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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)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of China Metal Resources Utilization Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025, as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | | Six months ended 30 June | |
|---|-------|--------------------------|------------------|
| | Notes | 2025 | 2024 |
| | | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| REVENUE | 4 | 340,852 | 454,200 |
| Cost of sales | | <u>(343,169)</u> | <u>(487,992)</u> |
| Gross loss | | (2,317) | (33,792) |
| Other income and gain, net | 5 | 2,879 | 33,708 |
| Selling and distribution expenses | | (611) | (1,144) |
| Administrative expenses | | (43,878) | (47,790) |
| Provision for doubtful debts, net | | (1,577) | (20,347) |
| Impairment of advance payment to suppliers | | — | (37) |
| Finance costs | | (162,514) | (151,992) |
| Share of losses of associates | | <u>(48)</u> | <u>(266)</u> |
| LOSS BEFORE TAX | 6 | (208,066) | (221,660) |
| Income tax expense | 7 | <u>—</u> | <u>(75)</u> |
| LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY | | <u>(208,066)</u> | <u>(221,735)</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | |
| <i>Other comprehensive income/(loss) that will be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | <u>7,702</u> | <u>(5,603)</u> |
| Other comprehensive income/(loss) for the year, net of tax | | <u>7,702</u> | <u>(5,603)</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY | | <u>(200,364)</u> | <u>(227,338)</u> |
| | | | (Restated) |
| Loss per share | 8 | | |
| – Basic (RMB per share) | | <u>(0.46)</u> | <u>(0.49)</u> |
| – Diluted (RMB per share) | | <u>(0.46)</u> | <u>(0.49)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

| | Notes | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|---|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 374,901 | 387,299 |
| Right-of-use assets | | 93,631 | 95,846 |
| Investments in associates | | 46,436 | 46,484 |
| Prepayments, other receivables and other assets | 10 | 20,213 | 19,877 |
| Total non-current assets | | 535,181 | 549,506 |
| Current assets | | | |
| Inventories | 9 | 41,497 | 39,208 |
| Trade and bills receivables | 10 | 13,624 | 13,254 |
| Prepayments, other receivables and other assets | 10 | 416,137 | 417,211 |
| Amounts due from associates | | 27,854 | 27,867 |
| Amounts due from related parties | | 199 | 199 |
| Pledged deposits | | 32,139 | 32,262 |
| Cash and cash equivalents | | 880 | 3,613 |
| Total current assets | | 532,330 | 533,614 |
| Current liabilities | | | |
| Trade and bills payables | 11 | 790,503 | 789,288 |
| Other payables and accruals | 11 | 2,837,525 | 2,638,762 |
| Note payables | | 24,003 | 24,373 |
| Interest-bearing bank and other borrowings | | 1,627,777 | 1,642,001 |
| Amounts due to a director | | 207 | 207 |
| Amounts due to associates | | 201 | 201 |
| Amount due to a related party | | 57,301 | 57,722 |
| Tax payable | | 91,861 | 92,069 |
| Total current liabilities | | 5,429,378 | 5,244,623 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION **(CONTINUED)**

| | <i>Notes</i> | 30 June 2025 <i>RMB'000</i> (Unaudited) | 31 December 2024 <i>RMB'000</i> (Audited) |
|--|--------------|--|--|
| Net current liabilities | | <u>(4,897,048)</u> | <u>(4,711,009)</u> |
| Total assets less current liabilities | | <u>(4,361,867)</u> | <u>(4,161,503)</u> |
| Net liabilities | | <u><u>(4,361,867)</u></u> | <u><u>(4,161,503)</u></u> |
| EQUITY | | | |
| Share capital | 12 | 363,611 | 363,611 |
| Reserves | | <u>(4,725,478)</u> | <u>(4,525,114)</u> |
| Total equity | | <u><u>(4,361,867)</u></u> | <u><u>(4,161,503)</u></u> |

Notes to the condensed consolidated financial information

1 GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General Information

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

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

(b) Basis of Preparation

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains unaudited interim condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards issued by the IASB. IFRS Accounting Standards comprise International Financial Reporting Standards (“IFRS”), IAS and Interpretations.

1 GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(c) Going Concern Basis

The Group recorded a net loss of approximately RMB208,066,000 and RMB221,735,000 respectively for two consecutive periods ended 30 June 2025 and 2024. As at 30 June 2025, the Group had net current liabilities of approximately RMB4,897,048,000 and net liabilities of approximately RMB4,361,867,000. By the end of the reporting period, the Group had cash and cash equivalents of approximately RMB880,000, while debts repayable within one year or on demand (including interest-bearing bank and other borrowings and note payables) were approximately RMB1,651,780,000. In addition, as at 30 June 2025, the Group had defaulted the repayment of interest-bearing bank and other borrowings and note payables of approximately RMB1,627,777,000 and RMB24,003,000 respectively. In addition, as at 30 June 2025, 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"), an indirect 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 Tongxin and Jin Xunhuan (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. The debt restructuring is in progress up to the date of this announcement.

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. The debt restructuring is in progress up to the date of this announcement.

1 GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(c) Going Concern Basis (continued)

(i) (continued)

Hunan Yinlian Xiangbei Copper Co., Ltd. (湖南銀聯湘北銅業有限公司) (“Yinlian Xiangbei”), an indirect wholly-owned subsidiary of the Company, received a civil ruling (the “Civil Ruling”) from the People’s Court of Miluo City, Hunan Province (the “Court of Miluo City”) in relation to a petition for winding-up against Yinlian Xiangbei filed by Hunan Miziyuan Asset Holdings Co., Ltd. (湖南汨之源實業集團有限公司) (“Miziyuan”), a creditor of Yinlian Xiangbei, on the ground that Yinlian Xiangbei was unable to repay the debts falling due. The debts involved were in the amount of approximately RMB11.9 million. Yinlian Xiangbei opposed the petition and applied to the Court of Miluo City for bankruptcy 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. The debt restructuring is in progress up to the date of this announcement.

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

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

Sichuan Baohe Xinshiji Cable Co., Ltd. (四川保和新世紀線纜有限公司) (“Baohe Xinshiji”) and Mianyang Jinxin Copper Co., Ltd. (綿陽金鑫銅業有限公司) (“Jinxin”), indirect wholly-owned subsidiaries of the Company, also intend to restructure their existing indebtedness through the applicable provisions of the Enterprise Bankruptcy Law of the PRC. A voluntary application for the aforementioned bankruptcy reorganization of Baohe Xinshiji (the “Baohe Xinshiji Bankruptcy Reorganisation Application”) and Jinxin (the “Jinxin Bankruptcy Reorganisation Application”) has been filed with the Youxian Court on 24 February 2025 and 27 April 2025 respectively. On 31 March 2025 and 12 May 2025, Baohe Xinshiji and Jinxin received the Youxian Court’s civil ruling dated 31 March 2025 and 12 May 2025 respectively. According to the civil ruling dated 31 March 2025 and 12 May 2025, the Youxian Court has accepted the Baohe Xinshiji Bankruptcy Reorganisation Application and the Jinxin Bankruptcy Reorganisation Application.

- (ii) The Company has been negotiating with China Huarong International Holdings Limited (“Huarong”) for further extension of the convertible bonds to Huarong (“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;

1 GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(c) Going Concern Basis (continued)

- (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 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 condensed 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 condensed 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 condensed consolidated financial statements.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, for the first time for the current period's financial information.

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

3 SEGMENT REPORTING

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

- (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.

(a) Segment Results

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

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

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

3 SEGMENT REPORTING (CONTINUED)

(a) Segment Results (continued)

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

| | For the six months ended 30 June 2025 | | | |
|---|--|--|---|---------------------------------|
| | Recycled copper products (Unaudited) RMB'000 | Power transmission and distribution cables (Unaudited) RMB'000 | Communication cables (Unaudited) RMB'000 | Total (Unaudited) RMB'000 |
| Sales to external customers | 340,309 | 543 | — | 340,852 |
| Intersegment sales | 1,101 | — | — | 1,101 |
| | <u>341,410</u> | <u>543</u> | <u>—</u> | <u>341,953</u> |
| Reconciliation: | | | | |
| Elimination of intersegments sales | | | | <u>(1,101)</u> |
| Revenue | | | | <u><u>340,852</u></u> |
| Segment results | (41,031) | (2,286) | — | (43,317) |
| Interest income | 4 | — | — | 4 |
| Corporate and other unallocated expenses | | | | (22,133) |
| Finance costs | (142,133) | (439) | — | (142,572) |
| Share of losses of associates | | | | <u>(48)</u> |
| Loss before tax | | | | <u><u>(208,066)</u></u> |
| Other segment information | | | | |
| VAT refunds, government grants and subsidies | 418 | — | — | 418 |
| Provision for doubtful debts, net | <u>(1,577)</u> | <u>—</u> | <u>—</u> | <u>(1,577)</u> |

3 SEGMENT REPORTING (CONTINUED)

(a) Segment Results (continued)

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

3 SEGMENT REPORTING (CONTINUED)

(b) Geographic Information

The Group carried out its business operations in the People's Republic of China ("PRC"), thus no separate geographical segment analysis based on the location of assets and the revenue and profit or loss are presented.

(c) Information About Major Customers

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

| | For the six months ended | |
|---------------------------------|--------------------------|------------------|
| | 30 June | |
| | 2025 | 2024 |
| | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 |
| Recycled copper product segment | | |
| Customer A [#] | 326,014 | N/A [*] |
| Customer B [*] | N/A [*] | 219,274 |
| Customer C [*] | N/A [*] | 59,179 |

[#] Customer A had less than 10% of the Group's revenue for the period ended 30 June 2024.

^{*} Customer B and C had less than 10% of the Group's revenue for the period ended 30 June 2025.

4 REVENUE

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

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

| | For the six months ended 30 June | |
|---|---|--------------------|
| | 2025 | 2024 |
| | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 |
| Sales of recycled copper products | 339,422 | 445,883 |
| Sales of power transmission and distribution cables | 543 | 177 |
| Sales of communication cables | — | 42 |
| Sales of scrap materials | — | 5,011 |
| Others | 887 | 3,087 |
| | 340,852 | 454,200 |

Disaggregated revenue information

| | For the six months ended 30 June 2025 | | | |
|--|--|---|---------------------------------|--------------------|
| | Recycled copper products | Power transmission and distribution cables | Communication cables | Total |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Sales of recycled copper products | 339,422 | — | — | 339,422 |
| Sales of power transmission and distribution cables | — | 543 | — | 543 |
| Others | 887 | — | — | 887 |
| | 340,309 | 543 | — | 340,852 |

4 REVENUE (CONTINUED)

Disaggregated revenue information (continued)

| | For the six months ended 30 June 2024 | | | |
|--|--|--|---|---------------------------------|
| | Recycled copper products (Unaudited) RMB'000 | Power transmission and distribution cables (Unaudited) RMB'000 | Communication cables (Unaudited) RMB'000 | Total (Unaudited) RMB'000 |
| Sales of recycled copper products | 445,883 | — | — | 445,883 |
| Sales of power transmission and distribution cables | — | 177 | — | 177 |
| Sales of communication cables | — | — | 42 | 42 |
| Sales of scrap materials | 5,011 | — | — | 5,011 |
| Others | 3,087 | — | — | 3,087 |
| | <u>453,981</u> | <u>177</u> | <u>42</u> | <u>454,200</u> |

Performance obligations

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

Sale of goods

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

5 OTHER INCOME AND GAIN, NET

| | | For the six months ended 30 June | |
|--|-------|-------------------------------------|--------------------------------|
| | Notes | 2025 (Unaudited) RMB'000 | 2024 (Unaudited) RMB'000 |
| VAT refunds - Comprehensive utilisation of resources | (i) | 399 | 12,989 |
| Government grants | (ii) | 19 | 20,300 |
| Interest income | | 4 | 20 |
| Foreign exchange differences, net | | — | (1) |
| Loss on disposal of property, plant and equipment | | — | (15) |
| Gain on a debt waiver | | 2,485 | — |
| Others | | (28) | 415 |
| | | <u>2,879</u> | <u>33,708</u> |

5 OTHER INCOME AND GAIN, NET (CONTINUED)

Notes:

- (i) The Group is entitled to government grants for refunds of 30% for the six months ended 30 June 2025 (2024: 30%) of the net VAT paid/payable. The Ministry of Finance and the State Administration of Taxation jointly issued a notice concerning the “Catalogue on Products and Labour Services relating to Comprehensive Utilisation of Resources Eligible for Concessions of Value-added Tax” (Cai Shui 2015 (No. 78)) (the “New VAT Policy”) on 12 June 2015, which replaced, amongst others, Cai Shui 2011 No. 115 (the “Former VAT Policy”). Under the Former VAT Policy, certain subsidiaries of the Group are entitled to government grants for refunds of 50% of the net VAT paid/payable. The New VAT Policy took effect on 1 July 2015. According to the New VAT Policy, the applicable VAT refund for such subsidiaries has been reduced from 50% to 30%.
- (ii) The amounts represent local government grants received by operating subsidiaries of the Group in the PRC for the purpose of providing immediate financial support to those subsidiaries for general operating use with no future related costs. No specific conditions are required to meet in connection with these grants.

6 LOSS BEFORE TAX

Loss before taxation is arrived at after charging:

| | For the six months ended | |
|---|--------------------------|-------------|
| | 30 June | |
| | 2025 | 2024 |
| | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 |
| Cost of sales (Note) | 343,169 | 487,992 |
| Staff costs | 11,437 | 10,862 |
| Depreciation of property, plant and equipment | 10,996 | 16,624 |
| Depreciation of right-of-use assets | 1,742 | 1,998 |

Note: Cost of sales includes RMB3,411,000 (30 June 2024: RMB5,620,000) relating to staff cost, depreciation and amortisation, which amount is also included in the respective total amounts.

7 INCOME TAX

| | For the six months ended | |
|--|--------------------------------|--------------------------------|
| | 30 June | |
| | 2025 (Unaudited) RMB'000 | 2024 (Unaudited) RMB'000 |
| Current tax - PRC corporate income tax | — | 75 |

Notes:

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

8 LOSS PER SHARE

(a) Basic

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company of RMB208,066,000 (loss for the six months ended 30 June 2024: RMB221,735,000) and the weighted average number of 448,155,726 ordinary shares after considering the share consolidation (Note 12) (six months ended 30 June 2024: 448,155,726 ordinary shares (restated)) issued during the interim period.

(b) Diluted

As there was no dilutive potential ordinary shares for the Company’s outstanding share options, the diluted loss per share for the periods ended 30 June 2025 and 2024 were the same as basic loss per share.

9 INVENTORIES

As at 30 June 2025, inventories of RMB26,583,000 (31 December 2024: RMB26,583,000) were pledged for banking facilities granted to the Group.

10 TRADE AND BILLS RECEIVABLES, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

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

| | 30 June 2025 (Unaudited) RMB'000 | 31 December 2024 (Audited) RMB'000 |
|--|---|---|
| Within 30 days | 2,004 | 3 |
| 61 to 180 days | — | 407 |
| Over 180 days | 11,620 | 12,844 |
| | <hr/> | <hr/> |
| Trade and bills receivables, net of allowance for doubtful debts | 13,624 | 13,254 |
| | <hr/> | <hr/> |
| Government grants receivable | 211,797 | 211,698 |
| Other deposits, prepayments and receivables | 224,553 | 225,390 |
| | <hr/> | <hr/> |
| Total prepayments, other receivables and other assets | 436,350 | 437,088 |
| Less: non-current portion | (20,213) | (19,877) |
| | <hr/> | <hr/> |
| Current portion | 416,137 | 417,211 |
| | <hr/> | <hr/> |

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

11 TRADE AND BILL PAYABLES, OTHER PAYABLES AND ACCRUALS

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

| | 30 June 2025 (Unaudited) RMB'000 | 31 December 2024 (Audited) RMB'000 |
|-------------------------------------|---|---|
| Within 30 days | 428 | 144 |
| 31 to 60 days | 838 | 81 |
| 61 to 180 days | 249 | 83 |
| Over 180 days | 788,988 | 788,980 |
| | <hr/> | <hr/> |
| Trade and bills payables | 790,503 | 789,288 |
| | <hr/> | <hr/> |
| Contract liabilities | 370,462 | 370,486 |
| Accrued expenses and other payables | 2,467,063 | 2,268,276 |
| | <hr/> | <hr/> |
| Other payables and accruals | 2,837,525 | 2,638,762 |
| | <hr/> | <hr/> |

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No interim dividend (six months ended 30 June 2024: Nil) was declared during the six months ended 30 June 2025.

No dividend payable to equity shareholders attributable to the previous financial year (six months ended 30 June 2024: Nil) was approved or paid during the period.

(b) share capital

Authorised and issued share capital

| | Par value <i>HK\$</i> | No. of shares <i>HK\$</i> | Nominal value of ordinary shares <i>HK\$</i> |
|---|--------------------------|---------------------------------|--|
| Authorised: | | | |
| At 1 January 2024 (audited), 31 December 2024 (audited), and 1 January 2025 (audited) | 0.10 | 100,000,000,000 | 10,000,000 |
| Share consolidation (note(i)) (unaudited) | — | (90,000,000,000) | — |
| At 30 June 2025 (unaudited) | 1.00 | 10,000,000,000 | 10,000,000 |
| | <i>No. of Shares</i> | <i>HK\$'000</i> | <i>RMB'000</i> |
| Issued and fully paid: | | | |
| At 1 January 2024 (audited), 31 December 2024 (audited) and 1 January 2025 (audited) | 4,481,557,261 | 448,156 | 363,611 |
| Share consolidation (note(i)) (unaudited) | (4,033,401,535) | — | — |
| At 30 June 2025 (unaudited) | 448,155,726 | 448,156 | 363,611 |

- (i) Pursuant to an ordinary resolution passed on 7 April 2025, every 10 ordinary shares of HK\$0.1 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of HK\$1 each in the issued and unissued share capital of the Company (the “Share Consolidation”).

13 EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

| | Number of options for the six months ended 30 June 2025 '000 | Weighted average exercise price for the six months ended 30 June 2025 HK\$ | Number of options for the six months ended 30 June 2024 '000 | Weighted average exercise price for the six months ended 30 June 2024 HK\$ |
|--------------------------------------|---|---|---|---|
| In thousands of options | | | | |
| Outstanding at 1 January | 139,800 | 0.70 | 141,883 | 0.72 |
| Share consolidation | (125,820) | — | — | — |
| Lapsed during the period | (2,700) | 16.80 | — | — |
| Outstanding at the end of the period | 11,280 | 4.65 | 141,883 | 0.72 |
| Exercisable at the end of the period | 11,280 | 4.65 | 103,858 | 0.81 |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The PRC copper market experienced notable volatility and growth in first half of 2025, driven by strong early-year demand, global supply constraints, and macroeconomic uncertainty. Copper prices on Shanghai Futures Exchange rose steadily from approximately RMB76,000 per ton at the beginning of the period, peaking in May 2025 at approximately RMB82,600 per ton, before easing slightly in June 2025 at approximately RMB80,000 per ton. Market fundamentals were influenced by inventory shifts, tariff speculation, and regulatory changes affecting downstream sectors.

As a result of these factors, revenue for the six months ended 30 June 2025 decreased from approximately RMB454 million to around RMB341 million compared to the corresponding period in 2024. And the loss for the six months ended 30 June 2025 was decreased from approximately RMB222 million to approximately RMB208 million compared to the corresponding period of 2024.

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

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

During the six months ended 30 June 2025, the Group has sold 4,877 tons of recycled copper products, achieved sales revenue of recycled copper products of RMB339 million. The communication cables business and power transmission and distribution business of the Group have not yet resumed their businesses due to lack of working capital and poor market conditions in the real estate sector where most of the products are being sold into. As the real estate market begins to stabilise, the Company expects to resume these two downstream businesses once the Group has obtained sufficient working capital.

PROSPECTS

The copper market in the PRC is undergoing a period of recalibration in 2025, shaped by shifting domestic demand, evolving global trade dynamics, and sector-specific developments. While the first half of the year was marked by a surge in copper imports—largely driven by anticipatory buying ahead of global tariff adjustments—the momentum has since moderated. This deceleration is attributed to a slowdown in housing completions, a seasonal dip in demand for consumer appliances such as air conditioners and white goods, and regulatory tightening affecting solar energy installations.

Despite these short-term headwinds, China remains a cornerstone of global copper consumption. The country's strategic investments in infrastructure, renewable energy, and electric vehicle (EV) production continue to underpin long-term demand. However, the current market is characterized by dislocated inventories, with excess supply shifting toward Asia as demand in the United States contracts. This imbalance is expected to exert downward pressure on copper prices in the latter half of the year.

Looking ahead, the Asia-Pacific region—including China—is projected to sustain robust growth in copper consumption. Market forecasts indicate that the regional copper market will expand from USD 136.16 billion in 2025 to USD 213.80 billion by 2034, reflecting a compound annual growth rate (CAGR) of 5.3%. Key drivers of this growth include urbanization, the proliferation of smart technologies, and the accelerating transition to low-carbon energy systems.

In summary, while the PRC copper market faces cyclical challenges in 2025, its structural fundamentals remain strong. Strategic sectors such as construction, electronics, and clean energy will continue to support long-term demand, positioning China as a pivotal player in the global copper landscape.

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

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

Yinlian Xiangbei received a civil ruling (the “Civil Ruling”) from the People’s Court of Miluo City, Hunan Province in relation to a petition for winding-up against Yinlian Xiangbei filed by Hunan Miziyuan Asset Holdings Co., Ltd.* (湖南汨之源實業集團有限公司) (“Miziyuan”), a creditor of Yinlian Xiangbei, on the ground that Yinlian Xiangbei was unable to repay the debts falling due. The debts involved were in the amount of approximately RMB11.9 million. Yinlian Xiangbei opposed the petition and applied to the Court for bankruptcy reorganisation instead. According to the Civil Ruling, after taking into account the situation of Yinlian Xiangbei and the bankruptcy reorganisation of the Company’s other certain subsidiaries in Mianyang City, Sichuan Province, the Court rejected Miziyuan’s petition for winding-up and accepted Yinlian Xiangbei’s bankruptcy reorganisation application. The People’s Court of Miluo City, Hunan Province appointed Hunan Licheng Asset Liquidation Management Company Ltd.* (湖南利誠資產清算管理有限公司) as the administrator. The administrator subsequently held the first creditors’ meeting on 5 January 2024. Please refer to the Company’s announcement dated 14 August 2023 and 13 October 2023 for further details.

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

On 22 February 2024, the Company received from Sichuan Dingtian Law Firm* (四川鼎天律師事務所) and Sichuan Chunlei Law Firm* (四川春雷律師事務所), the joint administrators for the Debt Restructuring of Tongxin and Jin Xunhuan (the “Joint Administrators”), (i) the Court’s civil ruling to the Joint Administrators dated 26 December 2023; and (ii) the Court notice dated 21 February 2024 (collectively, the “Court Documents”). Pursuant to the Court Documents, the Court accepted the application of Joint Administrators for substantive consolidated bankruptcy reorganization of the Relevant Subsidiaries with the Joint Administrators to perform the duties and responsibilities of administrators for the Debt Restructurings. Please refer to the Company’s announcement dated 6 June 2022, 3 August 2022, 5 August 2022, 3 January 2023, 28 March 2023, 25 May 2023 and 23 February 2024 for further details.

On 3 June 2024, the second creditors' meeting for Tongxin, Jin Xunhuan and Taiyue (the "Second Creditors' Meeting") was held. Agenda of the Second Creditors' Meeting included: period performance report of the Joint Administrators, verification of the creditors' rights, report of the Tongxin, Jin Xunhuan and Taiyue's business operations by the Joint Administrators, proposed resolutions, review of Tongxin, Jin Xunhuan and Taiyue' property status report and the Relevant Subsidiaries' management plan and operation supervision plan. Please refer to the Company's announcement dated 19 June 2024 for further details.

Baohe Xinshiji and Jinxin, indirect wholly-owned subsidiaries of the Company, also intends to restructure its existing indebtedness through the applicable provisions of the Enterprise Bankruptcy Law of the PRC. A voluntary application for the Baohe Xinshiji Bankruptcy Reorganisation Application and Jinxin Bankruptcy Reorganisation Application has been filed with the Youxian Court on 24 February 2025 and 27 April 2025 respectively. On 31 March 2025 and 12 May 2025, Baohe Xinshiji and Jinxin received the Youxian Court's civil ruling dated 31 March 2025 and 12 May 2025 respectively. According to the civil ruling dated 31 March 2025 and 12 May 2025, the Youxian Court has accepted the Baohe Xinshiji Bankruptcy Reorganisation Application and the Jinxin Bankruptcy Reorganisation Application.

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 248 employees (31 December 2024: 250). The Group's staff costs for the six months ended 30 June 2025 were approximately RMB11.4 million. The Group offers competitive remuneration schemes to its employees. In addition, share options may also be granted to eligible employees based on individual and the Group's performance. The Group is committed to nurturing a learning and sharing culture across its organization. Heavy emphasis is placed on the training and development of individual employees and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated professionals. The Group is also committed to social responsibility by employing disabled staff and providing appropriate working conditions and protection to them.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: nil).

FINANCIAL REVIEW

Revenue

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

The following table sets forth an analysis of our revenue:

| | For the six months ended 30 June | |
|---|---|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Sales of recycled copper products | 339,422 | 445,883 |
| Sales of power transmission and distribution cables | 543 | 177 |
| Sales of communication cables | - | 42 |
| Sales of scrap materials | - | 5,011 |
| Others | 887 | 3,087 |
| | <u>340,852</u> | <u>454,200</u> |

Revenue for the six months ended 30 June 2025 amounted to RMB341 million, representing a decrease of 25% from RMB454 million for the six months ended 30 June 2024.

Revenue from copper products amounted to RMB339 million for the six months ended 30 June 2025, representing a decrease of 24% from RMB446 million for the six months ended 30 June 2024, reflecting mainly a decrease of 30% in the sales volume of all copper products from 7,004 metric tons for the six months ended 30 June 2024 to 4,877 metric tons for the six months ended 30 June 2025, and an increase of 9% in average selling price from RMB63,658 per ton for the six months ended 30 June 2024 to RMB69,596 per ton for the six months ended 30 June 2025.

Loss for the Period

Our loss for the six months ended 30 June 2025 was RMB208 million whereas loss for the six months ended 30 June 2024 was RMB222 million. The decrease in loss was mainly due to the decrease in provision for doubtful debts from RMB20 million for the six months ended 30 June 2024 to RMB2 million for the six months ended 30 June 2025.

CAPITAL STRUCTURE

As at 30 June 2025, the capital structure of the Group mainly consisted of shareholders' equity, bank and other borrowings and finance leases and convertible bonds. There is no material seasonality of borrowing requirements for the Group. The following table details the interest rate profile of the Group's total interest-bearing borrowings at the end of reporting periods:

The following table sets forth the maturity profile of the Group's interest-bearing borrowings at the dates indicated, the below interest-bearing borrowings are due within one year and repayable on demand:

| Interest bearing borrowings: | As at 30 June 2025 | | As at 31 December 2024 | |
|---|--|---------------------------|--|---------------------------|
| | Effective interest rate % | Amount RMB'000 | Effective interest rate % | Amount RMB'000 |
| Note payables | 12–13 | 24,003 | 12–13 | 24,373 |
| Interest-bearing bank and other borrowings | 3.85–9.92 | <u>1,627,777</u> | 3.85–9.92 | <u>1,642,001</u> |
| Total interest-bearing borrowings | | <u><u>1,651,780</u></u> | | <u><u>1,666,374</u></u> |

Liquidity and financial resources

As at 30 June 2025, the Group's cash and cash equivalents (excluding pledged deposits of RMB32.3 million) amounted to RMB0.9 million (as at 31 December 2024: RMB3.6 million).

The Group's inventories increased by RMB2 million to RMB41 million (as at 31 December 2024: RMB39 million). During the six months ended 30 June 2025, the inventory turnover days were 43 days as compared with 38 days for the year ended 31 December 2024. Such increase was mainly attributable to the decrease in sales of copper products during the six months ended 30 June 2025.

Trade and bills receivables increased by RMB0.4 million to RMB13.6 million as at 30 June 2025 (as at 31 December 2024: RMB13.2 million). During the six months ended 30 June 2025, the net receivables turnover days were 7 days as compared with 62 days for the year ended 31 December 2024. The decrease in net receivables turnover days was primarily due to faster collections from customers and improved operations compared for the year ended 31 December 2024.

Trade and bills payables increased by RMB1 million to RMB790.5 million as at 30 June 2025 (as at 31 December 2024: RMB789.3 million) while the payable turnover days were 841 days, compared with 578 days for the year ended 31 December 2024. The decrease in payable turnover days was mainly resulting from the delay in settlement of payables as compared to the year ended 31 December 2024. The Group is also currently undergoing Debt Restructuring.

The Group's total interest-bearing borrowings slightly decreased by RMB14 million to RMB1,652 million as at 30 June 2025 (as at 31 December 2024: RMB1,666 million).

Bank loans and other borrowings included three entrusted loans totalling approximately RMB300.0 million from Mianyang Science Technology City Development Investment (Group) Co., Ltd.* (綿陽科技城發展投資(集團)有限公司) ("Kefa"), a state-owned enterprise in the PRC. Pursuant to the entrusted loan agreement signed among Tongxin, a wholly owned subsidiary of the Company, Kefa and the entrusted bank, the entrusted loans expired on 27 August 2016, 23 September 2016 and 18 November 2016 respectively. Kefa, the entrusted bank and Tongxin further agreed that the entrusted loan would not be repayable until further agreed otherwise. On 16 July 2020, the Company entered into a non-legally binding framework agreement with Kefa. Under the framework agreement, it is intended, among others, that Kefa will subscribe for Shares for a consideration of more than RMB300 million. The intended uses of the proceeds from Kefa will include, but not be limited to, the repayment of entrusted loans amounting to approximately RMB299 million as at 31 December 2020 owed by the Group to Kefa. As of the date of this 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 30 June 2025 | As at 31 December 2024 |
|---------------------------------------|-----------------------------------|------------------------------|
| Current ratio | 0.1 | 0.1 |
| Quick ratio | 0.1 | 0.1 |
| Debt to equity ratio* | -38% | -40% |
| Net debt to equity ratio [#] | -38% | -40% |

* 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 RMB4,361.9 million (As at 31 December 2024: approximately RMB4,161.5 million) mainly attributable to the losses for the period amounted to approximately RMB208 million.

Charge on assets

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

| | As at 30 June 2025 <i>RMB'000</i> | As at 31 December 2024 <i>RMB'000</i> |
|-------------------------------|--|--|
| Property, plant and equipment | 196,841 | 205,093 |
| Right-of-use assets | 79,769 | 74,857 |
| Inventories | 26,583 | 26,583 |
| Bank deposits | 32,139 | 32,262 |
| | <u>335,332</u> | <u>338,795</u> |

Commodity risk

The major raw materials used in the production of our recycled copper products are scrap copper. We are exposed to fluctuations in the prices of raw materials as well as finished goods which are influenced by global as well as regional supply and demand conditions. Fluctuations in the copper prices could adversely affect our financial performance. The Group will consider to use copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The Group did not have any outstanding copper futures contracts as at 30 June 2025 (As at 31 December 2024: Nil). No loss or gain was recognised for the six months ended 30 June 2025 and the corresponding period of 2024.

Foreign currency risk

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

As at 30 June 2025, the Group's interest-bearing bank and other borrowings and were denominated in RMB but the certain borrowings were denominated in HKD, with an aggregate principal amount of approximately HKD376.2 million. The Group did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 30 June 2025. During the six months ended 30 June 2025, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to approximately RMB7.7 million.

SIGNIFICANT INVESTMENTS HELD

Saved as disclosed elsewhere in this announcement, except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interests in any other companies during the six months ended 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2025, the Group did not have any material acquisitions or disposals of subsidiaries or affiliated companies.

CAPITAL EXPENDITURES

For the six months ended 30 June 2025, no material capital expenditures was made during the six months ended 30 June 2025 and 2024.

CAPITAL COMMITMENTS

As at 30 June 2025, the capital commitments in respect of the acquisition of property, plant and equipment and right of use of assets in respect of land contracted for but not provided in the consolidated financial statements amounted to RMB25.8 million (as at 31 December 2024: RMB25.8 million).

CONTINGENT LIABILITIES

As at 30 June 2025, 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

[There are no material events affecting the Group which have occurred after the end of the financial period ended 30 June 2025 that require adjustment or disclosure.]

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the six months ended 30 June 2025.

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

The Company has adopted a code of conduct regarding the directors' securities transactions on terms not less exacting than the required standard set out in the Model Code in Appendix C3 of the Listing Rules. After specific enquiry made by the Company, apart from Mr. Yu Jianqiu, all directors confirmed that they had complied with the required standards set out in the Model Code and the code of conduct regarding the directors' securities transactions throughout the six months ended 30 June 2025.

The Board of Directors of the Company was informed by Epoch Keen Limited ("**Epoch Keen**"), a substantial shareholder of the Company, that 5,112,000 shares held by Epoch Keen were sold on the market as a result of forced sale (the "**Disposal**") by a stockbroker China Securities Limited under financing arrangements on 6, 7, 10 and 11 March 2025 respectively. As at the date of this announcement, Mr. Yu Jianqiu ("**Mr. Yu**"), an executive director, the chairman and chief executive officer of the Company, owned the entire equity interest in Epoch Keen.

Pursuant to paragraph A.3(a)(i) of Appendix 10 to the Listing Rules, the Directors are prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results (the "**Black-out Period**"). The Black-out Period for the Company's annual results for the year ended 31 December 2024 was from 30 January 2025 to 1 April 2025, and the Disposal therefore fell within the Black-out Period and constituted a non-compliance incident of paragraph A.3 of Appendix C3 to the Listing Rules (the "**Non-compliance Incident**").

The Directors (except Mr. Yu), after considering the Disposal, are satisfied that the Disposal which is a forced sale during the Black-out Period occurred under exceptional circumstances within the meaning of paragraph C.14 of Appendix 10 to the Listing Rules.

The Company is of the view that the Non-compliance Incident was a breach by Mr. Yu of Rule B.8 of Appendix C3 to the Listing Rules although it was an unintended mistake of Mr. Yu and does not materially affect his suitability to act as a Director or raise any serious concern as to the integrity of Mr. Yu. The Company is also of the view that the Non-compliance Incident results in the breach of Rules B.8, B.9 and C.14 of Appendix C3 on the part of the Company.

The Company has taken steps to enhance its internal control. The Company will also organize trainings for the Directors in respect of the requirements under the Listing Rules, in particular the requirements under Rules 3.08 and 3.09 therein in relation to directors' duties and Appendix C3 in relation to securities transactions by directors, which is expected to be held as soon as practicable. The Company will also circulate statements of disciplinary action published by the Stock Exchange to the Directors and discuss during the training sessions such that the Directors will be made sufficiently aware of the consequences for breaching the Listing Rules.

CORPORATE GOVERNANCE

During the six months ended 30 June 2025, the Company has applied the principles of and complied with, the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 and C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), except for certain deviations which are summarised below:

Code provision C.1.7 of Part 2 in Appendix C1 provides that the Company should arrange appropriate insurance cover in respect of legal action against the Directors. During the period under review, no such insurance cover has been arranged due to the service fee quote is outside the Company's budget. The Company will consider taking up the insurance arrangement when a quote within budget of the Company is available.

Code provision C.2.1 of Part 2 in Appendix C1 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

Code provision A3 of Appendix C3 provides that a director must not deal in any securities of the listed issuer on any day on which its financial results are published. The Disposal due to forced sale during the Black-out Period constituted a non-compliance incident. Please refer to the section headed COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS in this announcement.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

REVIEW OF INTERIM RESULTS

The interim results and unaudited consolidated financial statements of the Group for the six months ended 30 June 2025 has been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.cmru.com.cn>) respectively. The interim report of the Company for the six months ended 30 June 2025 will be published on the websites of the Stock Exchange and the Company, respectively, in due course, and will be dispatched to the shareholders of the Company upon request.

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 period.

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

Hong Kong, 29 August 2025

* *For identification purposes only*

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.