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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**



**SAMSUNG SECURITIES**

**SAMSUNG SECURITIES (ASIA) LIMITED**

On 25 August 2010, the Vendor entered into the Placing Agreement with the Placing Agent and the Company. Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent, 588,405,000 Shares at the Placing Price of HK\$0.143 per Placing Share, on a best effort basis, to not less than six Placees which are independent investors who, and whose beneficial owners are: (i) not connected persons of the Company; (ii) independent of the Vendor, the Company and its 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. Pursuant to the Subscription Agreement entered into between the Company and the Vendor on the even date, the Vendor conditionally agreed to subscribe for 588,405,000 Subscription Shares at the Subscription Price of HK\$0.143 per Subscription Share.

The Placing Shares (or the Subscription Shares) represents approximately (i) 13.60% of the issued share capital of the Company as at the date of this announcement; and (ii) 11.97% of the issued share capital of the Company as enlarged after completion of the Placing and the Subscription.

The Placing Price (or the Subscription Price) of HK\$0.143 per Placing Share (or Subscription Share) represents (i) a discount of approximately 14.88% to the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 19.75% to the average closing price of approximately HK\$0.1782 per Share as quoted on the Stock Exchange in the last five consecutive trading days up to and including the Last Trading Day.

As at the date of this announcement, the Vendor together with the party acting in concert with him, hold 704,089,400 Shares, representing approximately 16.27% of the issued share capital of the Company as at the date of this announcement. The aggregate shareholding of the Vendor and the party acting in concert with him will be reduced from approximately 16.27% to approximately 2.67% upon completion of the Placing but before the Subscription and will be increased from approximately 2.67% to approximately 14.32% upon completion of the Placing and the Subscription.

**Completion of the Placing is conditional upon fulfillment of the conditions as set out below in this announcement and completion of the Subscription is conditional upon (i) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (ii) the completion of the Placing pursuant to the terms of the Placing Agreement.**

**As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

The net proceeds from the Subscription of approximately HK\$82 million will be used for future potential business acquisitions and for general working capital of the Group.

At the request of the Company, trading in the Shares was suspended from 9:30 a.m. on 25 August 2010 pending the release 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 2:30 p.m. on 26 August 2010.

## **THE PLACING AGREEMENT**

### **Date**

25 August 2010

### **Parties**

- (i) the Company;
- (ii) the Vendor; and
- (iii) the Placing Agent.

## **Placing Agent**

The Placing Agent has agreed to procure, on a best effort basis, the Placees to acquire 588,405,000 Placing Shares at the Placing Price and will receive a placing commission of 2.5% on the gross proceeds from the Placing. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction.

To the best knowledge of the Directors, the Placing Agent and its ultimate beneficial owner(s) are independent of the Company and its connected persons and not a party acting in concert (as defined in the Takeovers Code) with the Vendor with respect to the Shares. The Placing Agent and its ultimate beneficial owner(s) do not own any Shares as at the date of this announcement.

## **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; (ii) independent of the Vendor, the Company and its 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 Shares**

The Placing Shares (with an aggregate nominal value of HK\$588,405) representing approximately (i) 13.60% of the issued share capital of the Company as at the date of this announcement; and (ii) 11.97% of the issued share capital of the Company as enlarged after completion of the Placing and the Subscription.

## **Ranking of the Placing Shares**

The Placing Shares will be sold free and clear of all liens, charges, encumbrances, options and third party rights, and together with all rights attaching to them at the date of the Placing Agreement, including the right to receive all dividends or other distributions declared, made or paid on or after the date of the Placing Agreement.

## **Placing Price**

The Placing Price of HK\$0.143 per Placing Share was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agent. It represents:

- (i) a discount of approximately 14.88% to the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (ii) a discount of approximately 19.75% to the average closing price of HK\$0.1782 per Share as quoted on the Stock Exchange in the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Vendor, the Company and the Placing Agent.

## Conditions

The obligation of the Placing Agent to proceed to completion of the Placing ("**Completion of the Placing**") is conditional upon the Subscription Agreement having been entered into by the parties thereto and not having been subsequently revoked, terminated or (without the prior consent of the Placing Agent) modified on or before the date of Completion of the Placing, and

- (a) there not having occurred prior to Completion of the Placing (i) any material breach of, or any event rendering untrue, incorrect or breached in any material respect, any of the representations, warranties or undertakings referred to in the Placing Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company or the Vendor which are required to be performed at or before Completion of the Placing;
- (b) there not having occurred prior to Completion of the Placing:
  - (i) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), acts of war and acts of God);
  - (ii) any change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
  - (iii) any change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong or overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;

- (iv) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any Director or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
- (v) the introduction of any new law or regulation or any change or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority,

which individually or together, in the opinion of the Placing Agent, prejudices or is likely to prejudice materially the success of the Placing or dealings in the Placing Shares in the secondary market or makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the offer, sale, distribution or delivery of the Placing Shares on the terms and in the manner contemplated in the Placing Agreement; and

- (c) there not having occurred at any time prior to Completion of the Placing other than that related to the Placing Agreement (i) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market or (ii) any material disruption in securities settlement, payment or clearance services in Hong Kong or the PRC or (iii) the imposition of any moratorium on commercial banking activities by the authorities in Hong Kong or the PRC or the United States Federal or New York State authorities.

If any of such conditions have not been fulfilled or (alternatively) waived by the Placing Agent (upon such terms as the Placing Agent may deem necessary) by the date of Completion of the Placing, the Placing Agreement and the obligations of the Placing Agent thereunder shall cease and terminate at that time and no party shall be under any liability to any other costs, damages, charges, compensation or otherwise under the Placing Agreement, except in relation to outstanding liabilities for incurred costs and expenses and obligations and agreements and liabilities arising prior to such termination.

### **Completion of the Placing**

Completion of the Placing is expected to be completed on 26 August 2010.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

25 August 2010

### **Parties**

- (i) the Company; and
- (ii) the Vendor.

### **Subscription of Shares**

The Subscription Shares will be issued under the general mandate granted to the Directors by the Shareholders passed at the annual general meeting of the Company held on 20 April 2010. Under the said general mandate, the Company is authorised to issue 837,011,049 Shares. Up to the date of this announcement, no new Shares have been issued by the Company under the said general mandate. Accordingly the issue of the Subscription Shares does not require any approval from the Shareholders.

The Subscription Shares (with an aggregate nominal value of HK\$588,405) representing approximately (i) 13.60% of the issued share capital of the Company as at the date of this announcement; and (ii) 11.97% of the issued share capital of the Company as enlarged after completion of the Placing and the Subscription.

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued, will rank *pari passu* in all respects with the Shares in issue at the time of issue and allotment of the Subscription Shares.

### **Subscription Price**

The Subscription Price, which is the same as the Placing Price, shall be HK\$0.143 per Subscription Share.

Taking into account of the placing commission and the estimated expenses in relation to the Placing and the Subscription, the net proceeds from the Subscription are estimated to be approximately HK\$82 million and the net price per Subscription Share will be approximately HK\$0.139.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (i) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares; and
- (ii) completion of the Placing pursuant to the terms of the Placing Agreement.

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

## **Completion of the Subscription**

Subject to fulfillment of the above conditions, completion of the Subscription will take place by no later than the second business day after the date upon which the last of the conditions set out above is satisfied.

If the above conditions are not fulfilled on or prior to 8 September 2010, being the fourteenth day from the date of the Subscription Agreement, or such later date, subject to the approval from the Stock Exchange and as may be agreed between the Company and the Vendor, all the rights, obligations and liabilities of the Company and the Vendor under the Subscription Agreement shall cease and terminate and neither the Company nor the Vendor shall have any claim against each other save for any liability arising out of any antecedent breaches thereof.

## **EFFECTS ON SHAREHOLDING STRUCTURE**

As at the date of this announcement, the existing authorized share capital of the Company consists of 100,000,000,000 Shares out of which 4,327,165,247 Shares were issued and fully paid up. As at the date of this announcement, there are outstanding options attaching rights to subscribe for 162,000,000 Shares granted under the share option scheme of the Company.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but before the Subscription; and (iii) immediately after completion of the Placing and the Subscription:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Directors</b>						
Vendor and party acting in concert with him	704,089,400 (Note 1)	16.27	115,684,400	2.67	704,089,400	14.32
Mr. Ng Kwok Chu, Winfield (Note 2)	472,500	0.01	472,500	0.01	472,500	0.01
<b>Public Shareholders</b>						
Placees	–	–	588,405,000	13.60	588,405,000	11.97
Other Shareholders	<u>3,622,603,347</u>	<u>83.72</u>	<u>3,622,603,347</u>	<u>83.72</u>	<u>3,622,603,347</u>	<u>73.70</u>
<b>Total</b>	<u><u>4,327,165,247</u></u>	<u><u>100.00</u></u>	<u><u>4,327,165,247</u></u>	<u><u>100.00</u></u>	<u><u>4,915,570,247</u></u>	<u><u>100.00</u></u>

Notes:

1. Out of the 704,089,400 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.

## REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Board considers that the Placing and the Subscription will provide the Company with an opportunity to raise further capital for general working capital and for future potential business acquisition. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement and the Subscription Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

The net proceeds from the Subscription is approximately HK\$82 million which will be used for future potential business acquisitions and for general working capital of the Group.



## **FUND RAISING ACTIVITIES IN THE PAST TWELVE 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.

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.

## **GENERAL**

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 PRC.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended from 9:30 a.m. on 25 August 2010 pending the release 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 2:30 p.m. on 26 August 2010.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“business day”	any day (excluding Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“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 person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	24 August 2010, being the last trading day for the Shares before publication of this announcement
“Placees”	any professional, institution, individual and/or corporate investors procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Samsung Securities (Asia) Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 25 August 2010 entered into between the Vendor, the Placing Agent and the Company in relation to the Placing
“Placing Price”	HK\$0.143 per Placing Share
“Placing Shares”	588,405,000 existing Shares beneficially owned by the Vendor to be placed by the Vendor pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	conditional subscription by the Vendor of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25 August 2010 entered into between the Company and the Vendor in relation to the Subscription
“Subscription Price”	HK\$0.143 per Subscription Share
“Subscription Shares”	588,405,000 new Shares to be subscribed for by the Vendor, equivalent to the number of Placing Shares to be placed by the Vendor pursuant to the Placing Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Mr. Leung Ngai Man, an executive Director, who together with party acting in concert with him, hold approximately 16.27% of the issued share capital of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 26 August 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, Mr. Cai Wei Lun and Mr. Wang Jun Sui.*

*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).*