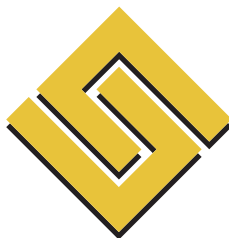


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CHINA METAL RESOURCES HOLDINGS LIMITED

中國金屬資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8071)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION, PROPOSED CONTINUING CONNECTED TRANSACTION AND SPECIFIC MANDATE TO ISSUE NEW SHARES THE FUND RAISING EXERCISE

Reference is made to the Circular dated 13 May 2008 in relation to, among other matters, a very substantial acquisition and connected transaction and a proposed continuing connected transaction of the Company. The Board announces that pursuant to the terms of the Agreement, part of the Consideration of HK\$1,800 million may be settled by way of a sum equivalent to 90% of the net proceeds from the Fund Raising Exercise which shall be payable by the Purchaser to the Vendor on Completion (the remaining 10% of such net proceeds will be retained as general working capital and all such general working capital will be used for the exploration work of the Target Group) and it is proposed that the Fund Raising Exercise will be conducted by issue of equity.

Reference is made to the circular (“**Circular**”) of China Metal Resources Holdings Limited (“**Company**”) dated 13 May 2008 in relation to, among other matters, a very substantial acquisition and connected transaction and a proposed continuing connected transaction of the Company. Unless otherwise defined, terms used herein shall have the same meanings as in the Circular.

Pursuant to the terms of the Agreement, the Consideration of HK\$1,800 million shall be settled in the following manner: (i) on the date of the Agreement, an aggregate amount of HK\$65 million was paid by the Purchaser to the Vendor as the Deposit and part of the Consideration; (ii) a sum equivalent to 90% of the net proceeds from the Fund Raising Exercise shall be payable by the Purchaser to the Vendor on Completion (the remaining 10% of such net proceeds will be retained as general working capital and all such general working capital will be used for the exploration work of the Target Group); (iii) in the event that the net proceeds obtained from item (ii) above are not sufficient to satisfy the remaining

balance of the Consideration (being HK\$1,735 million), the Purchaser shall procure the Company to allot and issue the Consideration Shares, credited as fully paid at the Issue Price, on Completion to the Vendor. Such Consideration Shares, together with the Shares beneficially owned by the Vendor at Completion shall not exceed 29% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares; and (iv) the balance of the Consideration, after the deduction of items (i), (ii) and (iii) above, shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

It is proposed that the Fund Raising Exercise will be conducted by issue of equity. It is the plan of the Company to issue not more than 6,133,000,000 Shares, representing approximately 252.36% of the issued share capital of the Company as at the Latest Practicable Date and approximately 71.62% of the issued share capital of the Company as enlarged by the allotment and issue of such 6,133,000,000 Shares, at a price of not less than HK\$0.10 per Share (in any event, not more than 20% discount (if any) to the (i) average closing price of the Shares for the five consecutive trading days before the date of the relevant placing agreement; or (ii) the closing price of the Shares for the last trading day before the date of the relevant placing agreement, whichever is higher) to parties independent of the Company and connected persons of the Company and its subsidiaries. The Placing Mandate will be sought at the EGM in this respect. The proposed minimum issue price under the Placing Mandate of HK\$0.10 per Share represents:

- (i) a discount of approximately 74.36% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 4 January 2008, being the date of the Agreement;
- (ii) a discount of approximately 72.14% to the average of the closing prices of HK\$0.359 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 January 2008, being the date of the Agreement; and
- (iii) a discount of approximately 46.52% to the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The exact number of Shares to be issued under the Fund Raising Exercise, the actual issue price and other terms of the Fund Raising Exercise are subject to agreement(s) to be entered into between the Company and the placing agent(s) of the Company to be identified. The Company has contacted two potential placing agents and they have preliminarily indicated interest to act as the placing agent of the Company. As certain supporting information, such as the technical report and the valuation report will not be available for the placing agent(s) prior to the issue of the Circular, it is difficult for the placing agent(s) to finalise their valuation on the Enlarged Group and the terms of the Fund Raising Exercise prior to the issue of the Circular. In view of the volatility of the stock market, investors generally tend not to indicate their firm interest to the fund raising until the circular is issued because before then they would not have a clear idea when the requisite shareholders' meeting to approve the transaction could be held. Subject to the grant of the Placing Mandate at the EGM, it is expected that the Company will shortly after the grant of the Placing Mandate, negotiate and finalise the terms of the Fund Raising Exercise with one or more placing agents. Further announcement(s) will be made by the Company in this respect to update the Shareholders and the public and application will be made by the Company

to the GEM Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued under the Placing Mandate.

Assuming that 6,133,000,000 Shares will be issued under the Fund Raising Exercise and all such Shares will be issued at an issue price of HK\$0.10 per Share, the gross proceeds of such Fund Raising Exercise are estimated to be HK\$613,300,000. As stipulated in the Agreement, 90% of the net proceeds of the Fund Raising Exercise will be applied by the Company to fund part of the Consideration while it will retain 10% of such net proceeds for its general working capital use and all such general working capital will be used for the exploration work of the Target Group.

A resolution will be proposed to approve the Placing Mandate at the EGM and such resolution is conditional upon the passing of the resolution approving the Acquisition. The Placing Mandate shall expire on the earlier of (i) 31 December 2008; or (ii) the completion of the Acquisition. The obtaining of more than three months for the Placing Mandate is to give more time and flexibility to the Company to negotiate the terms of the Fund Raising Exercise and in the event the Company cannot arrive at an agreement with the placing agent(s) on the terms of the Fund Raising Exercise within a short period of time after the issue of the circular, the Company will not be required to spend additional time and cost to convene another shareholders' meeting to extend the Placing Mandate.

The expected dilution effect of the Fund Raising Exercise and further details of the Acquisition have been set out in the Circular.

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

Hong Kong, 13 May 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.