fat Chemistry Co., Ltd ("Gushan Vegetable"), a private company controlled by Mr. Yu Jianqiu.
 - (iii) At 30 June 2024, bank loans of RMB41,000,000 (31 December 2023: RMB41,000,000) were secured by property, plant and equipment of Mianyang Baohe Jiahao Waste Material Recycling Co., Ltd. ("Baohe Jiahao"). An associate of the Group has 20% in Baohe Jiahao.

14. CAPITAL AND DIVIDENDS

(a) DIVIDENDS

No interim dividend (six months ended 30 June 2023: Nil) was declared during the six months ended 30 June 2024.

No dividend payable to equity shareholders attributable to the previous financial year (six months ended 30 June 2023: Nil) was approved or paid during the period.

For the six months ended 30 June 2024

14. CAPITAL AND DIVIDENDS (continued)

(b) SHARE CAPITAL

Authorised and issued share capital

	Par value HK\$	No. of shares	Nominal value of ordinary shares HK\$'000
Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	0.10	100,000,000,000	10,000,000
	No. of Shares	HK\$'000	RMB'000
Issued and fully paid:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	4,481,557,261	448,156	363,611

(c) STATUTORY RESERVES

In accordance with the Wholly Foreign Owned Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). At least 10% of the after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

14. CAPITAL AND DIVIDENDS (continued)

(d) SHARE PREMIUM

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

(e) SHARE-BASED PAYMENT RESERVE

Share-based payment reserve represents the portion of the fair value of unexercised share options granted to employees of the Group at grant date that has been recognised in accordance with the accounting policy adopted for equity-settled share option expense to the financial statements.

The amount will either be transferred to the share premium account when the option is exercised, or be released directly to retained profits if the option is lapsed or forfeited.

(f) CONVERTIBLE BONDS EQUITY RESERVE

Convertible bonds equity reserve arises from the residual amount of the net proceeds of convertible bonds less the fair value of liability component and derivative component at the date of issuance. The equity component will remain as a separate line item within equity until the conversion option is exercised (in which case the corresponding portion of the equity component will be transferred to share capital and share premium). Where the conversion option remains unexercised at the expiry date, the balance will be released to the retained earnings/accumulated losses.

15. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 28 January 2014 and has come into effect upon the Company's listing on 21 February 2014 whereby the directors of the Company, are authorised, at their discretion, to invite any director or employee of the Group and any other person who in the sole discretion of the directors has contributed or will contribute to the Group to take up options to subscribe for shares of the Company. For detailed share option scheme, please refer to the Company's announcements on 2 July 2014, 7 May 2015, 23 July 2015, 31 May 2016, 12 December 2017 and 14 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

15. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

The number and weighted-average exercise prices of share options under the share option scheme were as follows:

In thousands of options	Number of options for the six months ended 30 June 2024 '000	Weighted-average exercise price for the six months ended 30 June 2024 HK\$	Number of options for the six months ended 30 June 2023 '000	Weighted-average exercise price for the six months ended 30 June 2023 HK\$
Outstanding at 1 January	141,883	0.72	149,483	0.68
Lapsed during the period	-	-	(4,075)	(0.47)
Outstanding at the end of the period	141,883	0.72	145,408	0.71
Exercisable at the end of the period	103,858	0.81	67,008	0.99

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	420,135	247,206
Financial liabilities		
Financial liabilities at amortised cost	4,564,849	3,367,652

FAIR VALUES

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

For the six months ended 30 June 2024

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings and amounts due to related parties, and equity attributable to owners of the Company, which includes share capital and reserves.

The Group's management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issuance of new shares as well as raising of borrowings, if necessary.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

As at 30 June 2024 and 31 December 2023, no financial instruments are fall into categorises of three levels the input to valuation techniques used to measure fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

18. COMMITMENTS

Capital commitments contracted but not provided for as at 30 June 2024 were as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted for		
— property, plant and equipment	13,242	13,242
— land use rights	12,545	12,545
	25,787	25,787

19. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in this interim financial report, the Group entered into the following significant related party transactions during the current and prior periods.

OTHER RELATED PARTIES TRANSACTIONS

		For the six months ended 30 June	
Notes		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Delivery cost charged by Mianyang Jin Xunhuan Finance Storage Limited, a subsidiary of an associate	(i)	515	494
Security provided by Gushan Vegetable, a private company controlled by Mr. Yu Jianqiu	(ii)	12,000	12,000
Loan secured by the property, plant and equipment of Mianyang Baohe Jiahao, a private company controlled by an associate of the Group		41,000	41,000

For the six months ended 30 June 2024

19. MATERIAL RELATED PARTY TRANSACTIONS (continued)

OTHER RELATED PARTIES TRANSACTIONS (continued)

Notes:

- (i) The delivery cost is charged at a rate ranging from RMB28 to RMB680 per ton (2023: RMB28 to RMB390 per ton).
- (ii) At 30 June 2024, bank loans of RMB12,000,000 (2023: RMB12,000,000) were secured by property, plant and equipment of Gushan Vegetable.
- (iii) At 30 June 2024, bank loans of RMB41,000,000 (2023: RMB41,000,000) were secured by property, plant and equipment of Baohe Jiahao.
- (iv) At 30 June 2024, bank loans of RMB5,000,000 (2023: RMB5,000,000) were secured by property, plant and equipment of Shanghai Mengjun Investment Management Co. ("Shanghai Mengjun"), a private company controlled by a daughter of Mr. Yu Jianqiu.

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

The total compensation of key management personnel amounted to RMB7,131,000 (2023: RMB6,893,000) during the period ended 30 June 2024.

21. EVENT AFTER THE REPORTING PERIOD

On 27 September 2024, the Company entered into a subscription agreement with the investor, pursuant to which the investor agreed to subscribe for and pay for the convertible notes to be issued by the Company in a principal amount of RMB400,000,000, subject to the satisfaction of certain conditions. The convertible notes are convertible in the circumstances set out in the terms and conditions into ordinary shares of HK\$0.10 each share of the Company at a conversion price of HK\$0.465 per ordinary share of the Company.

Except for those disclosed above and in the "PROSPECTS" and "RESUMPTION OF TRADING CONDITIONS" sections of this report, the Group did not have any other material events after the reporting period.