CHINA METAL RESOURCES UTILIZATION LIMITED
中國金屬資源利用有限公司

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1636)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue decreased by 43.3% to RMB996.4 million, as compared to the same period last year.
- Net loss margin amounted to 8.6%, as compared to the net profit margin of 6.9% for the same period last year.
- Loss attributable to the equity shareholders of the Company for the period amounted to RMB83.6 million, as compared to the profit attributable to the shareholders of the Company of RMB122.2 million for the same period last year.
- Loss per share for the period amounted to RMB0.04, as compared to the earnings per share of RMB0.06 for the same period last year.
- Current ratio of 1.8 as at 30 June 2015, as compared to 2.2 as at 31 December 2014.
- Debt to equity ratio of 75.8% as at 30 June 2015, as compared to 58.4% as at 31 December 2014.
- The Board does not recommend the declaration of any interim dividend for the six months ended 30 June 2015.

RESULTS

The board (the "Board") of directors (the "Directors") of China Metal Resources Utilization Limited (the "Company") is pleased to present the consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014, as follows:

CONSOLIDATED INCOME STATEMENT — UNAUDITED
For the six months ended 30 June 2015
(Expressed in Renminbi)

		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**996,363**	1,758,531
Cost of sales		**(1,089,299)**	(1,734,814)
Gross (loss)/profit		**(92,936)**	23,717
Other revenue	*5*	**116,709**	206,672
Other net income/(loss)		**2,455**	(2,744)
Selling and distribution expenses		**(4,805)**	(9,236)
Administrative expenses		**(57,270)**	(53,796)
(Loss)/profit from operations		**(35,847)**	164,613
Finance costs	*6(a)*	**(54,626)**	(26,329)
(Loss)/profit before taxation	*6*	**(90,473)**	138,284
Income tax	*7*	**4,468**	(16,093)
(Loss)/profit for the period		**(86,005)**	122,191
Attributable to:			
Equity shareholders of the Company		**(83,607)**	122,191
Non-controlling interests		**(2,398)**	–
(Loss)/profit for the period		**(86,005)**	122,191
(Loss)/earnings per share	*8*		
Basic (RMB)		**(0.04)**	0.06
Diluted (RMB)		**(0.04)**	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — UNAUDITED

For the six months ended 30 June 2015
(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(86,005)**	122,191
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of non-PRC entities	**274**	2,332
Total comprehensive income for the period	**(85,731)**	124,523
Attributable to:		
Equity shareholders of the Company	**(83,333)**	124,523
Non-controlling interest	**(2,398)**	–
	(85,731)	124,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

At 30 June 2015
(Expressed in Renminbi)

	Note	**30 June 2015** *RMB'000*	31 December 2014 *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**578,746**	559,308
Lease prepayments		**100,926**	85,618
Intangible assets		**1,828**	3,656
Interest in associates	*10*	**134,832**	–
Goodwill		**39,308**	39,308
Pledged deposits		**5,320**	12,820
Other non-current assets		**82,894**	34,134
Deferred tax assets		**5,945**	774
		949,799	735,618
Current assets			
Inventories	*11*	**301,626**	461,699
Trade and other receivables	*12*	**1,299,176**	1,021,829
Amounts due from associates		**433**	–
Pledged deposits		**69,126**	43,285
Cash and cash equivalents		**56,695**	145,765
		1,727,056	1,672,578
Current liabilities			
Trade and other payables	*13*	**491,321**	339,216
Obligations under finance leases		**16,245**	16,471
Bank loans and other borrowings		**394,450**	390,670
Amounts due to associates		**20,096**	–
Amount due to a related party		**5,000**	–
Current taxation		**19,223**	19,988
		946,335	766,345
Net current assets		**780,721**	906,233
Total assets less current liabilities		**1,730,520**	1,641,851

	Note	30 June 2015 RMB'000	31 December 2014 RMB'000
Non-current liabilities			
Bank loans and other borrowings		**300,000**	300,000
Obligations under finance leases		**29,151**	36,027
Liability component of convertible bonds		**142,028**	–
Derivative component of convertible bonds		**53,869**	–
Deferred government grants		**40,698**	31,048
Deferred tax liabilities		**1,769**	1,473
		567,515	368,548
NET ASSETS		**1,163,005**	1,273,303
CAPITAL AND RESERVES			
Share capital	*14*	**166,075**	166,075
Reserves		**989,091**	1,096,991
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**1,155,166**	1,263,066
Non-controlling interest		**7,839**	10,237
TOTAL EQUITY		**1,163,005**	1,273,303

NOTES

(Expressed in Renminbi unless otherwise indicated)

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 and sales of copper and related products and the provision of contract manufacturing in the PRC. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 21 February 2014.

(b) Basis of Preparation

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information 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.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statement for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2015.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

— *Annual Improvements to IFRSs 2010–2012 Cycle*

— *Annual Improvements to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

The principal activities of the Group are manufacturing and sales of copper and related products and provision of contract manufacturing services in the PRC.

Revenue represents the sales value of goods sold to customers less returns, discounts, and value added taxes and other sales tax, and contract manufacturing income which is analysed as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Sales of recycled copper products	**946,178**	1,564,772
Sales of power transmission and distribution cables	**25,830**	137,319
Sales of communication cables	**7,626**	44,523
Sales of scrap materials	**15,708**	10,298
Contract manufacturing income	**1,021**	1,619
	996,363	1,758,531

4 SEGMENT REPORTING

The Group manages its businesses by business operations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments, namely recycled copper products segment, power transmission and distribution cables segment and communication cables segment.

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

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

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

(a) Segment Results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "profit after taxation". To arrive at reportable segment profit, the Group's profit is further adjusted for items not specially attributed to individual segments, such as head office or corporate administrative costs.

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.

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 current and prior periods is set out below:

	Six months ended 30 June 2015			
	Recycled copper products *RMB'000*	**Power transmission and distribution cables** *RMB'000*	**Communication cables** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**962,882**	**25,830**	**7,651**	**996,363**
Inter-segment revenue	**276,947**	**404**	**726**	**278,077**
Reportable segment revenue	**1,239,829**	**26,234**	**8,377**	**1,274,440**
Reportable segment loss	**(33,067)**	**(4,850)**	**(6,920)**	**(44,837)**

	Six months ended 30 June 2014			
	Recycled copper products *RMB'000*	Power transmission and distribution cables *RMB'000*	Communication cables *RMB'000*	Total *RMB'000*
Revenue from external customers	1,576,689	137,319	44,523	1,758,531
Inter-segment revenue	152,289	262	2,886	155,437
Reportable segment revenue	1,728,978	137,581	47,409	1,913,968
Reportable segment profit	125,011	7,707	8,779	141,497

(b) Reconciliations of Reportable Segment Revenue and Profit or Loss

	Six months ended 30 June	
	2015 *RMB'000*	2014 *RMB'000*
Revenue		
Reportable segment revenue	**1,274,440**	1,913,968
Elimination of inter-segment revenue	**(278,077)**	(155,437)
Consolidated revenue	**996,363**	1,758,531
(Loss)/profit		
Reportable segment (loss)/profit derived from the Group's external customers	**(44,837)**	141,497
Unallocated head office and corporate expenses	**(41,071)**	(19,306)
Share of loss from associates	**(97)**	–
Consolidated (loss)/profit after taxation	**(86,005)**	122,191

5 OTHER REVENUE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
VAT refunds		
— Comprehensive utilisation of resources *(note (i))*	**96,472**	141,946
— Employment of disabled staff *(note (ii))*	**–**	6,134
Government grants *(note (iii))*	**777**	58,075
Government subsidies *(note (iv))*	**18,870**	91
Interest income	**590**	426
	116,709	206,672

Notes:

(i) The Group is entitled to government grants for refund of 50% of the net value added tax ("VAT") paid/payable under the Adjustment and Improvement of VAT Policies for Products and Labour Services Relating to Comprehensive Utilisation of Resources (Cai Shui [2011] No. 115) jointly issued by the PRC State Administration of Taxation and Ministry of Finance.

(ii) The Group is entitled to government grants for VAT refunds in connection with the employment of disabled people under Cai Shui 2007 No. 67 issued by the PRC State Administration of Taxation.

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

(iv) The amounts represent unconditional government subsidies from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The subsidies were received through Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan"), an associate to the Group.

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable within five years	**34,972**	20,704
Interest on loans from related parties	**–**	458
Interest on finance lease	**1,867**	2,219
Interest on convertible bonds	**10,046**	–
Guarantee fees and other charges	**7,741**	2,948
	54,626	26,329
(b) Other items		
Depreciation of property, plant and equipment	**17,948**	11,310
Amortisation of lease prepayments	**949**	902
Amortisation of intangible assets	**1,828**	1,828
Listing expenses	**–**	14,658
Write-down of inventories	**7,119**	–
Research and development costs	**810**	1,193

7 INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax		
Provision for the period	**186**	26,842
Under/(over)–provision in respect of prior years	**222**	(294)
Effect of reduction in tax rate for prior year *(note (iii))*	**–**	(10,344)
	408	16,204
Deferred tax		
Origination and reversal of temporary differences	**(4,876)**	(111)
	(4,468)	16,093

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 at the statutory rate of 25%. Under the Notice on Taxation Policy Issues concerning the In-depth Implementation of the Western Development Strategy (Cai Shui 2011 No.58) ("Western Development Strategy"), each of the Company's subsidiaries, Mianyang Jinxin Copper Co., Ltd. and Mianyang Tongxin Copper Co., Ltd. are entitled to a preferential income tax rate of 15% from 1 January 2012 to 31 December 2020.

In April 2014, the Company's subsidiaries, Sichuan Baohe Xinshiji Cable Co., Ltd. and Mianyang Baohe Taiyue Communications Cable Co., Ltd. also obtained the approval from local tax authority and became entitled to a preferential income tax rate of 15% from 1 January 2013 to 31 December 2020 under the Western Development Strategy. Tax credits of RMB10,344,000 related to the preferential tax treatment for 2013 are recognised in profit or loss for the six months ended 30 June 2014.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic

The calculation of basic (loss)/earnings per share is based on the loss attributable to the equity shareholders of the Company of RMB83,607,000 (six months ended 30 June 2014: profit of RMB122,191,000) and the weighted average number of ordinary shares in issue during the period. For the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2014, the number of ordinary shares used in the calculation reflects the effects of the capitalisation issue which took place on 21 February 2014.

	Six months ended 30 June	
	2015	2014
(Loss)/profit attributable to equity shareholders of the Company (RMB'000)	**(83,607)**	122,191
Issued ordinary shares at the beginning of the period	**2,105,145,600**	11,238,000
Effect of capitalisation issue	**–**	1,562,082,000
Effect of issue of new shares under the initial public offering	**–**	377,072,972
Effect of exercise of the over-allotment option	**–**	4,109,481
Weighted average number of ordinary shares in issue during the period	**2,105,145,600**	1,954,502,453
Basic (loss)/earnings per share (RMB)	**(0.04)**	0.06

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share for both periods as all potentially dilutive potential ordinary shares were anti-dilutive.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and Disposals

During the six months ended 30 June 2015, the Group's additions to property, plant and equipment amounted to RMB37,391,000 (six months ended 30 June 2014: RMB36,269,000). No material disposal of property, plant and equipment was made during the six months ended 30 June 2015 and the year ended 31 December 2014.

(b) All of the Group's property, plant and equipment are located in the PRC. At 30 June 2015, property, plant and equipment with net book value of RMB170,531,000 (31 December 2014: RMB176,328,000) were pledged for certain banking facilities granted to the Group.

10 INTEREST IN ASSOCIATES

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Share of net assets	**34,517**	–
Goodwill	**100,315**	–
	134,832	–

Particulars of the associates are as follows:

Name	Particulars of registered share capital/issued and paid in capital	Place of registration and business	Percentage of ownership interest attributable to the Group: Direct	Indirect	Principal activities
Deda Holdings Limited	Issued and paid in capital of USD1,000	BVI	30%	–	Investment holding
Hongkong Fujian Investments Limited	Issued and paid in capital of HKD1.0	Hong Kong	–	30%	Investment holding
Sichuan Baohe Fushan Resources Recycling Development Co., Ltd.	Registered capital of RMB100 million	The PRC	–	30%	Industrial park operation and development

On 22 April 2015, the Group entered into an agreement, pursuant to which the vendors of Baohe Fushan agreed to transfer 100% equity interest in Baohe Fushan to Hongkong Fujian Investments Limited, a company wholly-owned by Deda Holdings Limited ("Deda") which, in turn, was then a wholly-owned subsidiary of the Company.

Upon the above equity transfer taking effect, Deda issued to the vendors 700 new ordinary shares at a nominal value of USD1.0 per share, representing 70% of Deda's issued share capital after the issue of the new ordinary shares.

Upon completion, Deda ceased to be a subsidiary of the Company. Since then, the Company holds 30% of the entire issued shares of Deda, which in turn indirectly holds 100% equity interest in Baohe Fushan.

The consideration paid by the Group to the vendors for the above transactions was RMB134,929,000, which was determined with reference to the valuation of Baohe Fushan as at 30 September 2014.

11 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Raw materials	**159,652**	239,450
Work in progress	**13,499**	32,146
Finished goods	**115,880**	75,292
Goods in transit	**12,595**	114,811
	301,626	461,699

At 30 June 2015, inventories of RMB49,184,000 (31 December 2014: RMB57,011,000) were pledged for banking facilities granted to the Group.

12 TRADE AND OTHER RECEIVABLES

At the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on transaction date is, as follows:

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 30 days	**541,295**	296,703
31 to 60 days	**63,968**	161,238
61 to 180 days	**12,733**	201,761
Over 180 days	**174,598**	87,420
Trade debtors and bills receivable	**792,594**	747,122
Advance payments to suppliers	**318,488**	141,993
Government grants receivable	**141,655**	108,540
Other deposits, prepayments and receivables	**46,439**	24,174
	1,299,176	1,021,829

Trade debtors and bills receivable are normally due within 90 days from the date of transaction.

13 TRADE AND OTHER PAYABLES

At the end of the reporting period, the ageing analysis of the trade and bills payable, based on transaction date, is as follows:

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 30 days	**886**	4,386
31 to 60 days	**975**	1,280
61 to 180 days	**83,745**	27,615
Over 180 days	**1,543**	3,013
Trade and bills payable	**87,149**	36,294
Receipts in advance	**47,097**	23,025
Accrued expenses and other payables	**357,075**	279,897
	491,321	339,216

14 SHARE CAPITAL

Authorised and Issued Share Capital

	Par value *HK$*	**No. of shares**	*HK$'000*
Authorised:			
At 1 January 2014, 31 December 2014, 1 January 2015 and 30 June 2015	0.10	100,000,000,000	10,000,000
			(equivalent to RMB8,071,000,000)
Issued and fully paid:			
At 1 January 2014	0.10	11,238,000	1,123
Issue of shares under the initial public offering	0.10	525,001,600	52,500
Capitalisation issue	0.10	1,562,082,000	156,208
Issue of shares upon exercise of the over-allotment option under the initial public offering	0.10	6,824,000	683
At 31 December 2014, 1 January 2015 and 30 June 2015	0.10	2,105,145,600	210,514
			(equivalent to RMB166,075,000)

15 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) 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"), which will replace, amongst others, the Adjustment and Improvement of VAT Policies for Products and Labour Services Relating to Comprehensive Utilisation of Resources also issued by the Ministry of Finance and the State Administrative of Taxation (Cai Shui [2011] (No. 115)) (the "Former VAT Policy"). The New VAT Policy took effect on 1 July 2015. Under the Former VAT Policy, certain subsidiaries of the Company are entitled to government grants for refunds of 50% of the net VAT paid/payable. According to the New VAT Policy, the applicable VAT refund for such subsidiaries will be reduced to 30%.

(b) On 23 July 2015, the Company granted 10,000,000 share options to certain eligible participants subject to acceptance of the grantees under the share option scheme adopted by the Company on 28 January 2014 and based on the shareholders' resolutions passed on 9 June 2015 of the Refreshment of the 10% Share Option Scheme Limit. The grantees are entitled, subject to the terms and conditions of grant and upon exercise, to subscribe for an aggregate of 10,000,000 shares of the Company with nominal value of HK$0.10 per share at an exercise price of HK$2.16 per share. The share options granted have a vesting period of one year, i.e. all of the share options shall be vested on the 1st anniversary of the date upon which the share options are accepted, subject to the grantees remaining as eligible persons at the date of vesting.

(c) On 5 August 2015, China Recycling Aluminium Limited ("Recycling Aluminium"), an indirect wholly-owned subsidiary of the Group, entered into an Equity Transfer Agreement with Mianyang Jin Xunhuan Electronic Trading Co., Ltd. ("JX Electronic"), pursuant to which Recycling Aluminium agreed to acquire and JX Electronic agreed to sell 30% equity interest in Mianyang Xinhuan Aluminium Company Limited, for a cash consideration of RMB1,500,000. JX Electronic is a company which is controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, daughters of Mr. Yu Jianqiu, Chairman and controlling shareholder of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2015, the continued slowdown in China's economic growth has resulted in a drop in demand of copper products. In addition, there have been several instances of sharp movements in copper prices during this period which resulted in some of our customers taking a wait-and-see approach and deferred the timing of procurement or even shrank their purchase order sizes hoping to buy at a lower cost later. Furthermore, liquidity in the banking and financial markets continued to be tight in the first half of 2015 which weakened the ability of our customers to settle trades balances within their credit periods, consequently we had to reduce sales to certain of our customers in order to minimize credit risks. As a result of these factors, the Group recorded a decrease in sales volume in the first half of 2015 as compared to the first half of 2014, which translated into a decrease in revenue by 43.3% as compared to the first half of 2014 and, taking into account of a significant increase in finance costs, a net loss attributable to the shareholders of the Company of RMB83.6 million for the first half of 2015.

Notwithstanding the challenging operating environment, we continued to strive to build our business to meet our long term growth objectives.

In January and February 2015, the Company completed the issuance of warrants to 10 suppliers of scrap copper. In return, the suppliers, in aggregate, agreed to supply a target of 79,500 tons of copper scrap raw materials to the Group at discount prices. The arrangements were to encourage these suppliers to achieve the targeted amount of raw materials supply and to maintain continued cooperative relationships with the Group.

In April 2015, in order to raise funds to strengthen its working capital and to finance the Group's future development and expansion, the Company completed the issuance of convertible bonds equivalent to approximately RMB200 million to Huarong (HK) International Holdings Limited.

In May 2015, the Company completed an acquisition of 30% interest in Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. (四川省保和富山再生資源開發有限公司) ("Baohe Fushan"). The Company expects the acquisition to provide a platform for potential vertical expansion of the Group into the upstream scrap metal business in the future. The acquisition of Baohe Fushan, which operates the industrial park that accommodates the Group's key subsidiaries, is expected to benefit the Group by securing land in the industrial park for future expansion and diversifying its business to broaden its revenue sources.

In August 2015, the Company entered into an equity transfer agreement to acquire 30% equity interest in Mianyang Xinhuan Aluminium Company Limited (綿陽鑫環鋁業有限公司) ("Xinhuan Aluminium"). After completion, Xinhuan Aluminium will become an indirect non-wholly owned subsidiary of the Company. Xinhuan Aluminium will focus on the sales and production of standardized aluminium ingots from scrap aluminium as raw materials and trading standardized aluminium ingots. By expanding into the aluminium business, the Company expects to enlarge its sales volume, provide a wider product portfolio to the existing and potential customers and leverage the synergy effect by making use of the Company's existing sources of raw materials, logistics system and technical know-how. As at the date of this announcement, the acquisition has not been completed. Please refer to the announcement of the Company dated 5 August 2015 for further details.

FUTURE PROSPECTS/OUTLOOK

To stimulate the economy to maintain its targeted growth, the PRC government has cut interest rates several times, reduced bank reserve requirements and taken other measures to ease bank lending since November last year. The PRC government has also increased fiscal investments such as, among others, power grid networks and railway constructions to boost economic growth. We are cautiously optimistic that all these measures will improve the PRC economy going forward. As such, we will continue to actively seek acquisition opportunities along the supply chain of our industry and continue to grow our business to create value to our shareholders.

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 intercompany sales.

The following table sets forth the analysis of our revenue:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Sales of recycled copper products	**946,178**	1,564,772
Sales of power transmission and distribution cables	**25,830**	137,319
Sales of communication cables	**7,626**	44,523
Sales of scrap materials	**15,708**	10,298
Contract manufacturing income	**1,021**	1,619
	996,363	1,758,531

Revenue for the six months ended 30 June 2015 amounted to RMB996.4 million, representing a decrease of 43.3% from RMB1,758.5 million for the six months ended 30 June 2014.

Revenue from recycled copper products amounted to RMB946.2 million for the six months ended 30 June 2015, representing a drop of 39.5% from RMB1,564.8 million for the six months ended 30 June 2014, reflecting mainly a decrease of 31.9% in the sales volume of recycled copper products from 37,170 metric tons for the six months ended 30 June 2014 to 25,329 metric tons for the six months ended 30 June 2015. Revenue from sales of power transmission and distribution cables amounted to RMB25.8 million for the six months ended 30 June 2015, representing a decrease of 81.2% from RMB137.3 million for the six months ended 30 June 2014. Revenue from sales of communication cables amounted to RMB7.6 million for the six months ended 30 June 2015, representing a decrease of 82.9% from RMB44.5 million for the six months ended 30 June 2014. The decreases were principally due to the slowdown in economic growth in China, which resulted in a drop in the demand for the Group's copper products.

Capital Structure

As at 30 June 2015, the capital structure of the Group mainly consisted of shareholders' equity, bank and other borrowings, finance leases and convertible bonds. There are no material seasonality of borrowing requirements for the Group.

On 13 April 2015, the Company completed the issuance of convertible bonds to Huarong (HK) International Holdings Limited in an aggregate principal amount of USD32,610,000 (equivalent to approximately RMB200 million). The convertible bonds bear a fixed interest rate of 10% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK$0.10 each in the issued share capital of the Company at an initial conversion price of HK$1.40 per share (subject to adjustment). The terms and conditions of the convertible bonds restrict the exercise of conversion right up to an aggregate principal amount of the convertible bonds of USD16,300,000, which is convertible to approximately 90,555,555 ordinary shares of the Company (based on a condition in the terms and conditions which provides that based on the agreed exchange rate, the principle amount of the convertible bond shall be deducted by USD0.18 upon the issue of one conversion share).

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

	As at 30 June 2015		As at 31 December 2014	
	Weighted average effective interest rate	**Amount**	Weighted average effective interest rate	Amount
	%	***RMB'000***	%	*RMB'000*
Fixed rate borrowings:				
Bank loans and other borrowings	**9.89**	**694,450**	9.49	690,670
Obligations under finance leases	**6.97**	**45,396**	7.06	52,498
Liability component of convertible bonds	**34.35**	**142,028**	–	–
Total fixed rate borrowings		**881,874**		743,168

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

	As at 30 June 2015				As at 31 December 2014			
	Bank loans and other borrowings	**Obligations under finance leases**	**Liability component of convertible bonds**	**Total**	Bank loans and other borrowings	Obligations under finance leases	Liability component of convertible bonds	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year or repayable on demand	**394,450**	**16,245**	**–**	**410,695**	390,670	16,471	–	407,141
After one year but within two years	**300,000**	**14,536**	**142,028**	**456,564**	300,000	14,309	–	314,309
After two year but within five years	**–**	**14,615**	**–**	**14,615**	–	21,718	–	21,718
	694,450	**45,396**	**142,028**	**881,874**	690,670	52,498	–	743,168

On 19 January 2015, the Company issued 133,650,000 warrants to 7 subscribers at an issue price of HK$0.001 per warrant. Each warrant entitles its holder to subscribe for one share of the Company at a subscription price of HK$1.30 per share. The warrants are to be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers, in aggregate, agree to supply 49,500 tons of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton. The arrangements are expected to encourage such suppliers to achieve the targeted amount of raw material supplies and to maintain continued cooperative relationship with the Group. Please refer to the announcement of the Company dated 19 December 2014 for further details. For the six months ended 30 June 2015, the suppliers have delivered an aggregate of 6,044 tons of copper scrap raw materials to the Group, resulting in the vesting of 16,319,242 warrants accordingly.

On 24 February 2015, the Company issued 102,000,000 warrants to 3 subscribers at an issue price of HK$0.001 per warrant. Each warrant entitles its holder to subscribe for one share of the Company at a subscription price of HK$1.50 per share. The warrants are to be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers, in aggregate, agree to supply 30,000 tons of copper scrap raw materials to the Group from 1 February 2015 to 31 January 2016 at a fixed discount of RMB2,000 per ton. The arrangements are expected to encourage such suppliers to achieve the targeted amount of raw material supplies and to expand the Group's sources of raw materials. Please refer to the announcement of the Company dated 5 February 2015 for further details. For the six months ended 30 June 2015, the suppliers have delivered an aggregate of 2,449 tons of copper scrap raw materials to the Group, resulting in the vesting of 8,328,062 warrants accordingly.

Liquidity and Financial Resources

As at 30 June 2015, the Group's cash and cash equivalents (excluding pledged deposits of RMB74.4 million) amounted to RMB56.7 million (as at 31 December 2014: RMB145.8 million).

The Group's inventories decreased by RMB160.1 million to RMB301.6 million (as at 31 December 2014: RMB461.7 million) and our trade and bills receivables increased by RMB45.5 million to RMB792.6 million (as at 31 December 2014: RMB747.1 million). During the six months ended 30 June 2015, the inventory turnover days and receivables turnover days were 63.1 days and 139.9 days respectively, as compared to 28.8 days and 67.4 days for the year ended 31 December 2014. Increase in inventory turnover days was mainly due to a decrease in the Group's revenue during the period. The decrease in the revenue was primarily attributable to a drop in demand for copper products as a result of the continued slowdown in China's economic growth and the deferral and contraction of customers' sales orders as a result of several instances of sharp movements in copper prices in the first half of 2015. The increase in receivable turnover days for the period reflected the fact that the liquidity in the banking and financial markets continued to be tight in the first half of 2015 which weakened the ability of our customers to settle trades balances within their credit periods.

Trade and bills payables increased by RMB50.8 million to RMB87.1 million as at 30 June 2015 (as at 31 December 2014: RMB36.3 million) while the payable turnover days were 10.3 days, compared to 11.0 days for the year ended 31 December 2014. Payable turnover days for the period were relatively stable as compared to last year.

The Group's total bank and other borrowings increased by RMB138.7 million to RMB881.9 million as at 30 June 2015 (31 December 2014: RMB743.2 million). The increase was mainly due to the issuance of convertible bonds, its initial fair value of loan portion amounted to approximately RMB137.2 million. In respect of the Group's borrowings, the Group has to comply with certain restrictive financial covenants and certain assets of the Group were pledged as security. The covenants had not been breached as at 30 June 2015.

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

	As at 30 June 2015	As at 31 December 2014
Current ratio	**1.8**	2.2
Quick ratio	**1.5**	1.6
Debt to equity ratio*	**75.8%**	58.4%
Net debt to equity ratio#	**71.0%**	46.9%

* Total interest-bearing debts/Total equity.

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

The deterioration of current ratio and quick ratio as at 30 June 2015 compared to 31 December 2014 were primarily attributable to (i) the increase in VAT payable as a result of successful application of deferral payments of VAT by certain subsidiaries; and (ii) the increase in bills payable following greater amount of available facilities granted by banks.

The increase in debt to equity ratio and net debt to equity ratio as at 30 June 2015 compared to 31 December 2014 were mainly because of (i) the increase in debt level as a result of the issuance of convertible bonds by the Company during the period; and (ii) the net loss for the six months ended 30 June 2015.

Charge on Assets

The following table sets forth the net book value of assets under pledge for certain banking facilities, bills payable facilities, obligations under finance leases and outstanding futures contracts as at the dates indicated:

	As at 30 June 2015	As at 31 December 2014
	RMB'000	*RMB'000*
Property, plant and equipment	**170,531**	176,328
Lease prepayments	**33,796**	38,269
Inventories	**49,184**	57,011
Bills receivable	**–**	4,000
Government grants receivable	**21,462**	35,015
Deposits with guarantee companies	**9,500**	27,100
Deposits with banks	**59,500**	13,022
Deposit with lessor of finance leases	**5,320**	5,320
Deposits with securities broker	**4**	10,663
	349,297	366,728

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 which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect our financial performance. The Group uses copper futures contracts to mitigate part of its exposure against price fluctuations of copper raw materials. The market value of futures contracts is based on the quoted market price at the date of consolidated statement of financial position. The Group's outstanding copper futures contracts had a notional contract value of RMB Nil as at 30 June 2015 (as at 31 December 2014: RMB62.0 million). Net gain of RMB6.0 million was recognized during the six months ended 30 June 2015 (six months ended 30 June 2014: net loss of RMB3.2 million).

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 that are denominated in Hong Kong dollars and the convertible bonds that are denominated in USD. The balance of cash and cash equivalents as at 30 June 2015 included HK$4.0 million and USD0.8 million (in total equivalent to approximately RMB8.1 million) were held in banks in Hong Kong. As at 30 June 2015, the Group's bank loans and other borrowings and obligations under finance leases were denominated in RMB but the convertible bonds were denominated in USD, with an aggregate principal amount of USD32,610,000 (equivalent to approximately RMB200,000,000). The Group did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 30 June 2015. During the six months ended 30 June 2015, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies.

Significant Investments Held

Except for investments in subsidiaries and associate companies, the Group did not hold any significant investment in equity interest in any other company during the six months ended 30 June 2015.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 27 May 2015, the Company completed an acquisition of 30% interest in Baohe Fushan. The total consideration for the Acquisition was approximately RMB135 million. Please refer to the announcement of the Company dated 22 April 2015 for further details.

During the six months ended 30 June 2015, save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Capital Expenditures

Our planned future capital expenditures mainly include the purchase of additional plant, machinery and land which we believe would facilitate the growth of our business. Our capital expenditures represent additions to property, plant and equipment and prepayments on lands of approximately RMB106.2 million for the six months ended 30 June 2015. The capital expenditures were paid out of the net proceeds from the Listing.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2015.

Use of Proceeds From the Listing

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 February 2014 (the "Listing Date") (the "Listing") and issued 531,825,600 new shares (including issue of new shares upon the exercise of over-allotment option) at HK$1.13 per share. The net proceeds from the Listing received by the Company were approximately RMB420.0 million (after taking into account of provisions for professional fees in relation to the Listing). These proceeds are intended to be applied in accordance with the business plan set out in the Prospectus. The business plan and schedule of use of proceeds disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied in accordance with the actual development of the market.

During the year ended 31 December 2014, a total of RMB297.6 million of the net proceeds from the Listing were applied for repaying loans from related parties, funding our planned capital expenditure in relation to additions to property, plant and equipment, land use rights, and research and development projects and repaying certain working capital loans.

During the six months ended 30 June 2015, a total of RMB106.2 million of the net proceeds from the Listing were applied for funding our planned capital expenditure in relation to additions to property, plant and equipment, land use rights, and research and development projects.

Certain amounts of net proceeds of the Listing had not been immediately used for the purposes described in the Prospectus. These proceeds were placed as deposits with banks (pledged and unpledged) and other financial institutions as at 30 June 2015.

EVENT AFTER REPORTING PERIOD

Save as disclosed in note 15 to the interim financial information, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2015 and up to the date of this announcement.

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of approximately 923 employees. The Group's staff costs for the six months ended 30 June 2015 amounted to approximately RMB21.1 million. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff 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 2015 (for the six months ended 30 June 2014: HK3.0 cents per ordinary share).

REVIEW OF INTERIM RESULTS

The audit and corporate governance committee of the Company (the "Audit Committee") has three members comprising three independent non-executive directors, Mr. Lee Ting Bun Denny (Chairman of the Audit Committee), Mr. Pan Liansheng and Ms. Liu Rong, with written terms of reference in compliance with the Listing Rules.

The primary duties of the Audit Committee are mainly to communicate with external auditor; to review the accounting policy, 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 making recommendations thereof.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2015 has been reviewed by the Company's auditor, KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has also reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2015.

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 for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

Since the Listing Date, save as to the deviation from the Code Provision A.2.1, the Company has applied the principles of and has complied with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules.

Code Provision A.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.

Save as disclosed, there has been no deviation from the code provisions of the Corporate Governance Code as set forth in the Appendix 14 of the Listing Rules during the review period.

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 10 to 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 since the Listing Date.

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). An interim report for the six months ended 30 June 2015 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company 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.

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

Hong Kong, 27 August 2015

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. YU Jianqiu (Chairman), Mr. KWONG Wai Sun Wilson, Mr. LIU Hanjiu, Mr. HUANG Weiping and Ms. ZHU Yufen; and three independent non-executive directors, namely, Mr. LEE Ting Bun Denny, Mr. PAN Liansheng and Ms. LIU Rong.