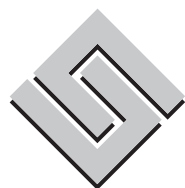

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Metal Resources Holdings Limited** (“**Company**”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) take no responsibility for the contents of this circular, 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 circular.

This circular, for which the directors of the Company (“**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange 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: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



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)

DISCLOSEABLE TRANSACTION: DISPOSAL OF PROPERTY

8 January 2009

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	3
The Provisional Sale and Purchase Agreement	4
Lease back of the Property	5
Reasons for and benefits of the Disposal	5
Financial effects of the Disposal	5
Discloseable transaction	5
Additional information	6
APPENDIX – GENERAL INFORMATION	7

DEFINITIONS

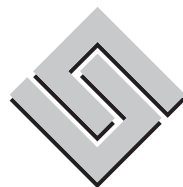
In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	China Metal Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM
“Consideration”	HK\$12,775,000 that the Purchaser has to pay to Richtop for its purchase of the Property
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by Richtop to the Purchaser on and subject to the terms and conditions of the Provisional Sale and Purchase Agreement or, when subsequently entered into, the Formal Sale and Purchase Agreement
“Formal Sale and Purchase Agreement”	the formal agreement for sale and purchase for the Disposal is expected to be entered into between Richtop as vendor and the Purchaser as purchaser on or before 8 January 2009
“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 from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is (i) not a connected person of the Company and (ii) independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Latest Practicable Date”	6 January 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular

DEFINITIONS

“Property”	the office unit 1006 (Unit 6), 10th Floor, Tower One Lippo Centre, No. 89 Queensway, Hong Kong
“Provisional Sale and Purchase Agreement”	the provisional agreement for sale and purchase for the Disposal entered into between Richtop as vendor and the Purchaser as purchaser on 16 December 2008
“Purchaser”	Hua Hong Trading Company Limited, the purchaser of the Property under the Disposal
“Richtop”	Richtop Holdings Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Leung Ngai Man (*Chairman*)

Mr. Ng Kwok Chu, Winfield

Ms. Wu Wei Hua

Independent non-executive Directors:

Dr. Leung Wai Cheung

Mr. Chan Sing Fai

Mr. Liu Jia Qing

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit 1006, 10th Floor

Tower One Lippo Centre

No. 89 Queensway

Hong Kong

8 January 2009

*To the Shareholders and, for information only,
the holders of options and convertible bonds of the Company*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION: DISPOSAL OF PROPERTY

INTRODUCTION

On 18 December 2008, the Company announced that on 16 December 2008, Richtop, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser for the Disposal by Richtop of the Property.

The purpose of this circular is to provide you with further information regarding the Disposal and other relevant information.

LETTER FROM THE BOARD

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

1. Parties

Vendor: Richtop, a wholly-owned subsidiary of the Company

Purchaser: The Purchaser is a company incorporated in Hong Kong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the Purchaser is principally engaged in property investment and (ii) each of the Purchaser and its ultimate beneficial owner is an Independent Third Party. The Company does not have any transactions with the Purchaser prior to the Disposal.

2. Property to be disposed

The office unit 1006 (Unit 6), 10th Floor, Tower One Lippo Centre, No. 89 Queensway, Hong Kong. The Property is an office premises used by the Group.

3. Consideration

The Consideration is HK\$12,775,000, and its terms of payment are as follows:

- (1) a sum of HK\$600,000 was paid as deposit and part payment of the Consideration upon signing of the Provisional Sale and Purchase Agreement on 16 December 2008;
- (2) a further sum of HK\$677,500 shall be paid as a further deposit and part payment of the Consideration upon signing of the Formal Sale and Purchase Agreement on or before 8 January 2009; and
- (3) HK\$11,497,500, representing the balance of the Consideration, shall be paid on completion which shall take place on or before 27 February 2009.

The Consideration was determined after arm's length negotiations between Richtop and the Purchaser with reference to the prevailing market value of other office premises of comparable size and quality in the area where the Property is located provided by the estate agent.

As at the Latest Practicable Date, there were no deposits paid save for the first deposit of HK\$600,000.

LETTER FROM THE BOARD

4. Signing of the Formal Sale and Purchase Agreement and completion

The Formal Sale and Purchase Agreement embodying the principal terms of the Provisional Sale and Purchase Agreement and such other terms as shall be agreed between the parties is expected to be signed on or before 8 January 2009. As at the Latest Practicable Date, the Formal Sale and Purchase Agreement has not been entered into.

LEASE BACK OF THE PROPERTY

Upon completion of the Disposal, Richtop will lease back the Property which is currently occupied by the Group as its principal place of business in Hong Kong for a period of two years commencing from the date of completion for a monthly rental of HK\$54,250 exclusive of rates, management fees and other outgoings. The rental was determined after arm's length negotiations between the parties with reference to the rental of similar properties in the same vicinity.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in staff secondment and system integration, trading of hardware and software, exploration, mining and refining mineral resources businesses. The Property was acquired by the Group in 2007 at HK\$17,200,000. A loss of HK\$4,425,000 will be resulted from the Disposal, with reference to the purchase price paid by the Group when acquiring the Property in 2007. However, due to the recent global economic environment and the volatility of the property market, the Directors considered that it is appropriate to dispose of the Property in order to provide additional working capital to the Group. The net proceeds from the Disposal will be used for general working capital of the Group.

As the Property will be leased back to the Group, any unnecessary interruption to the Group's business will be minimised.

The Directors are of the view that the Disposal is on normal commercial terms and are fair and reasonable to and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal will increase the amount of cash held by the Group by the amount of the net proceeds received from the Disposal while monthly rental expenses will be incurred for the lease back of the Property. The Directors considered that the Disposal will have no material impact on the consolidated liabilities and earnings of the Group.

DISCLOSEABLE TRANSACTION

The Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares (“Shares”), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they deemed or taken to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rule 5.46 of the GEM Listing Rules relating to the securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity	Interest in the Shares	Interest in the underlying Shares	Approximate percentage of the issued share capital
Mr. Leung Ngai Man (“Mr. Leung”)	Beneficial owner	17,150,000	–	0.61%
	Interest of controlled corporation	31,474,400 (Note 1)	–	1.13%
	Other	1,249,675,000 (Note 2)	–	44.69%
Mr. Ng Kwok Chu, Winfield	Beneficial owner	472,500	10,000,000 (Note 3)	0.37%
Ms. Wu Wei Hua	Beneficial owner	–	10,000,000 (Note 4)	0.36%
Mr. Liu Jia Qing	Beneficial owner	–	1,250,000 (Note 5)	0.04%

Notes:

- (1) These Shares were held by Speedy Well Investments Limited (“**Speedy Well**”) which was wholly and beneficially owned by Mr. Leung. By virtue of the SFO, Mr. Leung was deemed to be interested in the Shares held by Speedy Well.
- (2) These Shares consisted of (i) 580,000,000 Shares and (ii) 669,675,000 convertible bonds, which were both pledged by Mr. Leung to Kingston Finance Limited (“**Kingston**”) pursuant to (1) a share charge agreement dated 17 December 2008 and (2) a loan agreement and memorandum dated 17 December 2008, entered into between Mr. Leung and Kingston.
- (3) On 10 July 2008, Mr. Ng Kwok Chu, Winfield, was granted share options, pursuant to the share option scheme adopted by the Company on 29 June 2007 (“**Share Option Scheme**”) to subscribe for a total of 20,000,000 shares at an exercise price of HK\$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the consolidation of every two shares in the issued and unissued share capital of the Company into one consolidated share of HK\$0.001 each which became effective on 21 October 2008 (“**Share Consolidation**”), the relevant subscription price was adjusted from HK\$0.1328 to HK\$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 20,000,000 shares to 10,000,000 Shares.
- (4) On 10 July 2008, Ms. Wu Wei Hua was granted share options, pursuant to the Share Option Scheme to subscribe for a total of 20,000,000 shares at an exercise price of HK\$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the Share Consolidation, the relevant subscription price was adjusted from HK\$0.1328 to HK\$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 20,000,000 shares to 10,000,000 Shares.
- (5) On 10 July 2008, Mr. Liu Jia Qing was granted share options, pursuant to the Share Option Scheme to subscribe for a total of 2,500,000 shares at an exercise price of HK\$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the Share Consolidation, the relevant subscription price was adjusted from HK\$0.1328 to HK\$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 2,500,000 shares to 1,250,000 Shares.
- (6) The total issued share capital of the Company as at the Latest Practicable Date consisted of 2,796,500,247 Shares.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors (or their associates) and the chief executive of the Company had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they deemed or taken to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rule 5.46 of the GEM Listing Rules relating to the securities transactions by Directors, to be notified to the Company and the Stock Exchange.

Directors' service contracts

As at the Latest Practicable Date, none of the Directors had entered into or was proposing to enter into a service contract with the Company or any other members of the Group which was not determinable by the Company and any of its subsidiaries (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

Competing interest

As at the Latest Practicable Date, none of the Directors, the management Shareholders or substantial Shareholders or any of their respective associates was interested in any business, apart from the business of the Group, which competed or might compete, either directly or indirectly, with that of the Group.

3. DISCLOSABLE INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the persons or companies, other than a Director whose interest is disclosed under the paragraph headed "Disclosure of interests by Directors" in this appendix, who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

(a) Long position in the Shares and underlying Shares

Name of Shareholder	Capacity	Number of Shares and underlying Shares held	Approximate percentage of issued share capital
Chu Yuet Wah	Interest of controlled corporations	1,249,675,001 (Notes 1 and 2)	44.68%
Ma Siu Fong	Interest of controlled corporations	1,249,675,001 (Notes 1 and 2)	44.68%
Kingston	Person having a security interest in Shares	1,249,675,000 (Note 2)	44.68%
北京中冶投資有限公司 (Beijing China Metallurgy Investment Limited) (Note 4)	Beneficial owner	180,000,000 (Note 3)	5.37%

Notes:

- (1) These Shares consisted of (a) 1,249,675,000 Shares deemed to be held by Kingston which is a company owned by Chu Yuet Wah as to 51% and Ma Siu Fong as to 49% and (b) 1 Share held by Kingston Securities Limited which is owned by Chu Yuet Wah as to 51% and Ma Siu Fong as to 49%.
- (2) These Shares consisted of (i) 580,000,000 Shares and (ii) 669,675,000 convertible bonds, which were both pledged by Mr. Leung to Kingston pursuant to (1) a share charge agreement dated 17 December 2008 and (2) a loan agreement and memorandum dated 17 December 2008, entered into between Mr. Leung and Kingston.
- (3) These shares, which shall be equal to 90,000,000 Shares as a result of the Share Consolidation, were subscribed by Beijing China Metallurgy Investment Limited pursuant to the subscription agreement dated 12 September 2008 entered into between the Company and Beijing China Metallurgy Investment Limited (as supplemented by the supplemental agreement dated 16 September 2008) as announced by the Company on 17 September 2008.
- (4) Beijing China Metallurgy Investment Limited is the unofficial English translation of 北京中冶投資有限公司.

(b) Substantial shareholder of a member of the Group

As at the Latest Practicable Date, so far as was known to or can be ascertained after reasonable enquiry by the Directors, the following entity was, either directly or indirectly, interested in shares representing 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a member of the Group

Name of member of the Group	Name of shareholder	Capacity	Registered capital	Approximate percentage of issued share capital
雲南西部礦業有限公司 (Yunnan Xibu Mining Company Limited) (Note 1)	雲南省核工業 209地質大隊 (Geological Brigade 209 of the Nuclear Industry of Yunnan Province) (Note 2)	Beneficial owner	Registered capital of US\$602,000	20%

Notes:

- (1) Yunnan Xibu Mining Company Limited is the unofficial English translation of 雲南西部礦業有限公司.
- (2) Geological Brigade 209 of the Nuclear Industry of Yunnan Province is the unofficial English translation of 雲南省核工業209地質大隊.

Save for such interests, the Directors are not aware of any other persons who, as at the Latest Practicable Date, had beneficial interests and short positions in the Shares and underlying Shares (in respect of positions held pursuant to equity derivatives) of the

Company or any member(s) of the Group, which would have to be recorded in the register of interests and short positions of substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance nor there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against either any member of the Group.

5. PROFESSIONAL QUALIFICATIONS

- (a) The company secretary of the Company is Ms. Man Tsz Sai Lavender. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (b) The qualified accountant of the Company is Ms. So Wai Yee Betty. She is an associate member of Hong Kong Institute of Certified Public Accountants.
- (c) The compliance officer of the Company is Mr. Leung Ngai Man.

6. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. The audit committee comprises three members, namely Dr. Leung Wai Cheung (chairman of the audit committee), Mr. Chan Sing Fai and Mr. Liu Jia Qing, who are all independent non-executive Directors, further details of whom are set out below:

Dr. Leung Wai Cheung, aged 44, is the chief financial officer of FlexSystem Holdings Limited, a company listed on GEM, and an independent non-executive director of Wing Hing International (Holdings) Limited, Sino Prosper Holdings Limited (“Sino Prosper”), Mobicon Group Limited, and Far East Pharmaceutical Technology Company Limited which are companies listed on the Main Board of the Stock Exchange. Dr. Leung is a qualified accountant and chartered secretary with over 22 years of experience in accounting, auditing and financial management. He graduated from Curtin University with a Bachelor of Commerce Degree majoring in accounting and subsequently obtained a Postgraduate Diploma in Corporate Administration and a Master Degree in Professional Accounting from the Hong Kong Polytechnic University, a Doctor of Philosophy Degree in Management from the Empresarial University of Costa Rica and a Doctor of Education Degree from Bulacan State University. He is an associate member of each of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England & Wales, CPA

Australia, The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants. Dr. Leung is also a visiting lecturer of the Open University of Hong Kong (LiPACE) and the Hong Kong University (SPACE).

Mr. Chan Sing Fai, aged 52, has about 25 years' experience in property development and management. He obtained a Master Degree in Business Administration from The Chinese University of Hong Kong in 1981. Mr. Chan is an executive director of China Outdoor Media Group Limited and an independent non-executive director of Sino Prosper which are companies listed on the Main Board of the Stock Exchange.

Mr. Liu Jia Qing, aged 38, graduated from China Central Radio and TV University in the People's Republic of China and obtained a Bachelor Degree in Business Corporate Management. Mr. Liu has more than 15 years of experience in mining, smelting and trading. He has been working in the industry of mining resources development since 1991.

7. GENERAL

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit 1006, 10th Floor, Tower One Lippo Centre, No. 89 Queensway, Hong Kong.
- (c) The Company's branch share registrar in Hong Kong is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.