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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)

**MEETINGS OF HOLDERS AND CONSENT SOLICITATION IN RELATION TO
THE PROPOSED AMENDMENT OF
TERMS AND CONDITIONS AND TRUST DEED OF
HK\$1,028,000,000 7.25 PER CENT. CONVERTIBLE BONDS DUE 2018
(ISIN: XS0880097620)**

Reference is made to the Bond Announcement. As described in an announcement by the Company dated 4 February 2013, the Company issued the Bonds on 4 February 2013. For further details of the Bonds please refer to the Bond Announcement.

BACKGROUND

The Company issued the Bonds on 4 February 2013. Pursuant to the existing terms and conditions of the Bonds, the Bondholders may, at their option, put all or some only of the Bonds to the Company for redemption on 4 February 2016 at their principal amount. The expectation is that the majority of Bondholders may consider exercising their put right on this date.

The Proposals are designed to assist the Company in managing cash flows and as such the Company is inviting Bondholders to consider modifying the existing terms and conditions of the Bonds (which would, amongst other things, extinguish the right of the Bondholders to require the Company to redeem the Bonds on 4 February 2016).

The Company will also propose that Bondholders may elect to substitute the Bonds (in whole or in part as described below) for ordinary shares in the Company and that the Conversion Price is lowered and subject to periodic resets.

The Company proposes to request the Bondholders to agree to the Proposals by way of passing an Extraordinary Resolution, and the Extraordinary Resolution will itself be subject to the subsequent approval of the shareholders of the Company, which will be sought at an EGM.

EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS

The Proposals shall be subject to the approval of the Shareholders of the Company, which will be sought at the EGM, in which the Shareholders will be asked to approve (i) the adoption of the Proposals, (ii) the increase in the authorised share capital of the Company from HK\$1,250,000,000 divided into 10,000,000,000 Shares to HK\$1,375,000,000 divided into 11,000,000,000 Shares by the creation of an additional 1,000,000,000 unissued Shares, and (iii) the grant of the Specific Mandate for the Directors to issue not more than 4,000,000,000 new Shares, so as to enable Shareholders to make an informed decision on whether to vote for or against the resolutions at the Extraordinary General Meeting.

PRINCIPAL TERMS OF THE PROPOSAL

The Company is (i) seeking the consent of Bondholders each by way of an Extraordinary Resolution to the amendments to the Terms and Conditions and the Trust Deed constituting the Bonds, and (ii) giving Bondholders the option to agree, if such option is validly selected by the Bondholders, to the substitution of each Bond with (x) Consent Shares, or (y) Full Consent Shares. It is expected that, depending on their investment preference, some of the Bondholders will elect to maintain their holding in the Bonds while others will substitute their Bonds for either Consent Shares or Full Consent Shares.

The amendments to the Terms and Conditions and the Trust Deed include the following:

- (a) A reduction in the Conversion Price under the terms and conditions of the Bonds. The reduced Conversion Price is calculated based on a 25% premium to the Reference VWAP;
- (b) A reset to the Conversion Price, whereby on each of 4 August 2016 and 4 February 2017, if the Volume Weighted Average Price during a period of 20 consecutive Trading Days is less than the Conversion Price prevailing on the last day of such period, the Conversion Price shall be reset, subject to a minimum price reset equal to the Reference Share Price;
- (c) Modification to the redemption right at the option of the Company, whereby:
 - (i) the Company may at any time on, or after 4 February 2016 to, and including 4 February 2017, redeem all but not some only of the outstanding Bonds at 105.0% of their outstanding principal amount, with accrued but unpaid interest together with the interest which would have accrued from and including the date on which the Bonds are redeemed to but excluding 4 February 2017; and
 - (ii) at any time after 4 February 2017, the Company may redeem, together with accrued but unpaid interest to the Optional Redemption Date, (x) the aggregate principal amount of Bonds such that after such redemption, the outstanding aggregate principal amount of Bonds remaining is two-thirds of the aggregate principal amount of Bonds as at 4 February 2017 provided the Volume Weighted Average Price of a Share for a period of 30 consecutive Trading Days ending on the date which is no more than 5 Trading Days prior to notice of redemption is at least 130% of the Conversion Price immediately prior to notice of redemption, (y) the aggregate principal amount of Bonds such that after such redemption, the outstanding aggregate principal amount of Bonds remaining is one third of the aggregate principal amount of Bonds as at 4 February 2017 provided the Volume Weighted Average Price of a Share for a period of 30 consecutive Trading Days ending on the date which is no more than 5 Trading Days prior to notice of redemption is at least 140% of the Conversion Price immediately prior to notice of redemption, and (z) all remaining Bonds outstanding provided the Volume Weighted Average Price of a Share for a period of 30 consecutive Trading Days ending on the date which is no more than 5 Trading Days prior to notice of redemption is at least 150% of the Conversion Price immediately prior to notice of redemption; and
- (d) The removal of the right of the Bondholders to redeem the Bonds which is set out at Condition 8(D) (*Redemption at the Option of the Bondholders* in the existing terms and conditions of the Bonds.

Bondholders who do not elect to substitute Bonds for Full Consent Shares will be provided the option to substitute each Bond with Consent Shares. Eligible Bondholders will first receive, in cash, the Principal Paydown Amount plus accrued interest from the last Interest Payment Date to but excluding the Settlement Date. Bondholders will then be able to substitute Bonds for Consent Shares calculated as (i) the outstanding principal amount of each Bond following the repayment of the Principal Paydown Amount plus interest accrued on the outstanding principal amount from and including the last Interest Payment Date to but excluding the Settlement Date, divided by (ii) the Reference Share Price.

In addition to the option to substitute Bonds for Consent Shares, Bondholders will be provided the option to instead substitute each Bond with Full Consent Shares. Bondholders electing to receive Full Consent Shares will not receive any cash payment but will substitute Bonds for Full Consent Shares calculated as (i) the principal amount of each Bond plus interest accrued on the principal amount from and including the last Interest Payment Date to but excluding the Settlement Date, divided by (ii) the Reference Share Price.

The Principal Paydown Amount, equal to HK\$350,000 per HK\$1,000,000 principal amount of the Bonds will be payable to each Bondholder who does not elect to substitute Bonds for Full Consent Shares on the Settlement Date, plus interest accrued on the Principal Paydown Amount from the last Interest Payment Date to the Settlement Date will be made by the Company.

For the avoidance of doubt, none of the payment of the Principal Paydown Amount, the issue of the Consent Shares or the adjustment to the Conversion Price shall trigger any adjustments under Condition 6(C) (*Conversion — Adjustments to Conversion Price*) of the Terms and Conditions.

PRINCIPAL TERMS OF THE BONDS AFTER PROPOSED AMENDMENTS TAKE EFFECT

The principal terms of the Amended Bonds are summarised as follows:

Issuer:	China Precious Metal Resources Holdings Co., Ltd.
Bonds:	HK\$1,028,000,000 7.25 per cent. convertible bonds due 2018.
Form and Denomination of the Bonds:	The Bonds are issued in registered form and in the denomination of HK\$1,000,000 in nominal amount each and integral multiples thereof.
Interest:	The Bonds bear interest from and including 4 February 2013 at the rate of 7.25 per cent. per annum payable semi-annually in arrear on 4 February and 4 August in each year, save for the interest payable on 4 February 2016, which shall be HK\$677.58 per Calculation Amount.

Maturity Date:	4 February 2018.
Negative Pledge:	So long as any Bond remains outstanding, the Company will not, and will ensure that none of its subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure (a) any Relevant Indebtedness (other than the Permitted Indebtedness), or (b) any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security, as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an extraordinary resolution of the Bondholders.
Status of the Bonds:	The Bonds shall constitute direct, unconditional, unsubordinated and (subject to Condition 4 (<i>Negative Pledge</i>) of the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.
Conversion Right and Period:	Subject to and upon compliance with the terms and conditions of the Bonds, the conversion right in respect of a Bond may be exercised, at the option of the Bondholder, at any time on or after 17 March 2013 up to the close of business on the date falling ten days prior to the Maturity Date (both days inclusive) or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to and including the close of business (at the place where the certificate evidencing the Bonds are deposited for conversion) on a date no later than seven days prior to the date fixed for redemption thereof or, if notice requiring redemption has been given by the holder of such Bond pursuant to the terms and conditions of the Bonds, then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.

Conversion Price:	HK\$0.4283 per Share, subject to adjustments
Conversion Price Adjustments:	The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification; capitalisation of profits and reserves; capital distributions; rights issues and issuance of options and other standard dilutive events. The Conversion Price is also subject to adjustment upon a Change of Control in the Company. The Conversion Price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non assessable Shares.
Conversion Price Reset:	If, on any Reset Reference Date, the Volume Weighted Average Price of the Shares on each Trading Day during the period of 20 consecutive Trading Days immediately prior to the Reset Reference Date is less than the prevailing Conversion Price on the last day of such period, the Conversion Price shall be adjusted on the Reset Date in accordance with the following formula and shall be rounded upwards, if necessary, to the nearest Hong Kong cent:

$$\text{Adjusted Conversion Price} = \text{Average Market Price}$$

Any adjustment to the Conversion Price shall be made, provided that (a) the adjusted Conversion Price shall not be less than the Reference Share Price (after taking into account any adjustments as set out in Condition 6(C) (*Conversion-Adjustments to Conversion Price*) which may have occurred prior to the Reset Date), (b) the adjustments set out in Condition 6(C) (*Conversion-Adjustments to Conversion Price*) shall apply to adjustments to ensure that appropriate adjustments shall be made to any Conversion Price to reflect any events under Condition 6(C) (*Conversion-Adjustments to Conversion Price*), (c) the Conversion Price shall not be reduced below the nominal value of the Shares unless such reduction is and the conversion of the Bonds into Shares at the adjusted Conversion Price is below the nominal value of the Shares is permitted by applicable law and (d) the Conversion Price shall only be adjusted downwards.

Ranking of Conversion Shares: The Conversion Shares, when issued upon conversion of the Bonds, will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the date when the holder of record of the number of Shares issuable upon conversion is registered as such in the register of members of the Company.

Final Redemption: Unless previously redeemed, converted or purchased and cancelled as provided in the terms and conditions of the Bonds, the Company will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

Redemption for taxation reasons: The Bonds may be redeemed, at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders at their outstanding principal amount as at such date together with accrued but unpaid interest to such date, if (a) the Company satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 28 January 2013, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it.

If the Company exercises its tax redemption right, each Bondholder shall have the right to elect that his Bond(s) shall not be redeemed. Upon a Bondholder electing not to have his Bond(s) redeemed in such circumstances, any payments due after the relevant date shall be made subject to any deduction or withholding of any tax required to be deducted or withheld.

Redemption at the option of the Company: On giving not less than 30 nor more than 60 days' irrevocable notice to the Trustee and the Bondholders, the Company may:

- (i) at any time after 4 February 2016 and to, and including 4 February 2017, redeem all, but not some only, of the Bonds on the Optional Redemption Date specified in the Optional Redemption Notice at 105.0% of their outstanding principal amount together with accrued but unpaid interest to such date plus the Make Whole Amount;
- (ii) at any time after 4 February 2017, redeem the Bonds on a Second Optional Redemption Date, at their principal amount together with accrued but unpaid interest to the Second Optional Redemption Date, as follows:
 - (a) the aggregate principal amount of Bonds such that after such redemption, the outstanding aggregate principal amount of Bonds remaining is two thirds of the outstanding aggregate principal amount of Bonds as at 4 February 2017 (if more than such two thirds amount remains outstanding prior to the Second Optional Redemption Date), exercisable in whole but not in part and on one occasion only, provided that the Volume Weighted Average Price of a Share, for each Trading Day during the period of 30 consecutive Trading Days ending on the date which is no more than 5 Trading Days prior to the date upon which the Optional Redemption Notice is given, was at least 130 per cent. of the Conversion Price then in effect immediately prior to the date upon which notice of such redemption is given;
 - (b) the aggregate principal amount of Bonds such that after such redemption, the outstanding aggregate principal amount of Bonds remaining is one third of the outstanding aggregate principal amount of Bonds as at 4 February 2017 (if more than such one third amount remains outstanding prior to the Second Optional Redemption Date), exercisable

in whole but not in part and on one occasion only, provided that the Volume Weighted Average Price of a Share, for each Trading Day during the period of 30 consecutive Trading Days ending on the date which is no more than 5 Trading Days prior to the date upon which the Optional Redemption Notice is given, was at least 140 per cent. of the Conversion Price then in effect immediately prior to the date upon which notice of such redemption is given;

- (c) all remaining Bonds outstanding, exercisable in whole but not in part and on one occasion only, provided that the Volume Weighted Average Price of a Share, for each Trading Day during the period of 30 consecutive Trading Days ending on the date which is no more than 5 Trading Days prior to the date upon which the Optional Redemption Notice is given, was at least 150 per cent. of the Conversion Price then in effect immediately prior to the date upon which notice of such redemption is given;

and in the case of a redemption of Bonds in accordance with (a) and (b), the Bonds will be redeemed on a pro rata basis assuming a deemed redemption of each Bond in part; and

- (iii) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

Redemption at the option of the Bondholders upon delisting or Change of Control:

When the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange (or if the Shares are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in) or when there is a Change of Control, the Bondholders will have the right at such holder's option, to require the Company to redeem all, but not some only, of such holder's Bonds at their principal amount together with accrued but unpaid interest to such date.

Further Issues:

The Company may, from time to time, without the consent of the Bondholders, create and issue further Bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds.

COMPARISON OF CONVERSION PRICE

The modified conversion price of HK\$0.4283 represents:

- (1) a premium of approximately 30.50% to the Volume Weighted Average Price of HK\$0.3282 per Share as quoted on the Hong Kong Stock Exchange on the date of this announcement;
- (2) a premium of approximately 24.65% to the Volume Weighted Average Price of HK\$0.3436 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including the date of this announcement; and
- (3) a premium of approximately 25.01% to the Volume Weighted Average Price of HK\$0.3426 per Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including the date of this announcement.

The Conversion Price was determined after arm's length negotiations between the Company and the Consent Solicitation Agent with reference to, among others, the then prevailing market price of the Shares.

EFFECT OF THE BONDS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming:

- (1) full conversion of the Bonds at the modified conversion price of HK\$0.4283 per Share, the Bonds will be convertible into 1,611,962,628 Shares, representing approximately 29.21% of the issued share capital of the Company as at the date of this announcement and approximately 22.60% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.
- (2) full substitution of the Bonds for Consent Shares at the Reference Share Price of HK\$0.2741 per Share, the Bonds will be convertible into 2,518,801,874 Shares, representing approximately 45.64% of the issued share capital of the Company as at the date of this announcement and approximately 31.34% of the issued share capital of the Company as enlarged by the issue of the Consent Shares.
- (3) full substitution of the Bonds for Full Consent Shares at the Reference Share Price of HK\$0.2741 per Share, the Bonds will be convertible into 3,875,079,807 Shares, representing approximately 70.21% of the issued share capital of the Company as at the date of this announcement and approximately 41.25% of the issued share capital of the Company as enlarged by the issue of the Full Consent Shares.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of conversion rights attaching to the Bonds in full, and assuming that there being no other change to the share capital and shareholding structure of the Company or further reset to the Conversion Price from the date of this announcement, (iii) upon substitution by each Bondholder of the Bonds for Consent Shares, and assuming that there being no other change to the share capital and shareholding structure of the Company from the date of this announcement, and (iv) upon substitution by each Bondholder of the Bonds for Full Consent Shares, and assuming that there being no other change to the share capital and shareholding structure of the Company from the date of this announcement. The analysis under scenarios (ii), (iii) and (iv) are shown for illustrative purposes only.

	As at the date of this announcement		Shareholding upon the conversion of the Bonds in full into Shares at the Conversion Price of HK\$0.4283 each		Shareholding upon the substitution of the Bonds in full into Consent Shares at the Consent Share offer price of HK\$0.2741 each		Shareholding upon the substitution of the Bonds in full into Full Consent Shares at the Full Consent Share offer price of HK\$0.2741 each	
	<i>Number of Approximate Shares</i>	<i>%¹</i>	<i>Number of Approximate Shares</i>	<i>%¹</i>	<i>Number of Approximate Shares</i>	<i>%¹</i>	<i>Number of Approximate Shares</i>	<i>%¹</i>
CHANG Yim Yang (Note 1)	473,340,382	8.58	473,340,382	6.64	473,340,382	5.89	473,340,382	5.04
KOO Yuen Kim	347,465,600	6.30	347,465,600	4.87	347,465,600	4.32	347,465,600	3.70
Munsun Assets Management Limited (Note 2)	314,503,450	5.70	314,503,450	4.41	314,503,450	3.91	314,503,450	3.35
Bank of New York Mellon Corporation (Note 3)	299,984,857	5.43	299,984,857	4.21	299,984,857	3.73	299,984,857	3.19
Other directors	133,967,821	2.43	133,967,821	1.88	133,967,821	1.67	133,967,821	1.43
Holders of the Bonds	—	—	1,611,962,628	22.60	2,518,801,874	31.34	3,875,079,807	41.25
Other public Shareholders	3,949,768,653	71.56	3,949,768,653	55.39	3,949,768,653	49.14	3,949,768,653	42.04
Total	5,519,030,763	100.00	7,130,993,391	100.00	8,037,832,637	100.00	9,394,110,570	100.00

Notes:

- (1) CHANG Yim Yang is interested in the shares of the Company by virtue of his personal interest and his 100% interest in Lead Pride Holdings Limited.
- (2) Munsun Assets Management Ltd. is interested in the shares of the Company by virtue of (i) Munsun Asset Management (Asia) Limited (which is wholly-owned by Munsun Assets Management Ltd.) being the investment manager of certain investment funds which hold 291,103,450 Shares (representing approximately 5.27% of the issued shares of the Company); and (ii) its direct holding of 23,400,000 Shares.
- (3) The Bank of New York Mellon has long positions in 299,984,857 Shares and 299,984,857 Shares in lending pool. Since The Bank of New York Mellon is wholly owned by The Bank of New York Mellon Corporation, The Bank of New York Mellon Corporation is also taken to be interested in the shares held by The Bank of New York Mellon pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

¹ Rounded to two decimal places

- (4) These Directors include Mr. Li Xianghong (holding of 12,000,000 Shares), Mr. Lam Cham (holding 107,417,821 Shares), Mr. Zhang Shuguang (holding 13,732,000 Shares), Mr. Zhang Lirui (holding of 18,000 Shares), and Mr. Chan Kin Sang (holding 800,000 Shares).

INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company is HK\$1,250,000,000 comprising 10,000,000,000 Shares, of which 5,519,030,763 Shares are in issue as at the date of this announcement. In connection with the Proposals, the Board proposes to increase the authorised share capital of the Company from HK\$1,250,000,000 divided into 10,000,000,000 Shares to HK\$1,375,000,000 divided into 11,000,000,000 Shares by the creation of an additional 1,000,000,000 unissued Shares to rank *pari passu* in all respects with the existing issued Shares in the capital of the Company. The proposed increase in authorised share capital is subject to the approval of the Shareholders by the passing of an ordinary resolution at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

At the EGM, subject to approval from the Shareholders for the increase of the authorised share capital of the Company as described above, the Company will seek a Specific Mandate from the Shareholders to issue not more than 4,000,000,000 new Shares (representing approximately 72.48% of the issued share capital of the Company as at the date of this announcement, approximately 56.09% of the enlarged issued share capital immediately after conversion of the maximum number of Conversion Shares at the Conversion Price, approximately 49.76% of the enlarged issued share capital immediately after substitution for the maximum number of Consent Shares, and approximately 42.58% of the enlarged issued share capital immediately after substitution for the maximum number of Full Consent Shares).

THE BONDHOLDERS' MEETING AND THE EXTRAORDINARY RESOLUTION

Notice will be given to the Bondholders on the date of this announcement pursuant to the Conditions to convene the Bondholders' Meeting, for the purpose of considering, and if appropriate, passing the Extraordinary Resolution on 12 January 2016 at 4:00 p.m. (Hong Kong time).

The quorum at a Bondholders' Meeting for passing the Extraordinary Resolution will be two or more persons or the holder of the Global Certificate present in person holding Bonds or being proxies or representatives, providing that such persons hold or represent at least 66 per cent. of the principal amount of the Bonds for the time being outstanding. If a quorum is not present, the Bondholders' Meeting will be adjourned for not less than 14 days nor more than 42 days. At any adjourned meeting, the quorum for passing the Extraordinary Resolution will be two or more persons or the holder of the Global Certificate present in person holding Bonds or being proxies or representatives, providing that such persons hold or represent at least 33 per cent. of the principal amount of the Bonds for the time being outstanding.

Every matter to be decided at the Bondholders' Meeting will be decided in the first instance on a show of hands unless a poll is demanded by the chairman, the Company, the Trustee or by one or more persons holding one or more Bonds or being proxies or representatives and holding or representing in the aggregate not less than two per cent. in principal amount of the Bonds for the time being outstanding.

On a show of hands every person who is present in person and who produces a certificate in which it is stated that he is the registered holder of the corresponding Bond or is a proxy or a representative, shall have one vote. On a poll every such person who is so present shall have one vote in respect of HK\$1,000,000 in principal amount of Bonds held or owned or in respect of which he is a proxy or representative.

In case of equality of votes on a show of hands or on a poll, the chairman shall have a casting vote in addition to any other votes that he may have.

Votes in favour of the Extraordinary Resolution must represent at least 75 per cent. of the votes cast for the Extraordinary Resolution to be duly passed.

If passed, the Extraordinary Resolution will be binding upon all Bondholders, whether or not they were present or represented at the Bondholders' Meeting and whether or not they voted at the Bondholders' Meeting, subject to the Extraordinary Resolution being duly passed at the Bondholders' Meeting and subject to the conditions set out below.

SETTLEMENT CONDITION

The Proposals will only take effect upon: (i) payment of the Principal Paydown Amount plus accrued interest thereon by the Company to the Bondholders, (ii) the passing of the Extraordinary Resolution by the Bondholders, (iii) the passing of the ordinary resolution of Shareholders approving the Proposals and the Shares to be issued pursuant thereto and the increase in the authorised share capital of the Company, and (iv) delivery of the Consent Shares and Full Consent Shares to Bondholders that have validly elected to substitute their Bonds with Consent Shares and Full Consent Shares. Therefore:

- (a) if the Extraordinary Resolution is passed at the original or adjourned Bondholders' Meeting, the Company will execute the Supplemental Trust Deed in relation to the Proposals as soon as practicable after the Bondholders' Meeting; and
- (b) if the Extraordinary Resolution is rejected at the original or adjourned Bondholders' Meeting, the Company will not execute the Supplemental Trust Deed and none of the amendments contemplated by the Proposals will be effected.

The results of the Bondholders' Meeting will be published on the websites of (1) the Company at cpm.etnet.com.hk, (2) the Singapore Exchange Limited at www.sgx.com, and (3) Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

REASONS FOR AND BENEFITS OF THE PROPOSALS

The Proposals are designed to assist the Company in managing cash flows. While the Company is committed to performing its obligations under the Bonds, the Directors believe that if the Extraordinary Resolution is not passed and the Proposals cannot be implemented, it would be more difficult for the Company to be able to commit to any concrete repayment schedule in respect of the Bonds.

The Directors consider that the interests of the Company, the Shareholders and the Bondholders may be materially and adversely affected if the Proposals are not approved, and it follows that it would be in the interests of the Company, the Shareholders and the Bondholders to implement the Proposals.

FUND RAISING IN THE PAST TWELVE MONTHS

Save for the following fund raising activities, the Group did not conduct any other fund raising activity or issue of equity securities in the last twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
31 December 2014	Issue of bonds	HK\$261 million	General working capital of the Group	The Group's general working capital of production costs, administrative expenses and finance costs of approximately HK\$123 million, HK\$45 million and HK\$93 million respectively

Date of announcement	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
13 October 2015	Subscription of new shares	HK\$228 million	General working capital of the Group	The Group's general working capital of production costs, administrative expenses and finance costs of approximately HK\$51 million, HK\$46 million and HK\$89 million respectively. The remaining net proceeds have not been utilised as at the date of this announcement.

APPLICATION FOR LISTING

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Consent Shares and the Full Consent Shares. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication on the merits of the Company, the Bonds or the Shares.

CONSENT SOLICITATION AGENT

Given the Directors consider that it is critical for the Proposals to be approved (for reasons discussed above), the Company has appointed the Consent Solicitation Agent to identify Bondholders and solicit Bondholders' votes in favour of the Extraordinary Resolution. It is expected that the consent solicitation process will commence immediately after the Notice of the Bondholders' Meeting is given.

LISTING RULES IMPLICATIONS

The Proposals will be subject to approval by the Shareholders and the grant of listing approval by the Hong Kong Stock Exchange in respect of the Consent Shares and the Full Consent Shares issuable under the Proposals. The Company will convene the EGM to seek the Shareholders' approval for the Proposals, to increase the authorised share capital of the Company and the Specific Mandate. Application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Consent Shares and the Full Consent Shares that may be issued by the Company under the Proposals.

A circular containing, among others, (i) further details of the Proposals; (ii) the proposed increase in the authorised share capital of the Company; (iii) the Specific Mandate; (iv) the notice of EGM; and (v) such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 6 January 2016.

There is no assurance that the Extraordinary Resolution will be passed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

TERMS USED IN THIS ANNOUNCEMENT

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

“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Average Market Price”	the arithmetic average of the Volume Weighted Average Price of the Shares for the last 20 consecutive Trading Days immediately prior to the relevant Reset Reference Date
“Board”	the board of Directors
“Bond Announcement”	the announcement by the Company dated 28 January 2013 in relation to the issue of the Bonds

“Bonds”	HK\$1,028,000,000 7.25% Convertible Bonds issued by the Company on 4 February 2013, of which HK\$1,026,000,000 remain outstanding
“Bondholder(s)”	the person in whose name a Bond is registered
“Bondholders’ Meeting”	the meeting of the Bondholders to be held at 4:00 p.m. (Hong Kong time) on 12 January 2016 at the offices of Linklaters, 10/F Alexandra House, Chater Road, Hong Kong to consider, and if thought fit, pass the Extraordinary Resolution or any such adjourned meeting
“Calculation Amount”	interest in respect of any Bond shall be calculated in respect of the outstanding principal amount per HK\$1,000,000 nominal amount of the Bonds
“Change of Control”	a Change of Control occurs when: (i) any Person or Persons acting together acquires Control, directly or indirectly, of the Company provided that such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on the date at issue of the Bonds; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other Person or Persons acting together, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Company or the successor entity
“Closing Price”	for the Shares for any Trading Day shall be the price published in the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, equivalent quotation sheet of an Alternative Stock Exchange for such day
“Company”	China Precious Metal Resources Holdings Co., Ltd, a company incorporated in the Cayman Islands with limited liability, and the ordinary shares of which are listed on the Main Board of the Hong Kong Stock Exchange

“Consent Shares”	ordinary shares of the Company in exchange for the Bondholder’s outstanding principal amount of Bonds held plus accrued interest following the payment of the Principal Paydown Amount plus accrued interest
“Consent Solicitation Agent”	Daiwa Capital Markets Hong Kong Limited
“Control”	(a) the acquisition or holding of legal or beneficial ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Company, or (b) the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise
“Conversion Price”	HK\$0.4283 per Share, subject to adjustments
“Conversion Right”	the right of each Bondholder to convert such Bonds into Shares as provided in the Terms and Conditions
“Conversion Shares”	the Shares to be issued on conversion of the Bonds
“Director(s)”	director(s) of the Company
“Event of Default”	event of default as specified in the Trust Deed
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company due to be held on or around 21 January 2016 convened for the purpose of considering and, if thought fit, passing the resolution in respect of the Proposals, as well as the increase in authorised share capital and the granting of a specific mandate for the issuance of Conversion Shares, Consent Shares and Full Consent Shares
“Extraordinary Resolution”	an extraordinary resolution of the Bondholders to approve the Proposal to be proposed and considered at the Bondholders’ Meeting

“Full Consent Shares”	ordinary shares of the Company in exchange for the Bondholder’s full outstanding principal amount of Bonds held plus accrued interest
“Global Certificate”	the single global certificate issued by the Company in respect of all the Bonds
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Investment Bank”	an independent investment bank of international repute (acting as an expert) selected by the Company and notified in writing to the Trustee. If the Company fails to select an Independent Investment Bank when required by the Conditions, the Trustee may (at its absolute discretion) but it shall not be obliged to select the Independent Investment Bank
“Interest Payment Date”	4 February and 4 August in each year
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Make Whole Amount”	means the interest which would have accrued under Condition 5 in the Terms and Conditions from and including the Optional Redemption Date to but excluding 4 February 2017
“Maturity Date”	4 February 2018
“Official List of the SGX-ST”	the list of issuers maintained by SGX-ST in relation to the SGX-ST Mainboard or the Catalist Board operated by SGX-ST

“Optional Redemption Date”	the date specified in the Optional Redemption Notice on which the Company may redeem all, but not some only, of the Bonds
“Optional Redemption Notice”	not less than 30 nor more than 60 days’ irrevocable notice given to the Trustee and the Bondholders in accordance with Condition 11 of the Terms and Conditions at the option of the Company
“Permitted Indebtedness”	has the meaning ascribed to it in the terms and conditions of the Bonds
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Principal Paydown Amount”	a redemption amount equal to HK\$350,000 per HK\$1,000,000 principal amount of the Bonds payable to each Bondholder
“Proposals”	proposed amendments to the existing terms and conditions of the Bonds and the substitution of the Bonds (in whole or in part) for Shares in the Company
“Put Notices”	notices deposited by Bondholders to redeem all or some only of their Bonds on 4 February 2016
“Reference Share Price”	HK\$0.2741
“Reference VWAP”	the 10 day volume weighted average price of the Company’s shares as at the date of this announcement, being HK\$0.3426

“Relevant Indebtedness”	any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement) and which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans
“Reset Date”	the business day immediately following the last day of a period of 20 consecutive Trading Days where on any Reset Reference Date, the Volume Weighted Average Price of the Shares for each Trading Day during such period is less than the prevailing Conversion Price on the last day of such period
“Reset Reference Date”	4 August 2016 and 4 February 2017
“Second Optional Redemption Date”	Any time after 4 February 2017 specified in an Optional Redemption Notice
“Securities Act”	the US Securities Act of 1933, as amended
“Settlement Date”	29 January 2016
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.125 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate proposed to be granted to the Directors to exercise all powers of the Company to allot, issue and otherwise deal with not more than 4,000,000,000 new Shares to be issued as Conversion Shares, Consent Shares or Full Consent Shares

“subsidiary”	(a) company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law or regulations of the jurisdiction of incorporation of such person or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person
“Supplemental Trust Deed”	the supplemental trust deed supplemental to the Trust Deed to be entered into between the Company and the Trustee on the Settlement Date
“Terms and Conditions”	the terms and conditions of the Bonds set out in Schedule 1 of the Trust Deed
“Trading Day”	a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days
“Trust Deed”	the trust deed dated 4 February 2013 between the Company and the Trustee constituting the Bonds
“Trustee”	The Bank of New York Mellon, London Branch
“US” or “United States”	the United States of America
“US\$”	US dollars, the lawful currency of the US

“Volume Weighted Average Price”
or “VWAP”

in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share published by or derived from Bloomberg (or any successor service) page 1194 HK Equity VWAP or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined

“%”

per cent.

By order of the Board
China Precious Metal Resources Holdings Co., Ltd.
LI Xianghong
Chairman

Hong Kong, 21 December 2015

As at the date of this announcement, the executive directors of the Company are Mr. Li Xianghong, Mr. Chang Yim Yang, Mr. Zhang Shuguang, Mr. Zhang Liwei, Mr. Lam Cham, Mr. Deng Guoli, Mr. Zhang Lirui, Mr. Liu Liyang; and the independent non-executive directors of the Company are Professor Wong Lung Tak Patrick, BBS, PhD, J.P., Mr. Chan Kin Sang, Mr. Xiao Rong Ge and Mr. Wang Hao.

This announcement will remain on the “Latest Company Information” page of the website of the Hong Kong 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.