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**五礦資源有限公司**

**MINMETALS RESOURCES LIMITED**

*(Incorporated in Hong Kong with limited liability )*

**(Stock Code: 1208)**

## **CONNECTED TRANSACTION**

The Directors announce that on 28 January 2010, Guangxi Huayin entered into the Capital Injection Agreement with its shareholders whereby the shareholders of Guangxi Huayin agreed to subscribe for new capital of Guangxi Huayin in proportion to their respective shareholdings in Guangxi Huayin. Guangxi Huayin is currently owned as to 33% by MMA, a wholly-owned subsidiary of the Company, 33% by Chalco and 34% by Guangxi Investment. Pursuant to the Capital Injection Agreement, MMA will inject additional capital in the amount of RMB71,325,321 (equivalent to approximately HK\$81,310,866) into Guangxi Huayin. Upon completion of the Capital Injection Agreement, the equity interest in Guangxi Huayin held by MMA shall remain unchanged as 33%.

Chinalco is a substantial shareholder of a non wholly-owned subsidiary of the Company and hence a connected person of the Company. As Chalco is owned as to over 30% by Chinalco, it is an associate of Chinalco under the Listing Rules and hence a connected person of the Company. Further, since Chinalco and Chalco, taken together, are directly or indirectly interested in over 30% of the equity interests in Guangxi Huayin, Guangxi Huayin is an associate of Chinalco under the Listing Rules and hence a connected person of the Company. Therefore, the Capital Injection constitutes a connected transaction of the Company under the Listing Rules.

As each of the relevant percentage ratios in respect of the Capital Injection is more than 0.1% but less than 2.5%, it is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirements under the Listing Rules.

## **INTRODUCTION**

The Directors announce that on 28 January 2010, Guangxi Huayin entered into the Capital Injection Agreement with its shareholders whereby the shareholders of Guangxi Huayin agreed to subscribe for new capital of Guangxi Huayin in proportion to their respective shareholdings in Guangxi Huayin. Guangxi Huayin is currently owned as to 33% by MMA, a wholly-owned subsidiary of the Company, 33% by Chalco and 34% by Guangxi Investment.

## **THE CAPITAL INJECTION AGREEMENT**

### **Date**

28 January 2010

### **Parties Involved**

- (a) Guangxi Huayin;
- (b) MMA, being a shareholder of Guangxi Huayin and a wholly-owned subsidiary of the Company;
- (c) Chalco, being a shareholder of Guangxi Huayin; and
- (d) Guangxi Investment, being a shareholder of Guangxi Huayin.

### **The Capital Injection**

Pursuant to the Capital Injection Agreement, MMA will inject additional capital in the amount of RMB71,325,321 (equivalent to approximately HK\$81,310,866) into Guangxi Huayin.

The amount of the Capital Injection is arrived at after arm's length negotiation between Guangxi Huayin and its shareholders with reference to the projected capital expenditure requirements of Guangxi Huayin and in proportion to the shareholding of MMA in Guangxi Huayin. The Capital Injection will be settled in cash by MMA before 31 January 2010. The Group will fund the Capital Injection out of its internal financial resources.

### **Conditions Precedent**

Completion of the Capital Injection Agreement shall be subject to:

- (a) the Company having fulfilled the reporting, announcement and independent shareholders' approval requirements, where applicable, under the Listing Rules and other applicable laws and regulations;
- (b) the obtaining of approval from relevant approval authority for the increase in capital of Guangxi Huayin, where applicable; and
- (c) the obtaining of certificate of approval from relevant approval authority for the increase in capital of Guangxi Huayin, where applicable.

Upon completion of the Capital Injection Agreement, the equity interest in Guangxi Huayin held by MMA shall remain unchanged as 33%.

## REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The additional funding under the Capital Injection Agreement will provide further financial support to Guangxi Huayin for a technology enhancement project driving improvements in energy-saving, wastage reduction and production efficiency. The Directors believe that, with the success of the technology enhancement project, the efficiency and production capabilities of Guangxi Huayin will be further strengthened.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Injection Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## INFORMATION ABOUT THE GROUP

The Group is engaged in the trading of non-ferrous metals, with alumina as its main product, and the investment in non-ferrous metals related industrial projects, including aluminium fabrication, alumina production, copper fabrication and plica tubes production in the PRC.

## INFORMATION ABOUT GUANGXI HUAYIN

Guangxi Huayin is a company established under the laws of the PRC on 18 February 2003 and is currently owned as to 33% by MMA, 33% by Chalco and 34% by Guangxi Investment. Guangxi Huayin is principally engaged in the production and sale of alumina and related products. Guangxi Huayin commenced its full operation in May 2008 and has a planned annual production capacity of 1,600,000 tonnes of alumina.

The following financial information is extracted from the audited financial statements of Guangxi Huayin, which is prepared in accordance with the PRC generally accepted accounting principles:

	<b>For the year ended 31 December</b>	
	2008	2007
	<i>RMB</i>	<i>RMB</i>
Profit before taxation	1,986,822	0
Profit after taxation	1,986,822	0
	<b>As at 31 December</b>	
	2008	2007
	<i>RMB</i>	<i>RMB</i>
Net asset value	2,124,801,822	1,929,232,500

## **INFORMATION ABOUT MMA**

MMA is a wholly-owned subsidiary of the Company. It is principally engaged in trading of alumina and aluminium ingots.

## **INFORMATION ABOUT CHALCO**

Chalco is a producer of alumina, primary aluminum and aluminum fabrication in the PRC. The scope of business of Chalco includes bauxite mining, alumina refining, primary aluminum smelting and the manufacture of aluminum fabrication materials. Its principal products include alumina, primary aluminum and aluminum fabrication materials.

## **INFORMATION ABOUT GUANGXI INVESTMENT**

Guangxi Investment is a State-owned enterprise controlled by the People's Government of Guangxi Zhuang Autonomous Region. It is principally engaged in provision of electricity, aluminum and securities trading services.

## **GENERAL**

Chinalco is a substantial shareholder of a non wholly-owned subsidiary of the Company and hence a connected person of the Company. As Chalco is owned as to over 30% by Chinalco, it is an associate of Chinalco under the Listing Rules and hence a connected person of the Company. Further, since Chinalco and Chalco, taken together, are directly or indirectly interested in over 30% of the equity interests in Guangxi Huayin, Guangxi Huayin is an associate of Chinalco under the Listing Rules and hence a connected person of the Company. Therefore, the Capital Injection constitutes a connected transaction of the Company under the Listing Rules.

As each of the relevant percentage ratios in respect of the Capital Injection is more than 0.1% but less than 2.5%, it is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirements under the Listing Rules.

## **DEFINITIONS**

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

“Capital Injection” the injection as the additional capital of Guangxi Huayin by MMA in the amount of RMB71,325,321 (equivalent to approximately HK\$81,310,866) pursuant to the Capital Injection Agreement

“Capital Injection Agreement” an agreement dated 28 January 2010 entered into between Guangxi Huayin and its shareholders in respect of the increase of capital of Guangxi Huayin

“Chalco”	中國鋁業股份有限公司(Aluminium Corporation of China Limited), a joint stock limited company incorporated under the laws of the PRC, the shares of which are listed on the Stock Exchange (Stock Code: 2600)
“Chinalco”	中國鋁業公司 (Aluminium Corporation of China)
“Company”	Minmetals Resources Limited (五礦資源有限公司), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangxi Huayin”	廣西華銀鋁業有限公司(Guangxi Huayin Aluminium Company Limited), a company established under the laws of the PRC on 18 February 2003 and is currently owned as to 33% by MMA, 33% by Chalco and 34% by Guangxi Investment
“Guangxi Investment”	廣西投資集團有限公司 (Guangxi Investment Group Co., Ltd.)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MMA”	五礦鋁業有限公司(Minmetals Aluminium Company Limited), a company established under the laws of the PRC on 22 October 2004 and a wholly-owned subsidiary of the Company
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Solely for convenience and except as otherwise noted, this announcement contains translation of RMB amounts into HK\$ at a rate of RMB1.00 = HK\$1.14.

By Order of the Board  
**Minmetals Resources Limited**  
**Hao Chuanfu**  
*Executive Director and President*

Hong Kong, 28 January 2010

*As at the date of this announcement, the board of directors of the Company comprises eleven directors, of which two are executive directors, namely Mr. Hao Chuanfu and Mr. Zhan Wei; six are non-executive directors, namely Mr. Li Fuli (Chairman), Ms. Shen Ling, Mr. Wang Lixin, Mr. Zong Qingsheng, Mr. Xu Jiqing and Mr. Li Liangang; and three are independent non-executive directors, namely Mr. Li Dongsheng, Mr. Ting Leung Huel, Stephen and Mr. Loong Ping Kwan.*