



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

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INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

HIGHLIGHTS

- The unaudited revenue of the Group for the six months ended 30 June 2009 was approximately HK\$575,000 representing a decrease of approximately 38.63% as compared with that for the corresponding period in 2008.
- The Group recorded an unaudited loss attributable to equity holders of the Company of approximately HK\$30,229,000 for the six months ended 30 June 2009, which was increased by approximately 2.78 times as compared with that for the corresponding period in 2008.
- The unaudited loss per share for loss attributable to equity holders of the Company was approximately HK1.08 cents for the six months ended 30 June 2009.

RESULTS

The board of Directors (“**Board**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and six months ended 30 June 2009 together with the comparative figures for the corresponding periods in 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2009

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue	3	534	161	575	937
Cost of sales		(484)	(138)	(540)	(706)
Gross profit		50	23	35	231
Other revenue		2	9	4	500
Selling and distribution expenses		-	(44)	-	(113)
Administrative expenses		(8,097)	(3,554)	(12,410)	(8,582)
Operating loss		(8,045)	(3,566)	(12,371)	(7,964)
Finance costs	5	(17,962)	-	(17,962)	(34)
Loss before income tax	6	(26,007)	(3,566)	(30,333)	(7,998)
Income tax expense	7	-	-	-	-
Loss for the period		(26,007)	(3,566)	(30,333)	(7,998)
Other comprehensive income, including reclassification adjustments					
Exchange (loss)/gain on translation of financial statements of foreign operations		66	1	(360)	(24)
Total comprehensive income for the period (net of tax)		(25,941)	(3,565)	(30,693)	(8,022)
Loss for the period attributable to:					
Equity holders of the Company		(25,903)	(3,566)	(30,229)	(7,998)
Non-controlling interests		(104)	-	(104)	-
		(26,007)	(3,566)	(30,333)	(7,998)
Total comprehensive income attributable to:					
Equity holders of the Company		(25,837)	(3,565)	(30,589)	(8,022)
Non-controlling interests		(104)	-	(104)	-
		(25,941)	(3,565)	(30,693)	(8,022)
			(restated)		(restated)
Loss per share for loss attributable to equity holders of the Company during the period	8				
- Basic		(HK0.92 cents)	(HK0.29 cents)	(HK1.08 cents)	(HK0.65 cents)
- Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		(Unaudited) 30 June 2009 HK\$'000	(Audited) 31 December 2008 HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	333	392
Goodwill		1,134,000	1,134,000
Other intangible assets		308,231	308,385
		<u>1,442,564</u>	<u>1,442,777</u>
Current assets			
Trade receivables	10	27	114
Prepayments, deposits and other receivables		6,409	6,954
Pledged deposit		206	206
Cash and bank balances		9,697	889
		<u>16,339</u>	<u>8,163</u>
Property classified as held for sale		–	12,597
		<u>16,339</u>	<u>20,760</u>
Current liabilities			
Other payables and accrued expenses		1,743	4,313
		<u>1,743</u>	<u>4,313</u>
Net current assets		<u>14,596</u>	<u>16,447</u>
Total assets less current liabilities		<u>1,457,160</u>	<u>1,459,224</u>
Non-current liabilities			
Convertible bonds	11	63,264	319,150
Deferred tax liabilities		44,257	44,257
		<u>107,521</u>	<u>363,407</u>
Net assets		<u>1,349,639</u>	<u>1,095,817</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	3,424	2,797
Reserves		1,295,651	1,042,352
		<u>1,299,075</u>	<u>1,045,149</u>
Non controlling interests		<u>50,564</u>	<u>50,668</u>
Total equity		<u>1,349,639</u>	<u>1,095,817</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Equity attributable to equity holders of the Company										Non-controlling interests	Total
	Share capital	Share premium account	Capital redemption reserve	Convertible bond equity reserve	Employee compensation reserve	Translation reserve	Warrant reserve	Other reserve	Accumulated losses	Subtotal		
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000		
At 1 January 2008	1,181	122,425	-	-	9,772	(39)	259	-	(44,175)	89,423	-	89,423
Other comprehensive income:												
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(24)	-	-	-	(24)	-	(24)
Loss for the period	-	-	-	-	-	-	-	-	(7,998)	(7,998)	-	(7,998)
Total comprehensive income for the period	-	-	-	-	-	(24)	-	-	(7,998)	(8,022)	-	(8,022)
Exercise of warrants	102	22,602	-	-	-	-	(205)	-	-	22,499	-	22,499
Proceeds from shares issued under share option scheme	5	650	-	-	(185)	-	-	-	-	470	-	470
Share repurchased	(1)	(489)	1	-	-	-	-	-	(1)	(490)	-	(490)
Transactions with equity holders	106	22,763	1	-	(185)	-	(205)	-	(1)	22,479	-	22,479
At 30 June 2008	<u>1,287</u>	<u>145,188*</u>	<u>1*</u>	<u>-</u>	<u>9,587*</u>	<u>(63)*</u>	<u>54*</u>	<u>-</u>	<u>(52,174)*</u>	<u>103,880</u>	<u>-</u>	<u>103,880</u>

* The aggregate amount of these reserve accounts of HK\$102,593,000 (As at 31 December 2007: HK\$88,242,000) is included in the consolidated reserves in the consolidated balance sheet.

	Equity attributable to equity holders of the Company										Non-	Total
	Share capital (unaudited) HK\$'000	Share premium	Capital redemption	Convertible bond	Employee equity	Translation	Warrant	Other	Accumulated	Subtotal	controlling interests (unaudited) HK\$'000	
		account	reserve	reserve	reserve	reserve	reserve	reserve	losses			
At 1 January 2009	2,797	1,006,434	1	115,682	14,655	(77)	-	(49)	(94,294)	1,045,149	50,668	1,095,817
Other compressive income:												
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(360)	-	-	-	(360)	-	(360)
Loss for the period	-	-	-	-	-	-	-	-	(30,229)	(30,229)	(104)	(30,333)
Total comprehensive income for the period	-	-	-	-	-	(360)	-	-	(30,229)	(30,589)	(104)	(30,693)
Recognition of equity-settled share-based compensation	-	-	-	-	5,842	-	-	-	-	5,842	-	5,842
Proceeds from shares issued under share option scheme	83	7,033	-	-	(2,291)	-	-	-	-	4,825	-	4,825
Exercise of convertible bonds	544	367,277	-	(93,973)	-	-	-	-	-	273,848	-	273,848
Transactions with equity holders	627	374,310	-	(93,973)	3,551	-	-	-	-	284,515	-	284,515
At 30 June 2009	<u>3,424</u>	<u>1,380,744*</u>	<u>1*</u>	<u>21,709*</u>	<u>18,206*</u>	<u>(437)*</u>	<u>-</u>	<u>(49)*</u>	<u>(124,523)*</u>	<u>1,299,075</u>	<u>50,564</u>	<u>1,349,639</u>

* The aggregate amount of these reserve accounts of HK\$1,295,651,000 (As at 31 December 2008: HK\$1,042,352,000) is included in the consolidated reserves in the consolidated balance sheet.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2009

	(Unaudited)	
	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(8,408)	(13,271)
Net cash from/(used in) investing activities	12,751	(65,080)
Net cash from financing activities	<u>4,825</u>	<u>18,801</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,168	(59,550)
Effect of foreign exchange rate changes, net	(360)	(24)
Cash and cash equivalents at beginning of period	<u>889</u>	<u>73,463</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,697</u>	<u>13,889</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	9,645	13,889
Short term time deposits	<u>52</u>	<u>—</u>
	<u>9,697</u>	<u>13,889</u>

Notes:

1) BASIS OF PREPARATION

This unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2008, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as disclosed in note 2 to this interim financial report.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2008.

2) SIGNIFICANT ACCOUNTING POLICIES

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 January 2009.

- HKAS 1 (Revised 2007) Presentation of financial statement
- HKAS 23 (Revised) Borrowing costs
- HKFRS 1 and HKAS 27 (Amendment) Cost of an investment in a subsidiary, jointly controlled entity or an associate
- HKFRS 2 (Amendment) Share-based payment – vesting conditions and cancellations
- HKFRS 8 Operating segments
- HK(IFRIC) – Int 15 Agreements for the construction of real estate
- Amendments to HK(IFRIC) – Int 9 and HKAS 39 Embedded derivatives
- Various – annual improvements to HKFRSs 2008

Other than as noted below, the adoption of these new and revised HKFRSs has had no material effect on this interim financial report.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group’s assets, liabilities, income and

expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange loss/gain on translation of financial statements of foreign operations. HKAS 1 affects the presentation of owner changes in equity and introduces a “Statement of comprehensive income”. Comparatives have been restated to conform with the revised standard.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group’s risks and returns. Comparative have been restated on a basis consistent with the new standard.

3) REVENUE AND TURNOVER

Revenue, which is also the Group’s turnover, represents the invoiced value of goods sold and services rendered arising from the principal activities of the Group after eliminations of all significant intra-group transactions.

4) SEGMENT INFORMATION

The Group manages its business by services and products. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments.

Staff secondment business: this segment represents the staff secondment to generate income from the staff performing system integration for the external party.

Trading of computer hardware and software business: this segment represents the trading of computer hardware and software in the People’s Republic of China (“PRC”).

Exploration of mines business: this segment represents the exploration of gold mines in the PRC.

Each of these operating segments is managed separately as each of these products and services lines requires different resources as well as marketing approaches.

The following table presents the revenue and results for the Group's operating segments.

	Staff secondment (Unaudited)		Trading of computer hardware and software (Unaudited)		Exploration of mines (Unaudited)		Consolidated (Unaudited)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:								
Sales to external customers	<u>82</u>	<u>320</u>	<u>493</u>	<u>617</u>	<u>-</u>	<u>-</u>	<u>575</u>	<u>937</u>
Reportable segment results:	<u>(2)</u>	<u>47</u>	<u>(149)</u>	<u>189</u>	<u>(530)</u>	<u>-</u>	<u>(681)</u>	<u>236</u>
Total reportable segment results							(681)	236
Interest and other income							4	500
Employee share options benefits							(5,842)	-
Unallocated expenses							(5,852)	(8,700)
Finance costs							<u>(17,962)</u>	<u>(34)</u>
Loss before income tax							<u>(30,333)</u>	<u>(7,998)</u>

There were no material changes to total assets and liabilities from the amounts disclosed in the last annual financial statements.

5) FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest charges on financial liabilities stated at amortised cost:				
- Loans from Sun Wah Net Investment Limited ("Sun Wah"), wholly repayable within one year	-	-	-	34
- Convertible bonds	<u>17,962</u>	-	<u>17,962</u>	-
	<u>17,962</u>	<u>-</u>	<u>17,962</u>	<u>34</u>

6) LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting) the following items:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Crediting:				
Bank interest income on financial assets stated at amortised cost	<u>(2)</u>	<u>(9)</u>	<u>(4)</u>	<u>(45)</u>
Charging:				
Cost of goods sold	448	–	448	428
Cost of services provided*	36	138	92	278
Auditors' remuneration	105	90	214	180
Depreciation	30	122	59	243
Amortisation of prepaid lease payments	–	78	–	156
Employee benefit expenses: (excluding Directors' emoluments)				
Wages and salaries*	295	555	1,228	1,160
Pension scheme contributions (MPF)	15	17	25	40
Employee share options benefits	4,735	–	5,842	–
Directors' emoluments	<u>864</u>	<u>499</u>	<u>1,728</u>	<u>746</u>
	5,909	1,071	8,823	1,946
Minimum lease payments paid under operating leases in respect of:				
– Land and buildings	175	12	242	23
– Computer server	<u>–</u>	<u>–</u>	<u>–</u>	<u>2</u>

* *Cost of services provided for the three months and six months ended 30 June 2009 included HK\$36,000 and HK\$72,000 respectively (three months and six months ended June 2008 of HK\$138,000 and HK\$276,000 respectively) relating to employee benefit expenses. This amount is included in both "Cost of services provided" and "Employee benefit expenses" disclosed above.*

7) INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the three months and six months ended 30 June 2009 and the corresponding periods in 2008.

Profits tax of subsidiaries operating outside Hong Kong have not been provided as the subsidiaries either have the losses brought forward to wholly effect the assessable profits in the respective jurisdictions or they did not generate any assessable profits in respective jurisdictions during the three months and six months ended 30 June 2009 and the corresponding periods in 2008.

The Group did not have any significant unprovided deferred tax liabilities as at 30 June 2009 and 31 December 2008.

8) LOSS PER SHARE

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders of the Company during the three months and six months ended 30 June 2009 of approximately HK\$25,903,000 and HK\$30,229,000 respectively (three months and six months ended 30 June 2008: approximately HK\$3,566,000 and HK\$7,998,000, respectively) and weighted average number of approximately 2,814,760,000 ordinary shares of the Company during the three months ended 30 June 2009 and approximately 2,805,681,000 ordinary shares of the Company in issue during the six months ended 30 June 2009 (three months and six months ended 30 June 2008: approximately 1,248,644,000 (restated) and six months ended 30 June 2008: approximately 1,225,293,000 (restated)).

The weighted average number of shares for the purposes of calculating basic loss per share for the three months and six months ended 30 June 2008 has been restated to reflect the share consolidation of shares as detailed in the Company's circular dated 30 September 2008.

Diluted loss per share for the three months and six months ended 30 June 2009 and that for the corresponding periods in 2008 have not been disclosed as the share options and warrants outstanding, if any, during the respective periods had an anti-dilutive effect of the basic loss per share for the relevant periods.

9) PROPERTY, PLANT AND EQUIPMENT

	At 30 June 2009 (Unaudited) HK\$'000	At 31 December 2008 (Audited) HK\$'000
Net book value, beginning of period/year	<u>392</u>	<u>3,576</u>
Addition	–	125
Addition through acquisition of subsidiaries	–	239
Written off	–	(232)
Transfer to property held for sale	–	(1,149)
Impairment	–	(447)
Disposals	–	(1,264)
Depreciation	<u>(59)</u>	<u>(456)</u>
Net book value, end of period/year	<u>333</u>	<u>392</u>
Cost	914	914
Accumulated depreciation	<u>(581)</u>	<u>(522)</u>
Net book value, end of period/year	<u>333</u>	<u>392</u>

10) TRADE RECEIVABLES

	At 30 June 2009 (Unaudited) HK\$'000	At 31 December 2008 (Audited) HK\$'000
Trade receivables	<u>27</u>	<u>114</u>

A defined credit policy is maintained within the Group. The general credit terms range from 30 days to 90 days (2008: 30 days to 45 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the senior management.

The ageing analysis of trade receivables is as follows:

	At 30 June 2009 (Unaudited) <i>HK\$'000</i>	At 31 December 2008 (Audited) <i>HK\$'000</i>
0-30 days	-	14
31-60 days	27	14
61-90 days	-	86
> 90 days	-	-
	<u>27</u>	<u>114</u>

11) CONVERTIBLE BONDS

During the period, 544,000,000 shares were issued upon exercise of convertible bonds as detailed in note 12. Imputed interest expenses of approximately HK\$17,962,000 has been recognised in the consolidated statement of comprehensive income in respect of the convertible bonds for the six months ended 30 June 2009.

12) SHARE CAPITAL

	Number of shares '000	<i>HK\$'000</i>
Authorised:		
At 31 December 2008, ordinary shares of HK\$0.001 each (Audited)	<u>100,000,000</u>	<u>100,000</u>
At 30 June 2009 ordinary shares of HK\$0.001 each (Unaudited)	<u>100,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2008 ordinary shares of HK\$0.001 each (Audited)	2,796,500	2,797
Exercise of convertible bonds	544,000	544
Exercise of share options	<u>83,430</u>	<u>83</u>
At 30 June 2009 ordinary shares of HK\$0.001 each (Unaudited)	<u>3,423,930</u>	<u>3,424</u>

13) INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2009 (Six months ended 30 June 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months and six months ended 30 June 2009, the Group recorded an unaudited revenue of approximately HK\$534,000 and HK\$575,000 with an increase of approximately 2.32 times and a decrease of 38.63% as compared with those figures in the corresponding periods in 2008 respectively. The revenue was primarily derived from trading of software and staff secondment.

For the six months ended 30 June 2009, the unaudited loss of the Company was increased by approximately 2.79 times as compared with that for the corresponding period in 2008 mainly because of the increase in imputed interest expense on convertible bonds of approximately HK\$17,962,000 during the six months ended 30 June 2009.

Prospect

The Group will continue to develop its staff secondment and trading of computer hardware and software, and exploration of mineral resources businesses and will also explore new investment opportunities in the PRC.

Financial Review

Liquidity and financial resources

The Group financed its operation primarily with internally generated cash flow together with the cash flow generated from exercise of share options during the six months ended 30 June 2009. The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. All liabilities and the majority of bank balances are denominated in Hong Kong and put in short term deposits.

As at 30 June 2009, the Group had total liabilities of approximately HK\$109,264,000 (31 December 2008: HK\$367,720,000) mainly comprising the convertible bonds of approximately HK\$63,264,000 (31 December 2008: HK\$319,150,000) and deferred tax liabilities of HK\$44,257,000 (31 December 2008: HK\$44,257,000).

Capital structure

As at 30 June 2009, the Company's total number of issued shares was 3,423,930,247 (31 December 2008: 2,796,500,247).

Gearing ratio

As at 30 June 2009, the gearing ratio of the Group was approximately 0.047 (31 December 2008: 0.291), which was calculated based on the total borrowings of approximately HK\$63,264,000 (31 December 2008: HK\$319,150,000) and total equity of approximately HK\$1,349,639,000 (31 December 2008: HK\$1,095,817,000).

Segment comments

For the six months ended 30 June 2009, the Group's staff secondment segment recorded unaudited loss of approximately HK\$2,000, the Group's trading of computer hardware and software recorded unaudited loss of approximately HK\$149,000 and the Group's exploration of mines recorded unaudited loss of HK\$530,000. While the Group will maintain each business segment for the time being, it will also explore new investment opportunities in the PRC at the same time.

Employee information

As at 30 June 2009, the Group employed a total of 25 (30 June 2008: 10) employees. The staff costs for the six months ended 30 June 2009, excluding directors' emoluments and employee share options benefits, were approximately HK\$1,228,000 (30 June 2008: HK\$1,160,000). The slightly increase in staff costs is mainly due to an increase in headcounts.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance – related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme where options to subscribe for shares of the Company may be granted to the executive directors and employees of the Group. The aim of the scheme is to encourage contribution to the Group and retain key staff members. Full time employees of the Group are remunerated with basic salary, performance bonus, employee insurance and mandatory provident funds.

Charges on group assets

As at 30 June 2009, a fixed deposit of approximately HK\$206,000 was pledged for obtaining the corporate card services (31 December 2008: HK\$206,000).

Exchange rate risk

For the six months ended 30 June 2009, most of the transactions of the Group were conducted in Hong Kong dollars and with few transactions occasionally conducted in Renminbi. In this respect, the Group was not exposed to any significant foreign exchange risk.

POST BALANCE SHEET EVENTS

1. On 31 July 2009, 雲南省核工業 209 地質大隊 (Geological Brigade 209 of the Nuclear Industry of Yunnan Province*) and 雲南西部礦業有限公司 (Yunnan Xibu Mining Company Limited*) terminated the agreement dated 12 January 2009 in relation to the payment of the amount representing the increase of the proposed registered capital of an ore supplier (“**Investment**”) and the relevant supplemental agreement with effect from the date mentioned above. Details of the Investment and the termination are included in the Company's announcements dated 14 January 2009 and 31 July 2009 respectively.
2. Mr. Cai Wei Lun was appointed as an independent non-executive Director and a member of each of the audit committee and the remuneration committee of the Company with effect from 11 August 2009.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

Long positions in the ordinary shares of HK\$0.001 each in the Company ("Shares") and underlying Shares of the Company

As at 30 June 2009, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which were 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 which they have taken or deemed to have taken 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, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity	Number of Shares	Underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of issued share capital
Mr. Leung Ngai Man ("Mr. Leung")	Beneficial owner	892,420,000	125,675,000	1,018,095,000	29.74%
	Through a controlled corporation	1,474,400 (Note 1)	–	1,474,400	0.04%
Mr. Ng Kwok Chu, Winfield ("Mr. Ng")	Beneficial owner	472,500	10,000,000 (Note 2)	10,472,500	0.31%
Ms. Wu Wei Hua ("Ms. Wu")	Beneficial owner	–	10,000,000 (Note 3)	10,000,000	0.29%

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. On 10 July 2008, Mr. Ng was granted share options, pursuant to the share option scheme adoption 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.
3. On 10 July 2008, Ms. Wu 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.

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were 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 which they have taken or deemed to have taken 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 the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 29 June 2007 and refreshed its 10% limit on the grant of options on 9 April 2009. The principal purpose of the Share Option Scheme is to motivate and give incentives to the eligible participants as defined in the Share Option Scheme for their contribution to the Group.

For the six months ended 30 June 2009, detailed movements relating to options granted under the Share Option Scheme were as follows:

Name or category of participant	Date of grant	Effective exercise price HK\$	Exercise period	Movement of option shares (adjusted) during the period				As at 30.06.2009
				As at 01.01.2009	Granted	Exercised	Lapsed	
Consultants	09.07.2007	0.2850	09.07.2007-29.06.2017	48,000,000	-	-	-	48,000,000
	22.08.2007	0.4060	22.08.2007-29.06.2017	41,000,000	-	-	-	41,000,000
	10.07.2008	0.2656	10.07.2008-29.06.2017	40,000,000	-	-	-	40,000,000
	04.02.2009	0.0430	04.02.2009-29.06.2017	-	55,930,000	55,930,000	-	-
	18.05.2009	0.0880	18.05.2009-29.06.2017	-	82,500,000	-	-	82,500,000
Staff	10.07.2008	0.2656	10.07.2008-29.06.2017	10,000,000	-	-	-	10,000,000
	18.05.2009	0.0880	18.05.2009-29.06.2017	-	27,500,000	-	-	27,500,000
Directors	10.07.2008	0.2656	10.07.2008-29.06.2017	20,000,000	-	-	-	20,000,000
	- Mr. Ng	10.07.2008	10.07.2008-29.06.2017	10,000,000	-	-	-	10,000,000
	- Ms. Wu	10.07.2008	10.07.2008-29.06.2017	10,000,000	-	-	-	10,000,000
Ex-Director	10.07.2008	0.2656	10.07.2008-29.06.2017	1,250,000	-	-	-	1,250,000
Total				<u>160,250,000</u>	<u>165,930,000</u>	<u>55,930,000</u>	<u>-</u>	<u>270,250,000</u>

No option granted under the Share Option Scheme has been cancelled during the six months ended 30 June 2009.

As at 1 January 2009 and 30 June 2009, no option granted under the share option scheme of the Company which was terminated on 29 June 2007 remained outstanding.

DISCLOSURE OF INFORMATION ON DIRECTOR PURSUANT TO RULE 17.05A(1) OF GEM LISTING RULES

The updated information on Director discloseable under Rule 17.50A(1) of the GEM Listing Rules is as follows:

Mr. Ng Kwok Chu, Winfield, an executive Director, holds directorship in Sino Prosper Holdings Limited, a company listed on the Main Board of the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

After making reasonable enquiry, the Directors are aware that as at 30 June 2009, the following persons or companies (other than the directors or chief executive of the Company) had an interest or short positions in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of in SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group:

Long positions in the Shares and underlying Shares

Name of substantial shareholder of the Company	Capacity	Number of Shares	Underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of issued share capital
Chu Yuet Wah	Interest of controlled corporations	932,630,001	125,675,000	1,058,305,001 <i>(Notes 1 & 2)</i>	30.90%
Ma Siu Fong	Interest of controlled corporations	932,630,001	125,675,000	1,058,305,001 <i>(Notes 1 & 2)</i>	30.90%
Kingston Finance Limited ("Kingston")	Person having a security interest in Shares	932,630,000	125,675,000	1,058,305,000 <i>(Note 2)</i>	30.90%

Notes:

1. These Shares consisted of (a) 1,058,305,000 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. The 1,058,305,000 Shares referred to Note 1 above comprised security interest in which Kingston is interested.
3. Pursuant to the Corporate Substantial Shareholder Notice of 北京中冶投資有限公司 (Beijing China Metallurgy Investment Limited *) (“**BCMIL**”) dated 22 September 2008, BCMIL was interested in 180,000,000 shares of HK\$0.0005 each of the Company, representing approximately 5.37% of the then issued share capital of the Company. The number of shares was adjusted to 90,000,000 Shares as a result of the Share Consolidation which became effective on 21 October 2008. As at 30 June 2009, these 90,000,000 Shares represented approximately 2.63% of the issued share capital of the Company.

* *unofficial English translation*

Save as disclosed above, as at 30 June 2009 no persons other than the Directors or chief executive of the Company, whose interests are set out in the paragraph headed “Directors’ and chief executive’s interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations” and shareholders, whose interests are set out in the paragraph headed “Substantial shareholders’ interests and other persons’ interests and short positions in the Shares or underlying Shares” above, had registered an interest or short positions in the Shares and the underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed in the paragraphs headed “Directors’ and chief executive’s interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations” and “Substantial shareholders’ interests and other persons’ interests and short positions in the Shares and underlying Shares” above, so far as is known to the Directors as at 30 June 2009, there is no other person who has any interests or short position in the Shares and underlying Shares that is discloseable under the Section 336 of SFO.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the GEM Listing Rules. As at the date of this announcement, the audit committee has three members comprising the three independent non-executive Directors, Dr. Leung Wai Cheung (chairman of the audit committee), Mr. Gao Shi Kui and Mr. Cai Wei Lun.

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 Group's interim results for the six months ended 30 June 2009 have been reviewed by the members of the audit committee, who are of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange listing requirements and other legal requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

During the period under review, the Company has complied with the code provisions and certain recommended best practices in the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules except the following:

The appointment of the chief executive officer of the Company remains outstanding. The Company is still looking for a suitable candidate to fill the vacancy in order to comply with the Code on Corporate Governance.

Following the retirement of Mr. Chan Sing Fai on 9 April 2009 and up to 4 May 2009, the date on which Mr. Gao Shikui was appointed as an independent non-executive Director and a member of the audit committee of the Company, the number of independent non-executive Directors and audit committee members of the Company fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively; and

Following the resignation of Mr. Liu Jia Qing on 12 May 2009 and up to 11 August 2009, the date on which Mr. Cai Wei Lun was appointed as an independent non-executive Director and a member of the audit committee of the Company, the number of independent non-executive Directors and audit committee members of the Company fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively.

As at the date hereof, the Company has complied with Rules 5.05(1) and 5.28 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for securities transactions by Directors (“Code”) which is no less exacting than the required terms for dealings of shares by directors as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry with all the Directors, and has not been notified of any non-compliance with the standard for dealings of securities by Directors and the Code during the six months ended 30 June 2009.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has an interest in a business, which causes or may cause any significant competition with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2009.

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

Hong Kong, 12 August 2009

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. Gao Shikui and Mr. Cai Wei Lun.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven (7) days from the date of its publication and on the Company's website at www.cmr8071.com.