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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)

**PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES  
AND  
RESUMPTION OF TRADING**

**Placing Agent**



**DAIWA CAPITAL MARKETS HONG KONG LIMITED**

**PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES**

On 7 December 2010, the Placing and Subscription Agreement was entered into between the Vendor, the Company and the Placing Agent, pursuant to which the Placing Agent has agreed to place, on a best effort basis, up to 1,416,114,049 Placing Shares held by the Vendor to independent third parties who are not connected persons of the Company or the Vendor and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$0.20 per Placing Share. The Placing is subject to conditions set out below under the paragraph headed “Conditions of the Placing”.

Pursuant to the Placing and Subscription Agreement, the Company has conditionally agreed to allot and issue the Subscription Shares (the number of which shall be equivalent to the Placing Shares actually sold by the Vendor under the Placing) at HK\$0.20 per Subscription Share. The Subscription is subject to the conditions set out below under the paragraph headed “Conditions of the Subscription”.

The price per Placing Share represents (i) a discount of approximately 9.09% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on 7 December 2010, being the last trading day immediately prior to the date of this announcement; (ii) a discount of approximately 8.26% to the average closing price of HK\$0.218 per Share as quoted on the Stock Exchange for the last five trading days up to and including 7 December 2010, being the last trading day prior to the date of this announcement; and (iii) a discount of approximately 4.63% to the average closing price of HK\$0.2097 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 7 December 2010, being the last trading day prior to the date of this announcement.

The Placing Shares represent approximately 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Assuming that the Placing Shares are fully placed under the Placing, the Placing will reduce the shareholding of the Vendor and any party acting in concert with him from approximately 27.94% to approximately 23.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

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

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 12 November 2010.

Assuming that the Placing Shares are fully placed under the Placing, the net proceeds from the Subscription will amount to approximately HK\$276 million. The Company intends to use the net proceeds for future potential business acquisitions and for general working capital of the Group.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 December 2010 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 9 December 2010.

## **PLACING AND SUBSCRIPTION AGREEMENT**

### **1. The Placing**

#### **Vendor:**

The Vendor, Mr. Leung Ngai Man, is an executive Director.

As at the date of this announcement, the Vendor and parties acting in concert with him were interested in 1,978,184,400 Shares, representing approximately 27.94% of the entire issued share capital of the Company.

#### **Number of Placing Shares:**

The Placing Agent has agreed to procure, on a best effort basis, the placees for the purchase of up to 1,416,114,049 Placing Shares owned by the Vendor, representing approximately 20.00% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

#### **Placees:**

The Placing Agent has agreed to procure the Placing on a best effort basis to not less than six Placees who, and whose ultimate beneficial owners are (i) not connected persons of the Company, the Vendor and their respective connected persons; (ii) independent of the Vendor, the Company and their respective connected persons; and (iii) independent of and not acting in concert (as defined in the Takeovers Code) with the Vendor or the Company with respect to the Shares.

#### **Placing price:**

HK\$0.20 per Placing Share.

This price was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to recent market prices of the Shares. This price represents (i) a discount of approximately 9.09% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on 7 December 2010, being the last trading day immediately prior to the date of this announcement; (ii) a discount of approximately 8.26% to the average closing price of HK\$0.218 per Share as quoted on the Stock Exchange for the last five trading days up to and including 7 December 2010, being the last trading day prior to the date of this announcement; and (iii) a discount of approximately 4.63% to the average closing price of HK\$0.2097 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 7 December 2010, being the last trading day prior to the date of this announcement.

**Placing Agent:**

Daiwa Capital Markets Hong Kong Limited

**Independence of placees:**

To the best knowledge of the Directors:

- (a) the placees and (where applicable) their ultimate beneficial owners are independent of and not connected with and will not be acting in concert with the Vendor;
- (b) the placees and (where applicable) their ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates; and
- (c) none of the placees will become substantial shareholders of the Company immediately following the Placing.

**Conditions of the Placing:**

The Placing is conditional upon:

- (a) there not having occurred prior to completion of the Placing any material breach of any of the representations, warranties or undertakings hereunder, or any event occurs or any matter arises which if it had occurred or arisen before completion of the Placing would have rendered any of such representations, warranties or undertakings untrue or incorrect in any material respect; and
- (b) there not having occurred prior to completion of the Placing any breach of, or failure to perform, any of other obligations of the Company or the Vendor which are required to be performed at or before Completion of the Placing.

None of the above conditions can be waived by the parties to the Placing and Subscription Agreement.

**Completion of the Placing:**

Under the Placing and Subscription Agreement, the completion of the Placing will take place on the earliest date on which the Shares resume trading on the Stock Exchange, which is expected to fall on 9 December 2010 or such other date as the Placing Agent may agree.

**Rights of the Placing Shares:**

The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances, claims, options and any third party rights and with all rights attaching to the Placing Shares as at the date of completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares if the record date shall fall on or after the date of completion of the Placing.

**2. The Subscription****Subscriber:**

The Vendor

**Number of Subscription Shares:**

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for up to 1,416,114,049 new Shares (the exact number of which will be equivalent to the number of the Placing Shares actually placed under the Placing), which, having an aggregate nominal value of HK\$1,416,114.049, represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement and, assuming the Placing Shares are fully placed under the Placing, approximately 16.67% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

**Subscription price:**

HK\$0.20 per Subscription Share, which is equivalent to the price per Placing Share.

**Mandate to allot and issue new Shares:**

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 12 November 2010. The Company is authorised to issue 1,416,114,049 Shares under such mandate. Up to the date of this announcement, the Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Placing and the Subscription. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' approval.

**Ranking:**

The Subscription Shares will rank pari passu in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription.

**Conditions of the Subscription:**

The Subscription is conditional upon:

- (a) the Listing Division of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (b) if required, the Executive granting a waiver to the Vendor to the effect that neither the Vendor nor any party acting in concert (as defined in the Takeovers Code) with him will be obliged to make a general offer for the Shares under the Takeovers Code as a result of the Subscription; and
- (c) completion of the Placing pursuant to the Placing and Subscription Agreement.

None of the above conditions can be waived by the parties to the Placing and Subscription Agreement.

Assuming the Placing Shares are fully placed under the Placing, the shareholding of the Vendor and any party acting in concert with him will decrease from approximately 27.94% to approximately 7.94% immediately after completion of the Placing and will increase to approximately 23.28% immediately after completion of the Subscription.

**Completion of the Subscription:**

Completion of the Subscription will take place on the next business day following the day on which the conditions referred to above are fulfilled.

If the conditions to the Subscription are not fulfilled by 31 December 2010 (or such later date as may be agreed by the Vendor and the Company in writing), all rights, obligations and liabilities of the parties pursuant to the Placing and Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties thereto shall have any claim against any other in respect of the Subscription save in respect of any antecedent breach.

### 3. Termination

Pursuant to the Placing and Subscription Agreement, the Placing Agent shall have the right to terminate the Placing and Subscription Agreement by notice in writing given to the Vendor and the Company at any time prior to completion of the Placing if any of the following occurs:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Vendor or of the Company contained in the Placing and Subscription Agreement or any failure to perform any of the Vendor's or the Company's undertakings in the Placing and Subscription Agreement;
- (b) in the sole judgment of the Placing Agent, there shall have been such a change in the national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its judgment be likely to prejudice the success of the Placing or trading in the Shares in the secondary market;
- (c) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing and Subscription Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing.

The right to terminate the Placing and Subscription Agreement under paragraphs (a) to (d) above shall be a separate and independent right and that the exercise of any such right by the Placing Agent shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Placing Agent may have as at the date of such notice nor shall termination of the Placing and Subscription Agreement affect or prejudice any provision hereof expressed to survive or operate in the event of termination of the Placing and Subscription Agreement.

Upon termination of the Placing and Subscription Agreement by the Placing Agent as mentioned above, all rights and obligations of the parties shall cease (other than certain provisions of the Placing and Subscription Agreement including those relating to indemnity, fees, and treatment of the proceeds from the Placing) and the Placing and the Subscription will lapse, except for any antecedent liabilities or breach of any obligation under the Placing and Subscription Agreement.

#### 4. Non-disposal and issue of Shares

Under the Placing and Subscription Agreement:

- (a) the Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for the period commencing from the date of the Placing and Subscription Agreement and ending three months from the earliest date on which the Shares resume trading on the Stock Exchange, which is expected to fall on 9 December 2010 or such other date as the Placing Agent may agree (“**Trade Date**”), it will not, and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it (“**Intermediaries**”) shall, directly or indirectly or conditionally or unconditionally, offer for sale, sell, transfer, contract to sell or otherwise dispose of (including without limitation by the creation of any option, rights, interests, warrant to purchase or otherwise transfer or dispose of, or any encumbrance over), or announce any intention to dispose of, any Shares or any interest therein (including any interest in a company which, directly or indirectly, holds any such Shares or other securities of the Company) or any other securities of the Company which are of the same class as, or convertible or exchangeable for, or which carry a right to subscribe, purchase or acquire, or represent the right to receive, any such Shares, or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Shares, in respect of which it is a beneficial owner (directly or indirectly and whether or not such Shares are held through any of its Intermediaries) and/or which are registered in its name or the name of any of its Intermediaries, unless the prior written consent of the Placing Agent to any such disposal or grant shall have been obtained; and
- (b) the Company has undertaken that it will not and will procure that no member of the Group will issue or agree to allot or issue any Shares (other than pursuant to (i) granting of options or exercise of options outstanding under any existing shares option scheme or (ii) any scrip dividend scheme or (iii) the Subscription or (iv) conversion of any outstanding convertible bonds) or other securities or grant or agree to grant any options (other than options granted pursuant to an existing shares option scheme), warrants or other rights to subscribe for Shares or other securities or to repurchase any securities of the Company, for the period commencing from the date of the Placing and Subscription Agreement and ending three months from the Trade Date unless with the prior written consent of the Placing Agent.



The above undertakings shall cease to have any effect if the Placing is not completed or the Placing and Subscription Agreement is otherwise terminated in accordance with the terms of the Placing and Subscription Agreement.

## CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

Assuming the Placing Shares are fully placed under the Placing, the shareholding of the Vendor and any party acting in concert with him in the Company (a) immediately before the Placing; (b) immediately after the Placing but before the Subscription; and (c) immediately after the Placing and the Subscription are as follows:

	Existing Shareholding		After the Placing but before the Subscription		After the Placing and the Subscription	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Connected persons</b>						
The Vendor and any party acting in concert with him	1,978,184,400 (Note 1)	27.94	562,070,351	7.94	1,978,184,400	23.28
Mr. Ng Kwok Chu, Winfield (Note 2)	472,500	0.01	472,500	0.01	472,500	0.01
<b>Public</b>						
Placees (Note 3)	–	–	1,416,114,049	20.00	1,416,114,049	16.67
Other public	5,101,913,347	72.05	5,101,913,347	72.05	5,101,913,347	60.04
		(Note 4)		(Note 4)		(Note 4)
<b>Total:</b>	<b>7,080,570,247</b>	<b>100.00</b>	<b>7,080,570,247</b>	<b>100.00</b>	<b>8,496,684,296</b>	<b>100.00</b>

Notes:

1. Out of the 1,978,184,400 Shares, 1,474,400 Shares were held by Speedy Well Investments Limited, a company wholly and beneficially owned by the Vendor.
2. Mr. Ng Kwok Chu, Winfield is an executive Director.
3. The shareholding of the Placees refers to the Placing Shares under the Placing and Subscription Agreement.
4. Rounded down to achieve a total of 100%.

As disclosed in the above shareholding table, immediately after completion of the Placing as well as immediately after completion of the Placing and the Subscription, a minimum of 25% of the then issued share capital of the Company will be in public hands.

## **REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to enhance the capital base of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Placing and Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Assuming that the Placing Shares are fully placed under the Placing:

- (i) the gross proceeds from the Subscription are estimated to be approximately HK\$283 million; and
- (ii) the net proceeds, after deducting related placing commission, professional fees and all related expenses which will be borne by the Company, from the Subscription are estimated to be approximately HK\$276 million and the net price per Subscription Share is estimated to be approximately HK\$0.195.

The Company intends to use the net proceeds for future potential business acquisitions and for general working capital of the Group.

## **GENERAL INFORMATION**

The Company is an investment holding company. The Group is principally engaged in trading of computer hardware and software and exploration of mines business in the People's Republic of China. The Group is also engaged in the provision of lottery sales system software for use by lottery issuing centres.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

On 15 March 2010, the Company entered into a placing agreement with Cinda International Capital Limited, being the placing agent, pursuant to which the Company agreed to place, through the placing agent on a best effort basis, a maximum of 559,200,000 Shares to placees at HK\$0.105 per Share. Completion of such placing took place on 25 March 2010. The net proceeds from such placing were approximately HK\$58 million which had been used for general working capital of the Group and the acquisition of the entire issued share capital of Pearl Sharp Limited pursuant to an acquisition agreement dated 13 May 2010 as partial consideration. Details of such placing were set out in the announcements of the Company dated 15 March 2010 and 25 March 2010 and details of such acquisition were set out in the announcement of the Company dated 24 June 2010 and the circular of the Company dated 30 July 2010.

On 25 August 2010, the Company entered into a placing agreement with Samsung Securities (Asia) Limited, being the placing agent, pursuant to which the Company agreed to place, through the placing agent on a best effort basis, a maximum of 588,405,000 Shares to placees at HK\$0.143 per Share. Completion of such placing took place on 30 August 2010. The net proceeds from such placing were approximately HK\$82 million which had partly been used for general working capital of the Group and partly was intended to be used for funding the acquisition of 65% of the equity interest in 北京市彩贏樂科技有限公司 (Beijing Caiyingle Technology Company Limited, being its unofficial English name) and capital investment in such company pursuant to an acquisition agreement dated 6 November 2010. Details of such placing were set out in the announcements of the Company dated 26 August 2010 and 3 September 2010 and details of such acquisition were set out in the announcements of the Company dated 21 October 2010 and 8 November 2010.

Save as disclosed above, the Group has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

## **APPLICATION FOR LISTING**

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

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 December 2010 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 9 December 2010.

## **DEFINITIONS**

The following defined terms are used in this announcement:

“associates”	having the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“business day”	means a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business

“Company”	China Metal Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8071)
“connected persons”	having the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Daiwa Capital Markets Hong Kong Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
“Placing and Subscription Agreement”	the placing and subscription agreement dated 7 December 2010 between the Vendor, the Company and the Placing Agent
“Placing Share(s)”	up to a total of 1,416,114,049 Shares beneficially owned by the Vendor to be placed pursuant to the Placing and Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Share(s)”	up to a total of 1,416,114,049 new Shares, the exact number of which shall be equal to the number of Placing Shares actually placed out under the Placing
“substantial shareholders”	having the meaning ascribed thereto in the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Vendor”	Mr. Leung Ngai Man, an executive Director
%	per cent.

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

Hong Kong, 8 December 2010

*As at the date of this announcement, 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 and Mr. Cai Wei Lun.*

*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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*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 7 days from the date of its publication and on the Company’s website at [www.cmr8071.com](http://www.cmr8071.com).*