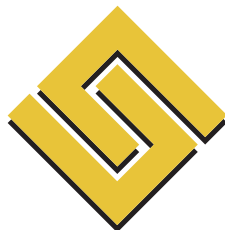


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.*



## **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)

### **PROPOSED SHARE CONSOLIDATION; SUBSCRIPTION OF NEW SHARES; AND RESUMPTION OF TRADING**

#### **I. PROPOSED SHARE CONSOLIDATION**

The Company proposes to implement the Share Consolidation pursuant to which every two (2) Shares in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares and the Consolidated Shares which fall to be issued upon the exercise of the Share Options and the conversion of the Convertible Bonds.

A circular containing, amongst other things, further details of the proposed Share Consolidation, together with the notice of EGM will be despatched to the Shareholders as soon as practicable in compliance with the requirements of the GEM Listing Rules.

## **II. SUBSCRIPTION OF NEW SHARES**

On 12 September 2008, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 90,000,000 new Consolidated Shares (equivalent to 180,000,000 Shares) at the Subscription Price of HK\$0.50 per Subscription Share (equivalent to HK\$0.25 per Share).

The Subscription Price is HK\$0.50 per Consolidated Share, equivalent to HK\$0.25 per Share which represents (i) a premium of approximately 250.0% to the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 249.0% to the average closing price of approximately HK\$0.1004 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to the Last Trading Day; and (iii) a premium of approximately 240.6% to the average closing price of approximately HK\$0.1039 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to the Last Trading Day. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber. The Directors consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The 90,000,000 Subscription Shares (equivalent to 180,000,000 Shares) represent approximately 5.7% of the existing issued share capital of the Company, and approximately 5.4% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The gross proceeds from the Subscription are approximately HK\$45 million. The net proceeds from the Subscription will be applied (i) as to approximately HK\$10 million to the exploration works in the areas acquired by the Group as stated in the circular of the Company dated 13 May 2008, and (ii) as to the balance of approximately HK\$34.8 million to the general working capital of the Group.

The Subscription is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; (ii) all necessary consents, authorisation, licences and approval for, or in connection with, the Subscription, which include but not limited to the approval from the supervising entity of the Subscriber and the relevant PRC authorities; and (iii) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation as contained in the notice of EGM and the Share Consolidation becomes effective.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 16 September 2008 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 September 2008.

## **I. PROPOSED SHARE CONSOLIDATION**

### **Background**

The Company proposes to put forward for approval by the Shareholders the Share Consolidation pursuant to which every two (2) Shares in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share. Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

### **Effect of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 comprising 200,000,000,000 Shares of HK\$0.0005 each, of which 3,171,000,494 Shares have been issued and fully paid. Upon the Share Consolidation taking effect and on the basis that the Company does not allot and issue any further Shares prior thereto, the authorised share capital of the Company will remain at HK\$100,000,000 but will comprise 100,000,000,000 Consolidated Shares of HK\$0.001 each, of which 1,585,500,247 Consolidated Shares of HK\$0.001 each will be in issue.

The Consolidated Shares will rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

### **Board lots**

The existing board lot of 15,000 Shares will remain unchanged upon the Share Consolidation taking place.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares.

## **Reasons for the Share Consolidation**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. With reference to the recent trading price of the Shares, the Board proposes to proceed with the Share Consolidation for compliance of Rule 17.76 of the GEM Listing Rules. Besides, the Share Consolidation will reduce the number of board lots in the market. Any trading costs or handling charges, which are calculated on per board lot basis, will for a given interest in the Company be lower and the transaction costs for dealing in the ordinary shares of the Company may be reduced. The Directors are of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Hantec International Finance Group Limited to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 21 October 2008 to 27 November 2008 (both dates inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top-up to a full board lot may contact Mr. Leung Siu Wa of Hantec International Finance Group Limited at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong (Tel: 2235 7801) during the aforesaid period. Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

## **Trading arrangements**

Assuming the Share Consolidation becoming effective on 21 October 2008, the arrangement for trading in the Consolidated Shares will be as follow:

- (a) from 9:30 a.m. on 21 October 2008, the existing counter for trading of the existing Shares in board lots of 15,000 Shares will be temporarily closed;
- (b) with effect from 9:30 a.m. on 21 October 2008, a temporary counter for trading in the Consolidated Shares in board lots of 7,500 Consolidated Shares, in the form of existing share certificates for the Shares, will be established, and the settlement and delivery for trading at this temporary counter will be on the basis of every two (2) Shares for one (1) Consolidated Share. Only share certificates for Shares can be traded at this temporary counter;
- (c) with effect from 9:30 a.m. on 4 November 2008, the existing counter will be re-opened for trading in the Consolidated Shares in board lots of 15,000 Consolidated Shares in the form of new share certificates. Only the new share certificates for Consolidated Shares can be traded at this counter;

- (d) during the period from 9:30 a.m. on 4 November 2008 to 4:10 p.m. on 24 November 2008 (both days inclusive), parallel trading of Consolidated Shares will be carried out at the above two counters described in paragraphs (b) and (c) above; and
- (e) the temporary counter for trading of Consolidated Shares in board lots of 7,500, using the existing certificates for the Shares, will be closed at 4:10 p.m. on 24 November 2008 and trading of Consolidated Shares will only be done in board lots of 15,000 thereafter (in the form of new share certificates).

### **Exchange of Share Certificates**

Subject to the Share Consolidation becoming effective, Shareholders may, during the period from 21 October 2008 to 27 November 2008, submit share certificates for existing Shares to the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for new share certificates for Consolidated Shares. Thereafter, share certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate issued or cancelled, whichever is higher. Nevertheless, share certificates for existing Shares will not be acceptable for trading purposes from 4:00 p.m. on 24 November 2008 but will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at any time.

### **Outstanding Share Options**

As at the date of this announcement, the number of Shares in respect of which Share Options have been granted and are outstanding under the share option schemes adopted by the Company is 320,500,000.

Corresponding adjustments will be made on the basis that the proportion of the issued share capital of the Company to which a grantee of share options is entitled shall remain the same before and after such adjustment in accordance with rules of each of the share option schemes and the supplementary guidance issued by the Stock Exchange.

The Company will engage an independent financial advisor or its auditors to provide a certificate as to the adjustments (if any) required to be made in accordance with Rule 23.03(13) of the GEM Listing Rules. The Company will make a further announcement about the adjustments after receiving the certificate.

### **Outstanding Convertible Bonds**

As at the date of this announcement, the amount of outstanding Convertible Bonds (with the initial conversion price of HK\$0.40 per conversion Share) is HK\$1,504,540,000. The Share Consolidation would trigger an adjustment to the conversion prices of the Convertible Bonds by increasing them to two times the conversion prices immediately prior to the Share Consolidation, namely, the same

factor as the Share Consolidation. The Company will engage a merchant bank or its auditors to provide a certificate as to the adjustments (if any) required to be made.

### **Listing application**

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares and the Consolidated Shares which fall to be issued upon the exercise of the Share Options and the conversion of the Convertible Bonds.

### **Expected timetable for the Share Consolidation**

	<i>2008</i>
Despatch of circular for the Share Consolidation	30 September
Expected date of EGM	20 October
Effective date of the Share Consolidation	21 October
Commencement of dealings in Consolidated Shares	21 October
Original counter for trading in existing Shares in board lots of 15,000 existing Shares temporarily closes	9:30 a.m. on 21 October
Temporary counter for trading in Consolidated Shares (represented by existing certificates for the Shares) in board lots of 7,500 Consolidated Shares opens	9:30 a.m. on 21 October
Free exchange of existing share certificates for new share certificates commences	21 October
Original counter for trading in Consolidated Shares (represented by new certificates for the Consolidated Shares) in board lots of 15,000 Consolidated Shares re-opens	9:30 a.m. on 4 November
Parallel trading in Consolidated Shares (in form of both new and existing certificates) commences	9:30 a.m. on 4 November
Temporary counter for trading in the Consolidated Shares (represented by existing certificates for the Shares) in board lots of 7,500 Consolidated Shares closes	4:10 p.m. on 24 November

Parallel trading in Consolidated Shares  
(represented by both new and existing certificates) ends

4:10 p.m. on 24 November

Free exchange of existing share certificates  
for new share certificates ends

27 November

## **Circular**

A circular containing, amongst other things, further details of the proposed Share Consolidation, together with the notice of EGM will be dispatched to the Shareholders as soon as practicable in compliance with the requirements of the GEM Listing Rules.

## **II. THE SUBSCRIPTION**

### **A. THE SUBSCRIPTION AGREEMENT**

On 12 September 2008, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 90,000,000 new Consolidated Shares (equivalent to 180,000,000 Shares) at the Subscription Price of HK\$0.50 per Subscription Share (equivalent to HK\$0.25 per Share).

#### **The Subscriber**

北京中冶投資有限公司 (Beijing China Metallurgy Investment Limited\*), being a sizeable state-owned enterprise under China Iron & Steel Association (中國鋼鐵工業協會)(originally known as China Ministry of Metallurgical Industry), is an enterprise which specialises itself in investment in the iron and steel metallurgy industry.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are third parties independent of the Company and its connected persons under the GEM Listing Rules.

As disclosed in the announcement of Sino Prosper Holdings Limited ("Sino Prosper") (a company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange) on 3 February 2006, the Subscriber subscribed the shares of Sino Prosper where Mr. Leung Ngai Man (an executive Director and the vendor of the very substantial acquisition of the Company as announced on 23 January 2008) is also a director and a substantial shareholder of Sino Prosper. Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there is no other transaction/relationship between the Subscriber and Mr. Leung Ngai Man.



## **The Subscription Shares**

The 90,000,000 Subscription Shares (equivalent to 180,000,000 Shares) represent approximately 5.7% of the existing issued share capital of the Company and approximately 5.4% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Consolidated Shares in issue on the date of allotment and issue of the Subscription Shares including all dividends declared or payable or distributions made or proposed on or after the date of execution of the Subscription Agreement.

## **Subscription Price**

The Subscription Price is HK\$0.50 per Subscription Share, equivalent to HK\$0.25 per Share which represents:

- (i) a premium of approximately 250.0% to the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 249.0% to the average closing price of approximately HK\$0.1004 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to the Last Trading Day; and
- (iii) a premium of approximately 240.6% to the average closing price of approximately HK\$0.1039 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to the Last Trading Day.

Taking into account the expenses of the Subscription in the amount of approximately HK\$0.2 million, the net price to the Company of each Subscription Share is approximately HK\$0.4978 per Subscription Share (equivalent to HK\$0.2489 per Share). The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber.

Considering the mining business engaged by the Group is capital intensive and the Subscription Price has a premium over the current market price, the Directors consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole despite of a number of fund raising activities of the Group in the past 12 months, the details of which are disclosed in paragraph headed "Fund raising activities of the Group in the past 12 months" below.



## **Conditions of the Subscription**

The Subscription is conditional upon:

- (i) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares;
- (ii) all necessary consents, authorisation, licences and approval for, or in connection with, the Subscription, which include but not limited to the approval from the supervising entity of the Subscriber and the relevant PRC authorities; and
- (iii) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation as contained in the notice of EGM and the Share Consolidation becomes effective.

In the event that the conditions of the Subscription are not fulfilled within one year after execution of the Subscription Agreement or such other date as may be agreed between the Company and the Subscriber in writing, the Subscription Agreement shall cease and terminate and save the liability in respect of the earlier breaches of the Subscription Agreement, neither the Company nor the Subscriber shall have any rights and obligations under the Subscription Agreement. As disclosed above, the Subscription by the Subscriber requires approvals from various PRC authorities, which the parties consider may require a considerable time to complete and obtain. Therefore, the Subscriber and the Company consider the long-stop date of one year is reasonable.

## **Completion of the Subscription**

Completion of the Subscription will take place on the third business day after all the conditions of the Subscription are fulfilled (or such other date as may be agreed between the Company and the Subscriber in writing).

## **B. GENERAL**

### **General Mandate**

The Subscription Shares will be allotted and issued under the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 31 March 2008, on which date the total number of Shares in issue was 2,432,975,038. As at the date of this announcement, the Company has not utilised the aforesaid general mandate and the available number of Shares that can be issued under the general mandate is 486,595,007 Shares, which is equivalent to 243,297,503 Consolidated Shares upon the completion of the Share Consolidation.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **C. REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in provision of web page design and website maintenance services, staff secondment and system integration services, information technology consultancy services and trading of hardware and software. Upon completion of the acquisition of China Nonferrous Metals Resources Investment Limited as announced by the Company on 26 August 2008, the Company commences to engage in the mining industry in the PRC.

The Group intends to further develop in the mining industry in the PRC and to explore any investment opportunities. By entering into the Subscription Agreement, the Group can raise capital for the Group to further strengthen its financial position. The Subscriber, being a sizeable state-owned enterprise under China Iron & Steel Association (中國鋼鐵工業協會) (originally known as China Ministry of Metallurgical Industry), is one of the few professional investment company in the iron and steel metallurgical industry in the PRC. As a leading player in this sector of the PRC market, the Subscriber focuses on the investment and development of mining and metallurgy related projects in the domestic and overseas markets in order to cater for the demand for mining resources derived from the domestic iron and steel metallurgy enterprises. The Group considers that the Subscriber has a wide connection in the PRC especially in the resources related industry. By means of the Subscriber's knowledge and connection in the PRC, the Group expects that the introduction of the Subscriber as a strategic investor will be beneficial to the Group in expanding and penetrating its business into the PRC.

### **D. USE OF NET PROCEEDS**

The gross proceeds from the Subscription are HK\$45.0 million. After deducting relevant expenses of about HK\$0.2 million from the Subscription, the net proceeds of the Subscription will amount to approximately HK\$44.8 million. The net proceeds from the Subscription will be applied (i) as to HK\$10 million to the exploration works in the areas acquired by the Group as stated in the circular of the Company dated 13 May 2008, and (ii) as to the balance of approximately HK\$34.8 million to the general working capital of the Group.

## E. FUND RAISING ACTIVITIES OF THE GROUP IN THE PAST 12 MONTHS

The following table summaries the fund raising activities of the Group since 1 September 2007:

Date of announcement	Events of proceeds	Net proceeds	Intended use of proceeds	Actual use as at the date of this announcement
3 July 2007 (Note)	Placing of unlisted warrants	About HK\$18 million	(i) 90% of the net proceeds for financing the acquisition of China Nonferrous Metals Resources Investment Limited as announced by the Company on 23 January 2008; and (ii) 10% of the net proceeds for general working capital and it is intended that all such general working capital will be used for the exploration work of the group of China Nonferrous Metals Resources Investment Limited	(i) 90% of the net proceeds for financing the acquisition of China Nonferrous Metals Resources Investment Limited as announced by the Company on 23 January 2008; and (ii) 10% of the net proceeds for the exploration work of the group of China Nonferrous Metals Resources Investment Limited
21 September 2007	Placing of existing Shares and subscription of new Shares	About HK\$66.8 million	(i) approximately HK\$18.8 million for repayment of loan of the Company; (ii) approximately HK\$17.2 million for acquisition of office premises; and (iii) approximately HK\$30.8 million as general working capital of the Group or for investments (not less than HK\$20.0 million of which will be applied towards the possible investment in the non-ferrous metal mine as announced by the Company in its announcements dated 23 August 2007 and 3 October 2007) when such opportunities arise	(i) approximately HK\$18.8 million for repayment of loan of the Company on 16 October 2007; (ii) approximately HK\$17.2 million for acquisition of office premises in November 2007; and (iii) approximately HK\$30.8 million was utilised to fund the acquisition of China Nonferrous Metals Resources Investment Limited
23 October 2007	Placing of existing Shares and subscription of new Shares	About HK\$30.5 million	financing the acquisition of China Nonferrous Metals Resources Investment Limited	approximately HK\$30.5 million was utilised to fund the acquisition of China Nonferrous Metals Resources Investment Limited

Date of announcement	Events of proceeds	Net proceeds	Intended use of proceeds	Actual use as at the date of this announcement
26 August 2008	Very substantial acquisition – issue of consideration shares and convertible bonds	About HK\$1,719 million	financing the acquisition of China Nonferrous Metals Resources Investment Limited as announced by the Company on 23 January 2008	fully utilised according to the intended use

*Note:* Additional funds had been received by the Company upon exercise by the warrant holders of the subscription rights attached to the warrants of the Company from 14 May 2008 to 12 August 2008.

## F. SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE SHARE CONSOLIDATION AND THE SUBSCRIPTION

As at the date of this announcement, the Company has 3,171,000,494 Shares in issue. Set out below is a table showing the shareholding structure of the Group (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation, and (iii) immediate after completion of the Share Consolidation and the Subscription.

Name of Shareholder	At the date of this announcement		Immediately after completion of the Share Consolidation		Immediately after completion of the Share Consolidation and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Leung Ngai Man and parties acting in concert with him ( <i>Note</i> )	405,948,800	12.8	202,974,400	12.8	202,974,400	12.1
The Directors (excluding Mr. Leung Ngai Man)	43,445,000	1.4	21,722,500	1.4	21,722,500	1.3
The Subscriber	–	–	–	–	90,000,000	5.4
Other public Shareholders	2,721,606,694	85.8	1,360,803,347	85.8	1,360,803,347	81.2
Total	<u>3,171,000,494</u>	<u>100.0</u>	<u>1,585,500,247</u>	<u>100.0</u>	<u>1,675,500,247</u>	<u>100.0</u>

*Note:* Mr. Leung Ngai Man, an executive Director and the chairman of the Board, is the beneficial owner of Speedy Well Investments Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company which held 322,948,800 Shares as at the date of this announcement.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 16 September 2008 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 September 2008.

## DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business days”	any day (excluding a Saturday) on which banks generally open for business in Hong Kong
“Company”	China Metal Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company after the Share Consolidation becoming effective
“Convertible Bonds”	The convertible bonds in the principal amount of HK\$1,545.74 million with the initial conversion price of HK\$0.40 per conversion Share that issued by the Company on 26 August 2008 in favour of Mr. Leung Ngai Man
“Directors”	directors (including the independent non-executive directors) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Share Consolidation
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange with responsibility for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Last Trading Day”	12 September 2008, being the last trading day for the Shares prior to this announcement
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) of HK\$0.0005 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every two (2) Shares in the issued and unissued share capital of the Company into one (1) Consolidated Share in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) (before the Share Consolidation) and Consolidated Share(s) (after the Share Consolidation)
“Share Options”	share options granted under the share option scheme of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	北京中冶投資有限公司 (Beijing China Metallurgy Investment Limited*), a company incorporated in the PRC with limited liability
“Subscription”	subscription of the Subscription Shares at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 September 2008 entered into between the Company and the Subscriber, as supplemented by the supplemental agreement dated 16 September 2008
“Subscription Price”	the subscription price of HK\$0.50 per Subscription Share
“Subscription Shares”	an aggregate of 90,000,000 new Consolidated Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement

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

Hong Kong, 17 September 2008

*\* The English translation of the Chinese names/terms is for information purpose only, and should not be regarded as the official English translation of such names/terms.*

*As at the date of this announcement, the executive Directors are Messrs. Leung Ngai Man and Ng Kwok Chu, Winfield and Ms. Wu Wei Hua; and the independent non-executive Directors are Dr. Leung Wai Cheung, Messrs. Chan Sing Fai and Liu Jia Qing.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.*

*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).*