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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)

COMPLETION OF ACQUISITION

The Board is pleased to announce that the Company has successfully completed its acquisition of China Nonferrous Metals Resources Investment Limited, which has become a wholly-owned subsidiary of the Company with effect from 26 August 2008.

COMPLETION OF ACQUISITION

Reference is made to the announcement of China Metal Resources Holdings Limited (“**Company**”) dated 23 January 2008 and the circular (“**Circular**”) of the Company dated 13 May 2008 regarding, among other matters, the very substantial acquisition and connected transaction of the Company. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that as all conditions precedent to the closing of the Acquisition had been satisfied, the Company has successfully completed its acquisition of China Nonferrous Metals Resources Investment Limited, which has become a wholly-owned subsidiary of the Company with effect from 26 August 2008.

In settlement of the Consideration of HK\$1,800 million:

- (i) on the date of the Agreement, the Purchaser paid an aggregate amount of HK\$65 million to the Vendor as the Deposit and part of the Consideration;

- (ii) on 26 August 2008, the Purchaser paid an aggregate of HK\$16 million, a sum equivalent to 90% of the net proceeds from the additional funds 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 (the remaining 10% of such net proceeds has been retained as general working capital and it is currently intended that all such general working capital will be used for the exploration work of the Target Group) to the Vendor;
- (iii) on 26 August 2008, the Company allotted and issued 433,150,000 Consideration Shares to the Vendor in settlement of HK\$173.26 million of the Consideration;
- (iv) on 26 August 2008, the Company issued the Convertible Bonds in the amount of HK\$1,545.74 million (consisted of 3,864,350,000 issuable Conversion Shares) to the Vendor in settlement of the remaining balance (i.e. HK\$1,545.74 million) of the Consideration.

The Company has made an application, in respect of items (iii) and (iv) above, to the GEM Listing Committee for the listing of, and permission to deal in, each of the Consideration Shares and the Conversion Shares, and such listing approval has been granted by the Stock Exchange on 21 August 2008. As at the date of this announcement, the Placing Mandate obtained at the EGM had not been utilised and had expired upon completion of the Acquisition.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) before the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds; (ii) after the allotment and issue of the Consideration Shares but before the issue of the Convertible Bonds; (iii) after the allotment and issue of the Consideration Shares and the conversion of the Convertible Bonds in full (Hypothetical); and (iv) after the allotment and issue of the Consideration Shares and the conversion of the Convertible Bonds (with the Vendor and parties acting in concert with it holding not more than 29% of the entire issued shares) are as follow:

	Before the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds		After the allotment and issue of the Consideration Shares but before the issue of the Convertible Bonds		After the allotment and issue of the Consideration Shares and the conversion of the Convertible Bonds in full (Hypothetical)		After the allotment and issue of the Consideration Shares and the conversion of the Convertible Bonds (with the Vendor and parties acting in concert with it holding not more than 29% of the entire issued shares)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Vendor and parties acting in concert with it								
– Existing Shares (<i>Note 1</i>)	383,288,000	14.55	383,288,000	12.49	383,288,000	5.53	383,288,000	12.09
– Consideration Shares	–	–	433,150,000	14.12	433,150,000	6.25	433,150,000	13.66
– Conversion Shares	–	–	–	–	3,864,350,000	55.74	103,214,285	3.25
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<i>The Vendor and parties acting in concert with it (Note 2)</i>	<i>383,288,000</i>	<i>14.55</i>	<i>816,438,000</i>	<i>26.61</i>	<i>4,680,788,000</i>	<i>67.52</i>	<i>919,652,285</i>	<i>29.00</i>
Other Directors								
– Mr. Ng Kwok Chu, Winfield	20,945,000	0.79	20,945,000	0.68	20,945,000	0.30	20,945,000	0.66
– Mr. Liu Jia Qing	2,500,000	0.09	2,500,000	0.08	2,500,000	0.04	2,500,000	0.08
– Ms. Wu Wei Hua	20,000,000	0.76	20,000,000	0.65	20,000,000	0.29	20,000,000	0.63
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<i>Other Directors</i>	<i>43,445,000</i>	<i>1.64</i>	<i>43,445,000</i>	<i>1.41</i>	<i>43,445,000</i>	<i>0.63</i>	<i>43,445,000</i>	<i>1.37</i>
Public Shareholders	2,208,117,494	83.81	2,208,117,494	71.98	2,208,117,494	31.85	2,208,117,494	69.63
Total	2,634,850,494	100.00	3,068,000,494	100.00	6,932,350,494	100.00	3,171,214,779	100.00

Notes:

1. These Shares are held through Speedy Well, a substantial shareholder of the Company.
2. Pursuant to the terms of the Convertible Bonds, the Bondholder may convert the whole or part (in multiples of HK\$100,000) of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the close of business on the day falling seven days prior to the maturity date provided that no Convertible Bond may be converted, to the extent that following such conversion, the Bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 29% of the entire issued Shares. Hence, the scenario where the Vendor and parties acting in concert with it will hold 67.52% of the equity interest in the Company after the allotment and issue of the Consideration Shares and the conversion of the Convertible Bonds is only hypothetical.
3. There will not be any change in control of the Company after completion of the Acquisition.

CONVERSION OF CONVERTIBLE BONDS

The Company will disclose by way of an announcement all relevant details of the conversion of the Convertible Bonds in the following manner:

- (i) the Company will make a monthly announcement (“**Monthly Announcement**”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Convertible Bonds during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the amount of outstanding Convertible Bonds after the conversion, if any;
 - (c) the total number of Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant months.

- (ii) in addition to the Monthly Announcement, if the cumulative amount of the Conversion Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) up to the date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be); and
- (iii) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 17.10 of the GEM Listing Rules, then the Company is obliged to make such disclosures regardless of the issue of any announcements in relation to the Convertible Bonds as mentioned in (i) and (ii) above.

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

Hong Kong, 26 August 2008

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 for a minimum period of seven (7) days from the date of its publication and on the Company's website at www.cmr8071.com.