CHINA PRECIOUS METAL RESOURCES HOLDINGS CO., LTD.
中國貴金屬資源控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock code: 1194)

MAJOR ACQUISITION:
ACQUISITION OF GOLD MINE IN THE PRC

Financial adviser to China Precious Metal Resources Holdings Co., Ltd.

粵海證券有限公司
GUANGDONG SECURITIES LIMITED

THE ACQUISITION

On 4 February 2010, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Letter of Intent with the Vendor regarding the Acquisition. Pursuant to the Letter of Intent, the Purchaser shall pay the Earnest Money in the amount of HK$200,000,000 (which shall be treated as part of the Consideration in the event that the Sale and Purchase Agreement is entered into between the Purchaser and the Vendor, or otherwise be refunded to the Purchaser by the Vendor without interest) to the Vendor. In addition, the Vendor has granted an exclusive period of six months from the date of the Letter of Intent to the Purchaser, during which the Vendor shall not be engaged in negotiation with any other third party for the Acquisition.

On 3 August 2010, the Purchaser agreed with the Vendor to extend the validation period of such exclusivity for one month (i.e. up to 4 September 2010).

After the preliminary due diligence work conducted by the Group, the Purchaser, on 2 September 2010, entered into the Sale and Purchase Agreement with the Vendor and the Vendor's Guarantors, pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Loan at a total consideration of HK$1,380,000,000.

The Company shall settle the Consideration by cash (at the Company's discretion), the issue of the Consideration Shares and the Convertible Notes to the Vendor.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 100% but exceed 25%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The EGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Circular containing, among other things, (i) further details of the Acquisition, including the future development plan of the Mining Company, the Technical Report and the Valuation Report; and (ii) a notice of EGM, will be despatched to the Shareholders. Since additional time will be required by the reporting accountants to the Company for preparation of the accountants' report of the Target Group, the Company expects that the Circular will be despatched on or before 6 October 2010.

INTRODUCTION

References are made to the announcements of the Company dated 4 February 2010 and 3 August 2010.

On 4 February 2010, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Letter of Intent with the Vendor regarding the Acquisition. Pursuant to the Letter of Intent, the Purchaser shall pay the Earnest Money in the amount of HK$200,000,000 (which shall be treated as part of the Consideration in the event that the Sale and Purchase Agreement is entered into between the Purchaser and the Vendor, or otherwise be refunded to the Purchaser by the Vendor without interest) to the Vendor. In addition, the Vendor has granted an exclusive period of six months from the date of the Letter of Intent to the Purchaser, during which the Vendor shall not be engaged in negotiation with any other third party for the Acquisition.

On 3 August 2010, the Purchaser agreed with the Vendor to extend the validation period of such exclusivity for one month (i.e. up to 4 September 2010).

After the preliminary due diligence work conducted by the Group, the Purchaser, on 2 September 2010, entered into the Sale and Purchase Agreement with the Vendor and the Vendor's Guarantors, pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Loan at a total consideration of HK$1,380,000,000.

THE SALE AND PURCHASE AGREEMENT

Set out below are the major terms of the Sale and Purchase Agreement:

Date:

2 September 2010 (after trading hours)

Parties involved:

Purchaser

China Precious Metal Resources Co. Limited, being a wholly-owned subsidiary of the Company, is an investment holding company incorporated in the British Virgin Islands with limited liability.

Vendor

Simple Best Limited, being the sole shareholder of the Target Company, is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Vendor is legally and beneficially owned as to 100% by three individual shareholders, being also the Vendor's Guarantors, in the proportion as specified below. The Vendor is an investment holding company.

The Vendor was introduced to the Company by an acquaintance of an executive Director.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor, the Vendor's Guarantors and their respective associates are (i) Independent Third Parties; and (ii) not a party acting in concert (as defined under the Takeovers Code) with any substantial shareholders of the Company.

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) each of the Vendor, the Vendor's Guarantors and their respective associates do not hold any Shares or other convertible securities in the Company as at the date of this announcement; and (ii) there were no previous transactions or business relationship between the Company and each of the Vendor, the Vendor's Guarantors and their respective associates which would result in aggregation under Rule 14.22 of the Listing Rules.

Vendor's Guarantors

Mr. King Hap Lee (景哈利), an individual shareholder of the Vendor who is interested in 40% of its equity interest.

Mr. Hua Dong Fan (花東帆), an individual shareholder of the Vendor who is interested in 42% of its equity interest.

Ms. Wang Jing (王靜), an individual shareholder of the Vendor who is interested in 18% of its equity interest.

In consideration of the Purchaser entering into the Sale and Purchase Agreement, each of the Vendor's Guarantors, as the primary obligor (but not merely as a guarantor), as continuing security, unconditionally and irrevocably guarantees to the Purchaser that the Vendor shall pursuant to the Sale and Purchase Agreement duly and punctually perform and observe its obligations under the Sale and Purchase Agreement and pay all the money payable by the Vendor. The Vendor's Guarantors also undertake to the Purchaser that each of them shall procure the Vendor to observe its obligations (whether expressed or implied) under the Sale and Purchase Agreement, including but not limited to the guarantee given by the Vendor.

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares and the Sale Loan free from all encumbrances at the Consideration. The Sale Shares represent the entire equity interest in the Target Company.

The shareholding structure of the Target Group is included under the section headed "Shareholding Charts" of this announcement. As confirmed by the Vendor, the principal assets of the Target Group are the Mining Licence and the Exploration Right held by the Mining Company. The Sale Loan was amounted to approximately HK$34,239,490 as at 31 May 2010.

The Consideration:

The Consideration of HK$1,380,000,000 will be settled by the Company in the following manner and subject to adjustment based on the arrangement under the paragraph headed "Adjustment to the Consideration" below:

(i) payment of the Earnest Money in the sum of HK$200,000,000 which had already been fully paid to the Vendor pursuant to the Letter of Intent in February 2010;

(ii) upon (a) the approval of the Acquisition by the Shareholders being obtained at the EGM; and (b) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in the Consideration Shares, the Company, at its own discretion, can choose to settle as to HK$260,000,000 of the Consideration either by cash (the "**Cash Settlement Method**") or the issue of 123,809,523 Consideration Shares at the Issue Price of HK$2.10 per Consideration Share to the Vendor (or its nominee(s)) (the "**Consideration Shares in lieu of Cash Method**");

(iii) as to HK$460,000,000 by the issue of 219,047,619 Consideration Shares at the Issue Price of HK$2.10 per Consideration Share to the Vendor (or its nominee(s)) within one month upon Completion (the "Second Consideration Shares Payment"); and

(iv) as to the remaining HK$460,000,000 by the issue of the Convertible Notes at the Conversion Price of HK$2.10 per Conversion Share to the Vendor (or its nominee(s)) in three tranches, in principal amounts of HK$235,000,000, HK$100,000,000 and HK$125,000,000 respectively. All of the Convertible Notes shall be issued by the Company within one month upon Completion.

While the First Tranche CN shall be released to the Vendor (or its nominee(s)) once they are issued, the Second Tranche CN and the Third Tranche CN shall be placed in escrow with the Purchaser as security before they are released to the Vendor (or its nominee(s)) following the arrangement under the paragraph headed "Adjustment to the Consideration" below.

Adjustment to the Consideration

Pursuant to the Sale and Purchase Agreement, the Vendor is willing to undertake to the Purchaser that:

(a) the audited consolidated profits after tax and exceptional items of the Mining Company using the Hong Kong Financial Reporting Standards for the 2011 financial year (the "**First Year**") shall not be less than HK$100 million, failing which the Vendor shall repay the Company the entire amount of the shortfall in cash (in HK$) within two months after the audited financial statements of the Mining Company for the First Year are finalised (the "**First Year Cash Repayment**") ; and

(b) the audited consolidated profits after tax and exceptional items of the Mining Company using the Hong Kong Financial Reporting Standards for the 2012 financial year (the "**Second Year**") shall not be less than HK$125 million, failing which the Vendor shall repay the Company the entire amount of the shortfall in cash (in HK$) within two months after the audited financial statements of the Mining Company for the Second Year are finalised (the "**Second Year Cash Repayment**"); and

(c) in the event that the Mining Company does not record any profits or records losses for the First Year and/or the Second Year, the Vendor shall repay the Company the profit shortfall in the maximum guaranteed amount of HK$100 million and HK$125 million for the First Year and the Second Year respectively (as the case may be) in cash.

In the event that the above profit guarantee(s) is/are met in the First Year and/or the Second Year, the Company shall release the Second Tranche CN and/or the Third Tranche CN to the Vendor (or its nominee(s)) within two months after the audited financial statements of the Mining Company for the First Year and the Second Year are finalised (as the case may be).

In the event that the above profit guarantee(s) is/are not met in the First Year and/or the Second Year, based on the above consideration adjustment arrangement, the Company shall only release the Second Tranche CN and the Third Tranche CN to the Vendor (or its nominee(s)) upon receipt of the Second Year Cash Repayment and the Third Year Cash Repayment respectively. The Company shall have the right to cancel the un-released Second Tranche CN and Third Tranche CN in principal amounts being equivalent to the amounts of profit shortfall which are not repaid by the Vendor in cash.

Basis of the Consideration:

The Consideration was determined between the Purchaser and the Vendor after arm's length negotiations, taking into account the followings:

(i) the preliminary valuation of the 100% equity interest in the Mining Company of approximately RMB1,316,000,000 (equivalent to approximately HK$1,506,820,000) as at 31 July 2010 by the Valuer, as set out in the draft Valuation Report;

(ii) the latest market statistics and future prospects of the gold mining industry; and

(iii) the management accounts of the Target Group as at 31 May 2010.

The Technical Adviser, a mining and energy industry adviser, has been engaged as the technical adviser to the Company to prepare the Technical Report which the preliminary valuation of the 100% equity interest in the Mining Company conducted by the Valuer, a qualified valuer, was based on. The Technical Report shall be included in the circular of the Company regarding the Acquisition to be despatched to the Shareholders (the "**Circular**").

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both of the Technical Adviser and the Valuer, and their respective ultimate beneficial owners and associates are Independent Third Parties.

Based on the draft Valuation Report provided by the Valuer, the preliminary valuation of the 100% equity interest in the Mining Company was RMB1,316,000,000 as at 31 July 2010. The Valuer has applied the discounted cash flow method under income approach for the purpose of valuation. However, the preliminary valuation is subject to further in-depth due diligence to be conducted by the Valuer and therefore the preliminary valuation may or may not be equivalent to the final amount of the valuation. The Valuation Report, including details of the assumptions, basis and methodology of the valuation, shall be included in the Circular.

Having considered that (i) the Acquisition is in line with the business strategy of the Group to develop in the gold mining industry; (ii) the latest market statistics indicate a favorable prospects of the gold mining industry, the details of which will be set forth in the section to follow; and (iii) the Consideration represents a discount of approximately 8.42% to the preliminary valuation of the 100% equity interest in the Mining Company as at 31 July 2010, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent:

Completion of the Sale and Purchase Agreement is conditional upon certain conditions being fulfilled or waived in writing, including but not limited to:

(i) the Purchaser having obtained a PRC legal opinion (in such form and substance satisfactory to the Purchaser) from a qualified PRC legal adviser appointed by the Purchaser. The PRC legal opinion should confirm, inter alia, the compliance with the PRC laws in completing the Sale and Purchase Agreement and the due incorporation of the Mining Company;

(ii) the Purchaser having obtained a Hong Kong legal opinion (in such form and substance satisfactory to the Purchaser) from a qualified Hong Kong legal adviser appointed by the Purchaser. The Hong Kong legal opinion should confirm, inter alia, the due incorporation of the HK Company;

(iii) the Vendor having obtained the Certificate of Good Standing and the Certificate of Incumbency of the Target Company in such form and substance satisfactory to the Purchaser;

(iv) the Mining Company having obtained the Mining Licence and all the relevant licences and consent or renewal (including but not limited to the Safety Production Permit) and such licences being validly subsistence;

(v) the Purchaser having obtained a technical report from an independent competent person (as defined in the Listing Rules) appointed by the Purchaser (in such form and substance satisfactory to the Purchaser), confirming the resources or reserves of the Mines are no less than the resources or reserves listed in the indicative report/preliminary report;

(vi) the Purchaser, its agent or professional advisers being satisfied with the results of the due diligence review on the Target Group (in relation to legal, accounting, finance, operation or any other matters in the Purchaser's opinion being important);

(vii) the Vendor having obtained all approvals, confirmations, waivers or consents in respect of the Sale and Purchase Agreement and all transactions contemplated thereunder under applicable laws and regulations from the relevant authorities having jurisdiction over the Vendor or other relevant third parties (if so required by the relevant legislations);

(viii) the Shareholders having in the EGM approved the Sale and Purchase Agreement, the allotment and issue of the Consideration Shares, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Notes and all transactions contemplated thereunder in accordance of the Memorandum and Article of Association of the Company and the Listing Rules;

(ix) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares whether subject to condition(s) or not;

(x) the Purchaser being satisfied, from the date of signing of the Sale and Purchase Agreement and at any time before Completion, that the representations, warranties and undertakings given under the Sale and Purchase Agreement remain true, accurate, not misleading or in breach in any material respect and that no event has suggested that there were any material changes in such representations, warranties and undertakings; and

(xi) the Purchaser not having discovered or known that from the date of signing of the Sale and Purchase Agreement till Completion, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Group.

The Vendor undertakes to employ its reasonable endeavours to co-operate with the Purchaser in complying with the conditions precedent (i) to (vii), (x) and (xi) above within the time stipulated above (as applicable) including but not limited to making all necessary applications and submitting relevant information to the Stock Exchange and the Securities and Futures Commission on time. The Purchaser undertakes to use its reasonable endeavours to cause conditions precedent (viii) and (ix) above to be complied with within the time stipulated (as applicable) (including but not limited to making all necessary applications and submitting the relevant information to the Stock Exchange and the Securities and Futures Commission on time).

The Purchaser shall have the right to waive in writing the conditions precedent above (save as and except for conditions (viii) and (ix)). Save as aforesaid, if the conditions precedent as set out in the Sale and Purchase Agreement have not been fulfilled (or, where applicable, waived by the Purchaser in writing) on or before the Long Stop Date, the Purchaser can terminate the Sale and Purchase Agreement by notice in writing to the Vendor after the Long Stop Date, and the obligations of the Purchaser under the Sale and Purchase Agreement shall terminate thereafter.

Save as in the case where the Purchaser is in breach, if the Sale and Purchase Agreement is terminated as aforementioned, the Vendor shall repay the Earnest Money (without interest) and any amount previously paid by the Purchaser to the Vendor within ten (10) Business Days of the despatch of the aforesaid termination notice by the Purchaser.

Completion:

Completion shall take place within ten(10) Business Days (or such later date as agreed by the Purchaser and the Vendor in writing) from the date of the written notice of Completion issued by the Purchaser. Such written notice will only be issued by the Purchaser where the conditions precedent to the Sale and Purchase Agreement set out above have been satisfied or waived (if possible).

The Company has no present intention to change the composition of the Board upon Completion and the Directors confirmed that the Company does not intend to appoint each of the ultimate beneficial owners of the Vendor and/or their respective associates as Director(s) as a result of the Acquisition. Pursuant to the terms of the Sale and Purchase Agreement, the Vendor undertakes to the Company that it and its associates shall not nominate any person as Director(s) within one year from the Completion.

The Consideration Shares:

The 123,809,523 Consideration Shares at the Issue Price of HK$2.10 per Consideration Share will be issued and allotted by the Company to the Vendor (or its nominee(s)) upon (a) the approval of the Acquisition by the Shareholders being obtained at the EGM; and (b) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in the Consideration Shares in the event that the Company chooses the Consideration Shares in lieu of Cash Method.

The 219,047,619 Consideration Shares at the Issue Price of HK$2.10 per Consideration Share will be issued and allotted by the Company to the Vendor (or its nominee(s)) within one month upon Completion under the Second Consideration Shares Payment.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor, after taking into account of the prevailing market price of the Shares and the recent condition of the financial market in Hong Kong.

The Issue Price represents:

(i) a premium of approximately 22.09% over the closing price of HK$1.720 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

(ii) a premium of approximately 32.08% over the average of the closing prices of HK$1.590 per Share for the last five consecutive trading days up to and including the date of the Sale and Purchase Agreement;

(iii) a premium of approximately 33.59% over the average of the closing prices of HK$1.572 per Share for the last ten consecutive trading days up to and including the date of the Sale and Purchase Agreement; and

(iv) a premium of approximately 264.69% over the unaudited consolidated net asset value of the Group per Share of approximately HK$0.5758 as at 30 June 2010 (based on the unaudited consolidated net asset value of the Group of approximately HK$1,464,152,000 as at 30 June 2010 and 2,542,640,000 issued Shares as at the date of the Sale and Purchase Agreement).

The aggregate Consideration Shares in the sum of 342,857,142 Shares under the Consideration Shares in lieu of Cash Method and the Second Consideration Shares Payment represent (i) approximately 13.48% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 11.88% of the issued share capital of the Company as enlarged by the issue of the aggregate Consideration Shares; and (iii) approximately 11.04% of the issued share capital of the Company as enlarged by the issue of the aggregate Consideration Shares and the issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price.

The Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of issuance and allotment including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such issuance and allotment.

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares. The Consideration Shares shall be issued and allotted under a specific mandate. There is no restriction on subsequent sale of the Consideration Shares.

The Convertible Notes:

Pursuant to the Sale and Purchase Agreement, HK$460,000,000 out of the Consideration is to be satisfied by the issue of the Convertible Notes (in three tranches) at the initial Conversion Price of HK$2.10 per Conversion Share by the Company to the Vendor (or its nominee(s)) within one month upon Completion.

The principal terms of the Convertible Notes are summarised as follows:

Issuer

The Company

Noteholder(s)

The Vendor (or its nominee(s))

Principal amount

HK$460,000,000, comprising the First Tranche CN, the Second Tranche CN and the Third Tranche CN in principal amounts of HK$235,000,000, HK$100,000,000 and HK$125,000,000, respectively.

Maturity date

The Business Day falling on the third anniversary from the issue date of the Convertible Notes

Interest

6% per annum

Transferability

Save as during the period the Second Tranche CN and the Third Tranche CN are placed in escrow with the Purchaser pursuant to the Sale and Purchase Agreement, the Convertible Notes will be freely transferable or assigned (in integral multiple of HK$1,000,000 or such lesser amount representing the entire outstanding principal amount of the Convertible Notes) to transferee other than a connected person of the Company, which is subject to the prior written consent of the Company and is in compliance with the Listing Rules.

Voting rights

The Noteholder(s) is/are not entitled to attend or vote at any meetings of the Company.

Conversion rights

Save as during the period the Second Tranche CN and the Third Tranche CN are placed in escrow with the Purchaser pursuant to the Sale and Purchase Agreement,, the Noteholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes (in the amount of HK$1,000,000 or integral multiples thereof) on any Business Day up to the maturity date of the Convertible Notes, provided that (i) holder(s) of the Convertible Notes shall not exercise the conversion rights attached to the Convertible Notes if such conversion would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules; and (ii) holder(s) of the Convertible Notes and parties acting in concert with it/them will not become obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Conversion Price

The initial Conversion Price of HK$2.10 per Conversion Share (subject to adjustments upon the occurrence of subdivision or consolidation of Shares, capitalisation issues, rights issues and other dilutive events, which adjustments shall be determined by approved merchant bankers in such manner as the Company considers appropriate).

The Conversion Price represents:

(i) a premium of approximately 22.09% over the closing price of HK$1.720 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;

(ii) a premium of approximately 32.08% over the average of the closing prices of HK$1.590 per Share for the last five consecutive trading days up to and including the date of the Sale and Purchase Agreement;

(iii) a premium of approximately 33.59% over the average of the closing prices of HK$1.572 per Share for the last ten consecutive trading days up to and including the date of the Sale and Purchase Agreement; and

(iv) a premium of approximately 264.69% over the unaudited consolidated net asset value of the Group per Share of approximately HK$0.5758 as at 30 June 2010 (based on the unaudited consolidated net asset value of the Group of approximately HK$1,464,152,000 as at 30 June 2010 and 2,542,640,000 issued Shares as at the date of the Sale and Purchase Agreement).

The Board confirmed that the Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor, after taking into account the prevailing market price of the Shares and the recent condition of the financial market in Hong Kong.

Redemption

The Noteholder(s) has/have the right to require the Company to redeem the Convertible Notes upon the occurrence of events of default as stipulated in the terms of the Convertible Notes. Set out below are the events of default:

(a) the Company fails to allot, issue and deliver the relevant number of Conversion Shares to Noteholder(s) upon conversion;

(b) the Company defaults in performance or observance or compliance with its obligations set out in the terms of the Convertible Notes and such default is not remedied within 14 Business Days after notice is given by the Noteholder(s);

(c) any order is made or an effective resolution is passed for the dissolution or liquidation, or the disposal of the whole or nearly whole of the assets of the Company except in the course of reorganisation of the Company;

(d) any material breach of any provisions under the Sale and Purchase Agreement is constituted;

(e) an encumbrancer takes possession or a liquidator is appointed for the whole or the substantial part of the assets or business of the Company;

(f) the substantial part of the Company's assets are seized or sequestrated and such seizure or sequestration is not released within 30 Business Days; and.

(g) the Shares are suspended for trading for more than 90 trading days or cease to be listed on the Stock Exchange.

The Company may at any time before the maturity date with the consent of the Noteholder(s) redeem in whole or in part the Convertible Notes. Unless previously converted, purchased and cancelled, the Company shall pay the outstanding principal amount under the Convertible Notes by cash on the date of maturity of the Convertible Notes.

Ranking of the Conversion Shares

The Conversion Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in the Conversion Shares. The Conversion Shares shall be allotted and issued under a specific mandate.

Assuming full conversion of all Convertible Notes at the initial Conversion Price, a maximum of 219,047,619 Conversion Shares will be issued, representing (i) approximately 8.61% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 7.59% of the issued share capital of the Company as enlarged by the issue of the aggregate Consideration Shares; and (iii) approximately 7.06% of the issued share capital of the Company as enlarged by the issue of the aggregate Consideration Shares and the issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price.

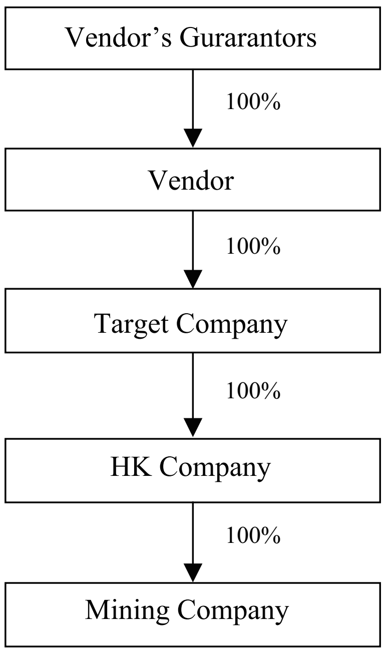
Non-competition undertaking

Under the Sale and Purchase Agreement, the Vendor has undertaken to the Purchaser that, unless with prior written consent from the Company or the Purchaser, the Vendor and its associates and affiliates would not directly or indirectly engage in or share in more than 25% of profits from businesses and/or investments which would compete with the businesses of the Target Group in Henan Province, the PRC within five years from the date of the Sale and Purchase Agreement.

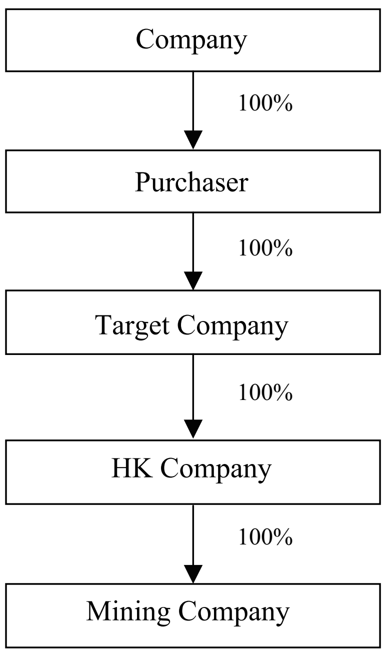
SHAREHOLDING CHARTS

The following charts show (i) the shareholding structure of the Target Group as at the date of this announcement; and (ii) the shareholding structure of the Enlarged Group immediately upon Completion:

Simplified shareholding structure as at the date of this announcement



Simplified shareholding structure immediately upon Completion



INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands on 8 August 2008 with limited liability and is wholly-owned by the Vendor. The principal assets of the Target Company are the 100% equity interests in the HK Company and the Mining Company respectively.

The HK Company

The HK Company is an investment holding company incorporated in Hong Kong on 14 October 2008 with limited liability and is wholly-owned by the Target Company. The principal asset of the HK Company is the 100% equity interest in the Mining Company.

The Mining Company

The Mining Company is incorporated in the PRC on 20 December 2003 with limited liability and is wholly-owned by the HK Company. The Mining Company holds the Mining Licence as well as the Exploration Right and is principally engaged in the exploitation of Mine I and the exploration of Mine II.

The Target Group

Upon Completion, the Purchaser, a wholly-owned subsidiary of the Company, will become a 100% shareholder of the Target Company and therefore be effectively interested in (i) 100% equity interest in the HK Company; and (ii) 100% equity interest in the Mining Company. As a result, the Mining Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be fully consolidated into the financial statements of the Group. In addition, the Company shall also be able to appoint all board members of each of the companies within the Target Group.

Financial information of the Target Group

The Target Group comprises the Target Company, the HK Company and the Mining Company, the financial information of which are illustrated below separately.

Set out below is a summary of the unaudited financial information on the Target Company (i) for the period from 8 August 2008 (being the date of its incorporation) up to 31 December 2008; (ii) for the year ended 31 December 2009; and (iii) for the five months ended 31 May 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

Income Statement	**For the period from 8 August 2008 to 31 December 2008**	**For the year ended 31 December 2009**	**For the five months ended 31 May 2010**
	HK$	*HK$*	*HK$*
Turnover	—	—	—
Loss for the year/period	(8,000)	(7,000)	—

Balance Sheet	**As at 31 December 2008**	**As at 31 December 2009**	**As at 31 May 2010**
	HK$	*HK$*	*HK$*
Total assets	391,550	377,995	34,614,490
Total liabilities	(9,550)	(2,995)	(34,239,490)
Net assets	382,000	375,000	375,000

Set out below is a summary of the unaudited financial information on the HK Company (i) for the period from 14 October 2008 (being the date of its incorporation) up to 31 December 2008; (ii) for the year ended 31 December 2009; and (iii) for the five months ended 31 May 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

Income Statement	**For the period from 14 October 2008 to 31 December 2008**	**For the year ended 31 December 2009**	**For the five months ended 31 May 2010**
	HK$	*HK$*	*HK$*
Turnover	—	—	—
Loss for the year/period	(450)	(1,845)	(8,036)

Balance Sheet	**As at 31 December 2008**	**As at 31 December 2009**	**As at 31 May 2010**
	HK$	*HK$*	*HK$*
Total assets	9,550	7,705	34,604,159
Total liabilities	—	—	(34,604,490)
Net assets/liabilities	9,550	7,705	(331)

Set out below is a summary of the unaudited financial information of the Mining Company for the two years ended 31 December 2009 and the five months ended 31 May 2010 prepared in accordance with the relevant PRC accounting standards:

Income Statement	**For the year ended 31 December 2008**	**For the year ended 31 December 2009**	**For the five months ended 31 May 2010**
	RMB	*RMB*	*RMB*
Turnover	—	22,430,611	7,014,593
Profit/Loss for the year/period	(12,600,432)	218,308	(623,784)

Balance Sheet	**As at 31 December 2008**	**As at 31 December 2009**	**As at 31 May 2010**
	RMB	*RMB*	*RMB*
Total assets	50,599,528	67,550,632	87,482,345
Total liabilities	(6,184,213)	(22,917,008)	(13,972,506)
Net assets	44,415,315	44,633,624	73,509,839

As represented by the Vendor, the Mining Company had suffered from losses for the five months ended 31 May 2010 due to the increase in operating expenses, including wages, repairs and travelling expenses etc.. The Mining Company incurred additional operating expenses as a result of the preparation work for expansion of the production capacity of Mine I in early 2010.

INFORMATION ON THE MINES

Mine I

Mine I is located at Kangshan Village of Baitu Town of Luanchuan County, Henan Province (河南省欒川縣白土鄉康山村), the PRC with an aggregate area of mine field of approximately 4.5323 km^2. As extracted from the Technical Report, Mine I includes four sub-mining areas, namely Xingshuya (杏樹埡), Xingxingyin (星星印), Xiaonangou-Houmusi (小南溝) and Moshigou (磨石溝).

The Technical Adviser confirmed that the exploration activity at Mine I had been completed and Mine I is currently at the exploitation and production stage. The current business operation and scale of production of Mine I supports annual practical output of more than 70,000 tonnes of ores. The Company will disclose details of the future development plan of Mine I in the Circular.

The Mining Licence

Details of the Mining Licence are summarised as below:

Licence number	Holder of the licence	Area of mine field approximately *(km^2)*	Production scale *(tonnes)*	Expiry date
C4100002009094 220037474	The Mining Company	4.5323	48,000	March 2016

The PRC legal advisers to the Company have carried out legal due diligence on, among other things, the Mining Company's legal title and interest to Mine I, whether there will be any legal impediments for the Mining Company to extend all the relevant mining rights certificates for the future operation and production of Mine I.

Based on the examination of the relevant legal documents of the Mining Company and the fact that the Mining Licence has been granted to the Mining Company as at the date of this announcement, the Company's PRC legal advisers indicated that there is no foreseeable legal obstacle for the Mining Company to renew the Mining Licence. Moreover, according to the PRC legal advisers, the right of the Mining Company to carry on the gold mining business in the PRC will not be affected by the Acquisition.

Given that as represented by the Company's PRC legal advisers that (i) there is no foreseeable legal obstacle for the Mining Company to renew the Mining Licence once it expires; and (ii) the right of the Mining Company to carry on the gold mining business in the PRC will not be affected by the Acquisition, the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

As mentioned in the foregoing section, the practical output of Mine I exceeds 70,000 tonnes of ores, which is beyond the mining production scale of Mine I as stipulated under the Mining Licence. According to the PRC legal advisers to the Company, the Mining Company may therefore be subject to risk of penalty being imposed on by the relevant supervisory authority in the PRC under the laws of the PRC. Nevertheless, up to the date of this announcement, the Mining Licence remains valid, and the Mining Company has already applied for a new mining licence with larger stipulated production scale in order to ensure the legality and smooth operations of Mine I.

Mine II

Mine II is located at Kangshan Village of Baitu Town of Luanchuan County, Henan Province (河南省欒川縣白土鄉康山村), the PRC with an aggregate area of mine field of approximately 17.06 km^2. The Mining Company possesses the Exploration Right. As represented by the Vendor, since Mine II has already completed the exploration stage, the Mining Company is in the process of applying for a mining licence for carrying out exploitation and mining activities in Mine II. Based on the examination of the relevant legal documents of the Mining Company, the Company's PRC legal advisers indicated that there is no foreseeable legal obstacle for the Mining Company to obtain the mining licence, and it is expected that the mining licence will be issued to the Mining Company by the relevant PRC government authority before March 2011.

THE TECHNICAL REPORT

With reference to the Technical Report dated July 2010 issued by Technical Adviser, the predominant resources in Mine I is mainly gold, and the identified Mineral Resources of Mine I in compliance with the JORC Code are as follows:

Mine I	**Category**	**Tonnes** *(000's t)*	**Au grade** *(g/t)*	**Au tonnes** *(t)*
	Indicated	2,462.2	6.08	14.9
	Inferred	10,080.4	3.34	33.8
Total		**12,542.7**	**3.88**	48.7

According to the Technical Adviser and under the JORC Code, an 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. An "inferred mineral resource" is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. Whereas for an "indicated mineral resource", the Valuer advised that under the JORC Code, it is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence, and is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Such locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

REASONS FOR THE ACQUISITION

The Group is principally engaged in mining and processing of gold mines and sale of gold and has discontinued the business of the production and sale of small pack edible oil, trading of edible oil and related products in May 2010. The Group will further actively explore the chance to acquire high quality and high efficient gold mineral in the PRC in order to expand the gold mineral assets. Moreover, the Group also looks into the chance to develop overseas operation as a future development strategy.

The chart below illustrates the change in gold spot prices from 1 September 2009 to 31 August 2010:

Gold spot prices in USD from 1 September 2009 to 31 August 2010

Source: Bloomberg

The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to broaden its source of income. In light of the increase in gold prices from second half of 2009 onwards as depicted by the chart above, the Directors are optimistic about the future prospects of gold metal. The Directors consider that the Acquisition is in line with the business strategy of the Group to develop in the gold mining industry with an aim of broadening the income base of the Group, and thereby enhancing the Group's future financial performance and profitability.

Nevertheless, the Directors consider that the Enlarged Group may be posed with certain inevitable risks due to the Acquisition (details of which are set out under the section headed "Risk factors" below). Having balanced the risks associated with the Acquisition and the prospects of the Mining Company, the Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares under the Consideration Shares in lieu of Cash Method; (iii) immediately after the allotment and issue of the aggregate Consideration Shares under both of the Consideration Shares in lieu of Cash Method and the Second Consideration Shares Payment; and (iv) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares under the Consideration Shares in lieu of Cash Method		Immediately after the allotment and issue of the aggregate Consideration Shares under both of the Consideration Shares in lieu of Cash Method and the Second Consideration Shares Payment		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Aswell Group Limited *(Note 1)*	340,196,670	13.38	340,196,670	12.76	340,196,670	11.79	340,196,670	10.96
Lim Wa	7,800,000	0.31	7,800,000	0.29	7,800,000	0.27	7,800,000	0.25
Lam Cham	7,200,000	0.28	7,200,000	0.27	7,200,000	0.25	7,200,000	0.23
Dai Xiaobing	11,000,000	0.43	11,000,000	0.41	11,000,000	0.38	11,000,000	0.35
Lead Pride Holdings Limited *(Note 2)*	100,000,000	3.93	100,000,000	3.75	100,000,000	3.47	100,000,000	3.22
Vendor	—	—	123,809,523	4.64	342,857,142	11.88	561,904,761	18.10
Public shareholders	2,076,443,330	81.67	2,076,443,330	77.88	2,076,443,330	71.96	2,076,443,330	66.89
	2,542,640,000	**100**	**2,666,449,523**	**100**	**2,885,497,142**	**100**	**3,104,544,761**	**100**

Notes:

1. Aswell Group Limited is a company incorporated in the British Virgin Islands with limited liability and is legally and beneficially owned as to 100% by Mr. Lim Wa, a Director.

2. Lead Pride Holdings Limited is a company incorporated in the British Virgin Islands with limited liability and is legally and beneficially owned as to 100% by Mr. Chang Yim Yang, a Director.

3. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Aswell Group Limited and its ultimate beneficial owner(s) are not parties acting in concert with the Vendor and its ultimate beneficial owner.

4. As at the date of this announcement, the Company has (i) 6,100,000 outstanding share options granted under the share option scheme of the Company, carrying rights to subscribe for 6,100,000 Shares; and (ii) 150,000,000 warrants granted pursuant to the warrant subscription agreement dated 5 May 2010, details of which were included in the announcement of the Company dated 5 May 2010. Save for the aforesaid share options and warrant, the Company does not have any outstanding derivatives or securities convertible into Shares as at the date of this announcement. The shareholding structure shown in the above table has assumed no exercise of such share options and warrants.

Given the terms and conditions of the Sale and Purchase Agreement and the terms of the Convertible Notes as mentioned above, there will not be a change in control of the Company as a result of the Acquisition.

The Company shall comply with the public float requirements, being not less than 25% of the total issued share capital of the Company under Rule 8.08 of the Listing Rules, at all times and take appropriate steps/measures to ensure sufficient public float of the Shares (if necessary).

DILUTION EFFECT OF THE SHAREHOLDERS

The Company will make disclosure relating to change in its issued share capital (including any conversion of the Convertible Notes) in the Next Day Disclosure Return(s) and Monthly Return(s) in compliance with Rules 13.25A and 13.25B of the Listing Rules as and when required.

RISK FACTORS

Set out below are the risk factors which may be associated with the Acquisition:

Fluctuation in the price and demand of gold

The price of gold in the PRC is highly influenced by the price of gold in the international market. The Directors consider that there are many factors which may influence the price and demand of gold in the international market, including but not limited to the stability of the international economic situation and the fluctuation of the global political and social condition, which are beyond the control of the Enlarged Group. Besides that, there is a possibility that the prices of commodities may fall to lower levels and the future price movement of gold (whether upward or downward) are unpredictable as at this moment.

Uncertainties in gold exploitation

The amounts of gold resources/reserves in the Mines (as the case may be) may be varied from the estimation by the Technical Adviser and there is no assurance that the exploitation work to be performed by the Enlarged Group can lead to discovery of economically feasible resources/reserves.

The PRC government regulations on the gold industry

The gold mining industry is subject to various government policies and regulations, including but not limited to, exploitation, development, production, taxation, labour standards, vocational health and safety, waste treatment, environment monitoring, protection and control, operation management and other problems. Any changes to those policies may increase the operating costs of the Mining Company and hence, adversely affect the operating results of the Enlarged Group.

Validity of the Mining Licence

Despite the fact that the Mining Company has obtained the Mining Licence for conducting exploitation activity in Mine I during the licenced period, the Mining Licence is subject to renewal in the future and the Mining Company may not be able to renew or extend its exploitation right. In the event that the Mining Company fails to renew the Mining Licence upon expiration, the operation and financial performance of the Enlarged Group will be adversely affected.

In addition, the existing production capacity of Mine I has exceeded that as stipulated under the Mining Licence. According to the PRC legal advisers to the Company, the Target Company may therefore be subject to risk of penalty being imposed on by the relevant supervisory authority in the PRC under the laws of the PRC. Nevertheless, up to the date of this announcement, the Mining Licence remains valid.

The valuation on the Mining Company

The valuation of the 100% equity interest in the Mining Company based on the Valuation Report involves various assumptions and therefore such valuation may or may not effectively reflect the true value of the Mining Company.

Significant and continuous capital investment

The mining business requires significant and continuous capital investment. Natural resources production projects may not be completed as planned or scheduled, may exceed the original budgets and may not achieve the intended economic results or commercial viability. Thus, the actual capital investment for operation and development of the Mining Company may significantly exceed the Enlarged Group's budgets because of factors beyond the Enlarged Group's control.

Operation risks

The Mining Company's mining/exploration business is subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, unexpected labour shortages and compensatory claims, disputes or strikes, cost increases for contracted and/or purchased goods and services; shortages of required materials and supplies; electrical power interruptions, mechanical and electrical equipment failure; changes in the regulatory environment; natural phenomena, such as inclement weather conditions, floods, earthquakes, pit wall failures, tailings dam failures and cave-ins, encountering, unusual or unexpected climatic conditions which may or may not result from global warming; and encountering unusual or unexpected geological conditions.

The Acquisition will increase the level of risk exposure of the Enlarged Group. Shareholders should be aware of the aforementioned risk factors, which may not be exhaustive, when considering the Acquisition.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 100% but exceed 25%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The EGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As no Shareholder has material interest in the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the EGM in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The Circular containing, among other things, (i) further details of the Acquisition, including the future development plan of the Mining Company, the Technical Report and the Valuation Report; and (ii) a notice of EGM, will be despatched to the Shareholders. Since additional time will be required by the reporting accountants to the Company for preparation of the accountants' report of the Target Group, the Company expects that the Circular will be despatched on or before 6 October 2010.

As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

"Acquisition"	the possible acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions set out in the Sale and Purchase Agreement
"associate(s)	shall have the meaning as ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
"Company"	China Precious Metal Resources Holdings Co. Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Sale and Purchase Agreement
"Completion Date"	the date on which Completion takes place in accordance with the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules and the word "connected" shall be construed accordingly
"Consideration"	the consideration of HK$1,380,000,000 payable by the Purchaser to the Vendor for the Acquisition pursuant to the Sale and Purchase Agreement
"Consideration Share(s)"	an aggregate of 342,857,142 new Shares to be allotted and issued to the Vendor (or its nominee(s)), credited as fully paid at the Issue Price in accordance with the terms and conditions of the Sale and Purchase Agreement
"Conversion Price"	HK$2.10 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Sale and Purchases Agreement and the terms of the Convertible Notes

"Conversion Share(s)"	219,047,619 new Shares to be allotted and issued by the Company upon exercise of the conversion rights attached to all the Convertible Notes at the initial Conversion Price
"Convertible Notes"	the convertible redeemable notes in the principal amount of HK$46,000,000 to be issued by the Company to the Vendor (or its nominee(s)) in accordance with the terms and conditions of the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"Earnest Money"	HK$200,000,000 in cash paid by the Purchaser to the Vendor as earnest money under the Letter of Intent
"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve by the Shareholders the Sale and Purchase Agreement and the transactions contemplated thereunder
"Enlarged Group"	the Group immediately after the Completion
"Exploration Right"	the approval from the relevant government authority in the PRC authorising the Mining Company to conduct exploration activity in Mine II
"First Tranche CN"	the first tranche of the Convertible Notes in the principal amount of HK$235,000,000 to be issued by the Company to the Vendor (or its nominee(s))
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HK Company"	Hong Kong T&R Mining Investment Limited (香港騰瑞礦業投資有限公司), a limited liability company incorporated in Hong Kong and is wholly-owned by the Target Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
"Issue Price"	the issue price of HK$2.10 per Consideration Share
"km^2"	square kilometer(s)
"Letter of Intent"	a non-legally binding commitment dated 4 February 2010 entered into between the Purchaser and the Vendor in relation to the Acquisition

"Listing Committee"	the listing sub-committee of the board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2011, or such later date as the relevant parties to the Sale and Purchase Agreement may agree in writing
"Mines"	including Mine I and Mine II
"Mine I"	a mine located at Kangshan Village of Baitu Town of Luanchuan County, Henan Province (河南省欒川縣白土鄉康山村), the PRC with an aggregate area of mine field of approximately 4.5323 km^2
"Mine II"	a mine located at Kangshan Village of Baitu Town of Luanchuan County, Henan Province (河南省欒川縣白土鄉康山村), the PRC with an aggregate area of mine field of approximately 17.06 km^2
"Mining Company"	欒川縣金興礦業有限責任公司 (Luanchuan County Jinxing Mining Co., Ltd.*), a foreign enterprise established under the laws of the PRC and is wholly-owned by the HK Company
"Mining Licence"	the mining licence No. C4100002009094220037474 held by the Mining Company for conducting exploitation activity in Mine I
"PRC"	the People's Republic of China
"Purchaser"	China Precious Metal Resources Co., Limited, being a wholly-owned subsidiary of the Company and the purchaser of the Acquisition under the Sale and Purchase Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement in relation to the Acquisition entered into between the Purchaser and the Vendor on 2 September 2010
"Sale Loan"	all indebtedness, obligations and liabilities due, owing or incurred by the Target Group to the Vendor as at the Completion Date, whether actual, contingent or deferred and irrespective whether or not the same is due and payable on Completion, which as at 31 May 2010 was amounted to HK$34,239,490
"Sale Share(s)"	50,000 share(s) of US$1.00 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
"Second Tranche CN"	the second tranche of the Convertible Notes in the principal amount of HK$100,000,000 to be issued by the Company to the Vendor (or its nominee(s))

"Share(s)"	ordinary share(s) of HK$0.125 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"t"	tonne(s)
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Repurchases of the Securities and Futures Commission of Hong Kong
"Target Company"	Decent Connection Overseas Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor
"Technical Adviser"	Minarco-MineConsult, an independent technical adviser
"Technical Report"	a technical report on the Mines issued in July 2010 by the Technical Adviser
"Third Tranche CN"	the third tranche of the Convertible Notes in the principal amount of HK$125,000,000 to be issued by the Company to the Vendor (or its nominee(s))
"US$"	United States dollar(s), the lawful currency of the United States
"Valuation Report"	the valuation report prepared by the Valuer regarding the preliminary valuation of the 100% equity interest in the Mining Company as at 31 July 2010
"Valuer"	Roma Appraisals Limited, an independent valuer
"Vendor"	Simple Best Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by three individual shareholders
"Vendor's Guarantors"	Mr. King Hap Lee (景哈利), Mr. Hua Dong Fan (花東帆) and Ms. Wang Jing (王靜)
"%"	per cent.

By order of the Board
China Precious Metal Resources Holdings Co., Ltd.
LAM Cham
Executive Director

Hong Kong, 2 September 2010

As at the date of this announcement, the executive Directors are Mr. Lim Wa, Mr. Lam Cham, Mr. Dai Xiaobing and Mr. Chang Yim Yang; the non-executive Director is Mr. Wang, John Peter Ben; the independent non-executive Directors are Dr. Wong Lung Tak Patrick, J.P., Mr. Chan Kin Sang and Mr. Xiao Rong Ge.

For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK$ using the exchange rate of RMB1.00:HK$1.145. No representation is made that any amounts in RMB or HK$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entitles mentioned in this announcement and their English translations, the Chinese names shall prevail.

This announcement will remain on the "Latest Company Information" page of the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://cpm.etnet.com.hk for at least seven days from the date of its posting.

** For identification purposes only*