
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

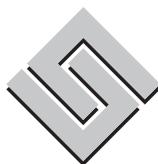
This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims 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)

PROPOSED SHARE CONSOLIDATION

Financial adviser



Hantec Capital Limited

A notice convening the extraordinary general meeting of the Company (“**EGM**”) to be held at Unit 1006, 10th Floor, Tower One Lippo Centre, 89 Queensway, Hong Kong on Monday, 20 October 2008 at 11:00 a.m. is set out on pages 10 to 11 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the EGM or any adjournment thereof to the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven (7) days from the date of its publication and on the Company’s website at www.cmr8071.com.

30 September 2008

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.

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DEFINITIONS

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

“associate(s)”	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 and the issued Shares of which are listed on GEM
“Consolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company after the Share Consolidation becoming effective
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$1,545.74 million with the initial conversion price of HK\$0.40 per conversion Share that were issued by the Company in favour of Mr. Leung Ngai Man on 26 August 2008
“Directors”	directors (including the independent non-executive directors) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Share Consolidation
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange responsible for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Latest Practicable Date”	26 September 2008, 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
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) (before the Share Consolidation) and Consolidated Share(s) (after the Share Consolidation)
“Share Consolidation”	the proposed consolidation of every two (2) Shares in the issued and unissued share capital of the Company into one (1) Consolidated Share
“Share Options”	share options granted under the share option schemes of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

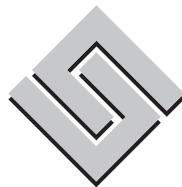
EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Share Consolidation. The timetable is subject to the results of the EGM. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

2008

Despatch of circular for the Share Consolidation	30 September
Expected date of EGM	20 October
Effective date of the Share Consolidation	21 October
Commencement of dealing in the Consolidated Shares	21 October
Original counter for trading in existing Shares in board lots of 15,000 existing Shares temporarily closes	9:30 a.m. on 21 October
Temporary counter for trading in the Consolidated Shares (represented by existing certificates for the Shares) in board lots of 7,500 Consolidated Shares opens	9:30 a.m. on 21 October
Free exchange of existing share certificates for new share certificates commences	21 October
Original counter for trading in the Consolidated Shares (represented by new certificates for the Consolidated Shares) in board lots of 15,000 Consolidated Shares re-opens	9:30 a.m. on 4 November
Parallel trading in the Consolidated Shares (in form of both new and existing certificates) commences	9:30 a.m. on 4 November
Temporary counter for trading in the Consolidated Shares (represented by existing certificates for the Shares) in board lots of 7,500 Consolidated Shares closes	4:10 p.m. on 24 November
Parallel trading in the Consolidated Shares (represented by both new and existing certificates) ends	4:10 p.m. on 24 November
Free exchange of existing share certificates for new share certificates ends	27 November

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:

Leung Ngai Man (*Chairman*)
Ng Kwok Chu, Winfield
Wu Wei Hua

Independent non-executive Directors:

Leung Wai Cheung
Chan Sing Fai
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
89 Queensway
Hong Kong

30 September 2008

*To the Shareholders, and for information only,
the holders of options, warrants and Convertible Bonds of the Company*

Dear Sir/Madam,

PROPOSED SHARE CONSOLIDATION

INTRODUCTION

On 17 September 2008, the Company announced that the Board proposed to implement the Share Consolidation pursuant to which every two (2) Shares in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share.

The purpose of this circular is to provide you with further information regarding the Share Consolidation and the notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Company proposes to put forward for approval by the Shareholders the Share Consolidation pursuant to which every two (2) Shares in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share. Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Effect of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 comprising 200,000,000,000 Shares of HK\$0.0005 each, of which 3,871,000,494 Shares have been issued and fully paid. Upon the Share Consolidation taking effect and on the basis that the Company does not allot and issue any further Shares prior thereto, the authorised share capital of the Company will remain at HK\$100,000,000 but will comprise 100,000,000,000 Consolidated Shares of HK\$0.001 each, of which 1,935,500,247 Consolidated Shares of HK\$0.001 each will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Board lots

The existing board lot of 15,000 Shares will remain unchanged upon the Share Consolidation taking place.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution to approve the Share Consolidation at the EGM by the Shareholders; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares.

LETTER FROM THE BOARD

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. With reference to the recent trading price of the Shares, the Board proposes to proceed with the Share Consolidation in compliance with Rule 17.76 of the GEM Listing Rules. Besides, the Share Consolidation will reduce the number of board lots in the market. Any trading costs or handling charges, which are calculated on per board lot basis, will for a given interest in the Company be lower and the transaction costs for dealing in the Shares may be reduced. The Directors are of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Hantec International Finance Group Limited to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 21 October 2008 to 27 November 2008 (both dates inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top-up to a full board lot may contact Mr. Leung Siu Wa of Hantec International Finance Group Limited at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong (Tel: 2235 7801) during the aforesaid period. Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Trading arrangements

Assuming the Share Consolidation becoming effective on 21 October 2008, the arrangement for trading in the Consolidated Shares will be as follow:

- (a) from 9:30 a.m. on 21 October 2008, the original counter for trading in the existing Shares in board lots of 15,000 existing Shares will be temporarily closed;
- (b) with effect from 9:30 a.m. on 21 October 2008, a temporary counter for trading in the Consolidated Shares in board lots of 7,500 Consolidated Shares, in the form of existing share certificates for the Shares, will be established, and the settlement and delivery for trading at this temporary counter will be on the basis of every two (2) Shares for one (1) Consolidated Share. Only share certificates for the Shares can be traded at this temporary counter;
- (c) with effect from 9:30 a.m. on 4 November 2008, the original counter for trading in the Consolidated Shares in board lots of 15,000 Consolidated Shares in the form of new share certificates will be re-opened. Only the new share certificates for the Consolidated Shares can be traded at this counter;

LETTER FROM THE BOARD

- (d) during the period from 9:30 a.m. on 4 November 2008 to 4:10 p.m. on 24 November 2008 (both days inclusive), parallel trading in the Consolidated Shares will be carried out at the above two counters described in paragraphs (b) and (c) above; and
- (e) the temporary counter for trading in the Consolidated Shares in board lots of 7,500, using the existing certificates for the Shares, will be closed at 4:10 p.m. on 24 November 2008 and trading in the Consolidated Shares will only be done in board lots of 15,000 thereafter (in the form of new share certificates).

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may, during the period from 21 October 2008 to 27 November 2008, submit share certificates for the existing Shares to the Company's Hong Kong branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, share certificates for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate issued or cancelled, whichever is higher. Nevertheless, share certificates for the existing Shares will not be acceptable for trading purposes from 4:10 p.m. on 24 November 2008 but will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at any time. New share certificates for the Consolidated Shares will be orange in colour in order to distinguish them from share certificates for the existing Shares which are grey in colour.

Outstanding Share Options

As at the Latest Practicable Date, the number of Shares in respect of which Share Options had been granted and were outstanding under the share option schemes adopted by the Company was 320,500,000.

Corresponding adjustments will be made on the basis that the proportion of the issued share capital of the Company to which a grantee of share options of the Company is entitled shall remain the same before and after such adjustment in accordance with rules of each of the share option schemes and the supplementary guidance issued by the Stock Exchange.

The Company will engage an independent financial adviser or its auditors to provide a certificate as to the adjustments (if any) required to be made in accordance with Rule 23.03(13) of the GEM Listing Rules. The Company will make a further announcement about the adjustments after receiving the certificate.

Outstanding Convertible Bonds

As at the Latest Practicable Date, the amount of outstanding Convertible Bonds (with the initial conversion price of HK\$0.40 per conversion Share) was HK\$1,224,540,000. The Share Consolidation would trigger an adjustment to the conversion prices of the Convertible

LETTER FROM THE BOARD

Bonds by increasing them to two times the conversion prices immediately prior to the Share Consolidation, namely, the same factor as the Share Consolidation. The Company will engage a merchant bank or its auditors to provide a certificate as to the adjustments (if any) required to be made.

Listing application

Application has been made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares and the Consolidated Shares which fall to be issued upon the exercise of the Share Options and the conversion of the Convertible Bonds.

Effects of the Share Consolidation on the share capital of the Company

The following table shows the total authorised share capital of the Company as at the Latest Practicable Date and immediately after the Share Consolidation becoming effective:

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective	
	<i>Number of Shares</i>	<i>HK\$</i>	<i>Number of Consolidated Shares</i>	<i>HK\$</i>
Total authorised	200,000,000,000	100,000,000.00	100,000,000,000	100,000,000.00
Total issued	3,871,000,494	1,935,500.25	1,935,500,247	1,935,500.25

GENERAL

The Group is principally engaged in the provision of web page design and website maintenance services, staff secondment and system integration services, information technology consultancy services and trading of hardware and software. Upon completion of the acquisition of China Nonferrous Metals Resources Investment Limited as announced by the Company on 26 August 2008, the Company commences to engage in the mining industry in the PRC.

EGM

A notice convening the EGM to be held at Unit 1006, 10th Floor, Tower One Lippo Centre, 89 Queensway, Hong Kong on Monday, 20 October 2008 at 11:00 a.m. is set out on pages 10 to 11 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the Share Consolidation. To the best of the Directors' knowledge and information, no Shareholder is required to abstain from voting for the Share Consolidation at the EGM. The resolution in respect of the Share Consolidation will be voted on a show of hands unless a poll is demanded in accordance with article 66 of the articles of association of the Company which provision is summarised under the paragraph headed "Procedures for demanding a poll" in this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to article 66 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

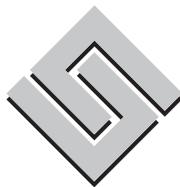
LETTER FROM THE BOARD

RECOMMENDATION

The Board is of the opinion that the Share Consolidation is in the interests of the Company and Shareholders as a whole, and recommends you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Consolidation.

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

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of China Metal Resources Holdings Limited (“**Company**”) will be held at Unit 1006, 10th Floor, Tower One Lippo Centre, 89 Queensway, Hong Kong on Monday, 20 October 2008 at 11:00 a.m. to consider and, if thought fit, pass the following resolution, with or without amendment(s), as an ordinary resolution of the Company:

“**THAT**, conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the approval of the listing of and the permission to deal in the consolidated shares of HK\$0.001 each (“**Consolidated Shares**”) arising from the Share Consolidation (as defined below) pursuant to this resolution, with effect from 9:00 a.m. (Hong Kong time) on the trading day immediately following the date of passing of this resolution,

- (a) every two (2) issued and unissued shares of HK\$0.0005 each in the capital of the Company be consolidated into one Consolidated Share of HK\$0.001 (“**Share Consolidation**”); and
- (b) any one of the directors of the Company be and is hereby authorised generally to do all things appropriate to effect and implement the Share Consolidation as such director may deem necessary and/or expedient.”

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

Hong Kong, 30 September 2008

As at the date hereof, the Board comprised the following directors of the Company (“**Director(s)**”):

Executive Directors: Messrs. Leung Ngai Man and Ng Kwok Chu, Winfield
and Ms. Wu Wei Hua

NOTICE OF EGM

Independent non-executive Directors: Dr. Leung Wai Cheung, Messrs. Chan Sing Fai and Liu Jia Qing

Head office and principal place of business in Hong Kong: Unit 1006, 10th Floor, Tower One Lippo Centre, No. 89 Queensway, Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he/she is the holder of two or more shares, more than one proxy to attend and vote on his/her behalf in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the above meeting or any adjournment thereof.
- (3) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.