



## CHINA METAL RESOURCES HOLDINGS LIMITED

中國金屬資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8071)

### FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

#### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (“**Directors**”) of China Metal Resources Holdings Limited (“**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## HIGHLIGHTS

- The unaudited revenue of the Group for the three months ended 31 March 2009 was approximately HK\$41,000 with a decrease of approximately HK\$735,000 as compared with that for the corresponding period in 2008.
- The Group recorded an unaudited loss attributable to equity holders of the Company of approximately HK\$4,274,000 for the three months ended 31 March 2009, which was decreased by approximately HK\$158,000 as compared with that for the corresponding period in 2008.
- The unaudited loss per share for loss attributable to the equity holders of the Company was approximately HK(0.15) cents for the three months ended 31 March 2009.

## RESULTS

The board of directors (“**Board**”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2009 together with the comparative figures for the corresponding period in 2008 as follows:

### UNAUDITED CONSOLIDATED INCOME STATEMENT

*For the three months ended 31 March 2009*

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2009</b>	2008
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	3	41	776
Cost of sales		<u>(56)</u>	<u>(568)</u>
<b>Gross (loss)/profit</b>		<b>(15)</b>	208
Other operating income		2	491
Selling and distribution expenses		–	(69)
Administrative expenses		<u>(4,313)</u>	<u>(5,028)</u>
Operating loss		<b>(4,326)</b>	(4,398)
Finance costs	4	–	(34)
<b>Loss before income tax</b>	5	<b>(4,326)</b>	(4,432)
Income tax expenses	6	–	–
<b>Loss for the period</b>		<b><u>(4,326)</u></b>	<b><u>(4,432)</u></b>
Attributable to:			
Owners of the parent		(4,274)	(4,432)
Non-controlling interests		<u>(52)</u>	–
<b>Loss for the period</b>		<b><u>(4,326)</u></b>	<b><u>(4,432)</u></b>
<b>Loss per share for loss attributable to the equity holders of the Company</b>			(restated)
– Basic	7	<b><u>(HK0.15 cents)</u></b>	<b><u>(HK0.37 cents)</u></b>
– Diluted		<b><u>N/A</u></b>	<b><u>N/A</u></b>

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the three months ended 31 March 2009*

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period	<b>(4,326)</b>	(4,432)
Other comprehensive income:		
Currency translation	<b>(426)</b>	(25)
Total comprehensive income for the period (net of tax)	<b><u>(4,752)</u></b>	<u>(4,457)</u>
Total comprehensive income attributable to:		
Owners of the parent	<b>(4,700)</b>	(4,457)
Non-controlling interests	<b>(52)</b>	–
	<b><u>(4,752)</u></b>	<u>(4,457)</u>

Notes:

## 1. Basis of preparation

The unaudited consolidated income statement of the Group for the three months ended 31 March 2009 has been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. It has been prepared under historical cost convention.

## 2. Significant accounting policies

The significant accounting policies used in the preparation of the unaudited consolidated income statement for the three months ended 31 March 2009 are consistent with those used in the preparation of the Company’s annual financial statements for the year ended 31 December 2008.

From 1 January 2009, the Group has adopted all the new and amended HKFRSs, which are first effective on 1 January 2009 and relevant to the Group. The adoption of new and amended HKFRSs did not result in any significant changes to the Group’s accounting policies and to the amounts or disclosures in the unaudited consolidated income statement.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 39 (Amendment)	Eligible hedge items <sup>1</sup>
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
HKFRS 3 (Revised)	Business Combination <sup>1</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC)-Int 18	Transfer of Assets from Customers <sup>1</sup>
HK(IFRIC)-Int 19 & HKAS 39 (Amendment)	Embedded derivatives <sup>2</sup>
Various	Annual Improvements to HKFRS 2008 <sup>3</sup>

Notes:

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods ending on or after 30 June 2009

<sup>3</sup> Stated in the specific HKFRS

The directors of the Company are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors of the Company have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group’s results and financial position.

### 3. Revenue and turnover

Revenue, which is also the Group's turnover, represents the invoiced value of goods supplied and services rendered arising from the principal activities of the Group during the three months ended 31 March 2009 after eliminations of all significant intra-group transactions.

### 4. Finance costs

	Three months ended 31 March	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest charges on financial liabilities stated at amortised cost:		
Loans from Sun Wah Net Investment Limited ("Sun Wah"), wholly repayable within one year	–	34

### 5. Loss before income tax

The Group's loss before income tax is arrived at after crediting and charging the following items:

	Three months ended 31 March	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Crediting:		
Bank interest income on financial assets stated at amortised cost	2	36
Charging:		
Cost of goods sold	–	428
Cost of services provided*	56	140
Auditors' remuneration	109	90
Depreciation	32	121
Amortisation of prepaid lease payments	–	78
Employee benefit expense (excluding directors' emoluments):		
– Wages and salaries	577	605
– Share-based payment	1,107	–
– Pension scheme contributions (MPF)	28	23
Directors' emoluments	864	247
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	67	11
– Computer server	–	2

\* Cost of services provided included HK\$36,000 (2008: HK\$138,000) relating to employee benefit expense. This amount is included in both "Cost of services provided" and "Employee benefit expense" disclosed above.

## 6. Income tax expenses

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 March 2009 and the corresponding period in 2008.

Profits tax of subsidiaries operating outside Hong Kong have not been provided as the subsidiaries either have tax losses brought forward to wholly offset the assessable profits in respective jurisdictions or they did not generate any assessable profits in the respective jurisdictions during the three months ended 31 March 2009 and the corresponding period in 2008.

No deferred tax liability has been provided for the three months ended 31 March 2009 and the corresponding period in 2008 as the Group did not have any significant temporary differences as at 31 March 2009, which give rise to a deferred tax liability.

## 7. Loss per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders of the Company during the three months ended 31 March 2009 of approximately HK\$4,274,000 (three months ended 31 March 2008: HK\$4,432,000) and on the weighted average number of 2,796,500,247 ordinary shares (three months ended 31 March 2008: 1,202,053,683 ordinary shares (restated)) of the Company in issue during the three months ended 31 March 2009.

The weighted average number of shares for the purposes of calculating basic losses per share for the three months ended 31 March 2008 has been restated to reflect the share consolidation as detailed in the Company's circular dated 29 September 2008.

Diluted loss per share for the three months ended 31 March 2009 and that for the corresponding period in 2008 have not been disclosed as the share options and unlisted warrants outstanding, if any, during the respective periods had an anti-dilutive effect on the basic loss per share for the relevant periods.

## 8. Reserves

	Equity attributable to equity holders of the Company								Total (Unaudited) HK\$'000
	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Employee compensation reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	
At 1 January 2008	122,425	-	-	9,772	(39)	259	-	(44,175)	88,242
Currency translation (other comprehensive income for the period)	-	-	-	-	(25)	-	-	-	(25)
Loss for the period	-	-	-	-	-	-	-	(4,432)	(4,432)
Total comprehensive income for the period	-	-	-	-	(25)	-	-	(4,432)	(4,457)
Exercise of warrants	6,781	-	-	-	-	(61)	-	-	6,720
Proceeds from shares issued under share option scheme	650	-	-	(185)	-	-	-	-	465
Share repurchased	(489)	1	-	-	-	-	-	(1)	(489)
<b>At 31 March 2008</b>	<b>129,367</b>	<b>1</b>	<b>-</b>	<b>9,587</b>	<b>(64)</b>	<b>198</b>	<b>-</b>	<b>(48,608)</b>	<b>90,481</b>

## Equity attributable to equity holders of the Company

	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Convertible bond equity reserve (Unaudited) HK\$'000	Employee compensation reserve (Unaudited) HK\$'000	Translation reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2009	1,006,434	1	115,682	14,655	(77)	-	(49)	(94,294)	1,042,352
Currency translation (other comprehensive income for the period)	-	-	-	-	(426)	-	-	-	(426)
Loss for the period	-	-	-	-	-	-	-	(4,274)	(4,274)
Total comprehensive income for the period	-	-	-	-	(426)	-	-	(4,274)	(4,700)
Recognition of equity settled share-based compensation	-	-	-	1,107	-	-	-	-	1,107
At 31 March 2009	<u>1,006,434</u>	<u>1</u>	<u>115,682</u>	<u>15,762</u>	<u>(503)</u>	<u>-</u>	<u>(49)</u>	<u>(98,568)</u>	<u>1,038,759</u>

## 9. Interim dividend

The Board does not recommend the payment of an interim dividend in respect of the three months ended 31 March 2009 (three months ended 31 March 2008: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and financial review

For the three months ended 31 March 2009, the Group recorded an unaudited revenue of approximately HK\$41,000, with a decrease of approximately HK\$735,000 as compared with that for the corresponding period in 2008. During the three months ended 31 March 2009, the revenue of the Group was primarily derived from the provision of staff secondment and system integration services. The decrease in revenue is mainly due to the drop in trading of computer hardware and software business.

For the three months ended 31 March 2009, the unaudited loss attributable to equity holders of the Company decreased by approximately HK\$158,000 as compared with that for the corresponding period in 2008 mainly because of the decrease in revenue for the three months ended 31 March 2009.

## Prospect

The Group will continue to develop its information technology consultancy services and trading of hardware and software, exploration and refining mineral resources businesses.

## Capital structure

As at 31 March 2009, the Company had 2,796,500,247 ordinary shares of HK\$0.001 each (each a “Share”) (31 March 2008: 2,432,975,038 ordinary shares of HK\$0.0005 each) in issue.

## Other disclosures

1. On 12 January 2009, 雲南省核工業209地質大隊 (Geological Brigade 209 of the Nuclear Industry of Yunnan Province\*) (“**PRC Partner**”) and 雲南西部礦業有限公司 (Yunnan Xibu Mining Company Limited\*) (“**CJV**”), an indirect non-wholly-owned subsidiary of the Company, entered into an agreement (“**Agreement**”), pursuant to which the CJV has conditionally agreed to pay up the additional amount of the registered capital of 潞西市核工業209芒市金礦 (Luxi City Nuclear Industry 209 Mangshi Gold Mine\*) (“**Ore Supplier**”), i.e. RMB4,732,000 (equivalent to approximately HK\$5,347,160) (“**Investment**”).

The PRC Partner is a connected person of the Company as it is a substantial shareholder of the CJV. As such, the Investment constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The Investment also constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules.

Details of this transaction are included in the Company’s announcement dated 14 January 2009.

A circular containing, among other matters, further details of the Investment and the Agreement, the recommendation of the independent board committee to the independent shareholders in relation to the Investment and the Agreement, the advice of the independent financial adviser to the independent board committee and the independent shareholders in relation to the Investment and the Agreement and a notice convening an extraordinary general meeting of the Company, is expected to be despatched to the shareholders of the Company (“**Shareholders**”) on or before 31 July 2009.

\* *unofficial English translation*



2. On 4 February 2009, the Company granted 55,930,000 share options to certain consultants of the Company pursuant to the share option scheme adopted by the Company on 29 June 2007 (“**Share Option Scheme**”) at an exercise price of HK\$0.0430 per Share. The share options would be exercisable during the period from 4 February 2009 to 29 June 2017. Details of the grant of share options are included in the Company’s announcement dated 4 February 2009.
3. On 9 April 2009, being the date of annual general meeting of the Company (“**AGM**”), a resolution regarding the refreshment of the general scheme limit of the Share Option Scheme was passed by the Shareholders. The total number of Shares which may be issued upon exercise of the refreshed general scheme limit of 279,650,024 Shares together with all outstanding share options carrying the right to subscribe as at the date of this announcement is 495,830,024 Shares.
4. Mr. Chan Sing Fai, a former independent non-executive Director, retired on 9 April 2009. Mr. Chan also ceased to act as members of the audit committee and the remuneration committee.
5. Mr. Gao Shikui was appointed as an independent non-executive Director and a member of each of the audit committee and the remuneration committee of the Company on 4 May 2009.

#### **INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 March 2009, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“**SFO**”)), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the

SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in the Shares and underlying Shares

Name of Director	Capacity	Shares	Number of underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of issued share capital
Mr. Leung Ngai Man ("Mr. Leung")	Beneficial owner	6,155,000	–	6,155,000	0.22%
	Through a controlled corporation	31,474,400 (Note 1)	–	31,474,400	1.13%
	Other	580,000,000	669,675,000	1,249,675,000 (Note 2)	44.68%
Mr. Ng Kwok Chu, Winfield ("Mr. Ng")	Beneficial owner	472,500	10,000,000 (Note 3)	10,472,500	0.37%
Ms. Wu Wei Hua ("Ms. Wu")	Beneficial owner	–	10,000,000 (Note 4)	10,000,000	0.36%
Mr. Liu Jia Qing ("Mr. Liu")	Beneficial owner	–	1,250,000 (Note 5)	1,250,000	0.04%

Notes: 1. These Shares were held by Speedy Well Investments Limited ("**Speedy Well**") which was wholly and beneficially owned by Mr. Leung. By virtue of the SFO, Mr. Leung was deemed to be interested in the Shares held by Speedy Well.

2. These Shares consisted of (i) 580,000,000 Shares and (ii) 669,675,000 underlying Shares in respect of the convertible bonds issued by the Company in August 2008, which were both pledged by Mr. Leung to Kingston Finance Limited ("**Kingston**") pursuant to (1) a share charge agreement dated 17 December 2008; and (2) a loan agreement and memorandum dated 17 December 2008, entered into between Mr. Leung and Kingston.

3. On 10 July 2008, Mr. Ng was granted share options, pursuant to the Share Option Scheme to subscribe for a total of 20,000,000 shares at an exercise price of HK\$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the consolidation of every two shares in the issued and unissued share capital of the Company into one consolidated share of HK\$0.001 each which became effective on 21 October 2008 ("**Share Consolidation**"), the relevant subscription price was adjusted from HK\$0.1328 to HK\$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 20,000,000 shares to 10,000,000 Shares.

4. *On 10 July 2008, Ms. Wu was granted share options, pursuant to the Share Option Scheme to subscribe for a total of 20,000,000 shares at an exercise price of HK\$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the Share Consolidation, the relevant subscription price was adjusted from HK\$0.1328 to HK\$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 20,000,000 shares to 10,000,000 Shares.*
5. *On 10 July 2008, Mr. Liu was granted share options, pursuant to the Share Option Scheme to subscribe for a total of 2,500,000 shares at an exercise price of HK\$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the Share Consolidation, the relevant subscription price was adjusted from HK\$0.1328 to HK\$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 2,500,000 shares to 1,250,000 Shares.*

Save as disclosed above, as at 31 March 2009, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2009, the following persons or companies (other than the Directors and chief executive of the Company) had an interest or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group were as follows:

### Long positions in the Shares and underlying Shares

Name of Substantial Shareholder	Capacity	Shares	Number of underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of issued share capital
Chu Yuet Wah	Interest of controlled corporations	580,000,001	669,675,000	1,249,675,001 (Notes 1 & 2)	44.68%
Ma Siu Fong	Interest of controlled corporations	580,000,001	669,675,000	1,249,675,001 (Notes 1 & 2)	44.68%
Kingston	Person having a security interest in Shares	580,000,000	669,675,000	1,249,675,000 (Note 2)	44.68%
北京中冶投資有限公司 (Beijing China Metallurgy Investment Limited*)	Beneficial owner	180,000,000 (Note 3)	180,000,000	180,000,000	5.37%

Notes: 1. These Shares consisted of (a) 1,249,675,000 Shares deemed to be held by Kingston which is a company owned by Chu Yuet Wah as to 51% and Ma Siu Fong as to 49% and (b) 1 Share held by Kingston Securities Limited which is owned by Chu Yuet Wah as to 51% and Ma Siu Fong as to 49%.

2. The 1,249,675,000 Shares referred to Note 1 above consisted of (i) 580,000,000 Shares and (ii) 669,675,000 underlying Shares in respect of the convertible bonds issued by the Company in August 2008, which were both pledged by Mr. Leung to Kingston pursuant to (1) a share charge agreement dated 17 December 2008 and (2) a loan agreement and memorandum dated 17 December 2008 entered into between Mr. Leung and Kingston.

3. These shares, which shall be equal to 90,000,000 Shares as a result of the Share Consolidation, were subscribed by Beijing China Metallurgy Investment Limited pursuant to the subscription agreement dated 12 September 2008 entered into between the Company and Beijing China Metallurgy Investment Limited (as supplemented by the supplemental agreement dated 16 September 2008) as announced by the Company on 17 September 2008.

\* unofficial English translation

Save as disclosed above, so far as is known to the Directors, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed “Interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation” above, had registered an interest or short position in the Shares and the underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

## **OTHER INTERESTS DISCLOSEABLE UNDER THE SFO**

Save as disclosed herein, so far as is known to the Directors, there is no other person, other than a Director or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares that is recorded in the register required to be kept under Section 336 of the SFO.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. As at the date of this announcement, the audit committee had three members comprising the three independent non-executive Directors, Dr. Leung Wai Cheung (Chairman of the audit committee), Mr. Liu Jia Qing and Mr. Gao Shikui.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. The Group’s first quarterly results for the three months ended 31 March 2009 have been reviewed by the members of the audit committee, who are of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange listing requirements and other legal requirements and that adequate disclosures have been made.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

During the period under review, the Company has complied with the code provisions and certain recommended best practices in the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. Following the retirement of Mr. Chan Sing Fai on 9 April 2009 and up to 4 May 2009, the date on which Mr. Gao Shikui was appointed as an independent non-executive Director and a member of the audit committee of the Company, the number of independent non-executive Directors and audit committee members of the Company fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct for securities transactions by Directors (“Code”) which is no less exacting than the required terms for dealings of shares by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific inquiry with all the Directors, and has not been notified of any non-compliance with the standard for dealings of securities by Directors and the Code during the three months ended 31 March 2009.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has an interest in a business, which causes or may cause any significant competition with the business of the Group.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the three months ended 31 March 2009.

By Order of the Board  
**China Metal Resources Holdings Limited**  
**Ng Kwok Chu, Winfield**  
*Executive Director*

Hong Kong, 7 May 2009

*As at the date hereof, the executive Directors are Mr. Leung Ngai Man, Mr. Ng Kwok Chu, Winfield and Ms. Wu Wei Hua; and the independent non-executive Directors are Dr. Leung Wai Cheung, Mr. Liu Jia Qing and Mr. Gao Shikui.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven (7) days from the date of its publication and on the Company’s website at [www.cmr8071.com](http://www.cmr8071.com).*