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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF 42% EQUITY INTEREST IN YANTAI PENGHUI**

The Directors announce that on 1 April 2010, Goldfair, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Yantai Guofeng, pursuant to which Goldfair has conditionally agreed to sell and Yantai Guofeng has conditionally agreed to purchase 42% equity interest in Yantai Penghui at the consideration of RMB85,590,000 (equivalent to approximately HK\$97,572,600) in accordance with the terms and conditions thereof.

As one of the relevant percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Directors announce that on 1 April 2010, Goldfair, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Yantai Guofeng, pursuant to which Goldfair has conditionally agreed to sell and Yantai Guofeng has conditionally agreed to purchase 42% equity interest in Yantai Penghui at the consideration of RMB85,590,000 (equivalent to approximately HK\$97,572,600) in accordance with the terms and conditions thereof.

THE SHARE TRANSFER AGREEMENT

Date

1 April 2010

Parties

Vendor: Goldfair, a wholly-owned subsidiary of the Company

Purchaser: Yantai Guofeng
(To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yantai Guofeng and its ultimate beneficial owner are third parties independent of the Company and its connected persons.)

Asset to be disposed of

42% equity interest in Yantai Penghui

The Consideration

The Consideration pursuant to the Share Transfer Agreement shall be RMB85,590,000 (equivalent to approximately HK\$97,572,600) and shall be settled in cash. The Consideration shall be payable by Yantai Guofeng according to the following schedule:

- (a) First installment - 10% of the Consideration, i.e. RMB8,559,000 (equivalent to approximately HK\$9,757,260) as deposit within 5 business days from the signing of the Share Transfer Agreement;
- (b) Second installment - 50% of the Consideration, i.e. RMB42,795,000 (equivalent to approximately HK\$48,786,300) within 15 business days from the date on which the Relocation Project is approved by relevant governmental authorities;
- (c) Third instalment - 40% of the Consideration, i.e. RMB34,236,000 (equivalent to approximately HK\$39,029,040) within the calendar year immediately following the calendar year in which payment of the second installment is made; and
- (d) All outstanding consideration on or before 31 December 2011 in any case.

The Consideration of the Disposal is arrived at after arm's length negotiation between Goldfair and Yantai Guofeng with reference to the appraised net asset value of Yantai Penghui as at 30 September 2009.

Conditions precedent

The Share Transfer Agreement shall become effective upon the following conditions precedent being satisfied:

- (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) Yantai Guofeng having paid and Goldfair having received 10% of the Consideration as deposit;
- (c) the obtaining of necessary approvals from relevant governmental authorities; and
- (d) Goldfair having obtained a letter of guarantee from Yantai Guofeng in favour of Goldfair.

Guarantee and collaterals

In order to guarantee the payment of the Consideration by Yantai Guofeng, the following guarantee and collaterals have been and will be given in favour of Goldfair upon the terms set out below:

- (a) Yantai Guofeng has issued a letter of guarantee in favour of Goldfair assuring that the lawful rights and interests in respect of Goldfair's 42% equity interest in Yantai Penghui will not be infringed before the Consideration is fully settled;
- (b) Yantai SASAC will procure to pledge its 21.3% equity interest in Yantai Non-ferrous Metals in favour of Goldfair to secure Yantai Guofeng's obligations pursuant to the Share Transfer Agreement; and
- (c) Yantai Guofeng will procure to pledge its 42% equity interest in Yantai Penghui in favour of Goldfair to secure Yantai Guofeng's obligations pursuant to the Share Transfer Agreement after completion of the necessary transfer and registration procedure of the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The investment in 42% equity interest in Yantai Penghui is not a core business of the Group. The Directors consider that the Disposal represents a good opportunity to realise a gain from its investment in Yantai Penghui.

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

USE OF PROCEEDS

The gross and net proceeds arising from the Disposal shall amount to approximately RMB85,590,000 (equivalent to approximately HK\$97,572,600) and will be used by the Company as the general working capital and to fund any potential investments available to the Group in future.

BASIS FOR CALCULATING THE ESTIMATED PROFIT ON THE DISPOSAL

The Group's investment in 42% equity interest in Yantai Penghui had previously been designated as an interest in an associate in the financial year ended 31 December 2008 and was then reclassified as an asset held for sale in the Group's consolidated financial statements for the year ended 31 December 2009. Full provision had already been made for the Group's investment in 42% equity interest in Yantai Penghui and the net carrying amount was nil immediately prior to the Disposal. Subject to fulfillment of conditions precedent and transfer of significant risks and rewards of ownership in 42% equity interest in Yantai Penghui to Yantai Guofeng, the Directors expected that the estimated profit before and after tax arising from the Disposal would be RMB85,590,000 (equivalent to approximately HK\$97,572,600).

INFORMATION ABOUT THE COMPANY AND THE GROUP

The Company is an investment holding company with its shares listed on the Stock Exchange. 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 YANTAI PENGHUI

Yantai Penghui is a Sino-foreign equity joint venture established in the PRC and is currently owned as to 42% by Goldfair, a wholly-owned subsidiary of the Company, and 49.8% by Yantai Non-ferrous Metals. Yantai Penghui is principally engaged in the production and sale of copper cathodes.

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

	For the year ended 31 December	
	2009	2008
	<i>RMB</i>	<i>RMB</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>
Profit before taxation	357,487	926,790
Profit after taxation	268,115	509,927
	As at 31 December	
	2009	2008
	<i>RMB</i>	<i>RMB</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>
Net asset value	289,503,471	289,230,116

Note: (1) Based on management accounts

(2) Based on audited financial statements

The Group's investment in 42% equity interest in Yantai Penghui had previously been designated as an interest in an associate in the financial year ended 31 December 2008 and was then reclassified as an asset held for sale in the Group's consolidated financial statements for the year ended 31 December 2009. Full provision had already been made for the Group's investment in 42% equity interest in Yantai Penghui and the net carrying amount was nil. The Group did not account for share of profit of Yantai Penghui in each of the financial year ended 31 December 2008 and 2009 except receipt of dividend income amounted to RMB420,000 (equivalent to approximately HK\$478,800) in the financial year ended 31 December 2008.

INFORMATION ABOUT YANTAI GUOFENG

Yantai Guofeng is a limited liability company established under the laws of the PRC and is a wholly-owned subsidiary of Yantai SASAC. Its principal activity is investment holding.

GENERAL

As one of the relevant percentage ratios in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“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 persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB85,590,000 (equivalent to approximately HK\$97,572,600) payable by Yantai Guofeng to Goldfair pursuant to the Share Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 42% equity interest in Yantai Penghui by Goldfair pursuant to the Share Transfer Agreement
“Goldfair”	Goldfair Hong Kong Limited, a company incorporated with limited liability in Hong Kong and a wholly-owned subsidiary of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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)

“Relocation Project”	a project involving relocation of part or all of Yantai Penghui’s key production lines and/or office facilities to a new location
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	an agreement dated 1 April 2010 entered into between Goldfair and Yantai Guofeng whereby Goldfair has conditionally agreed to sell and Yantai Guofeng has conditionally agreed to purchase 42% equity interest in Yantai Penghui
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yantai Guofeng”	煙台國豐投資控股有限公司 (Yantai Guofeng Investment Holding Company Limited), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Yantai SASAC
“Yantai Non-ferrous Metals”	煙台有色金屬股份有限公司 (Yantai Non-ferrous Metals Group Co., Ltd.), a limited liability established under the laws of the PRC and is owned as to 21.3% by Yantai SASAC
“Yantai Penghui”	煙台鵬暉銅業有限公司 (Yantai Penghui Copper Industry Company Limited)
“Yantai SASAC”	煙台市國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Yantai)

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, 1 April 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.