

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against Mr Yu Jian Qiu, Executive Director and Chairman of China Metal Resources Utilization Limited (Stock Code: 1636)

The Listing Committee of the Exchange (**Listing Committee**)

CRITICISES:

Mr Yu Jian Qiu (Mr Yu), executive director and Chairman of China Metal Resources Utilization Limited (Stock Code: 1636) (**Company**);

AND DIRECTS:

Mr Yu to attend three hours of training on each of directors' duties, the Model Code (defined below) and the Corporate Governance Code (respectively Appendices 10 and 14 to the Listing Rules).

SUMMARY OF FACTS

On 31 March 2020, Mr Yu, through a company wholly-owned by him, disposed of 261,008,000 shares (approximately 9.93 per cent) of the Company by way of an off-market transaction (**Disposal**).

The Disposal took place during the black-out period for directors' securities dealings in respect of the Company's results for the financial year ended 31 December 2019 (**2019 Annual Results**), which was from 30 January to 21 August 2020.

Mr Yu did not notify the designated director or the board of the Company, and obtain the designated director's approval, before undertaking the Disposal.

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Mr Yu admitted his breaches and accepted the sanction and direction imposed upon him by the Listing Committee as set out below.

LISTING RULE REQUIREMENTS

Under paragraph A.3(a)(i) of the Model Code for Securities Transactions by Directors of Listed Issuers (**Model Code**), a director must not deal in any securities of the listed issuer 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.

According to the joint statement issued by the SFC and the Exchange and the Frequently Asked Questions (**FAQ**) on 4 and 28 February 2020, where an issuer could only publish a preliminary results announcement without auditors' agreement by 31 March 2020, the relevant black-out period for director's securities dealings would only end upon the release of the audited financial results.

Under paragraph B.8 of the Model Code, the chairman of a listed issuer must not deal in any securities of the issuer without first notifying the board at a board meeting, or alternatively notifying the designated director and receiving a dated written acknowledgement before any dealing.

The Director's Undertaking (in the form of Appendix 5B to the Listing Rules) requires a director to comply with the Listing Rules to the best of his/her ability.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee found as follows:

- (1) Mr Yu breached paragraphs A.3(a)(i) and B.8 of the Model Code.
- (2) Mr Yu also breached his Undertaking to comply with the Listing Rules to the best of his ability:
 - (a) The Company clearly informed Mr Yu of the commencement and end dates of the black-out period in respect of the Company's 2019 Annual Results, and the extension of that period as per the FAQ.
 - (b) However, without any justification, Mr Yu:
 - (i) undertook the Disposal, in breach of the dealing restriction; and

- (ii) also failed to notify the board or the designated director, and obtain the designated director's approval, before undertaking the Dealing.

CONCLUSION

The Listing Committee decided to impose the sanction and direction set out in this Statement of Disciplinary Action.

For the avoidance of doubt, the Exchange confirms that the above sanction and direction apply only to Mr Yu, and not to the Company and any other past or present members of the board of directors of the Company.

Hong Kong, 10 June 2021