

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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



## **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 AND RESUMPTION OF TRADING**

**Financial adviser**



**信達國際融資有限公司**  
CINDA INTERNATIONAL CAPITAL LIMITED

#### **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION**

On 13 May 2010, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share, at a total consideration of HK\$2,112.5 million.

Pursuant to the terms of the Acquisition Agreement, the Consideration shall be settled in the following manner: (i) on the date of the Acquisition Agreement, an aggregate amount of HK\$67 million was paid by the Purchaser to the Vendor as the Deposit and (if the Acquisition is completed) part of the Consideration; (ii) HK\$48 million shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares, credited as fully paid at the Issue Price, on Completion to the Vendor; (iii) HK\$1,200 million shall be satisfied by the Purchaser procuring the Company to issue the Promissory Note to the Vendor on Completion; and (iv) the remaining balance of the Consideration (being HK\$797.5 million) shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

Details of the Acquisition, in particular the Consideration and the Target Group, are set out in the main text below. **Since the Acquisition may or may not proceed, investors are advised to exercise caution when dealing in the Shares.**

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 16.27% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Acquisition also constitutes a very substantial acquisition on the part of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the GEM Listing Rules, the Vendor and his associates will abstain from voting on the resolution to approve the Acquisition and any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

The Circular containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the EGM will be despatched to the Shareholders. Since additional time will be required by the reporting accountants and valuer for preparation of the accountants' report of the Target Group and the valuation report of the Target JV respectively, the Company expects that the Circular will be despatched on or before 30 July 2010.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 May 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 25 June 2010.

## **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION**

### **THE ACQUISITION AGREEMENT**

**Date:** 13 May 2010 (after trading hours)

**Parties:**

**Purchaser:** Easywin International Holdings Limited (順風國際控股有限公司), a wholly-owned subsidiary of the Company and an investment holding company

Vendor: Mr. Leung Ngai Man

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of the Target BVI. The Target BVI has an authorised capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each, of which one share has been issued and fully paid up and is beneficially owned by the Vendor.

The Vendor is a connected person of the Company by virtue of him being a Director and a substantial Shareholder, holding approximately 16.27% of the issued share capital of the Company as at the date of this announcement.

### **Assets to be acquired**

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (being the entire issued share capital of the Target BVI).

### **Consideration**

Pursuant to the terms of the Acquisition Agreement, the Consideration of HK\$2,112.5 million shall be settled in the following manner:

- (i) on the date of the Acquisition Agreement, an aggregate amount of HK\$67 million was paid by the Purchaser to the Vendor as the Deposit and (if the Acquisition is completed) part of the Consideration;
- (ii) HK\$48 million shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares, credited as fully paid at the Issue Price, on Completion to the Vendor;
- (iii) HK\$1,200 million shall be satisfied by the Purchaser procuring the Company to issue the Promissory Note to the Vendor on Completion; and
- (iv) the remaining balance of the Consideration (being HK\$797.5 million) shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

The Consideration Shares, the Conversion Shares, and together with the Shares currently beneficially owned by the Vendor will represent approximately 53.85% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.

The Consideration was determined by the Vendor and the Purchaser on the basis of normal commercial terms and arm's length negotiations with reference to, among others, (i) the opportunity for the Group to gain access to the information technology services of lottery sales market in the PRC and to broaden the income base of the Group; (ii) the preliminary valuation of the Target JV performed by an independent valuer, Norton Appraisals Limited ("**Norton**") ; and (iii) the further business and growth potential of the Target JV as more particularly described in the paragraphs headed "Information of the Target Group" and "Reasons for and benefits of the Acquisition" below.

Based on a preliminary report provided by Norton, the preliminary valuation for the entire equity interest of the Target JV as at 30 April 2010 was RMB4,280 million (equivalent to approximately HK\$4,863.6 million), such preliminary valuation is subject to, among other matters, the valuer's formal valuation report.

In this connection, the Company has conducted and will, up to Completion, continue to conduct due diligence on the assets, liabilities, operations and affairs and the feasibility of the business plan of the Target Group.

The preliminary valuation of the Target JV was conducted by Norton using the income approach (discounted cash flow method to measure the free cash flows) on the basis of certain principal assumptions, which include:

- The preliminary valuation has relied heavily on the information provided by the Target JV and/or the Company.
- As part of its going concern business, the Target JV will successfully do all necessary activities for the completion and development of its business.
- Revenue of the Target JV has solely taken into account the interests and benefits derived from the formal material agreements and contracts signed up to the date of valuation.
- Revenue is contributed from the territories in which the Target JV to provide innovative sales channel services in accordance with the terms and conditions of the formal material agreements and contracts up to the date of valuation.
- Revenue generated from its business operations is assumed to be highly correlated to the lottery sales in the PRC.
- The projected revenue of the Target JV is based on the following information and data which is gathered from public sources, the formal material contracts and agreements and the independent market research provided by the Target JV and/or the Company:

- lottery sales forecast in the PRC;
  - proportional share of welfare lottery to the whole lottery industry;
  - projected welfare lottery sales in each respective territory;
  - proportional share of innovative sales channel(s) to the welfare lottery sales in each respective territory; and
  - service fees attributable to the Target JV for the provision of innovative sales services for the lottery industry.
- Revenue growth is determined by making reference to the historical lottery sales in the PRC.
  - Estimation of related costs, expenses and capital expenditure is provided by the Target JV and/or the Company.
  - All relevant legal approvals, contracts, agreements, business certificates or licences to operate the business in the localities in which the Target JV operates or intends to operate would be officially obtained and renewable upon expiry.
  - Key management, competent personnel and technical staff of the Target JV will all be retained to support its ongoing operation.
  - All the relevant parties entered into the formal contracts and agreements up to the date of valuation will act in accordance with the terms and conditions as stipulated in those contracts and agreements. In addition, the contracts can be legally executed in the region and jurisdiction in which the contracts or agreements are being subject to.
  - Market trend and conditions where the Target JV operates will not deviate significantly from the economic forecasts in general.
  - There will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target JV operates or intends to operate, which would adversely affect the revenues attributable to or profitability of the Target JV.
  - Interest rates and exchange rates in the localities where the Target JV operates will not differ materially from those presently prevailing.

### **Conditions precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (1) all necessary consents and approvals required to be obtained on the part of the Target Group, the Vendor and the Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereby;

- (2) the Vendor's warranties contained in the Acquisition Agreement remaining true and accurate in all respects and the Vendor having complied with all of its obligations under the Acquisition Agreement;
- (3) the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Consideration Shares and the Conversion Shares;
- (4) the passing of the resolution(s) by the Independent Shareholders at the EGM to approve the Acquisition Agreement and the transactions contemplated thereby, including but not limited to, the issue of the Convertible Bonds and the Promissory Note and the allotment and issue of the Consideration Shares and the Conversion Shares (upon conversion of the Convertible Bonds) to the Vendor;
- (5) the Stock Exchange or the Securities and Futures Commission in Hong Kong (if applicable) not deeming the transactions contemplated under the Acquisition Agreement as a "reverse takeover" under the GEM Listing Rules or not triggering the obligation to make a mandatory general offer pursuant to the Takeovers Code;
- (6) the delivery to the Purchaser of a PRC legal opinion (in the form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the Acquisition Agreement and the transactions contemplated thereby and the delivery to the Purchaser of a BVI legal opinion (in the form and substance satisfactory to the Purchaser) from a BVI legal adviser appointed by the Purchaser in relation to the due incorporation and valid subsistence of the Target BVI;
- (7) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs and the feasibility of the business plan of the Target Group; and
- (8) the obtaining of a valuation report (in the form and substance satisfactory to the Purchaser) from a valuer appointed by the Purchaser and showing the value of the Target JV to be not less than RMB4,280 million (equivalent to approximately HK\$4,863.6 million).

The Purchaser has the right to waive all of the above conditions in part or in full, except for conditions numbered (1), (3), (4) and (5). In the event that the above conditions are not fulfilled (or as the case may be, waived by the Purchaser) on or before 180 days after the date of the Acquisition Agreement or such later date as the Vendor and the Purchaser may agree in writing, the Acquisition Agreement shall cease and determine and neither party shall have any obligations towards each other. The Directors confirm that as at the date of this announcement, none of the above conditions have been fulfilled and the Purchaser has no intention to waive any of the above conditions which are capable of being waived.

As advised by the PRC legal adviser of the Company, there are no governmental or other consents or approvals required to be obtained on the part of the Target JV, the Vendor or the Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereby.

## **Completion**

Completion shall take place on the Completion Date.

Upon Completion, the Target BVI will become a wholly-owned subsidiary of the Company and the financial results of the Target BVI will be consolidated into the consolidated financial statements of the Company.

The Acquisition Agreement does not contain any terms which will render the Vendor and the parties acting in concert with him to be in a position to control the Board by appointing further representatives to the Board upon Completion. Further, the Vendor will at Completion undertake in favour of the Company that he and his associates will not become a controlling shareholder (within the meaning of the GEM Listing Rules) of the Company within 24 months from the Completion Date.

**Since the Acquisition may or may not proceed, investors are advised to exercise caution when dealing in the Shares.**

## **THE CONSIDERATION SHARES**

The Consideration Shares will be issued at the Issue Price of HK\$0.24 per Consideration Share, credited as fully paid. They will be issued to satisfy a portion of HK\$48 million of the entire Consideration. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares will be issued pursuant to the specific mandate to be sought at the EGM and they represent approximately 4.6% of the issued share capital of the Company as at the date of this announcement. As illustrated in the table set out under the paragraph headed “Changes in shareholding structure of the Company” below, the Consideration Shares represent approximately 4.4% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (without taking into account the Conversion Shares to be issued upon conversion of the Convertible Bonds).

The Issue Price represents:

- (i) a premium of approximately 14.8% over the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 14.1% over the average of the closing prices of HK\$0.2104 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

- (iii) a premium of approximately 9.8% over the average of the closing prices of HK\$0.2185 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Consideration Shares will be allotted and issued on the Completion Date.

Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

There is no provision in the Acquisition Agreement which restricts the Vendor from disposing of the Consideration Shares.

### **THE PROMISSORY NOTE**

The Promissory Note will be issued to satisfy a portion of HK\$1,200 million of the entire Consideration. The terms of the Promissory Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK\$1,200 million
Interest	:	0.15% per annum
Maturity	:	5 years from the date of issue
Early repayment	:	The Company could, at its option, repay the Promissory Note with the relevant interests in whole or in part by giving three days' prior written notice to the Vendor. There will not be any premium or discount to the payment obligations under the Promissory Note for any early repayment

### **THE CONVERTIBLE BONDS**

The balance of the Consideration of HK\$797,500,000 will be satisfied by the issue of the Convertible Bonds.

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK\$797,500,000

Conversion Price	:	<p>The Conversion Price of HK\$0.24 per Share represents:</p> <ul style="list-style-type: none"> <li>(i) a premium of approximately 14.8% over the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on the Last Trading Day;</li> <li>(ii) a premium of approximately 14.1% over the average of the closing prices of HK\$0.2104 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and</li> <li>(iii) a premium of approximately 9.8% over the average of the closing prices of HK\$0.2185 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.</li> </ul> <p>The Conversion Shares will be issued at an initial Conversion Price of HK\$0.24 per Conversion Share, subject to adjustment upon the occurrence of capitalisation of profits and reserves, rights issue, subdivision of Shares, consolidation of share or reduction of share capital or other changes (including issuance of convertible securities, warrants or options to subscribe for the Company's securities) to the share capital structure, which adjustments shall be certified in writing by the auditor of the Company or an approved merchant bank in such manner as it considers that the interests of both the Company and the Bondholder(s) are fairly and reasonably reflected</p>
Interest	:	Interest free
Transferability	:	the Convertible Bonds may be transferred or assigned in whole or in part by the Bondholder(s) to any person or company provided that (i) where such transfer is made to a connected person of the Company, such transfer shall comply with the requirements (if any) of the Stock Exchange and (ii) prior written consent of the Company is obtained
Maturity date	:	5 years from the date of issue
Conversion rights	:	The Bondholder(s) may convert the whole or part (in multiples of HK\$100,000) of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the maturity date.

The Bondholder(s) shall have the right to convert the Convertible Bonds, in whole or in part, at any time at the Conversion Price set out above provided that:

- (i) no conversion of the Convertible Bonds shall be made if immediately upon such conversion, the Bondholder and parties acting in concert with it will hold more than 29% (or any other voting right percentage which triggers a mandatory general offer obligation under Rule 26 of the Takeovers Code); and
- (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares of the Company at any one time in compliance with the GEM Listing Rules.

Early redemption	:	Upon occurrence of an event of default set out in the conditions of the Convertible Bonds, including among others, a sufficient number of authorised but unissued Shares is not available for the fulfillment of the obligations regarding the conversion of the Convertible Bonds, a breach of the provisions of the Convertible Bonds, breach of major terms of the Acquisition Agreement and dissolution or winding up of the Company, the Bondholder(s) may give written notice to the Company that the Convertible Bonds are immediately due and repayable. Upon any such notice being given to the Company, the Convertible Bonds will become due and repayable on the business day falling the seventh business day from the date of such notice at their principal amount
Ranking of the Conversion Shares	:	The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares
Ranking of the Convertible Bonds	:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu and ratably without preference among themselves, and with other current and future unsubordinated and unsecured obligations of the Company
Voting	:	The Convertible Bonds do not confer any voting rights at any meetings of the Company

Public float : The Company, at all times, shall use its reasonable endeavours to ensure that the relevant provisions as to the minimum public float requirement of the GEM Listing Rules are complied with. It will be a term of the Convertible Bonds that the Bondholder shall not exercise any of the conversion rights attaching to the Convertible Bonds, if following such exercise, the Company's minimum public float cannot be maintained.

The Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to the current market price of the Shares and the terms of the Convertible Bonds. The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The issue of the Conversion Shares will be made pursuant to the specific mandate to be sought at the EGM. As illustrated in the table set out under the paragraph headed "Changes in shareholding structure of the Company" below and based on the assumptions set out therein, the number of Conversion Shares issuable under the Convertible Bonds is 3,322,916,666 if the initial Conversion Price of HK\$0.24 per Conversion Share is not adjusted. The 3,322,916,666 Conversion Shares represent (i) approximately 76.8% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 42.3% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.

## INFORMATION OF THE TARGET GROUP

The Target BVI is a company incorporated in the BVI and is wholly and beneficially owned by the Vendor. The Target BVI is principally engaged in investment holding. The sole asset of the Target BVI is the entire issued capital of the Target HK, which is an investment holding company and owns 51% of the registered and paid up capital of the Target JV.

The current business scope of the Target JV includes development of computer software, hardware and application system, sale of self-developed technology or results and provision of relevant technical consultancy services.

The Target JV was originally owned as to 63% and 37% by two Independent Third Parties ("**Original Target JV Shareholders**"). As advised by the Vendor, the Original Target JV Shareholders are independent from and not connected to the Vendor. The then registered capital and paid up capital of the Target JV were RMB20 million (equivalent to approximately HK\$22.7 million). At the time when the Original Target JV Shareholders approached the Vendor in the end of 2009, the Target JV

was a non-state-owned enterprise which sought for investors. At that time, the Vendor had, at the first instance, referred such investment to the Group. As the Original Target JV Shareholders required the investment into the Target JV by cash of not less than RMB20 million, while the cash level of the Company at that time was not strong, the Company therefore declined the invitation to make investment in the Target JV.

After the Company making the above decision, taken into account of the business potential of the Target JV, the Vendor then considered the potential investment in the Target JV as his personal investment at the outset. After various discussions and negotiations, the consideration for subscription of 51% interest in the Target JV was then determined on an arm's length basis after commercial negotiation between the Vendor and the Original Target JV Shareholders in January 2010 with reference to (i) the necessity of working capital for the Target JV's business operation and development in a relatively short timeframe; and (ii) the then financial track record of the Target JV. No valuation was performed at the time when the Vendor entered into the investment agreement because it was not requested by either the Vendor or the Original Target JV Shareholders. Since then, the Vendor continued to review the business prospect of the Target JV and perform various due diligence works on the Target JV. As the Vendor was generally satisfied with the results of the due diligence review on the assets, liabilities, operations, and the feasibility of the business plan of the Target JV, Target HK then entered into the Investment Agreement in early March 2010, and further into the Subscription Agreement in April 2010 with the Existing Target JV Shareholders, pursuant to which the Target HK agreed to contribute RMB20.81 million (equivalent to approximately HK\$23.6 million) to obtain 51% interest in the Target JV. The consideration for Vendor's subscription of 51% interest in the Target JV was determined in January 2010, and the date of the Subscription Agreement only represents the time when the formal agreement was signed.

After the consideration for the Vendor's subscription was determined in January 2010 and up to the date of the Acquisition Agreement, the Vendor took steps to conduct various due diligence works on the Target JV to review its assets, liabilities, operations and the feasibility of the business plan of the Target JV, including (i) review of various cooperation agreements entered into by the Target JV; (ii) review the financial results of the Target Group; (iii) appoint PRC legal adviser to give opinions on the legality of the Target JV, the business licence and permit required by the Target JV and the legality of the cooperation agreements signed by the Target JV; (iv) interview the management of the Target JV; and (v) interview certain parties that entered into the cooperation agreements with the Target JV, etc. According to the capital verification report, the Vendor had made capital contribution of RMB5.0 million to the Target JV on 27 April 2010 as part of the subscription consideration. The new business licence for the Target JV with the increased registered capital approved was issued on 29 April 2010. Up to the date of the Acquisition Agreement on 13 May 2010, the obligation of the Vendor to pay the outstanding registered capital of the Target JV of RMB15.81 million has not been settled. On 23 June 2010, the Vendor made another capital contribution of RMB5.0 million to the Target JV as part of the subscription consideration. According to the Subscription Agreement entered into by the Original Target JV Shareholders and the Target HK, the outstanding registered capital of the Target JV of RMB10.81 million has to be paid by the Target HK on or before 20 December 2010. However, the Vendor has agreed to settle such outstanding registered capital on behalf of the Target HK on or before Completion. After entering into the said Subscription Agreement by the Target HK and the Original

Target JV Shareholders, the Vendor began to look for potential investors for the Target JV. The Vendor then approached the Group (among other potential investors) to see if they were interested in investing in the Target Group. The Vendor then provided the information of the Target JV to the Group in April 2010, including the results of due diligence works conducted by the Vendor.

After assessing the information on the Target JV, although the Target JV recorded losses in past and was in net liability position prior to the capital contribution of RMB5.0 million by the Vendor, the Board is of the view that the Target JV is with business potential given that (i) the Target JV has secured a number of contracts with relevant lottery issuing organizations, (ii) the Target JV has sufficient operating capital to continue and develop its business after the capital contribution by the Vendor (including the outstanding registered capital of RMB15.81 million to be contributed by the Vendor before the Completion); and (iii) the continuous growth of the PRC lottery market. It is agreed between the Vendor and the Group to determine the consideration with reference to the preliminary valuation performed by an independent valuer, as the Board and the Vendor consider it as the most independent available way to determine the Consideration, in particular, the Target JV has limited track record and independent valuation can better reflect the business potential of the Target JV and the market potential of the lottery industry in the PRC. The determination of the Consideration with reference to the independent valuation was agreed by the Vendor and the Group with a view to provide a fair basis to determine the value of the Target JV. After the results of the preliminary valuation are known, the Company proposed to the Vendor to acquire the interests of the Target JV from the Vendor with consideration partially settled by cash and partially settled by consideration shares, promissory note and/or convertible bonds. After commercial negotiations between the Vendor and the Company on an arm's length basis, both parties then agreed to enter into the Acquisition Agreement in mid May 2010.

The Board has noticed the estimate cost incurred by the Vendor for the Target Group which amounted to approximately HK\$36 million (including the capital contribution made and to be made by the Vendor (on behalf of the Target HK) to the Target JV of RMB20.81 million (equivalent to approximately HK\$22.8 million) and a professional fee to technical consultants of HK\$13 million). The Directors are of the view that the investment in the Target JV by the Vendor is a separate transaction and such investment figure only forms one of the various criteria considered by them. As disclosed in the section headed "Reasons for and benefits of the Acquisition" below, the Target JV signed a new cooperation agreement with Tianjin Welfare Lottery Issuing Center in May 2010, in which the Target JV agreed to provide value-added operation software system for lottery sales through mobile phone networks. The Board considers this new cooperation agreement with Tianjin Welfare Lottery Issuing Center together with the other contracts entered into with relevant lottery issuing organisations demonstrates the ability of the Target JV to develop its business and the continuous effort made by the management of the Target JV to foster and build up its business in the lottery related industry. With the ability to expand its business, the Board believes the Target JV has good market potential, which was one of the assessing criteria when determining the Consideration. Besides, the Group has engaged Norton to conduct valuation on the updated value of the Target JV and conducted interview with Norton to understand the assumptions and basis of the preliminary valuation of the Target JV. In addition, the Group has appointed an independent organisation to conduct independent researches to further understand the trends and prospects of the lottery industry in the PRC.

The Board has reviewed the results of all the diligence works conducted by the Vendor when considering the Acquisition. With the support of the satisfactory due diligence results done by each of the Vendor and the Group, and given that (i) the Consideration was arrived at after commercial negotiations which based on the preliminary valuation made by independent valuer; (ii) the future business and growth potential of the Target JV; and (iii) the Consideration of HK\$2,112.5 million represents at least 14.8% discount to preliminary 51% valuation of the Target JV of RMB4,280 million (equivalent to approximately HK\$4,863.6 million), the Board (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) is of the view that the Consideration is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

The Target JV is owned as to 51% by the Target HK, and as to 30.87% and 18.13% by the Original Target JV Shareholders respectively. Subsequent to the subscription of the Target JV by the Target HK, the paid-up registered capital and total investment amount of the Target JV are RMB40.81 million (equivalent to approximately HK\$46.4 million) and RMB59 million (equivalent to approximately HK\$67 million) respectively. Save for the entire interest in the Target HK and 51% interest in the Target JV, the Target BVI did not have other material assets and properties as at the date of this announcement. Ms. Wu Wei Hua, an executive Director, is a director of the Target JV.

The Target JV, a professional company specialised in the provision of innovative sales channel technical service and operation service of lottery sales to lottery issue centres in the PRC, has accumulated extensive experiences in innovative sales channel development and operation service of lottery sales. The Target JV has developed various innovative sales systems and software including lottery sales through mobile phone networks, short-message-services of mobile phones, and interactive voice response system of telephones as well as lottery sales through banks' automatic-teller machines, self-service terminals, digital televisions ("DTV"), internet protocol television, and mobile terminals. The customers of the Target JV applied the innovative sales channel software developed by the Target JV for the acceptance of the lottery sales from public whereby the Target JV will receive service income from its customers in proportion to the amount of acceptance of the lottery sales through the relevant innovative sales channels. The major customers of the Target JV are disclosed in the paragraph headed "Cooperation agreements on innovative lottery sales channels" below. Given that the Target JV is principally engaged in software development, the Target JV does not have major suppliers.

As the Target JV relies on the software developed by it to generate income, the Target JV obtained a number of intellectual property rights including "Software Copyright Registration Certificates" (軟件著作權登記證書), "Software Product Registration Certificates"(軟件產品登記證書) and "Patent Certificates"(專利證書) for certain systems and software developed by it.

The Target JV currently owns eight copyrights on computer software registered in the National Copyright Administration of the PRC (中國國家版權局), and owns six software products registration certificates issued by the Shenzhen Science and Information Bureau (深圳市科技和信息局). Besides, the Target JV obtained an outward appearance patent authorized by the State Intellectual Property Office of the PRC (國家知識產權局) named as "desktop intelligent lottery sales terminal (桌面智能彩票銷售終端 (MT2006))".

It was crucial for the Target JV to utilize the intellectual property rights and copyrights related to the lottery sales system and software developed by it to provide the innovative lottery sales channel services to its customers.

In addition, the Target JV obtained a Software Enterprise Verification Certificate (軟件企業認定證書) from the Shenzhen Science and Information Bureau, an Advanced Technology Enterprises Certificate (高新技術企業證書) and an ISO Certificate (國際標準認證證書) (ISO 9001:2000) on 30 March 2008, 31 December 2009 and 26 September 2008, respectively.

As advised by the PRC legal adviser of the Company, the Target JV is a developer of software systems and a technical service provider for sale of lottery, which does not require any specific licence or permit in the PRC other than its business licence.

According to the unaudited financial statements of the Target BVI prepared under the Hong Kong Financial Reporting Standards, the unaudited consolidated net loss of the Target BVI from 4 January 2010 (being its incorporation date) to 30 April 2010 was approximately HK\$10,600 and the unaudited consolidated net liabilities of the Target BVI as at 30 April 2010 was approximately HK\$10,592.

According to the unaudited financial statements of the Target HK prepared under the Hong Kong Financial Reporting Standards, the unaudited net loss of the Target HK from 8 June 2009 (being its incorporation date) to 30 April 2010 was HK\$82,236 and the unaudited net liabilities of the Target HK as at 30 April 2010 was approximately HK\$82,235.

According to the audited financial statements of the Target JV prepared under the PRC GAAP, the audited net loss of the Target JV for the two years ended 31 December 2009 was approximately RMB7.2 million (equivalent to approximately HK\$8.2 million) and RMB5.7 million (equivalent to approximately HK\$6.5 million) respectively, and the audited net liabilities of the Target JV as at 31 December 2009 was approximately RMB10.6 million. A valuation report on the value of the Target JV will also be included in the Circular to be despatched to the Shareholders.

The cost of the Target Group to the Vendor up to Completion is estimated by the Vendor to be about HK\$36 million (including the capital contribution made and to be made by the Vendor (on behalf of the Target HK) to the Target JV of RMB20.81 million (equivalent to approximately HK\$22.8 million) and a professional fee to technical consultants of HK\$13 million).

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the issue of the Consideration Shares; and (iii) immediately after the issue of the Consideration Shares and the exercise of the Convertible Bonds (up to the conversion restriction of 29% and in full) are as follows:

Shareholders	As at the date of this announcement		Immediately after the issue of the Consideration Shares		Immediately after the issue of the Consideration Shares and the exercise of the Convertible Bonds up to the conversion restriction of 29% (Note 2)		Immediately after the issue of the Consideration Shares and the exercise of the Convertible Bonds in full (Note 4)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Leung and parties acting in concert with him								
Existing Shares (Note 1)	704,089,400	16.27	704,089,400	15.55	704,089,400	13.80	704,089,400	8.97
Consideration Shares to be issued	–	–	200,000,000	4.42	200,000,000	3.92	200,000,000	2.55
Shares to be issued after the exercise of the Convertible Bonds (Note 2)	–	–	–	–	575,758,481	11.28	3,322,916,666	42.33
Sub-total	704,089,400	16.27	904,089,400	19.97	1,479,847,881	29.00	4,227,006,066	53.85
Mr. Ng Kwok Chu, Winfield (Note 3)	472,500	0.01	472,500	0.01	472,500	0.01	472,500	0.01
Public Shareholders	3,622,603,347	83.72	3,622,603,347	80.02	3,622,603,347	70.99	3,622,603,347	46.14
<b>Total</b>	<b><u>4,327,165,247</u></b>	<b><u>100.00</u></b>	<b><u>4,527,165,247</u></b>	<b><u>100.00</u></b>	<b><u>5,102,923,728</u></b>	<b><u>100.00</u></b>	<b><u>7,850,081,913</u></b>	<b><u>100.00</u></b>

Notes:

1. Mr. Leung is an executive Director. Out of 704,089,400 Shares held by Mr. Leung, 1,474,400 Shares are held by Speedy Well Investments Limited which is wholly and beneficially owned by Mr. Leung.
2. Pursuant to the terms of the Convertible Bonds, the Bondholder and parties acting in concert with it cannot hold more than 29% of the issued share capital of the Company as a result of conversion of the Convertible Bonds.

3. Mr. Ng Kwok Chu, Winfield is an executive Director.
4. This column is shown for illustration purpose only and it will never occur as Mr. Leung and his concert parties cannot hold more than 29% of the issued share capital of the Company as a result of conversion of the Convertible Bonds.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the sales of computer software and hardware as well as exploration of mining resources business in the PRC. The Group has been seeking suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden its source of income. In this regard, the Directors believe that the Acquisition will provide an opportunity for the Group to gain access to the promising innovative sales channel services of lottery business and welfare lottery market in the PRC and broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future. After completion of the Acquisition, the Company does not intend to have any significant changes to the Group's existing business and the Group will continue to engage in the sales of computer software and hardware as well as exploration of mining resources business in the PRC and the Group will continue to explore other business opportunities to strengthen its revenue stream. There will not be any change in board composition as a result of completion of the Acquisition. As at the date hereof, the Company has not entered into and does not intend to enter into any agreement, arrangement, understanding or negotiation on disposal of any group companies, existing business or asset.

### **Cooperation agreements on innovative lottery sales channels**

Before entering into cooperation agreement with the Target JV, respective lottery issuing organizations (i.e. local lottery issuing centres) sell the welfare or sport lottery through traditional or other channels. With the purpose to explore additional revenue through provision of new and innovative sales channels, the respective lottery issuing centres negotiated with the Target JV and entered into different cooperation agreements with the Target JV. Since 2006, the Target JV has signed a number of cooperation agreements regarding innovative sales channel operation services with lottery issuing organizations (i.e. local lottery issuing centres), which includes, Shenzhen Welfare Lottery Issuing Center (深圳市福利彩票發行中心), Guangxi Welfare Lottery Issuing Center (廣西福利彩票發行中心), Chongqing Welfare Lottery Issuing Center (重慶市福利彩票發行中心), Henan Welfare Lottery Issuing Center (河南省福利彩票發行中心) and Tianjin Welfare Lottery Issuing Center (天津市福利彩票發行中心). The Target JV also entered into cooperative agreements or memorandums with various welfare lottery-issuing organizations and socialized public platform organizations (社會化公用平臺機構). Set out below is a summary of the major cooperation agreements entered into by the Target JV as of the date of this announcement:

<b>Major contracting party</b>	<b>Time when agreement was entered into</b>	<b>Contract term</b>	<b>Contracted services</b>	<b>Estimated time for commencement of business operation</b>
1. Shenzhen Welfare Lottery Issuing Center	March 2007 (with supplemental agreement signed in December 2007)	3 years since business operation starts, renewable automatically if both parties agree	Provide value-added operation software systems for lottery sales operating platform and self-service banking terminals, including technical service, update and maintenance	September 2010
2. Shenzhen Welfare Lottery Issuing Center	September 2009	5 years since business operation starts, renewable for 5 years if both parties agree	Provide value-added operation software system for lottery sales through DTV, including technical service, update and maintenance	September 2010
3. Shenzhen Welfare Lottery Issuing Center	June 2008	From 28 July 2008 to 27 July 2011, with the privilege right to renew the contract if both parties agree	Provide value-added operation software system for lottery sales through commercial retail channel agent	started in July 2008
4. Guangxi Welfare Lottery Issuing Center	August 2008	5 years since business operation starts, renewable if all parties agree	Provide value-added operation software system for lottery sales through DTV, including system build-up and operation	September 2010 with a trial period of six months
5. Chongqing Welfare Lottery Issuing Center	March 2009	8 years since business operation starts, renewable for 5 years if both parties agree	Provide value-added operation software system for lottery sales through DTV, including technical service, update and maintenance	started in April 2010 with a trial period of six months

<b>Major contracting party</b>	<b>Time when agreement was entered into</b>	<b>Contract term</b>	<b>Contracted services</b>	<b>Estimated time for commencement of business operation</b>
6. Chongqing Welfare Lottery Issuing Center	July 2009	8 years since business operation starts, renewable for 5 years if both parties agree	Provide software system and technical service for Chongqing welfare lottery sales through mobile phone project	started in April 2010 with a trial period of 180 days
7. Chongqing Welfare Lottery Issuing Center	November 2008	5 years since business operation starts, renewable for 5 years if both parties agree	Provide value-added operation software system for lottery sales through commercial retail channel agent	started in April 2010
8. Henan Welfare Lottery Issuing Center	November 2007	3 years since business operation starts	Provide software system and technical service for Henan welfare lottery sales through mobile phone project	January 2011
9. Tianjin Welfare Lottery Issuing Center	May 2010	From 7 May 2010 to 31 July 2012	Provide software system and technical service for Tianjin welfare lottery sales through mobile phone project	July 2010
10. Shan Dong Hong Tu Technology Co., Ltd	November 2009	3 years since 2 November 2009	Provide a self-developed online lottery sales operating platform – “Touzhubao”, including technical service, update and maintenance	July 2010

Pursuant to the cooperation agreements, the Target JV was authorized to utilize the lottery sales system and software developed by it to provide the innovative sales channel technologies in Shenzhen municipal, Guangxi, Chongqing municipal, Henan province and Tianjin municipal respectively and to provide sales channel operation services in respect of DTV welfare lottery sales, mobile phone welfare lottery sales, commercial retail channel agent welfare lottery sales and self-service banking equipment welfare lottery sales to the relevant welfare lottery issuing centers for a renewable term of three to eight years from the time of business operation starts in the aforesaid regions. (The Target JV has provided technical services and sales operation services to Chongqing Welfare Lottery Issuing Center, the first PRC city operating DTV lottery sales system).

Under the cooperation agreements, the Target JV will charge the respective lottery issuing center a service fee based on the scope of services provided (provision of lottery sales system software) and such fees will be calculated based on a fixed percentage of the income from sales of lottery by the respective lottery issuing center. The service fee represent the charges related to the provision of lottery sales system software for the aforementioned innovative sales channels, technical maintenance services as well as sales operation services by the Target JV to the welfare lottery issuing center and cooperative third party (if any) in the PRC. The service fee in general will be paid monthly or quarterly by the respective welfare lottery issuing center to the Target JV and cooperative third party (if any) in the PRC.

### **The welfare lottery market in the PRC**

The lottery sector is strictly regulated by the PRC government which currently intends to tighten regulations against illegal gambling activities in the PRC. Currently, the welfare lottery market is regulated by various authorities in the PRC and the Target JV is one of the welfare lottery service providers to provide development and maintenance of software systems relating to innovative sales channel services to welfare lottery issuing centres administered by the China Welfare Lottery Issuing Center (中國福利彩票發行管理中心) in the PRC.

The consumer spending and gross domestic products per capita in the PRC have been demonstrating an increasing trend in recent years and it is expected that the PRC citizens will increase its spending on welfare lottery entertainment accordingly. According to the statistics released by the Ministry of Finance of the PRC, the total revenue generated from the lottery business in the PRC was approximately RMB106.01 billion and RMB132.48 billion in 2008 and 2009 respectively, representing an increase of approximately 25%, among which, revenue generated by welfare lottery business has increased from RMB60.40 billion in 2008 to RMB75.61 billion in 2009, representing an increase of approximately 25.2%. Such considerable growth corresponded with the growth of the PRC's gross domestic products of approximately 8.7% as quoted on National Bureau of Statistics of China (中國國家統計局) for the same period.

In addition, taking into account the increase in popularity and penetration of digital televisions and mobile phones in the PRC, related innovative sales channel services for welfare lottery users also presents numerous business opportunities. Given the rising popularity of both of the lottery market and demand for innovative sales channel services from lottery users in the PRC, the Directors are optimistic about the prospect of the Target JV despite its current loss-making position.

Taking into account the above reasons and benefits of the Acquisition, the Directors believe that the Acquisition would enhance the future growth and profitability of the Group, and the Board (excluding the independent non-executive Directors whose view will be rendered upon receiving the advice of the independent financial adviser) is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION OF THE ACQUISITION UNDER THE GEM LISTING RULES**

The Vendor is a connected person by virtue of him being a Director and a substantial Shareholder holding approximately 16.27% of the issued share capital of the Company as at the date of this announcement. As such, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Acquisition also constitutes a very substantial acquisition on the part of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Acquisition Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. In accordance with the GEM Listing Rules, the Vendor and his respective associates will abstain from voting on the resolution to approve the Acquisition and any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

The Vendor has abstained from voting on the board resolutions approving the Acquisition.

The Independent Board Committee will be established to consider the Acquisition and to advise the Independent Shareholders in relation to the terms of the Acquisition and on how to vote. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Acquisition.

## **GENERAL INFORMATION**

The Circular containing, among other matters, further details of the Acquisition, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and a notice convening the EGM, will be despatched to the Shareholders. Since additional time will be required by the reporting accountants and valuer for preparation of the accountants' report of the Target Group and the valuation report of the Target JV respectively, the Company expects that the Circular will be despatched on or before 30 July 2010.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 May 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 25 June 2010.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Share pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 13 May 2010 and entered into between the Purchaser and the Vendor in respect of the Acquisition
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“business day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Circular”	the circular to be issued by the Company in relation to the Acquisition
“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 GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date of Completion, being the date falling three business days after all the conditions of the Acquisition Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$2,112.5 million

“Consideration Shares”	up to 200,000,000 new Shares to be allotted and issued by the Company at the Issue Price as partial Consideration
“Conversion Price”	the issue price of HK\$0.24 per Conversion Share as agreed between the Vendor and the Purchaser
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$797.5 million to be issued by the Company in favour of the Vendor as partial Consideration
“Deposit”	the initial deposit of HK\$67 million paid by the Purchaser to the Vendor on the date of the Acquisition Agreement, as partial Consideration
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder
“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
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders other than the Vendor and his associates
“Independent Third Party”	a person who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons

“Investment Agreement”	the agreement dated 7 March 2010 and entered into between the Original Target JV Shareholders and the Target HK in respect of the proposed investment in the Target JV by the Target HK
“Issue Price”	the issue price of HK\$0.24 per Consideration Share as agreed between the Vendor and the Purchaser
“Last Trading Day”	13 May 2010, being the last trading day for the Shares before the date of this announcement
“Mr. Leung” or “Vendor”	Mr. Leung Ngai Man, an executive Director
“parties acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	promissory note in the principal amount of HK\$1,200 million to be executed by the Company in favour of the Vendor for the purpose of settling part of the Consideration
“Purchaser”	Easywin International Holdings Limited (順風國際控股有限公司), a company incorporated in BVI and a wholly-owned subsidiary of the Company and the purchaser named under the Acquisition Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one ordinary share having a nominal value of US\$1 in the issued share capital of the Target BVI, representing the entire issued share capital of the Target BVI
“Subscription Agreement”	the agreement dated 13 April 2010 and entered into between the Original Target JV Shareholders and the Target HK in respect of the acquisition of 51% interest in the Target JV by the Target HK, which was amended by a supplement agreement dated 13 April 2010
“Share(s)”	ordinary share(s) 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
“Takeovers Code”	Code on Takeovers and Mergers
“Target BVI”	Pearl Sharp Limited (寶光有限公司), a company incorporated in the BVI, and as at the date of this announcement, wholly and beneficially owned by the Vendor
“Target HK”	Greatest Profit Investment Limited (信陞投資有限公司), a company incorporated in Hong Kong and as at the date of this announcement, wholly and beneficially owned by the Target BVI
“Target Group”	collectively, the Target BVI, the Target HK and the Target JV
“Target JV”	深圳環彩普達科技有限公司 (Shenzhen Huancai Puda Technology Company Limited, being its unofficial English name), an equity joint venture established under the PRC laws on 9 November 2006, and as at the date of this announcement, owned as to 51% by the Target HK and 49% by two Independent Third Parties
“US\$”	United States dollar, being the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB0.88 to HK\$1.

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

Hong Kong, 24 June 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: (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 7 days from the date of its publication and on the Company’s website at [www.cmr8071.com](http://www.cmr8071.com).*