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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) AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023; AND (2) CONTINUED SUSPENSION OF TRADING

AUDITED FINANCIAL HIGHLIGHTS

- Revenue decreased by 65.0% to RMB837.7 million, as compared to 2022.
- Gross loss margin amounted to 13.4%, as compared to a gross loss margin of 12.0% for last year.
- Provision for doubtful debts amounted to RMB142.0 million in 2023, as compared to RMB2,222.7 million in 2022.
- Impairment for advance payment to suppliers amounted to RMB208.1 million in 2023, as compared to RMB1,948.5 million in 2022.
- Loss attributable to the owners of the Company for the year amounted to RMB805.8 million, as compared to the loss attributable to the owners of the Company of RMB4,763.2 million for last year.
- Loss per share for the year amounted to RMB0.18, as compared to loss per share of RMB1.10 for last year.
- Current ratio of 0.2 as at 31 December 2023, as compared to 0.35 as at 31 December 2022.
- Debt to equity ratio of -47.1% as at 31 December 2023, as compared to -59.1% as at 31 December 2022.
- The Board does not recommend the declaration of any final dividend for the year ended 31 December 2023.

RESULTS

The board (the "Board") of directors (the "Directors") of China Metal Resources Utilization Limited (the "Company") is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023
(Expressed in Renminbi)

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*5*	**837,704**	2,391,709
Cost of sales		**(949,599)**	(2,679,759)
GROSS LOSS		**(111,895)**	(288,050)
Other income/(expenses), gain/(loss), net	*6*	**52,029**	136,137
Selling and distribution expenses		**(7,197)**	(7,910)
Administrative expenses		**(110,661)**	(195,244)
Provision for doubtful debts, net		**(141,978)**	(2,222,673)
Impairment of advance payments to suppliers		**(208,106)**	(1,948,484)
Finance costs	*7*	**(277,660)**	(234,210)
Share of losses of associates		**(299)**	(791)
Loss before tax		**(805,767)**	(4,761,225)
Income tax expense	*9*	**(13)**	(1,927)
Loss for the year attributable to owners of the Company	*8*	**(805,780)**	(4,763,152)
Other comprehensive loss after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,835)**	(39,714)
Other comprehensive loss for the year, net of tax		**(1,835)**	(39,714)
Total comprehensive loss for the year attributable to owners of the Company		**(807,615)**	(4,802,866)
Loss per share	*10*		
Basic (RMB per share)		**(0.18)**	(1.10)
Diluted (RMB per share)		**(0.18)**	(1.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023
(Expressed in Renminbi)

	Notes	**2023** **RMB'000**	2022 RMB'000
Non-current assets			
Property, plant and equipment		**418,342**	448,216
Right-of-use assets		**99,830**	104,495
Interests in associates		**46,807**	47,106
Prepayments, other receivables and other assets		**19,760**	19,756
Total non-current assets		**584,739**	619,573
Current assets			
Inventories		**64,536**	100,946
Trade and bills receivables	*12*	**146,292**	236,494
Prepayments, other receivables and other assets		**508,209**	709,450
Amounts due from associates		**27,775**	25,110
Amounts due from related parties		**179**	179
Pledged deposits		**32,262**	703,928
Cash and cash equivalents		**18,327**	2,391
Total current assets		**797,580**	1,778,498
Total assets		**1,382,319**	2,398,071
Current liabilities			
Trade and bills payables	*13*	**789,709**	1,613,636
Other payables and accruals		**2,291,725**	1,734,252
Note payables		**23,922**	23,511
Interest-bearing bank and other borrowings		**1,628,000**	1,338,370
Convertible bonds		**–**	231,720
Lease liabilities		**379**	1,858
Amounts due to a director		**207**	207
Amounts due to associates		**208**	213
Amount due to a related party		**61,756**	61,872
Tax payable		**91,829**	91,586
Total current liabilities		**4,887,735**	5,097,225
Net current liabilities		**(4,090,155)**	(3,318,727)
Total assets less current liabilities		**(3,505,416)**	(2,699,154)

	Notes	**2023** **RMB'000**	2022 RMB'000
Non-current liabilities			
Lease liabilities		**–**	372
Deferred government grants		**644**	1,322
Deferred tax liabilities		**1,152**	1,152
Total non-current liabilities		**1,796**	2,846
NET LIABILITIES		**(3,507,212)**	(2,702,000)
EQUITY			
Share capital	*14*	**363,611**	363,611
Reserves		**(3,870,823)**	(3,065,611)
TOTAL EQUITY		**(3,507,212)**	(2,702,000)

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL INFORMATION

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

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the manufacturing and trading of copper and related products. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 21 February 2014. 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").

The consolidated financial statements are presented in Renminbi ("RMB"), while the Company's functional currency is Hong Kong Dollars ("HK$").

2. GOING CONCERN BASIS

The Group recorded a net loss of approximately RMB805,780,000 and RMB4,763,152,000 respectively for two consecutive years ended 31 December 2023 and 2022. As at 31 December 2023, the Group had net current liabilities of approximately RMB4,090,155,000 and net liabilities of approximately RMB3,507,212,000. By the end of the reporting period, the Group had cash and cash equivalents of approximately RMB18,327,000, while debts repayable within one year or on demand (including interest-bearing bank and other borrowings and note payables) were approximately RMB1,651,922,000. In addition, as at 31 December 2023, the Group had defaulted the repayment of interest-bearing bank and other borrowings and note payables of approximately RMB1,548,000,000 and RMB23,922,000 respectively. In addition, as at 31 December 2023, the Group was also involved in various litigations resulting in the freezing of several bank accounts and the seizure of property, plant and equipment, right-of-use assets and inventories. All these conditions indicated the existence of material uncertainties which may cast significant doubt as to the Group's ability to continue as a going concern.

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

(i) The Group is in the process of restructuring the debt. Mianyang Tongxin Copper Co., Ltd. (綿陽銅鑫銅業有限公司) ("Tongxin"), 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.

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

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

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

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

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

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

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

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

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

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

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

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

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

(i) Recycled copper products segment: use of scrap copper and electrolytic copper for the manufacturing and trading of recycled copper products, and trading of electrolytic copper and nickel products;

(ii) Power transmission and distribution cables segment: manufacturing and sales of power transmission and distribution cables; and

(iii) Communication cables segment: manufacturing and sales of communication cables.

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that certain interest income, corporate and other unallocated expenses, certain finance costs as well as share of loss of associates are excluded from such measurement.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no information about segment assets or liabilities is presented.

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

(a) Segment results

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

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

	2022			
	Recycled copper products *RMB'000*	Power transmission and distribution cables *RMB'000*	Communication cables *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	2,385,928	5,081	700	2,391,709
Intersegment sales	4,278	–	–	4,278
	2,390,206	5,081	700	2,395,987
Reconciliation:				
Elimination of intersegment sales				(4,278)
Revenue				2,391,709
Segment results	(4,459,753)	(65,457)	(25,494)	(4,550,704)
Reconciliation:				
Interest income	27,448	–	1	27,449
Corporate and other unallocated expenses				(30,630)
Finance costs	(201,773)	(4,026)	(750)	(206,549)
Share of losses of associates				(791)
Loss before tax				(4,761,225)
Other segment information				
Depreciation and amortisation	(38,812)	(9,344)	(2,955)	(51,111)
VAT refunds, government grants and subsidies	105,791	–	44	105,835
Impairment on advance payments to suppliers	(1,948,484)	–	–	(1,948,484)
Provision for doubtful debts, net	(2,170,908)	(26,861)	(24,904)	(2,222,673)
Provision for inventories	(69,829)	–	–	(69,829)

(b) Geographic information

The Group carries out its business operations in the PRC, thus no separate geographical segment analysis based on the location of assets and the revenue and profit or loss are presented.

(c) Information about major customers

Revenue from each of the major customers, which contributed 10% or more to the Group's revenue, is set out below:

	2023 **_RMB'000_**	2022 *RMB'000*
Recycled copper products segment		
Customer A#	**252,998**	N/A
Customer B*	**N/A**	707,097
Customer C*	**N/A**	372,918
Customer D*	**N/A**	245,284

Customer A had less than 10% of the Group's revenue for the year ended 31 December 2022.

* Customer B, C and D had less than 10% of the Group's revenue for the year ended 31 December 2023.

5. REVENUE

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**837,704**	2,391,709

Revenue from contracts with customers are mainly derived from manufacturing and sales of copper and related products in the PRC, of which the revenue was recognised at a point in time when goods were transferred.

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

	2023	2022
	RMB'000	*RMB'000*
Sales of recycled copper products	**811,094**	2,383,263
Sales of power transmission and distribution cables	**3,498**	5,081
Sales of communication cables	**240**	700
Sales of scrap materials	**17,797**	1,675
Others	**5,075**	990
	837,704	2,391,709

Disaggregation of revenue from contracts with customers:

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

	2022			
	Recycled copper products *RMB'000*	Power transmission and distribution cables *RMB'000*	Communication cables *RMB'000*	Total *RMB'000*
Sales of recycled copper products	2,383,263	–	–	2,383,263
Sales of power transmission and distribution cables	–	5,081	–	5,081
Sales of communication cables	–	–	700	700
Sales of scrap materials	1,675	–	–	1,675
Others	990	–	–	990
Total revenue from contracts with customers	2,385,928	5,081	700	2,391,709
Timing of revenue recognition				
Goods transferred at a point in time	2,385,928	5,081	700	2,391,709

Sale of goods

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

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

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
VAT refunds			
— Comprehensive utilisation of resources	*(i)*	**24,382**	27,605
— Others		**37**	181
Other taxes refunds		**–**	1,574
Government grants	*(ii)*	**400**	63,884
Government subsidies	*(iii)*	**19,518**	12,591
Interest income		**7,085**	27,449
Foreign exchange differences, net		**(666)**	10,660
Waiver of other payables		**–**	822
Written-off of property, plant and equipment		**(69)**	(1,001)
Written-off of other receivables		**–**	(1,550)
Gain on early termination of leases		**–**	110
Gain/(loss) on disposal of property, plant and equipment		**119**	(6,499)
Impairment of property, plant and equipment		**–**	(2,212)
Others		**1,223**	2,523
		52,029	136,137

Notes:

(i) The Group is entitled to government grants for refunds of 30% for the year ended 31 December 2023 (2022: 30%) of the net VAT paid/payable.

The Ministry of Finance and the State Administration of Taxation jointly issued a notice concerning the "Catalogue on Products and Labour Services relating to Comprehensive Utilisation of Resources Eligible for Concessions of Value-added Tax" (Cai Shui 2015 (No. 78)) (the "New VAT Policy") on 12 June 2015, which replaced, amongst others, Cai Shui 2011 (No. 115) (the "Former VAT Policy")). Under the Former VAT Policy, certain subsidiaries of the Group are entitled to government grants for refunds of 50% of the net VAT paid/payable. The New VAT Policy took effect on 1 July 2015. According to the New VAT Policy, the applicable VAT refunds for such subsidiaries are reduced from 50% to 30%.

(ii) The amounts represent local government grants received by operating subsidiaries of the Group in the PRC for the purpose of providing immediate financial support to those subsidiaries for general operating purposes with no future related costs. No specific conditions are required to meet in connection with these grants.

(iii) In 2023, the Group was granted unconditional government subsidies of RMB19,518,000 (2022: RMB12,591,000) from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The government subsidies were received through Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan"), an associate of the Group. Baohe Fushan is principally engaged in the operation and the development of an industrial park in Mianyang City, Sichuan Province, where most of the Group's subsidiaries are located. Baohe Fushan received the government subsidies and distributed to the Group. Baohe Fushan has the discretionary right to distribute the government subsidies, with reference to the amounts of tax payments made by the entities located in the industrial park.

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expenses in relation to:		
— Bank and other borrowings	**140,947**	109,451
— Default fee	**123,531**	86,684
— Lease liabilities	**331**	1,042
— Convertible bonds	**–**	17,072
— Note payables	**2,979**	2,833
— Bills payables	**6,229**	10,343
Guarantee fees and other charges	**3,643**	6,785
	277,660	234,210

8. LOSS FOR THE YEAR

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

	2023 *RMB'000*	2022 *RMB'000*
Cost of sales *(Note)*	**949,599**	2,679,759
Depreciation of property, plant and equipment	**37,688**	44,982
Depreciation of right-of-use assets	**4,678**	6,129
Research and development costs	**599**	2,804
Auditor's remuneration	**1,900**	1,800
Provision for doubtful debts, net	**141,978**	2,222,673
(Gain)/loss on disposal of property, plant and equipment#	**(119)**	6,499
Waiver of other payables#	**–**	(822)
Written-off of property, plant and equipment#	**69**	1,001
Written-off of other receivables#	**–**	1,550
Impairment of property, plant and equipment#	**–**	2,212
Foreign exchange differences, net#	**666**	(10,660)
Staff costs (including directors' remuneration):		
— Salaries, bonuses and allowances	**23,481**	34,473
— Retirement benefit scheme contributions	**2,668**	4,620
— Equity-settled share-based payments	**2,403**	4,939
	28,552	44,032

Note: Cost of sales includes RMB16,284,000 (2022: RMB12,481,000) relating to staff costs, depreciation and amortisation, and provision for inventories, net of approximately RMB2,501,000 (2022: provision for inventories of RMB69,829,000), the amounts of which are also included in the respective total amounts.

These balances for the year are included in "Other income/(expenses), gain/(loss), net" in the consolidated statement of profit or loss and other comprehensive income.

9. INCOME TAX EXPENSE

	2023 *RMB'000*	2022 *RMB'000*
Current tax — PRC Enterprise Income Tax		
Charge for the year	**13**	1,068
Under-provision in prior years	**–**	643
	13	1,711
Deferred tax	**–**	216
	13	1,927

10. LOSS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
Loss:		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	**(805,780)**	(4,763,152)

	2023	2022
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**4,481,557,261**	4,329,833,950
Basic loss per share (RMB)	**(0.18)**	(1.10)

Diluted loss per share

There was no dilutive potential ordinary shares for the Company's outstanding share options and as the Group's outstanding convertible bonds for the year ended 31 December 2022 would be anti-dilutive, the diluted loss per share for the years ended 31 December 2023 and 2022 were the same as basic loss per share.

11. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2023 and 2022.

12. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**419,017**	439,545
Provision for doubtful debts	**(317,130)**	(275,019)
	101,887	164,526
Bills receivables	**78,509**	78,509
Provision for doubtful debts	**(34,104)**	(6,541)
	44,405	71,968
	146,292	236,494

Notes:

(i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 0 to 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**26,275**	8,487
31 to 60 days	**–**	937
61 to 180 days	**584**	94,885
Over 180 days	**119,433**	132,185
	146,292	236,494

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

	2023	2022
	RMB'000	*RMB'000*
Balance at beginning of year	**281,560**	234,789
Provision for bad debts, net	**141,978**	2,222,673
Written off of trade receivables	**(72,304)**	(2,175,902)
Balance at end of year	**351,234**	281,560

During the year ended 31 December 2023, in light of (a) the past due situation of certain trade and bills receivables, (b) the financial difficulties of certain debtors and (c) unfavourable negotiation results with certain debtors, the management of the Group carefully considered that the chance of recovering the trade receivables to be remote. Thus, during the year end 31 December 2023, trade receivables with a gross amount totalling RMB2,181,432,000 (the "Disposed Trade Receivables") was disposed to various independent third parties at considerations of RMB17,290,000. As a result, an impairment loss of RMB1,982,724,000 was recognised in respect of the Disposed Trade Receivables for the year ended 31 December 2022. Together with other impairment loss, net of RMB239,949,000 on trade and bills receivables, an aggregate impairment loss, net on trade and bills receivables of RMB2,222,673,000 had been charged to profit or loss for the year ended 31 December 2022. Apart from the Disposed Trade Receivables, certain trade receivables had been further disposed in 2023.

Except for the Disposal Trade Receivables of approximately RMBnil as at 31 December 2023 (2022: RMB17,290,000), the Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

		Past due				
	Current	1 days to 2 months	2 to 6 months	6 to 12 months	Over 12 months	Total
At 31 December 2023						
Weighted average expected loss rate	**4.7%**	**17.8%**	**36.5%**	**62.6%**	**87.8%**	**75.7%**
Receivable amount (RMB'000)	**25,847**	**1,993**	**896**	**109,263**	**281,018**	**419,017**
Loss allowance (RMB'000)	**1,211**	**354**	**327**	**68,441**	**246,797**	**317,130**
At 31 December 2022						
Weighted average expected loss rate	8.3%	30.1%	37.0%	89.1%	85.9%	65.1%
Receivable amount (RMB'000)	94,886	25,710	5,518	96,253	199,888	422,255
Loss allowance (RMB'000)	7,881	7,746	2,044	85,730	171,618	275,019

13. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**789,709**	930,544
Bills payable	**–**	683,092
	789,709	1,613,636

As at 31 December 2022, the bills payable is secured by the pledged deposits of the Group amounting to RMB672,657,000.

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

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**14,561**	733,884
31 to 60 days	**–**	126,848
61 to 180 days	**39**	208,481
Over 180 days	**775,109**	544,423
	789,709	1,613,636

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

14. SHARE CAPITAL

	Notes	**Number of shares**	***RMB'000***
Authorised:			
Ordinary shares of HK$0.1 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023		100,000,000,000	8,071,000
Issued and fully paid:			
Ordinary shares of HK$0.1 each			
At 1 January 2022		3,456,020,067	280,461
Issuance of ordinary shares pursuant to settlement of convertible bonds	*(a) (b)*	1,025,537,194	83,150
At 31 December 2022, 1 January 2023 and 31 December 2023		4,481,557,261	363,611

Notes:

(a) On 24 February 2022, 525,537,194 ordinary shares were allotted and issued at HK$0.465 each to Prosper Rich. The aggregate subscription price for all 525,537,194 subscription shares amounted to approximately HK$244,375,000 was settled by Prosper Rich by way of set-off against the Prosper Rich CBs of approximately RMB198,137,000 owed by the Group to Prosper Rich. Accordingly, no proceeds have been received by the Group from the subscription. RMB42,610,000 and RMB155,527,000 had been transferred from convertible bonds to share capital and share premium respectively. Since Prosper Rich held certain existing issued share capital of the Company before completion of the subscription, there is no gain on settlement of the Prosper Rich CBs by way of issuing shares.

(b) On 24 February 2022, 500,000,000 ordinary shares were allotted and issued at HK$0.465 each to Huarong. The aggregate subscription price for all 500,000,000 subscription shares approximately amounted to HK$232,500,000 was settled by Huarong by way of set-off against the Huarong CBs of approximately RMB188,509,000 owed by the Group to Huarong. Accordingly, no proceeds have been received by the Group from the subscription. RMB40,540,000 and RMB147,969,000 had been transferred from convertible bonds to share capital and share premium respectively. Since Huarong held certain existing issued share capital of the Company before completion of the subscription, there is no gain on settlement of the Huarong CBs of approximately RMB188,509,000 by way of issuing shares.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

15. CONTINGENT LIABILITIES

As at the date of approval of the consolidated financial statements, the Group was in progress of various legal litigations relating to bank and other borrowings and trade and other payables. As a result of these litigations, various bank accounts were frozen and various properties, right-of-use assets and inventories were seized. The amount of aforesaid relevant bank balance, property, plant and equipment, right-of-use assets and inventories as at 31 December 2023 and 2022 are stated as follows:

As at 31 December

	2023	2022
	RMB'000	*RMB'000*
Bank balance	**4,507**	261
Property, plant and equipment	**67,304**	78,856
Right-of-use assets	**36,470**	43,317
Inventories	**2,430**	2,384
	110,711	124,818

Save for the above-mentioned litigations, the Group did not have any significant contingent liabilities at 31 December 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Throughout the year, the copper market in China experienced significant challenges, resulting in a net loss of approximately RMB805.8 million for the Group. This loss was primarily driven by a staggering 64.97% drop in revenue in 2023 compared to 2022. The ongoing effects of Coronavirus disease 2019 ("COVID-19") continued to weigh heavily on various industries, particularly the real estate and engineering infrastructure sectors, which have yet to achieve a full recovery. Furthermore, the severe financial difficulties faced by major property developers adversely impacted the demand for our products. As a result, demand from downstream customers remained weak, contributing to a decline in sales. These challenges also led to higher finance costs and increased provisions for doubtful debts, reflecting the liquidity constraints experienced by our customers. Loss per share was RMB0.18 (2022: RMB1.10).

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.

The Group's manufacturing facilities has been suspended certain months and resumed operations on 1 June 2023. For the one-year period ended 31 May 2024, the Group has produced 21,282 tons of recycled copper products, sold 21,058 tons of recycled copper products, achieved sales revenue of recycled copper products of RMB1,450 million (the above-mentioned sales data is unaudited). During the same period, both 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.

On 6 June 2022, Tongxin and Jin Xunhuan intended to restructure its existing indebtedness through the applicable provisions of the Enterprise Bankruptcy Law of the PRC. A voluntary application for the aforementioned bankruptcy reorganization of Taiyue has been filed with the Court on 6 June 2022.

On 25 May 2023, Taiyue also intended to restructure its existing indebtedness through the applicable provisions of the Enterprise Bankruptcy Law of the PRC. A voluntary application for the aforementioned bankruptcy reorganization of Taiyue has been filed with the Court on 18 May 2023. Please refer to the Company's announcement dated 25 May 2023 for further details.

On 14 August 2023, Yinlian Xiangbe received a civil ruling (the "Civil Ruling") from the People's Court of Miluo City, Hunan Province in relation to a petition for winding-up against Yinlian Xiangbei filed by Hunan Miziyuan Asset Holdings Co., Ltd.* (湖南汨之源實業集團有限公司) ("Miziyuan"), a creditor of Yinlian Xiangbei, on the ground that Yinlian Xiangbei was unable to repay the debts falling due. The debts involved were in the amount of approximately RMB11.9 million. Yinlian Xiangbei opposed the petition and applied to the Court for bankruptcy reorganisation instead. According to the Civil

Ruling, after taking into account the situation of Yinlian Xiangbei and the bankruptcy reorganisation of the Company's other certain subsidiaries in Mianyang City, Sichuan Province, the Court rejected Miziyuan's petition for winding-up and accepted Yinlian Xiangbei's bankruptcy reorganisation application. The People's Court of Miluo City, Hunan Province appointed Hunan Licheng Asset Liquidation Management Company Ltd.* (湖南利誠資產清算管理有限公司) as the administrator. The administrator subsequently held the first creditors' meeting on 5 January 2024. Please refer to the Company's announcement dated 14 August 2023 and 13 October 2023 for further details.

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

On 22 February 2024, the Company received from Sichuan Dingtian Law Firm* (四川鼎天律師事務所) and Sichuan Chunlei Law Firm* (四川春雷律師事務所), the joint administrators for the Debt Restructuring of Tongxin and Jin Xunhuan (the "Joint Administrators"), (i) the Court's civil ruling to the Joint Administrators dated 26 December 2023; and (ii) the Court notice dated 21 February 2024 (collectively, the "Court Documents"). Pursuant to the Court Documents, the Court accepted the application 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.

FINANCIAL REVIEW

Revenue

Our revenue represents the amounts accepted to be entitled for sales of goods and services in the ordinary course of business. Revenue recognised is net of VAT and other taxes, returns and discounts after eliminating sales within our Group.

	2023	2022
	RMB'000	*RMB'000*
Sales of recycled copper products	**811,094**	2,383,263
Sales of power transmission and distribution cables	**3,498**	5,081
Sales of communication cables	**240**	700
Sales of scrap materials	**17,797**	1,675
Others	**5,075**	990
	837,704	2,391,709

Revenue for the year ended 31 December 2023 amounted to approximately RMB837.7 million, representing a decrease of 64.97% from approximately RMB2,391.7 million for the year ended 31 December 2022. The decline in sales volume was primarily due to a significant reduction in the sales of recycled copper products and the Group's manufacturing facilities has been suspended certain months and resumed operations on 1 June 2023, which was attributed to the adverse effects of the processing bankruptcy of the Relevant Subsidiaries during the year.

Revenue from recycled copper products amounted to approximately RMB811.1 million for the year ended 31 December 2023, representing a decrease of 66.0% from approximately RMB2,383.3 million for the year ended 31 December 2022. This was primarily due to a decrease of 69.9% in the sales volume of recycled copper products, which declined from 44,241 metric tons for the year ended 31 December 2022 to 13,330 metric tons for the year ended 31 December 2023. Additionally, there was an increase of 13.0% in the average selling price, rising from RMB53,870 per ton for the year ended 31 December 2022 to RMB60,847 per ton for the year ended 31 December 2023.

Cost of sales

Cost of sales for the year ended 31 December 2023 totaled approximately RMB950.0 million, representing a decrease of 64.6% from approximately RMB2,679.8 million for the year ended 31 December 2022. This significant decline in cost of sales corresponds with a notable decrease in sales, which saw a reduction of 66.0%.

Gross profit

For the year ended 31 December 2023, we reported a gross loss of approximately RMB111.9 million, a decline from the gross loss of about RMB288.1 million for the year ending 31 December 2022. Our gross profit margin for the year ended 31 December 2023 was negative 13.4%, compared to a margin of negative 12.0% for the year ended 31 December 2022.

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

Our net of other income/(expenses) and gain/(loss) totaled approximately RMB52.0 million for the year ended 31 December 2023, representing a significant decrease from approximately RMB136.1 million for the year ended 31 December 2022. This decline was primarily driven by reductions in (i) VAT refunds related to comprehensive resource utilization, (ii) government grants and subsidies received and (iii) interest income.

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

Our net provision for doubtful debts totaled approximately RMB142.0 million for the year ended 31 December 2023, representing a significant decrease from approximately RMB2,222.7 million for the year ended 31 December 2022.

Our impairment of advance payment to suppliers totaled approximately RMB208.1 million for the year ended 31 December 2023, representing a significant decrease from approximately RMB1,948.5 million for the year ended 31 December 2022.

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

Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2023 amounted to approximately RMB7.2 million, representing a 9.0% decrease from approximately RMB7.9 million for the year ended 31 December 2022. This reduction was primarily due to a decline in sales during the year.

Administrative expenses

Our administrative expenses for the year ended 31 December 2023 were approximately RMB110.7 million, representing a decrease of 43.3% from RMB195.2 million for the year ended 31 December 2022. This reduction was primarily due to a decrease in staff costs and operating expenses, which aligned with the decline in sales during the year.

Finance costs

Our finance costs for the year ended 31 December 2023 were approximately RMB277.7 million, representing an increase of 18.6% from RMB234.2 million for the year ended 31 December 2022. This increase was primarily due to higher interest rates and borrowing during the year.

Loss for the year

Our loss for the year ended 31 December 2023 was RMB805.8 million as compared to the loss of RMB4,763.2 million for the year ended 31 December 2022. The decrease in loss is mainly attributable to the net decrease in net provision for doubtful debts and impairment of advance payment to suppliers of RMB3,821.1 million.

Capital structure

As at 31 December 2023, the capital structure of the Group mainly consisted of shareholder's equity, note payables, interest-bearing bank and other borrowings, lease liabilities and liability component of 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 the reporting period:

	31 December 2023		31 December 2022	
	WACC	**Amount**	WACC	Amount
Interest bearing borrowings:				
Note payables	**12–13**	**23,922**	12–13	23,511
Interest-bearing bank and other borrowings	**3.85–9.92**	**1,628,000**	3.85–9.92	1,338,370
Lease liabilities	**3.25–4.76**	**379**	3.25–4.76	2,230
Liability component of convertible bonds	**–**	**–**	12.00	231,720
Total interest bearing borrowings		**1,652,301**		1,595,831

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

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

	As at 31 December 2022				
	Note payables	Interest-bearing bank and other borrowings	Lease liabilities	Liability component of convertible bonds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year or repayable on demand	23,511	1,338,370	1,858	231,720	1,595,459
After one year but less than two years	–	–	372	–	372
	23,511	1,338,370	2,230	231,720	1,595,831

Liquidity and financial resources

As at 31 December 2023, the Group's cash and cash equivalents (excluding pledged deposits of RMB32.3 million) amounted to approximately RMB18.3 million (2022: approximately RMB2.4 million).

The Group's inventories decreased by RMB36.4 million to approximately RMB64.5 million, compared to approximately RMB100.9 million in 2022. For the year ended 31 December 2023, the overall inventory turnover days increased to 32 days, compared to 20 days for the year ended 31 December 2022. This increase in inventory turnover days is mainly attributable to a decrease in demand for copper products and the Group's manufacturing facilities has been suspended certain months and resumed operations on 1 June 2023.

Trade and bills receivables decreased by approximately RMB90.2 million to approximately RMB146.3 million as of 31 December 2023 (2022: approximately RMB236.5 million). The trade and bills receivables turnover days in 2023 of 221 days decreased compared to 234 days in 2022. No significant changes in the trade and bills receivables turnover days. The high trade and bills receivables turnover days is primarily due to the tight liquidity situation of customers.

Trade and bills payables decreased by approximately RMB901.9 million to approximately RMB789.7 million as of 31 December 2023 (2022: approximately RMB1,613.6 million). The payable turnover days were 462 days, compared to 201 days in 2022. Payable turnover days for the year increased compared to the previous year. The increase in payable turnover days was mainly due to tight liquidity resulting from decreased sales and slower collections. The Group is also currently undergoing Debt Restructuring.

The Group's total interest-bearing borrowings increased by approximately RMB56.5 million to RMB1,652.3 million as at 31 December 2023 (2022: approximately RMB1,595.8 million). The overall increase was primarily due to accrued interest and new borrowings during the year.

Bank loans and other borrowings included three entrusted loans totalling approximately RMB300.0 million from Mianyang Science Technology City Development Investment (Group) Co., Ltd.* (綿陽科技城發展投資(集團)有限公司) ("Kefa"), a state-owned enterprise in the PRC. Pursuant to the entrusted loan agreement signed among Tongxin, a wholly owned subsidiary of the Company, Kefa and the entrusted bank, the entrusted loans expired on 27 August 2016, 23 September 2016 and 18 November 2016 respectively. Kefa, the entrusted bank and Tongxin further agreed that the entrusted loan would not be repayable until further agreed otherwise. On 16 July 2020, the Company entered into a non-legally binding framework agreement with Kefa. Under the framework agreement, it is intended, among others, that Kefa will subscribe for Shares for a consideration of more than RMB300 million. The intended uses of the proceeds from Kefa will include, but not be limited to, the repayment of entrusted loans amounting to approximately RMB299 million as at 31 December 2020 owed by the Group to Kefa. As of the date of this announcement, the discussion with Kefa on the potential subscription for Shares is still ongoing.

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

	As at 31 December 2023	As at 31 December 2022
Current ratio	**0.2**	0.3
Quick ratio	**0.2**	0.3
Debt to equity ratio *	**-47.1%**	-59.1%
Net debt to equity ratio #	**-46.6%**	-59.1%

* 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 RMB3,507.2 million (2022: approximately RMB2,702.0 million) mainly attributable to the losses for the year amounted to approximately RMB805.8 million.

Charge on assets

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

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Property, plant and equipment	**223,345**	246,180
Right-of-use assets	**84,164**	86,913
Inventories	**26,583**	27,078
Trade receivables	**–**	2,720
Bank deposits	**32,262**	703,928
	366,354	1,066,819

Commodity risk

The major raw materials used in the production of our recycled copper products are scrap copper. We are exposed to fluctuations in the prices of raw materials as well as finished goods which are influenced by global as well as regional supply and demand conditions. Fluctuations in the copper prices could adversely affect our financial performance. The Group will consider to use copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The Group did not have any outstanding copper futures contracts as at 31 December 2023 (2022: Nil). No loss or gain was recognised for the year ended 31 December 2023 (2022: Nil).

Foreign currency risk

The functional currency of a majority of the entities within our Group is RMB and most of the transactions are settled in RMB. However, we are exposed to currency risk primarily related to the cash and cash equivalents, the convertible bonds and contingent consideration liabilities, all of which are mainly denominated in HKD.

As at 31 December 2023, 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 year ended 31 December 2023. During the year ended 31 December 2023, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to approximately RMB1.8 million.

Significant investments held

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other companies during the year ended 31 December 2023.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies. during the year ended 31 December 2023.

Capital expenditures

For the year ended 31 December 2023, the Group's capital expenditures payments represent additions to property, plant and equipment (including construction in progress) and land use rights of approximately RMB0.5 million (2022: approximately RMB0.1 million). The capital expenditures were mainly financed from internal resources.

Capital commitments

As at 31 December 2023, the capital commitments in respect of the acquisition of property, plant and equipment and lease prepayments on lands contracted for but not provided in the consolidated financial statements amounted to approximately RMB25.8 million (2022: approximately RMB25.8 million).

Contingent liabilities

As at 31 December 2023, 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 announcement, the Group did not have any other material events after the reporting period.

Human resources

As at 31 December 2023, the Group had a total of 287 employees (2022: 507). The Group's staff costs for the year ended 31 December 2023 were approximately RMB28.6 million (2022: RMB44.0 million). The Group offers its staff competitive remuneration packages. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated professionals. The Group is also committed to social responsibility as demonstrated by employing disabled staff and providing appropriate working conditions and protection to them.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2023 (2022: Nil).

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA on the preliminary announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2023 which included a disclaimer of opinion and other matters:

"DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group recorded a net loss of approximately RMB805,780,000 and RMB4,763,152,000 respectively for two consecutive years ended 31 December 2023 and 2022. As at 31 December 2023, the Group had net current liabilities of approximately RMB4,090,155,000 and net liabilities of approximately RMB3,507,212,000. By the end of the reporting period, the Group had cash and cash equivalents of approximately RMB18,327,000, while debts repayable within one year or on demand (including interest-bearing bank and other borrowings and note payables) were approximately RMB1,651,922,000. In addition, as at 31 December 2023, the Group had defaulted the repayment of interest-bearing bank and other borrowings and note payables of approximately RMB1,548,000,000 and RMB23,922,000 respectively (collectively referred to as the "Overdue Debts"). In addition, as described in note 37 to the consolidated financial statements, as at 31 December 2023, the Group was also involved in various litigations resulting in the freezing of several bank accounts and the seizure of property, plant and equipment, right-of-use assets and inventories. The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

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

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

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

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

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

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

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

OTHER MATTERS

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

(a) Trade and bills receivables

As disclosed in note 21 to the consolidated financial statements, as at 31 December 2023 and 2022, the Group's trade and bills receivables amounted to approximately RMB146,292,000 and RMB236,494,000 respectively, of which approximately RMB115,007,000 and RMB204,329,000 respectively (the "Trade and Bills Receivables") were past due and/or have not been settled up to the date of this report. The management is still negotiating with and considering taking any action to the debtors on the settlement. Due to (1) the past due situation of the Trade and Bills Receivables, (2) financial difficulties of debtors and (3) unfavourable negotiation results with debtors, the management considered that the chance of recovering the Trade and Bills Receivables to be remote. The Group recognised provision for doubtful debts of approximately RMB89,322,000 and RMB249,701,000 respectively in respect of the Trade and Bills Receivables in profit or loss for the year ended 31 December 2023 and 2022.

Due to the above uncertainties, the management is not able to provide further evidences in justifying the sufficiency, adequacy and extent of the provision for doubtful debts being recognised. Accordingly, we are not able to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of Trade and Bills Receivables of approximately RMB115,007,000 and RMB204,329,000 as at 31 December 2023 and 2022 respectively. More importantly, there is no other satisfactory audit procedures that we could perform to satisfy ourselves whether the balance of Trade and Bills Receivables of approximately RMB115,007,000 and RMB204,329,000 were fairly stated as at 31 December 2023 and 2022 respectively. Consequently, we are not able to obtain sufficient appropriate audit evidences on the provision for doubtful debts of approximately RMB89,322,000 and RMB249,701,000 recognised in profit or loss for the year ended 31 December 2023 and 2022 and the recoverability of Trade and Bills Receivables of approximately RMB115,007,000 and RMB204,329,000 at 31 December 2023 and 2022.

(b) Prepayments, other deposits and other assets

As disclosed in note 19 to the consolidated financial statements, as at 31 December 2023 and 2022, the Group's advance payments to suppliers amounted to approximately RMB75,320,000 and RMB291,869,000 respectively, of which approximately RMB72,421,000 and RMB280,814,000 respectively (the "Advance Payments"), were long outstanding and/or have not been settled up to the date of this report. The management is still negotiating with and considering taking any action to the debtors on the settlement. Due to (1) the long outstanding position of Advance Payments, (2) financial difficulties of debtors and (3) unfavourable negotiation results with debtors, the management considered that the chance of utilising/recovering the Advance Payments to be remote. The Group recognised provision for impairment loss of approximately RMB207,988,000 and RMB727,756,000 respectively in respect of the Advance Payments in profit or loss for the year ended 31 December 2023 and 2022.

Due to the above uncertainties, the management is not able to provide further evidences in justifying the sufficiency, adequacy and extent of the impairment loss being recognised. Accordingly, we are not able to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of the Advance Payments of approximately RMB72,421,000 and RMB280,814,000 as at 31 December 2023 and 2022. More importantly, there is no other satisfactory audit procedures that we could perform to satisfy ourselves whether the balance of the Advance Payments of approximately RMB72,421,000 and RMB280,814,000 were fairly stated as at 31 December 2023 and 2022. Consequently, we are not able to obtain sufficient appropriate audit evidences on the provision for impairment loss of approximately RMB207,988,000 and RMB727,756,000 recognised for the year ended 31 December 2023 and 2022 and the recoverability of the Advance Payments of approximately RMB72,421,000 and RMB280,814,000 at 31 December 2023 and 2022.

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2023 and 2022 and the consolidated financial position of the Group as at 31 December 2023 and 2022, and the related disclosures thereof in the consolidated financial statements."

AUDIT COMMITTEE'S VIEWS TOWARDS THE AUDIT QUALIFICATION

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

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

REVIEW OF ANNUAL RESULTS

The Audit Committee has three members comprising three independent non-executive Directors, namely Mr. Yu Rengzhong (Chairman of the Audit Committee), Mr. Li Wei and Mr. Fang Guanghua, with written terms of reference in compliance with the Listing Rules.

The primary duties of the Audit Committee are mainly to communicate with the external auditor; to review the accounting policies, financial position and financial reporting procedures of the Group; and to assess the financial reporting system, internal control procedures and risk management function of the Group and to make recommendations thereof.

The Audit Committee has also reviewed the audited consolidated financial information of the Group for the year ended 31 December 2023, including the accounting policy adopted by the Group and has discussed the internal controls and financial reporting matters of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2023.

CORPORATE GOVERNANCE

For the year ended 31 December 2023, the Company was in compliance with the code provisions of the Corporate Governance Code (the "CG Code") as set forth in Appendix C1 of the Listing Rules save as disclosed below.

Code Provision C.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Yu Jianqiu is both the Chairman and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms not less exacting than the required standards set out in the Model Code in Appendix C3 of the Listing Rules. After specific enquiry made by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code and the code of conduct regarding the Directors' securities transactions for the year ended 31 December 2023.

PUBLICATIONS OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.cmru.com.cn) and the Stock Exchange (www.hkex.com.hk). The annual report for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company upon request, and available on the websites of the Company and the Stock Exchange in due course.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the year.

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:

(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
Mr. YU Jianqiu
Chairman

Hong Kong, 2 October 2024

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