中金资源

# 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)**

## CONNECTED TRANSACTION
## ACQUISITION OF 70% EQUITY INTEREST IN
## MIANYANG XINHUAN ALUMINUM COMPANY LIMITED

### THE EQUITY TRANSFER AGREEMENT

On 31 December 2015, Recycling Aluminum, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with JX E-commerce, pursuant to which Recycling Aluminum agreed to acquire and JX E-commerce agreed to sell 70% equity interest in Xinhuan Aluminum, for a cash consideration of RMB3,100,000. In addition, Recycling Aluminum has an obligation to contribute RMB17,500,000 to pay up the registered capital of Xinhuan Aluminum by 31 July 2016.

Upon Completion, Recycling Aluminum will legally and beneficially hold 100% equity interest in Xinhuan Aluminum, with the right to appoint all members of the board of directors of Xinhuan Aluminum. Accordingly, Xinhuan Aluminum will become an indirect wholly-owned subsidiary of the Company.

### LISTING RULE IMPLICATIONS

As JX E-commerce is a company controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, who are connected persons of the Company by virtue of them being the associates of Mr. Yu, the chairman and controlling shareholder of the Company, JX E-commerce is a connected person of the Company and the transactions under the Equity Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On 22 April 2015, the Company entered into the Baohe Fushan Agreement, pursuant to which the Company agreed to acquire a 30% interest in Baohe Fushan for a cash consideration of RMB135,000,000. As at the date of the Baohe Fushan Agreement, the entire equity interest in Xinhuan Aluminum was held by JX E-commerce, which was in turn held as to 90% by Xijiulong and 10% by Baohe Fushan.

On 5 August 2015, Recycling Aluminum entered into the Xinhuan Aluminum Agreement, pursuant to which Recycling Aluminum agreed to acquire and JX E-commerce agreed to sell 30% equity interest in Xinhuan Aluminum for a cash consideration of RMB1,500,000. In addition, Recycling Aluminum has an obligation to contribute RMB7,500,000 to pay up the registered capital of Xinhuan Aluminum by 31 July 2016.

According to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As the transactions under the Baohe Fushan Agreement, the Xinhuan Aluminum Agreement and the Equity Transfer Agreement involved, directly or indirectly, the same subject matter, namely the equity interest in Xinhuan Aluminum, such transactions shall be aggregated in accordance with Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratios upon aggregation are all more than 0.1% but less than 5%, the Equity Transfer Agreement and the transactions thereunder shall be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 31 December 2015, Recycling Aluminum, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with JX E-commerce, pursuant to which the Company agreed to acquire and JX E-commerce agreed to sell 70% equity interest in Xinhuan Aluminum for a cash consideration of RMB3,100,000.

**PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

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| Date: | 31 December 2015 |
| Parties: | (1) Purchaser: Recycling Aluminum<br>(2) Seller: JX E-commerce |
| Interests to be acquired: | 70% equity interest in Xinhuan Aluminum |
| Consideration: | The consideration is RMB3,100,000 and shall be fully paid in cash within five business days after the completion of the equity transfer procedures in relation to the industry and commerce registration and Xinhuan Aluminum obtaining its new business licence. The consideration is agreed by the parties on an arm's length basis and on normal commercial terms, and was determined with reference to the net asset value of Xinhuan Aluminum as at 31 October 2015 of approximately RMB4,400,000 based on its management accounts. It is expected that the consideration will be funded by internal cash resources of the Company. |

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| Completion: | Within five business days of receiving MOFCOM's approval, both parties shall procure Xinhuan Aluminum to process the registration procedures in relation to the relevant changes in equity interest. Completion of the equity transfer shall be upon the completion of the procedures in relation to the industry and commerce registration and Xinhuan Aluminum obtaining its new business licence. |
| Conditions precedent: | The equity transfer under the Equity Transfer Agreement is conditional upon the fulfillment of the following conditions:<br>(i) Xinhuan Aluminum's board of directors and shareholders passing the requisite resolutions approving the equity transfer under the Equity Transfer Agreement; and<br>(ii) Obtaining the consent and approval of MOFCOM. |
| Undertakings by the Parties: | According to Xinhuan Aluminum's Articles of Association, its registered capital has to be fully paid up by 31 July 2016. Recycling Aluminum, as the holder of the entire equity interest in Xinhuan Aluminum after Completion, has agreed to inject an additional RMB25,000,000 as paid up capital to Xinhuan Aluminum before such date. |

## REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

After Completion, Xinhuan Aluminum will become an indirect wholly-owned subsidiary of the Company. Xinhuan Aluminum will focus on the sales and production of standardized aluminum ingots from scrap aluminum as raw materials and trading standardized aluminum ingots. The Group plans to sell such products in the Shanghai Futures Exchange and other professional E-commerce platforms. By expanding into the aluminum business, the Company expects to (1) enlarge its sales volume; (2) provide a wider product portfolio to the existing and potential customers; and (3) capitalize the synergy effect by making use of the Company's existing sources of raw materials, logistic system and technical know-how.

## INFORMATION OF XINHUAN ALUMINUM

Xinhuan Aluminum is a limited liability company incorporated in the PRC and has a registered capital of RMB30,000,000, and a paid up capital of RMB5,000,000. As at the date of this announcement, Recycling Aluminum and JX E-commerce hold 30% and 70% equity interest in Xinhuan Aluminum, respectively. After Completion, Recycling Aluminum will hold 100% of the equity interest in Xinhuan Aluminum. All of Xinhuan Aluminum's board of directors will be appointed by Recycling Aluminum and Xinhuan Aluminum will become an indirect wholly-owned subsidiary of the Company.

Xinhuan Aluminum is principally engaged in (1) the production and sale of non-ferrous metal, wires, cables and standardized aluminum ingots; (2) the recycling, processing and sale of scrap metal; and (3) the import and export of relevant products and technology.

Based on the management accounts of Xinhuan Aluminum for the ten months ended 31 October 2015, it had a net asset value amounting to approximately RMB4,400,000 and loss before and after taxation of approximately RMB600,000 since its incorporation on 1 August 2014 to 31 October 2015.

## INFORMATION OF JX E-COMMERCE

JX E-commerce is a company incorporated in the PRC, principally engaged in the running of an E-commerce platform in the PRC. JX E-commerce is 90% and 10% held by Xijiulong and Baohe Fushan, respectively.

Xijiulong is an investment holding company incorporated in the PRC which is 95% and 5% controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, respectively. Ms. Yu Yanyan and Ms. Yu Jiajia are daughters and associates of Mr. Yu Jianqiu, the chairman and controlling shareholder of the Company, and are therefore connected persons of the Company.

Baohe Fushan is a company incorporated in the PRC and an associate company of the Company, which is principally engaged in the operation and the development of Baohe Fushan Recycling Resources Industrial Park, an industrial park in Youxian Economic Development Zone, Mianyang City, Sichuan Province, the PRC, which currently accommodates Mianyang Tongxin Copper Co., Ltd., Sichuan Baohe Xinshiji Cable Co., Ltd. and Mianyang Baohe Taiyue Communication Cable Co., Ltd., wholly-owned subsidiaries of the Company, and other metal recycling related companies. Baohe Fushan is also licensed to operate in the collection, processing and sale of scrap materials.

## INFORMATION OF THE GROUP

The Group is a fast-growing manufacturer of recycled copper products, also known as copper semis, in Southwest China. The Group processes recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wirerods, copper wires, copper plates, copper granules, power transmission and distribution cables and communication cables.

## LISTING RULE IMPLICATIONS

As JX E-commerce is a company controlled by Ms. Yu Yanyan and Ms. Yu Jiajia who are connected persons of the Company by virtue of them being the associates of Mr. Yu, the chairman and controlling shareholder of the Company, JX E-commerce is a connected person of the Company and the transactions under the Equity Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

On 22 April 2015, the Company entered into the Baohe Fushan Agreement, pursuant to which the Company agreed to acquire a 30% interest in Baohe Fushan for a cash consideration of RMB135,000,000. As at the date of the Baohe Fushan Agreement, the entire equity interest in Xinhuan Aluminum was held by JX E-commerce, which was in turn held as to 90% by Xijiulong and 10% by Baohe Fushan. Such transaction has been completed on 27 May 2015.

On 5 August 2015, Recycling Aluminum entered into the Xinhuan Aluminum Agreement, pursuant to which Recycling Aluminum agreed to acquire and JX E-commerce agreed to sell 30% equity interest in Xinhuan Aluminum for a cash consideration of RMB1,500,000. In addition, Recycling Aluminum has an obligation to contribute RMB7,500,000 to pay up the registered capital of Xinhuan Aluminum by 31 July 2016. Such transaction has been completed on 12 November 2015.

According to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As the transactions under the Baohe Fushan Agreement, the Xinhuan Aluminum Agreement and the Equity Transfer Agreement involved, directly or indirectly, the same subject matter, namely the equity interest in Xinhuan Aluminum, such transactions shall be aggregated in accordance with Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratios upon aggregation are all more than 0.1% but less than 5%, the Equity Transfer Agreement and the transactions thereunder shall be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Group, the terms are fair and reasonable and in the interests of the Company and shareholders of the Company as a whole. Due to the interests of Ms. Yu Yanyan and Ms. Yu Jiajia in the Transaction, Mr. Yu has abstained from voting on the Board resolution approving the Equity Transfer Agreement and the transactions contemplated thereunder. Save as for the aforesaid Director, there is no Director having material interest in the Transaction and has to abstain from voting on the relevant Board resolution.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

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| "Baohe Fushan" | 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), a company incorporated in the PRC with limited liability and an associated company of the Company; |
| "Baohe Fushan Agreement" | the agreement dated 22 April 2015 between, among others, the Company and Xijiulong in relation to the acquisition of 30% equity interest in Baohe Fushan by the Company, details of which are set out in the announcement of the Company dated 22 April 2015; |
| "Board" | the board of Directors; |

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| "Company" | China Metal Resources Utilization Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1636); |
| "Completion" | the completion of the Transaction; |
| "connected person(s)" | has the meaning ascribed thereto under the Listing Rules; |
| "controlling shareholders" | has the meaning ascribed thereto under the Listing Rules; |
| "Director(s)" | the director(s) of the Company; |
| "Equity Transfer Agreement" | the agreement dated 31 December 2015 entered into between Recycling Aluminum and JX E-commerce for the acquisition of 70% equity interest in Xinhuan Aluminum by Recycling Aluminum; |
| "Group" | the Company and its subsidiaries; |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC; |
| "JX E-commerce" | Sichuan Jin Xunhuan E-commerce Trading Co., Ltd.* (四川金循環電子商務有限公司), a company incorporated in the PRC with limited liability; |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange; |
| "MOFCOM" | Ministry of Commerce of the People's Republic of China; |
| "Mr. Yu" | Mr. Yu Jianqiu, the chairman and controlling shareholder of the Company; |
| "PRC" | the People's Republic of China; |
| "Recycling Aluminum" | China Recycling Aluminum Limited (中國循環鋁業有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company; |
| "RMB" | Renminbi, the lawful currency of the PRC; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "Transaction" | the transactions contemplated under the Equity Transfer Agreement, including Recycling Aluminum's obligation to inject an additional of RMB17,500,000 as registered capital into Xinhuan Aluminum by 31 July 2016; |

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| "Xijiulong" | Sichuan Xijiulong Investment Co., Ltd.* (四川省西九龍投資有限公司), a company incorporated in the PRC with limited liability beneficially owned by Ms. Yu Yanyan and Ms. Yu Jiajia as to 95% and 5%, respectively, and is a connected person of the Company; |
| "Xinhuan Aluminum" | Mianyang Xinhuan Aluminum Company Limited* (綿陽鑫環鋁業有限公司), a limited liability company incorporated in the PRC; |
| "Xinhuan Aluminum Agreement" | the agreement dated 5 August 2015 between Recycling Aluminum and JX E-commerce in relation to the acquisition of 30% equity interest in Xinhuan Aluminum by Reclcying Aluminum, details of which are set out in the announcement of the Company dated 5 August 2015; and |
| "%" | per cent. |

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

Hong Kong, 31 December 2015

*As at the date of this announcement, the Board comprises of four executive directors, namely, Mr. Yu Jianqiu (Chairman), Mr. Kwong Wai Sun Wilson, Mr. Huang Weiping and Ms. Zhu Yufen; and three independent non-executive directors, namely, Mr. Lee Ting Bun Denny, Mr. Pan Liansheng and Ms. Ren Ruxian.*

* *For identification purposes only*