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**五矿有色金属股份有限公司**  
CHINA MINMETALS NON-FERROUS METALS CO. LTD.

*(A joint stock limited company incorporated in the PRC)*



**五礦資源有限公司**  
MINMETALS RESOURCES LIMITED

*(Incorporated in Hong Kong with limited liability)  
(Stock Code: 1208)*

## JOINT ANNOUNCEMENT

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
ALBUM RESOURCES PRIVATE LIMITED**

**(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**(3) SPECIFIC MANDATE TO ISSUE NEW SHARES**

**AND**

**(4) PROPOSED APPOINTMENT OF DIRECTORS**

Financial adviser to  
**China Minmetals Non-Ferrous  
Metals Company Limited**



Financial adviser to  
**Minmetals Resources Limited**



Independent financial adviser to the  
Independent Board Committee and  
the Independent Shareholders of  
**Minmetals Resources Limited**



## **THE ACQUISITION**

The respective boards of directors of CMN and the Company are pleased to announce that, on 19 October 2010, Album Enterprises (as seller), All Glorious (as buyer), a wholly-owned subsidiary of the Company, and the Company (as guarantor and issuer of the Consideration Shares and the PSCS) entered into the Share Sale Deed, pursuant to which All Glorious conditionally agreed to buy, and Album Enterprises conditionally agreed to sell, the Sale Shares, representing all of the issued share capital of the Target Company, at the Purchase Price of US\$1,846,000,000 (equivalent to approximately HK\$14,398,800,000).

The Target Company holds a portfolio of international mining assets known as MMG. MMG is a significant producer of zinc, copper, lead, gold and silver. MMG currently operates four mines: (i) the Sepon copper and gold operations located in Laos; (ii) Century, one of the world's largest zinc mines, located in Queensland, Australia, also producing lead and silver; (iii) Golden Grove, a zinc, copper, lead and precious metals mine located in Western Australia; and (iv) Rosebery, a zinc, lead, copper and precious metals mine located in Tasmania, Australia. In addition, MMG owns the Awebury nickel mine in Tasmania, Australia (which is currently on care and maintenance) and has several other Development Projects and an active minerals exploration programme.

The Purchase Price was arrived at after arm's length negotiations between the Company, All Glorious and Album Enterprises and was determined with reference to the range of the Market Valuation and adjusted by the parties for expectations on working capital changes until 31 December 2010, including, but not limited to, the repatriation of US\$340,000,000 (equivalent to approximately HK\$2,652,000,000) from the Target Group to Album Enterprises by way of dividend.

The Market Valuation, which was prepared using methodologies in line with international market practices, is based primarily on a discounted cashflow analysis on the estimated life of mine operational parameters, including, but not limited to, Ore Reserves and Mineral Resources estimates, production profiles, operating and capital costs, potential for reserve extension and future outlook of commodity prices, with secondary consideration given to alternative valuation methodologies based on multiples of Ore Reserves and Mineral Resources, comparable company analysis and comparable transaction analysis. The Market Valuation seeks to evaluate the full market value of MMG and accordingly, reflects the value associated with Inferred Resources and the exploration potential of the Target Group's assets, which are specifically excluded from the Chapter 18 Valuation as required by the Listing Rules. The Valuation Report on the Chapter

18 Valuation will be disclosed in the circular to be despatched by the Company to the Shareholders in connection with the Acquisition.

Pursuant to the terms of the Share Sale Deed, the Purchase Price of US\$1,846,000,000 (equivalent to approximately HK\$14,398,800,000) shall be satisfied in the following manner:

(i) Cash:

(A) as to US\$100,000,000 (equivalent to approximately HK\$780,000,000) in cash, from All Glorious or its nominee to Album Enterprises, payable as follows:

1. where the Completion Date falls on or prior to 31 December 2010, payment shall be made on either (a) 31 December 2010 or (b) a date falling after the Completion Date and prior to 31 December 2010, as may be agreed in writing between All Glorious and Album Enterprises; or
2. where the Completion Date falls after 31 December 2010, payment shall be made on the Completion Date; and

(B) as to US\$694,161,888 (equivalent to approximately HK\$5,414,462,726), from the proceeds from a loan from Album Enterprises to All Glorious under the Loan Agreement, payable on Completion;

(ii) Consideration Shares: as to US\$361,838,112 (equivalent to approximately HK\$2,822,337,274) through the issuance by the Company of 940,779,090 Consideration Shares to Album Enterprises or its nominee at an issue price of HK\$3.00 per Share on Completion; and

(iii) PSCS: as to US\$690,000,000 (equivalent to approximately HK\$5,382,000,000) through the issuance by the Company of PSCS convertible into 1,560,000,000 Conversion Shares to Album Enterprises or its nominee at an initial conversion price of HK\$3.45 per Share on Completion.

Completion of the Share Sale Deed is conditional upon, among other things, the approval thereof by the Independent Shareholders at the EGM in accordance with the Listing Rules and the grant of the Specific Mandate. Other conditions are set out in the sub-section headed “The Acquisition — Conditions” in this announcement.

The Board (save for the independent non-executive Directors whose views are subject to the recommendation by the Independent Financial Adviser) considers that the terms of the Acquisition have been entered into on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company is HK\$300,000,000 comprising 6,000,000,000 Shares, of which 2,026,216,799 Shares are in issue as at the date of this announcement. As part of the terms of the Acquisition, the Board proposes to increase the authorised share capital of the Company from HK\$300,000,000 to HK\$900,000,000 by the creation of an additional 12,000,000,000 unissued Shares to rank *pari passu* in all respects with the existing Shares in the capital of the Company. The increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

### **SPECIFIC MANDATE TO ISSUE NEW SHARES**

The Board (save for the independent non-executive Directors whose views are subject to the recommendation by the Independent Financial Adviser) proposes to seek a Specific Mandate from the Independent Shareholders at the EGM to issue not more than 2,700,000,000 new Shares (representing approximately 133.25% of the existing issued share capital of the Company as at the date of this announcement, approximately 91.00% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 59.64% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS), and approximately 37.36% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS and issuance of all the Shares under the Specific Mandate). The major terms of the proposed Specific Mandate are as follows:

- (i) to issue not more than 2,700,000,000 new Shares;
- (ii) the new Shares will be issued at a discount of not more than 20% to the higher of:
  - (a) the closing price on the date of any relevant placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and
  - (b) the average closing price in the five trading days immediately prior to the earlier of:

- (A) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the Specific Mandate;
  - (B) the date of the placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and
  - (C) the date on which the placing or subscription price is fixed;
- (iii) the grant of the Specific Mandate is part of the terms of the Acquisition and conditional upon the passing of an ordinary resolution by the Independent Shareholders at the EGM approving such grant. As set out in the sub-section headed “The Acquisition — Conditions” in this announcement, the granting of the Specific Mandate to the Directors is a condition to Completion;
- (iv) the issue of the new Shares pursuant to the Specific Mandate will be conditional upon Completion; and
- (v) the proposed Specific Mandate is for the period from the passing of the relevant resolutions at the EGM up to the earlier of: (a) 31 July 2011; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Independent Shareholders in a general meeting.

Depending on market conditions, the Directors may or may not exercise the proposed Specific Mandate, if granted, to issue new Shares. It is currently intended that the Specific Mandate sought will cover new Shares to be issued pursuant to one or more potential Placing(s) to be conducted by the Company, subject to the then prevailing market conditions. If the Directors proceed to issue and place new Shares pursuant to the proposed Specific Mandate, the Company will make (a) separate announcement(s) as required by the Listing Rules.

Depending on market conditions, the Directors intend to raise net proceeds of up to US\$1,600 million (equivalent to approximately HK\$12,480 million) and apply such net proceeds from the potential Placing(s) for (i) the full repayment of the loan of US\$694,161,888 (equivalent to approximately HK\$5,414,462,726) under the Loan Agreement; and (ii) the remaining balance of US\$905,838,112 (equivalent to approximately HK\$7,065,537,274) for (a) the deployment of funding towards the exploration and development initiatives of the Target Group’s projects, including, but not limited to, the development of the Dugald River zinc project located in Queensland, Australia (which is in the final stages of a feasibility study and has an estimated pre-production capital cost of US\$790 million (equivalent to approximately HK\$6,162 million)), and (b) the other

exploration initiatives of the Target Group. The proposed issue of new Shares under the potential Placing(s), if executed, will also enlarge each of the shareholder and capital bases of the Company and strengthen the financial position of the Enlarged Group.

Having regard to the Acquisition and the potential Placing(s), CMN is committed to remaining as the controlling shareholder of the Company and to hold no less than 51% of the issued share capital of the Company.

### **PROPOSED APPOINTMENT OF DIRECTORS**

Upon Completion, the Board intends to appoint Mr. Andrew Gordon Michelmores as an executive Director and CEO, and Mr. David Mark Lamont as an executive Director and CFO. Mr. Michelmores and Mr. Lamont are currently the managing director and CEO, and CFO, respectively, of MMG. Both Mr. Michelmores and Mr. Lamont have extensive experience in the mining industry and in the management of listed companies. The Board also intends to appoint Dr. Peter William Cassidy (presently an independent non-executive director of MMG) and Mr. Jiao Jian (presently a non-executive director of MMG) as an independent non-executive Director and a non-executive Director, respectively, upon Completion. Mr. Jiao is also the president of CMN.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 14.06(5) of the Listing Rules.

In addition, since Album Enterprises is a wholly-owned subsidiary of CMN (the controlling Shareholder holding approximately 63.39% of the issued share capital of the Company as at the date of this announcement), Album Enterprises is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

Immediately following Completion, any on-going transactions of the Enlarged Group with members of the CMC Group (including CMN) will constitute continuing connected transactions of the Company under the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when required.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisition. None of the members of the Independent Board Committee has any material interest in the Acquisition, the Specific Mandate or the proposed increase in the authorised share capital of the Company. Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the grant of the Specific Mandate. The Independent Financial Adviser will review and consider, among other things, the Competent Person's Report, the Valuation Report setting out the Chapter 18 Valuation, the report on the Market Valuation, and the basis and differences between the Market Valuation and the Chapter 18 Valuation in concluding their advice.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares. Should the Directors, upon obtaining the proposed Specific Mandate, proceed to exercise the proposed Specific Mandate to issue any new Shares, the Company will also apply to the Listing Committee for the listing of, and permission to deal in, the new Shares to be issued and placed pursuant to the potential Placing(s).

## **GENERAL INFORMATION**

Rothschild (Hong Kong) Limited has been appointed as the financial adviser to the Company in connection with the Acquisition.

Macquarie Capital (Hong Kong) Limited has been appointed as the financial adviser to CMN in connection with the Acquisition.

The EGM will be convened and held to consider and, if thought fit, approve the Share Sale Deed and the transactions contemplated thereunder, including, but not limited to, (i) the allotment and issue of the Consideration Shares, (ii) the issue of the PSCS, (iii) the entering into of the Loan Agreement, (iv) the proposed increase in the authorised share capital of the Company, and (v) the grant of the Specific Mandate. A circular containing, among other things, (i) further details of the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the Specific Mandate, (ii) financial and other information of the Target Group, (iii) the unaudited pro forma financial information of the Enlarged Group, (iv) the Competent Person's Report, (v) the Valuation Report, (vi) the notice of EGM, (vii) the separate advice from each of

the Independent Financial Adviser and the Independent Board Committee on the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the Specific Mandate, and (viii) such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 8 November 2010.

**As Completion is subject to the fulfilment (or if applicable, waiver) of certain conditions set out in the sub-section headed “The Acquisition — Conditions” in this announcement, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the Share Sale Deed will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The respective boards of directors of CMN and the Company are pleased to announce that, on 19 October 2010, Album Enterprises (as seller), All Glorious (as buyer), a wholly-owned subsidiary of the Company, and the Company (as guarantor and issuer of the Consideration Shares and the PSCS) entered into the Share Sale Deed, pursuant to which All Glorious conditionally agreed to buy, and Album Enterprises conditionally agreed to sell, the Sale Shares, representing all of the issued share capital of the Target Company, at the Purchase Price of US\$1,846,000,000 (equivalent to approximately HK\$14,398,800,000).

## **THE ACQUISITION**

### **The Share Sale Deed dated 19 October 2010**

#### **Parties**

**Seller** : Album Enterprises, a wholly-owned subsidiary of CMN which in turn is a controlling shareholder of the Company holding approximately 63.39% of the issued share capital of the Company as at the date of this announcement. Album Enterprises is an investment holding company;

**Buyer** : All Glorious; and



Guarantor and issuer of : the Company.  
the Consideration  
Shares and the PSCS

### **Assets to be acquired**

The Sale Shares, representing all of the issued share capital of the Target Company. The Target Company is an investment holding company incorporated on 8 April 2009. The Target Company holds a portfolio of international mining assets known as MMG. The Sale Shares are to be acquired free and clear of all encumbrances. Please refer to the section headed “Information on MMG” below in this announcement for further information.

### **Purchase Price**

The Purchase Price of US\$1,846,000,000 (equivalent to approximately HK\$14,398,800,000) was arrived at after arm’s length negotiations between the Company, All Glorious and Album Enterprises and was determined with reference to the range of the Market Valuation and adjusted by the parties for expectations on working capital changes until 31 December 2010, including, but not limited to, the repatriation of US\$340,000,000 (equivalent to approximately HK\$2,652,000,000) from the Target Group to Album Enterprises by way of dividend. Please refer to the sub-section headed “The Acquisition — Repatriation” below for further details on the repatriation.

The Company has appointed Grant Samuel as the Competent Evaluator and commissioned Grant Samuel to conduct the Chapter 18 Valuation and the Market Valuation. The Market Valuation, which was prepared using methodologies in line with international market practices, is based primarily on a discounted cashflow analysis on the estimated life of mine operational parameters, including, but not limited to, Ore Reserves and Mineral Resources estimates, production profiles, operating and capital costs, potential for reserve extension and future outlook of commodity prices, with secondary consideration given to alternative valuation methodologies based on multiples of Ore Reserves and Mineral Resources, comparable company analysis and comparable transaction analysis. The Market Valuation seeks to evaluate the full market value of MMG and accordingly, reflects the value associated with Inferred Resources and the exploration potential of the Target Group’s assets, which are specifically excluded from the Chapter 18 Valuation as required by the Listing Rules.

The Market Valuation differs from the Chapter 18 Valuation in the following aspects:

- (i) the value of Inferred Resources has, in compliance with Rule 18.30(3) of the Listing Rules, been excluded from the Chapter 18 Valuation. However, a portion of the value of the Inferred Resources is included in the Market Valuation if the Competent Person is of the view that such portion of the Inferred Resources have a reasonable likelihood of being mined in the future;
- (ii) the value of a portion of the Measured Resources and Indicated Resources which cannot be assumed to convert to mineable resources according to the requirements of Chapter 18 of the Listing Rules and has been excluded from the Chapter 18 Valuation. However, the value of such portion of Measured Resources and Indicated Resources is included in the Market Valuation as the Competent Person is of the view that such portion of Measured Resources and Indicated Resources have a reasonable likelihood of being mined in the future;
- (iii) the value of a portion of the current Reserves (as such term is defined under the Listing Rules) is excluded from the Chapter 18 Valuation, as the exclusion of Inferred Resources caused such Reserves to become theoretically uneconomically viable to extract due to mine scheduling constraints. However, the value of such portion of Reserves is included in the Market Valuation;
- (iv) the Chapter 18 Valuation attributes no value to near-mine exploration, whereas some level of success in near-mine exploration and the associated value have been included in the Market Valuation; and
- (v) the Chapter 18 Valuation attributes no value to the exploration and development projects currently operated by MMG due to an absence of a currently-stated Reserves. However, some value has been ascribed to such exploration and development projects in the Market Valuation.

Given the different assumptions and methods adopted in deriving the Chapter 18 Valuation and the Market Valuation to which the Purchase Price was referenced, the value of the Inferred Resources cannot be deduced by way of a simple mathematical deduction and an approximate proportion of the Purchase Price which relates specifically to the Inferred Resources cannot be ascertained.

The Valuation Report on the Chapter 18 Valuation will be disclosed in the circular to be despatched by the Company to the Shareholders in connection with the Acquisition. The Chapter 18 Valuation will be subject to updates for changes, including, but not limited to, changes in commodity prices, changes in foreign exchange rates and any material changes in the operational prospects for the relevant assets, until the latest practicable date prior to publication of the circular. The current

draft of the Competent Evaluator's Chapter 18 Valuation of the Target Company's equity provides a valuation in the range of US\$1,472,000,000 to US\$1,681,000,000 (equivalent to approximately HK\$11,481,600,000 to HK\$13,111,800,000). Such valuation has not been adjusted for any working capital changes until 31 December 2010, including, but not limited to, the repatriation of US\$340,000,000 (equivalent to approximately HK\$2,652,000,000) from the Target Group to Album Enterprises by way of dividend.

The Purchase Price shall be satisfied in the following manner:

(i) Cash:

(A) as to US\$100,000,000 (equivalent to approximately HK\$780,000,000) in cash, from All Glorious or its nominee to Album Enterprises, payable as follows:

1. where the Completion Date falls on or prior to 31 December 2010, payment shall be made on either (a) 31 December 2010 or (b) a date falling after the Completion Date and prior to 31 December 2010, as may be agreed in writing between All Glorious and Album Enterprises; or
2. where the Completion Date falls after 31 December 2010, payment shall be made on the Completion Date; and

(B) as to US\$694,161,888 (equivalent to approximately HK\$5,414,462,726), from the proceeds from a loan from Album Enterprises to All Glorious under the Loan Agreement, payable on Completion;

(ii) Consideration Shares: as to US\$361,838,112 (equivalent to approximately HK\$2,822,337,274) through the issuance by the Company of 940,779,090 Consideration Shares to Album Enterprises or its nominee at an issue price of HK\$3.00 per Share on Completion; and

(iii) PSCS: as to US\$690,000,000 (equivalent to approximately HK\$5,382,000,000) through the issuance by the Company of PSCS convertible into 1,560,000,000 Conversion Shares to Album Enterprises or its nominee at an initial conversion price of HK\$3.45 per Share on Completion.

#### **Cash**

(A) Pursuant to the Share Sale Deed, US\$100,000,000 (equivalent to approximately HK\$780,000,000) will be satisfied by cash. The cash consideration will be funded from the internal resources of the Group and will be paid by All Glorious or its nominee as follows:

1. where the Completion Date falls on or prior to 31 December 2010, payment shall be made on either (a) 31 December 2010 or (b) a date falling after the Completion Date and prior to 31 December 2010, as may be agreed in writing between All Glorious and Album Enterprises; or
2. where the Completion Date falls after 31 December 2010, payment shall be made on the Completion Date.

(B) The Loan Agreement

The principal terms of the Loan Agreement are set out below:

Borrower	:	All Glorious
Guarantor	:	Company
Lender	:	Album Enterprises
Principal amount of the loan	:	US\$694,161,888 (equivalent to approximately HK\$5,414,462,726)
Funding date	:	the Completion Date
Maturity date	:	the date falling five years from the Completion Date
Interest rate	:	for any date falling within a period specified in the table below, the rate per cent per annum shown in the table below for that period:

<b>Period commencing on (and including)</b>	<b>Period ending on (but excluding)</b>	<b>Fixed interest rate</b>
the Completion Date	the date falling one year after the Completion Date	2% per annum
the date falling one year after the Completion Date	the date falling two years after the Completion Date	2% per annum
the date falling two year after the Completion Date	the date falling three years after the Completion Date	3% per annum
the date falling three years after the Completion Date	the date falling four years after the Completion Date	4% per annum
the date falling four years after the Completion Date	the maturity date (or, if later, the first date on which all outstanding moneys have been fully repaid)	5% per annum

All Glorious shall pay accrued interest to the lender at 12-monthly intervals in arrears (or such shorter period that ends on the maturity date)

- Early repayment option : The Company, at its sole discretion, may repay the loan under the Loan Agreement, in whole or in part, subject to prior written notice of three business days. The minimum repayment amount is US\$500,000 or multiples thereof
- Guarantee : The obligations of All Glorious under the Loan Agreement are guaranteed by the Company

Conditions precedent : Conditions precedent include each condition precedent to the Acquisition as set out in the Share Sale Deed (except any condition precedent relating to the payment of the Purchase Price) being satisfied or waived in writing prior to the proposed funding date

### **Consideration Shares**

Pursuant to the Share Sale Deed, the Company will allot and issue 940,779,090 Consideration Shares at an issue price of HK\$3.00 per Share to Album Enterprises or its nominee on Completion. Assuming no changes in the shareholding in the Company from the date of this announcement other than those contemplated under the Share Sale Deed, the 940,779,090 Consideration Shares represent approximately 46.43% of the existing issued share capital of the Company as at the date of this announcement, approximately 31.71% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 20.78% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS) and approximately 13.02% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS and issuance of all the Shares under the Specific Mandate).

The issue price of the Consideration Shares of HK\$3.00 per Share represents:

- (i) a discount of approximately 52.2% to the price per Share as quoted on the Stock Exchange of HK\$6.28 per Share on the Last Trading Date;
- (ii) a discount of approximately 37.2% to the price per Share as quoted on the Stock Exchange of HK\$4.78 per Share on 24 September 2010, being the last trading day for the Shares immediately before the date of the announcement in relation to price-sensitive information regarding the Acquisition issued on 27 September 2010;
- (iii) a discount of approximately 19.6% to the average closing price of HK\$3.73 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 24 September 2010;
- (iv) a discount of approximately 4.5% to the average closing price of HK\$3.14 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including 24 September 2010;
- (v) a slight discount of approximately 0.7% to the average closing price of HK\$3.02 per Share as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including 24 September 2010;

- (vi) a premium of approximately 6.8% over the average closing price of HK\$2.81 per Share as quoted on the Stock Exchange for the last one year up to and including 24 September 2010;
- (vii) a price earnings ratio of 33.56 times the earnings per Share of HK8.94 cents for the year ended 31 December 2009; and
- (viii) a price to book value of 1.09 times the net asset value per Share of HK\$2.75 as at 30 June 2010.

## The PSCS

The principal terms of the PSCS are set out below:

- |  |  |
|--|--|
| Issuer   | : The Company  |
| Maximum aggregate principal amount of the PSCS | : US\$690,000,000 (equivalent to approximately HK\$5,382,000,000)  |
| Status and subordination                       | : The PSCS constitutes direct, unsecured and subordinated obligations of the Company and rank <i>pari passu</i> without any preference or priority among themselves.   |
|  | <p>In the event of the winding-up of the Company, the rights and claims of the PSCS Holders shall (i) rank ahead of those persons whose claims are in respect of any class of share capital (including preference shares) of the Company, (ii) be subordinated in right of payment to the claims of all other present and future Senior Creditors of the Company, and (iii) <i>pari passu</i> with each other and with claims of holders of Parity Securities.</p> |
| Issue price                                    | : 100% of principal amount of the PSCS   |
| Form and denomination                          | : The PSCS will be issued in registered form in the denomination of US\$500,000 each   |
| Distribution(s)                                | : The PSCS confers a right to receive distribution(s) from and including the date of issue of the PSCS at the rate of distribution payable annually in arrears on 31 July each year, subject to the terms of the PSCS  |

Rate of distribution	: 1% per annum on any outstanding principal amount
Optional deferral of distributions	: The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the PSCS
Expected closing date	: Upon Completion
Maturity date	: There is no maturity date
Conversion period	: Any time from the date of issue of the PSCS, subject to certain conditions as provided in the terms of the PSCS
Conversion price	: Initially HK\$3.45 per Share, subject to adjustment as provided for in the terms of the PSCS
Restriction on conversion	: A holder of the PSCS may only convert such number of PSCS as would not cause the Company to not comply with the minimum public float requirement under the rules and regulations of the stock exchange on which the Shares are listed following conversion
Fractional Shares	: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof but (except in certain cases where any such cash payment equals to or is less than US\$10.00) a cash payment will be made to the PSCS Holder(s) in respect of such fraction
Conversion Price adjustment	: The Conversion Price will be subject to adjustment for, among other things, subdivision, reclassification or consolidation of Shares, bonus issues, rights issues, capital distributions, distributions and other dilutive events



- Issuer's option to force conversion : On or at any time after 12 months after the date of issue of the PSCS, the Company may, at its sole discretion and subject to the terms of the PSCS, elect to convert the PSCS in whole but not in part into Shares. No such conversion may be made unless the volume-weighted average price of the Shares as determined on the terms of the PSCS for each of the 30 consecutive trading days ending on a date which is no more than three business days immediately prior to the date upon which notice of such conversion is given (translated into US\$ at the prevailing exchange rate set out in the terms of the PSCS), was at least 200% of the applicable Conversion Price then in effect (translated into US\$ at the fixed exchange rate set out in the terms of the PSCS). The Issuer's right to force conversion will only apply to such portion of the PSCS of a PSCS Holder that if converted, would not cause the Company to contravene the minimum public float requirement under the rules and regulations of the stock exchange on which the Shares are listed
- Voting : The PSCS Holder(s) will not be entitled to receive notice of, attend or vote at general meetings of the Company by reason only of its being a PSCS Holder
- Transferability : Subject to the terms of the PSCS, a PSCS may be transferred by delivery of the certificate issued in respect of that PSCS, with the form of transfer in the agreed form as set out in the terms of the PSCS duly completed and signed, to the registered office of the Company or the specified office of any registrar which the Company may appoint. Upon a transfer of the PSCS, a new certificate will be issued to the transferee. Where only part of a principal amount of the PSCS in respect of which a certificate is issued is to be transferred, a new certificate in respect of the PSCS not so transferred will be issued to the transferor. No transfer of a PSCS will be valid unless and until entered on the register of PSCS Holder(s)

Pre-emption right : Not more than 20 nor less than 15 business days (as defined in the terms of the PSCS) prior to the PSCS Holder delivering a certificate under the terms of the PSCS to the Company or the registrar (as the case may be) for the transfer of a PSCS, the PSCS Holder must notify the Company of the PSCS Holder's intention to transfer the PSCS in writing. Following the receipt by the Company of such notice, the Company may by no later than 15 business days (as defined in the terms of the PSCS) after it has received the notice, elect to purchase and cancel all or some of the PSCS the subject of the relevant notice at the price specified in the notice. The Company must complete the purchase of the relevant PSCS within 15 business days (as defined in the terms of the PSCS) of it informing the PSCS Holder that it has elected to purchase the PSCS. The periods specified for the Company to elect to purchase the relevant PSCS and to complete the purchase and cancellation of the relevant PSCS shall be extended by any period during which the Company is prohibited from doing so pursuant to the requirements of any applicable laws and/or regulations

If the Company does not elect to purchase, or fails to complete the purchase after so elected, the PSCS the subject of the notice referred to above, the PSCS Holder may transfer those PSCS to the purchaser specified in the above-mentioned notice for the purchase price specified in the notice in accordance with the terms of the PSCS

Based on the initial conversion price of HK\$3.45 and assuming no changes in the shareholding in the Company from the date of this announcement other than those contemplated under the Share Sale Deed, the Company will allot and issue 1,560,000,000 Conversion Shares credited as fully paid upon full conversion of the PSCS. The 1,560,000,000 Conversion Shares represent approximately 76.99% of the existing issued share capital of the Company as at the date of this announcement, approximately 52.58% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 34.46% of the enlarged issued share capital of the Company immediately after

Completion (assuming full conversion of the PSCS) and approximately 21.59% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS and issuance of all the Shares under the Specific Mandate).

The initial Conversion Price of HK\$3.45 per Share of the PSCS represents:

- (i) a premium of 15% over the issue price of the Consideration Shares;
- (ii) a discount of approximately 45.1% to the price per Share as quoted on the Stock Exchange of HK\$6.28 per Share on the Last Trading Date;
- (iii) a discount of approximately 27.8% to the price per Share as quoted on the Stock Exchange of HK\$4.78 per Share on 24 September 2010, being the last trading day for the Shares immediately before the date of the announcement in relation to price-sensitive information regarding the Acquisition issued on 27 September 2010;
- (iv) a discount of approximately 7.5% to the average closing price of HK\$3.73 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 24 September 2010;
- (v) a premium of approximately 9.9% over the average closing price of HK\$3.14 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including 24 September 2010;
- (vi) a premium of approximately 14.2% over the average closing price of HK\$3.02 per Share as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including 24 September 2010;
- (vii) a premium of approximately 22.8% over the average closing price of HK\$2.81 per Share as quoted on the Stock Exchange for the last one year up to and including 24 September 2010;
- (viii) a price earnings ratio of 38.59 times the earnings per Share of HK8.94 cents for the year ended 31 December 2009; and
- (ix) a price to book value of 1.25 times the net asset value per Share of HK\$2.75 as at 30 June 2010.

## **Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares to be issued pursuant to the PSCS.

No application will be made by the Company for the listing of the PSCS.

## **Conditions**

Completion is subject to the following conditions having been satisfied or waived (as the case may be):

(i) *Approval by the Australian Government under the FATA*

The Company receiving the appropriate form of approval from the Australian Government under the FATA which allows the Acquisition to proceed under the conditions and undertakings that are to the reasonable satisfaction of the Company;

(ii) *The Australian Government agreeing to release CMN from its existing undertakings in relation to MMG on and from Completion;*

(iii) *Shareholder approval*

Such requisite majority of relevant shareholders of the Company as required under the Listing Rules having approved by resolution at an EGM of the Company, the entry by the Company into the Share Sale Deed and the transactions contemplated by the Share Sale Deed, including, but not limited to, the proposed increase in the authorised share capital of the Company from HK\$300,000,000 to HK\$900,000,000 and the granting of the Specific Mandate to the Directors;

(iv) *Approval from shareholders of CMN*

The necessary approvals from the shareholders of CMN having been obtained for the entry by Album Enterprises into the Share Sale Deed and the transactions contemplated by the Share Sale Deed;

(v) *Approvals*

The Company having obtained such approval and consents from the Stock Exchange as are reasonably necessary or appropriate in connection with the transactions contemplated by the Share Sale Deed, including the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;

(vi) *Approval from regulatory authorities in the PRC*

Album Enterprises obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the transactions contemplated by the Share Sale Deed (if any);

(vii) *Consent from certain existing creditors of the Target Group*

Certain existing creditors of the Target Group having consented to the transactions contemplated under the Share Sale Deed pursuant to the terms of their existing facility agreements with the Target Group;

(viii) *Loan Agreement*

Each condition precedent to the funding of the loan as set out under the Loan Agreement (other than any condition that is conditional on Completion) having been satisfied or waived; and

(ix) No material adverse effect on the market value of the Sale Shares or the members of the Target Group occurs between the date of the Share Sale Deed and the date on which all the conditions precedent set out in paragraphs (i) to (vii) above having been satisfied or waived.

In the event that any of the conditions above (a) has not been fulfilled or waived on or before the Cut Off Date, or (b) becomes incapable of satisfaction or the parties agree that any of such conditions cannot be satisfied, the parties shall not be bound to proceed with Completion and either party may terminate the Share Sale Deed by not less than two Business Days' notice to the other, except for any antecedent breaches of the terms of the Share Sale Deed.

The conditions set out in paragraphs (i) and (ix) may only be partly or entirely waived by written notice from All Glorious to Album Enterprises. The conditions set out in paragraphs (ii), (iv) and (viii) may only be partly or entirely waived by written notice from Album Enterprises to All Glorious. The condition set out in paragraph (vii) may only be partly or entirely waived by written agreement between All Glorious and Album Enterprises.

## **Repatriation**

Prior to Completion, the relevant entity in the Target Group must have completed each of the relevant steps required to complete the repatriation of US\$340,000,000 (equivalent to approximately HK\$2,652,000,000) from the Target Group to Album Enterprises by way of dividend, so long as such repatriation does not effect the validity or enforceability (by any party) of the Share Sale Deed.

## **Completion**

Subject to the fulfilment or waiver (as the case may be) of the relevant conditions above, Completion shall take place on the Completion Date.

## **Guarantee**

The obligations of All Glorious under the Share Sale Deed are guaranteed by the Company in favour of Album Enterprises.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company is HK\$300,000,000 comprising 6,000,000,000 Shares, of which 2,026,216,799 Shares are in issue as at the date of this announcement. As part of the terms of the Acquisition, the Board proposes to increase the authorised share capital of the Company from HK\$300,000,000 to HK\$900,000,000 by the creation of an additional 12,000,000,000 unissued Shares to rank *pari passu* in all respects with the existing Shares in the capital of the Company. The increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

## **SPECIFIC MANDATE TO ISSUE NEW SHARES**

The Board (save for the independent non-executive Directors whose views are subject to the recommendation by the Independent Financial Adviser) proposes to seek a Specific Mandate from the Independent Shareholders at the EGM to issue not more than 2,700,000,000 new Shares (representing approximately 133.25% of the existing issued share capital of the Company as at the date of this announcement, approximately 91.00% of the enlarged issued share capital of the Company immediately after Completion (assuming no conversion of the PSCS), approximately 59.64% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS), and approximately 37.36% of the enlarged issued share capital of the Company immediately after Completion (assuming full conversion of the PSCS and issuance of all the Shares under the Specific Mandate). The major terms of the proposed Specific Mandate are as follows:

- (i) to issue not more than 2,700,000,000 new Shares;
- (ii) the new Shares will be issued at a discount of not more than 20% to the higher of:
  - (a) the closing price on the date of any relevant placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and
  - (b) the average closing price in the five trading days immediately prior to the earlier of:
    - (A) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the Specific Mandate;
    - (B) the date of the placing agreement or other agreement involving the proposed issue of securities under the Specific Mandate; and
    - (C) the date on which the placing or subscription price is fixed;
- (iii) the grant of the Specific Mandate is part of the terms of the Acquisition and conditional upon the passing of an ordinary resolution by the Independent Shareholders at the EGM approving such grant. As set out in the sub-section headed “The Acquisition — Conditions” above in this announcement, the granting of the Specific Mandate to the Directors is a condition to Completion;
- (iv) the issue of the new Shares pursuant to the Specific Mandate will be conditional upon Completion; and
- (v) the proposed Specific Mandate is for the period from the passing of the relevant resolutions at the EGM up to the earlier of: (a) 31 July 2011; or (b) the revocation or variation of the authority given under the relevant resolution(s) at the EGM by ordinary resolution(s) of the Independent Shareholders in a general meeting.

Depending on market conditions, the Directors may or may not exercise the proposed Specific Mandate, if granted, to issue new Shares. It is currently intended that the Specific Mandate sought will cover new Shares to be issued pursuant to one or more potential Placing(s) to be conducted by the Company, subject to the then prevailing market conditions. If the Directors proceed to issue and place new Shares pursuant to the proposed Specific Mandate, the Company will make (a) separate announcement(s) as required by the Listing Rules.

Depending on market conditions, the Directors intend to raise net proceeds of up to US\$1,600 million (equivalent to approximately HK\$12,480 million) and apply such net proceeds from the potential Placing(s) for (i) the full repayment of the loan of US\$694,161,888 (equivalent to approximately HK\$5,414,462,726) under the Loan Agreement; and (ii) the remaining balance of US\$905,838,112 (equivalent to approximately HK\$7,065,537,274) for (a) the deployment of funding towards the exploration and development initiatives of the Target Group's projects, including, but not limited to, the development of the Dugald River zinc project located in Queensland, Australia (which is in the final stages of a feasibility study and has an estimated pre-production capital cost of approximately US\$790 million (equivalent to approximately HK\$6,162 million)), and (b) the other exploration initiatives of the Target Group. The proposed issue of new Shares under the potential Placing(s), if executed, will also enlarge each of the shareholder and capital bases of the Company and strengthen the financial position of the Enlarged Group.

The circular to be despatched by the Company to the Shareholders in connection with the Acquisition will contain, amongst other, the following information to facilitate them to make an informed decision as to whether the Specific Mandate should be approved:

- (i) the above-mentioned use of the net proceeds from the potential Placing(s);
- (ii) the maximum dilution impact to the existing Shareholders (including disclosure on the maximum number of Shares to be issued and the maximum discount to the price of the Shares to be issued); and
- (iii) details of the production profiles, working capital and capital expenditure requirements of MMG as estimated by the Competent Person, which will be contained in the Competent Person's Report.

Having regard to the Acquisition and the potential Placing(s), CMN is committed to remaining as the controlling shareholder of the Company and to hold no less than 51% of the issued share capital of the Company.

Should the Directors, upon obtaining the proposed Specific Mandate, proceed to exercise the proposed Specific Mandate to issue the any new Shares, the Company will also apply to the Listing Committee for the listing of, and permission to deal in, the new Shares to be issued and placed pursuant to the potential Placing(s).

## **INFORMATION ON MMG**

The Target Company holds a portfolio of international mining assets known as MMG.



MMG is a significant producer of zinc, copper, lead, gold and silver. MMG currently operates four mines: (i) the Sepon copper and gold operations located in Laos; (ii) Century, one of the world's largest zinc mines, located in Queensland, Australia, also producing lead and silver; (iii) Golden Grove, a zinc, copper, lead and precious metals mine located in Western Australia; and (iv) Rosebery, a zinc, lead, copper and precious metals mine located in Tasmania, Australia. In addition, MMG owns the Avebury nickel mine in Tasmania, Australia (which is currently on care and maintenance) and has several other Development Projects and an active minerals exploration programme.

Completion of the acquisition of the Operating Mines, the Development Projects and various exploration projects (which are currently held through the Target Company) took place on 16 June 2009 (but with effect as of 1 June 2009). The original purchase price of such assets to CMN and its subsidiaries amounted to US\$1,386,000,000 (equivalent to approximately HK\$10,810,800,000). Upon completion of such acquisition, the acquired assets and the related financing were structured among CMN and its subsidiaries, such that the Target Company, which has an issued and paid-up share capital of US\$337,000,000 (equivalent to approximately HK\$2,628,600,000) and came to hold the acquired assets, became a wholly-owned subsidiary of Album Enterprises.

The Purchase Price was arrived at after arm's length negotiation between the Company, All Glorious and Album Enterprises and was determined with reference to the range of the Market Valuation and adjusted by the parties for expectations on working capital changes until 31 December 2010, including, but not limited to, the repatriation of US\$340,000,000 (equivalent to approximately HK\$2,652,000,000) from the Target Group to Album Enterprises by way of dividend and has reflected the facts that subsequent to the aforementioned acquisition by CMN, MMG has since undertaken significant additional capital expenditure at the Operating Mines, the Development Projects and the various exploration projects and that there has also been a general increase in commodity prices. In light of the above, the Board (save for the independent non-executive Directors whose views are subject to the recommendation by the Independent Financial Adviser) considers that the terms of the Acquisition have been entered into on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **BUSINESS OF MMG**

### **Operating Mines**

MMG is the operator of the following four Operating Mines and owner of the relevant mineral tenements of the following four Operating Mines, through wholly-owned subsidiaries (other than the Sepon Project, where the Government of Laos holds a 10% shareholding in the relevant MMG subsidiary and that subsidiary is party to the MEPA with the Government of Laos):

**(i) Sepon. MMG has a 90% interest in the Sepon copper and gold operations located in Laos, which include a number of open pit mines from which gold or copper ores are extracted, a gold processing plant and a copper processing plant. The Government of Laos holds the remaining 10% interest in the Sepon operations**

- (a) Location: The MMG Sepon copper and gold operations are located immediately adjacent to each other approximately 40 kilometres north of the town of Sepon, in the Savannakhet Province, Laos.
- (b) Products: Copper cathodes, gold doré.
- (c) Holder of tenements: MMG Laos Holdings Limited is a party to the MEPA. The MEPA gives MMG Laos Holdings Limited the right to explore for and mine minerals within a contract area delineated in the MEPA for a period of 30 years commencing from March 2003 with a right to apply for two extensions, with each extension being for a period of 10 years.
- (d) The Sepon copper operation commenced production in 2005 with current mine life estimated to end in approximately 2020. It is the most modern and technically sophisticated plant of its kind in Asia. In 2009, the Sepon copper operation produced more than 67kt of copper cathode and is currently undergoing expansion to produce up to 80,000 tonnes of copper cathode annually.

The Sepon Gold plant has been in operation since December 2002 with current mine life estimated to end in approximately 2012 pending further oxide gold exploration. In early 2005, an expansion of the original gold processing facility was completed, doubling the capacity of the gold processing plant to 2.5 million tonnes per annum.

- (e) Full year 2009 production amounted to 67.6kt copper cathode and 105,000oz gold.
  - (f) As at 30 September 2010, 1,599 employees and 2,065 contractors worked for the Sepon project.
- (ii) Century. MMG owns 100% of the Century zinc and lead mine located in Queensland, Australia. The Century mine is Australia's largest open pit zinc mine, producing approximately 500,000 tonnes of zinc annually**
- (a) Location: the Century mine, in the lower Gulf region of north-west Queensland, comprises two sites — the mine at Lawn Hill, and associated concentrate dewatering and ship-loading facilities at Karumba, on the Gulf of Carpentaria.

- (b) Products: zinc concentrate, lead concentrate and silver.
  - (c) Holder of tenements: MMG, through its wholly-owned subsidiaries, holds all relevant mineral tenements covering the area of the Century mining operations.
  - (d) Operations commenced in 1999 with current mine life estimated to end in approximately 2015.
  - (e) Full year 2009 production (total contained metals) amounted to 360.6kt zinc, 16.0kt lead and 953,000oz silver, although this was significantly lower than expected due to a concentrate pipeline failure and its repair during the last quarter of 2009.
  - (f) As at 30 September 2010, 738 employees and 263 contractors worked for the Century mine.
- (iii) Golden Grove. MMG owns 100% of the Golden Grove copper and zinc mine located in Western Australia. Golden Grove consists of the Scuddles and Gossan Hill zinc and copper underground mines and the Scuddles plant**
- (a) Location: Golden Grove is located approximately 450 kilometres north-east of Perth and 280 kilometres east of Geraldton in Western Australia.
  - (b) Products: Zinc concentrate, copper concentrate, lead and precious metal concentrate.
  - (c) Holder of tenements: MMG, through its wholly-owned subsidiaries, holds all relevant mineral tenements covering the area of the Golden Grove mining operations.
  - (d) Operations commenced in 1990 with current mine life estimated to end in approximately 2016.
  - (e) 2009 production (total contained metals for 2009 based on full year performance) amounted to 56.9kt zinc, 30.8kt copper, 4.4kt lead, 1,381,000oz silver and 29,100 ounces gold.
  - (f) As at 30 September 2010, 394 employees and 202 contractors worked for Golden Grove.
- (iv) Rosebery. MMG owns 100% of the Rosebery zinc and lead mine located in Tasmania, Australia. Rosebery is a polymetallic underground mine which has been in operation since 1936**
- (a) Location: The Rosebery mine is located at Rosebery, in the north-west of Tasmania.

- (b) Products: Zinc concentrate, copper concentrate, lead concentrate, gold doré and silver.
- (c) Holder of tenements: MMG, through its wholly-owned subsidiaries, holds all relevant mineral tenements covering the area of the Rosebery mining operations.
- (d) The Rosebery mine has been in operation since 1936 and currently has potential to extend its mine life beyond 2020.
- (e) Full year 2009 production (total contained metals) amounted to 85.1kt zinc, 1.9kt copper, 25.0kt lead, 3,088,000oz silver and 34,100oz gold.
- (f) As at 30 September 2010, 232 employees and 218 contractors worked for the Rosebery mine.

### **Development and exploration projects**

MMG has a large portfolio of development, and advanced and early stage exploration projects throughout Australia, Asia and North America.

MMG's Development Projects include the following:

- (i) a 100% interest in the Nunavut projects located in Canada

MMG has several polymetallic base metals and gold assets in the Nunavut Territories of northern Canada. Principal assets include the Izok Lake copper, zinc, lead and silver resource, the High Lake copper, zinc, lead and silver resource, gold resources at Lupin and Ulu and base metal deposits at Gondor and Hood. Assets also include gold mining and processing plant and equipment on care and maintenance at Lupin mine.

The Izok Lake deposit is MMG's current focus with 14.8 million tonnes at 12.8% zinc, 2.5% copper, 1.3% lead and 71g/t silver. The project is undergoing a pre-feasibility study in 2010.

MMG, through its wholly-owned subsidiaries, holds all relevant mineral tenements covering the Izok Lake copper, zinc, lead and silver resource, the High Lake copper, zinc, lead and silver resource, the gold resources at Lupin and Ulu and the base metal deposits at Gondor and Hood.

- (ii) a 100% interest in the Dugald River zinc project located in Queensland, Australia

The Dugald River deposit is an undeveloped zinc, lead and silver resource in north western Queensland, Australia. A feasibility study completed in 2008

confirmed the resource to 53 million tonnes at 12.5% zinc, 1.9% lead and 36 g/t silver. Work has determined that Dugald River is a robust project capable of an annual production of approximately 200,000 tonnes of zinc, 25,000 tonnes of lead and one million ounces of silver for a period of 23 years. The project remains a very attractive zinc deposit for MMG to bring on line in the future. Geological interpretation and permitting are on-going and the project will be reviewed by MMG this year. MMG, through its wholly-owned subsidiaries, holds all relevant mineral tenements covering the area of the proposed Dugald River development. These mineral tenements are currently the subject of a renewal application by the relevant MMG subsidiaries as part of the review being conducted by MMG.

- (iii) a 100% interest in the Avebury nickel mine located in Tasmania, Australia, which is currently on care and maintenance.

Avebury is an underground nickel mine, which started production in July 2008 and has been on care and maintenance since December 2008. MMG, through its wholly-owned subsidiaries, holds all relevant mineral tenements covering the Avebury nickel mine.

MMG also has various exploration projects in Australia, Indonesia and Canada, including the following:

- (i) Australia

Near Cobar in New South Wales, MMG is exploring for Cobar-style copper-zinc-lead mineralisation at the Wagga Tank project. Drilling in 2009 encountered minor copper-zinc mineralisation. Further drilling to follow up on airborne electromagnetic survey targets is planned for 2010.

- (ii) Indonesia

MMG is undertaking exploration in a number of areas in Indonesia including Sulawesi and Java for copper-gold and nickel deposits in this highly mineralised, and under-explored region. In 2009 much work was undertaken to convert existing exploration licences to IUPs (new Indonesian Mining Law exploration tenements) and conduct scout drilling programs at a number of prospects.

- (iii) Canada

In the Nunavut Territories in Northern Canada, MMG has around 2,000 square kilometres of exploration tenements. During the 2009 and 2010 field seasons, drilling and surface geochemical sampling programs were undertaken. MMG is also exploring early stage nickel and copper projects through joint ventures in Ontario and the Nunavut Territories.

The mineral tenements covering the exploration tenements referred to above are either held by MMG through its wholly-owned subsidiaries or through wholly-owned subsidiaries that are party to agreements which provide for the right by the relevant MMG entity to acquire a direct interest in the relevant tenements or shares in the company that holds the relevant tenements. In some cases, less than 100% of the relevant tenements or the company that holds the relevant tenements may be acquired. In such cases, joint ventures will be formed in relation to the exploitation of the relevant mineral tenements.

## Summary

The key assets of MMG are summarised in the following table:

Mines/projects	Interest	Location	Status	Minerals
Sepon	90%	Laos	Producing	Copper/gold
Century	100%	Australia	Producing	Zinc/lead/silver
Golden Grove	100%	Australia	Producing	Zinc/copper/gold/silver/lead
Rosebery	100%	Australia	Producing	Zinc/lead/copper/gold/silver
Izok Lake	100%	Canada	Development project	Zinc/copper
High Lake	100%	Canada	Development project	Zinc/copper
Dugald River	100%	Australia	Development project	Zinc/lead/silver
Avebury	100%	Australia	Care and maintenance	Nickel

Source: MMG

The Ore Reserves and Mineral Resources (contained metal) of MMG as at 30 June 2009 and production volume for the seven months ended 31 December 2009 and the six months ended 30 June 2010 (assuming a 100% interest in Sepon) are set out below:

### A. Total MMG resources (contained metal) <sup>Note</sup>

	Zinc (Mt)	Copper (Mt)	Lead (Mt)	Silver (Moz)	Gold (Moz)	Nickel (Mt)
Sepon	—	1.6	—	14.5	3.2	—
Century	5.1	—	0.6	47.3	—	—
Golden Grove	1.2	0.7	0.1	38.7	0.9	—
Rosebery	1.8	0.1	0.6	63.5	0.8	—
Izok Lake	1.9	0.4	0.2	33.5	—	—
High Lake	0.6	0.4	0.1	38.9	0.5	—
Dugald River	6.6	—	1.0	61.9	—	—
Avebury	—	—	—	—	—	0.2
<b>Total resources</b>	<b><u>17.1</u></b>	<b><u>3.2</u></b>	<b><u>2.5</u></b>	<b><u>298.3</u></b>	<b><u>5.4</u></b>	<b><u>0.2</u></b>

Source: MMG

Note: Significant figures do not imply precision. Figures have been extracted from information published by MMG and they are rounded according to JORC Code guidelines and may not total due to rounding.

**B. Total MMG reserves (contained metal)<sup>Note</sup>**

	<b>Zinc</b>	<b>Copper</b>	<b>Lead</b>	<b>Silver</b>	<b>Gold</b>
	<b>(Mt)</b>	<b>(Mt)</b>	<b>(Mt)</b>	<b>(Moz)</b>	<b>(Moz)</b>
Sepon	—	0.8	—	0.3	0.2
Century	3.4	—	0.3	19.3	—
Golden Grove	0.3	0.1	—	7.8	0.2
Rosebery	<u>0.5</u>	<u>0.0</u>	<u>0.1</u>	<u>13.2</u>	<u>0.2</u>
<b>Total reserves</b>	<b><u>4.1</u></b>	<b><u>0.9</u></b>	<b><u>0.5</u></b>	<b><u>40.6</u></b>	<b><u>0.5</u></b>

Source: MMG

Note: Significant figures do not imply precision. Figures have been extracted from information published by MMG and they are rounded according to JORC Code guidelines and may not total due to rounding.

**C. Production (000's)**

<b>Metal</b>	<b>Seven months to 31 December 2009</b>	<b>Six months to 30 June 2010</b>
Zinc (tonnes)	266.6	318.2
Copper (tonnes)	56.4	49.1
Lead (tonnes)	25.7	21.4
Silver (oz)	3,010.6	3,683.8
Gold (oz)	94.6	91.5

Source: MMG

## Financial information of the Target Group

The historical financial performance of the Target Group from the date of its incorporation on 8 April 2009 to 31 December 2009 and for the six months ended 30 June 2010 is set out below:

	From 8 April 2009 to 31 December 2009		Six months ended 30 June 2010	
	(US\$ million)	(HK\$ million)	(US\$ million)	(HK\$ million)
<b>Sales revenue</b>	<b>852.8</b>	<b>6,651.8</b>	<b>844.7</b>	<b>6,588.7</b>
<b>EBITDA</b>	<b>348.6</b>	<b>2,719.1</b>	<b>403.9</b>	<b>3,150.4</b>
Depreciation and amortisation	(158.3)	(1,234.7)	(124.0)	(967.2)
<b>EBIT</b>	<b>190.3</b>	<b>1,484.3</b>	<b>279.9</b>	<b>2,183.2</b>
Net interest expense	(22.1)	(172.4)	(16.0)	(124.8)
Net foreign exchange gain/(loss)	1.6	12.5	(7.4)	(57.7)
<b>Profit before tax</b>	<b>169.8</b>	<b>1,324.4</b>	<b>256.5</b>	<b>2,000.7</b>
Income tax benefit/(expense)	10.9	85.0	(22.5)	(175.5)
<b>Net profit after tax</b>	<b>180.7</b>	<b>1,409.5</b>	<b>234.0</b>	<b>1,825.2</b>
Net profit attributable to non-controlling interest	(8.2)	(64.0)	(11.4)	(88.9)
<b>Net profit after tax attributable to shareholder of the Target Company</b>	<b>172.5</b>	<b>1,345.5</b>	<b>222.6</b>	<b>1,736.3</b>
<i>EBITDA margin</i>	<i>41%</i>	<i>41%</i>	<i>48%</i>	<i>48%</i>
<i>EBIT margin</i>	<i>22%</i>	<i>22%</i>	<i>33%</i>	<i>33%</i>

Source: MMG

The net asset values of MMG as at 31 December 2009 and as at 30 June 2010 are set out below:

	As at 31 December 2009		As at 30 June 2010	
	(US\$ million)	(HK\$ million)	(US\$ million)	(HK\$ million)
<b>Net asset value</b>	<b>551.7</b>	<b>4,303.3</b>	<b>771.3</b>	<b>6,016.1</b>

Source: MMG



## **PROPOSED APPOINTMENT OF DIRECTORS**

Upon Completion, the Board intends to appoint Mr. Andrew Gordon Michelmore as an executive Director and CEO, and Mr. David Mark Lamont as an executive Director and CFO. Mr. Michelmore and Mr. Lamont are currently the managing director and CEO, and CFO, respectively, of MMG. Both Mr. Michelmore and Mr. Lamont have extensive experience in the mining industry and in the management of listed companies. The Board also intends to appoint Dr. Peter William Cassidy (presently an independent non-executive director of MMG) and Mr. Jiao Jian (presently a non-executive director of MMG) as an independent non-executive Director and a non-executive Director, respectively, upon Completion. Mr. Jiao is also the president of CMN.

The length of service of the proposed Directors is currently expected to be for a term of three years until the next following annual general meeting of the Company where the proposed Directors shall then be eligible for re-election at that meeting.

Brief biographical details of each of Mr. Andrew Michelmore, Mr. David Lamont, Dr. Peter Cassidy and Mr. Jiao Jian are set out below:

### **Mr. Andrew Gordon Michelmore**

Mr. Andrew Gordon Michelmore, aged 58, joined MMG as managing director and CEO on 17 June 2009 after his tenure as CEO of Zinifex and then OZL. Prior to his tenure as CEO of Zinifex, he spent two years working in London and Russia as CEO of EN+ Group. Mr. Michelmore has more than 28 years experience in the metals and mining industry including 12 years at WMC Resources Limited where he was CEO and prior to that, held senior roles in the company's nickel, gold, alumina, copper, uranium, and fertilizer businesses.

Mr. Michelmore holds a First Class Honours degree in Engineering (Chemical) from The University of Melbourne and a Master of Arts in Politics, Philosophy and Economics from Oxford University. Mr. Michelmore is a Fellow of the Institution of Chemical Engineers, the Institution of Engineers Australia and the Australian Academy of Technological Sciences and Engineering. He is also chairman of The Jean Hailes Foundation for Women's Health, chairman of the Council of Ormond College at The University of Melbourne and a member of each of the Minerals Council of Australia and the Business Council of Australia. Mr. Michelmore is a director of Century Aluminum Company (listed on the NASDAQ and the Iceland Stock Exchange).

The directors' fee (including that for Mr. Michelmore) for the year ending 31 December 2010 will be proposed by the Board for approval by the Shareholders at the

annual general meeting of the Company in 2011. His emoluments will be determined by reference to his duties and responsibilities with the Enlarged Group, his performance against agreed objectives, the Enlarged Group's performance and profitability, the Enlarged Group's remuneration policy and the market pay-level for similar positions.

**Mr. David Mark Lamont**

Mr. David Mark Lamont, aged 45, joined MMG as CFO on its formation in June 2009. He was previously CFO of OZL from September 2008. Mr. Lamont is a member of the Institute of Chartered Accountants and was an Audit Supervisor at Deloitte Haskins and Sells before commencing a corporate career. After progressing through a number of senior roles in the chemical and agricultural industries, Mr. Lamont was appointed CFO at Incitec Limited in 1999. Mr. Lamont joined BHP Billiton in 2001 where he held a number of senior roles including CFO of BHP Billiton's Energy Coal and Carbon Steel Materials Groups. Mr. Lamont joined OZL from PaperlinX Limited, where he had served as CFO since 2006 and was appointed an executive director in February 2008 resigning in September 2008. Mr. Lamont holds a Bachelor of Commerce and is a qualified Chartered Accountant.

The directors' fee (including that for Mr. Lamont) for the year ending 31 December 2010 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2011. His emoluments will be determined by reference to his duties and responsibilities with the Enlarged Group, his performance against agreed objectives, the Enlarged Group's performance and profitability, the Enlarged Group's remuneration policy and the market pay-level for similar positions.

**Dr. Peter William Cassidy**

Dr. Peter William Cassidy, aged 64, is a metallurgical engineer, with almost 40 years of experience in the resource and energy sectors including almost 20 years as a director of major public companies set out below. He has most recently been involved in the development and operation of major mining and processing projects in Australia, China, Laos, Papua New Guinea and Cote d'Ivoire.

He was CEO of Goldfields Limited from 1995 until its merger with Delta Gold Limited in 2002 to form Aurion Gold Limited. Prior to 1995 he was "Executive Director — Operations" of RGC Limited. He remained a director of AurionGold until January 2003.

Dr. Cassidy has been an independent non-executive director of each of Oxiana Limited (2002 to 2007), Zinifex Limited (2004 to 2008), Sino Gold Mining Limited (2002 to 2009), Lihir Gold Limited (2003 to 2010), OZ Minerals Limited (2008 to

2009) and Energy Developments Limited (2003 to 2009). He was also non-executive chairman of Allegiance Mining NL (April to July 2008) and a director of Eldorado Gold Corporation (2010). Since 2009, he has been an independent non-executive director of Minerals and Metals Group.

The director's fee (including that for Dr. Cassidy) for the year ending 31 December 2010 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2011. His emoluments will be determined by reference to his duties and responsibilities with the Enlarged Group, his performance against agreed objectives, the Enlarged Group's performance and profitability, the Enlarged Group's remuneration policy and the market pay-level for similar positions.

### **Mr. Jiao Jian**

Mr. Jiao Jian, aged 41, was appointed as the president of CMN in May 2010. Prior to that, he was a vice president of CMN since 2007. Mr. Jiao is currently the chairman of the board of directors of Shanxi Guanlv Co., Ltd. (山西關鋁股份有限公司), which is a company listed on the Shenzhen Stock Exchange in the PRC. Mr. Jiao holds a Bachelor's degree in International Economics from the Nankai University in the PRC and a Master of Business Administration degree from the Saint Mary's University in Canada. Mr. Jiao joined the CMC Group in 1992 and is responsible for the copper and aluminium business. Mr. Jiao has extensive experience in international trade, investment and corporate management.

The directors' fee (including that for Mr. Jiao) for the year ending 31 December 2010 will be proposed by the Board for approval by the Shareholders at the annual general meeting of the Company in 2011. His emoluments will be determined by reference to his duties and responsibilities with the Enlarged Group, his performance against agreed objectives, the Enlarged Group's performance and profitability, the Enlarged Group's remuneration policy and the market pay-level for similar positions.

Save as disclosed above, each of Mr. Michelmores, Mr. Lamont, Dr. Cassidy and Mr. Jiao do not hold any directorships in any listed public companies in the last three years and do not hold any position in any member of the Enlarged Group nor do they have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no information to be disclosed pursuant to any of the requirements under rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there other matters concerning them that need to be brought to the attention of the shareholders of the Company.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board (save for the independent non-executive Directors whose views are subject to the recommendation by the Independent Financial Adviser) believes that there are strong commercial and strategic reasons for the Acquisition and is therefore of the view that the Acquisition represents an excellent opportunity for the Group to expand into other upstream base metals through the acquisition of a portfolio of quality international mining assets, and to become a major international upstream base metals group listed on the Stock Exchange. This is expected to enhance the Group's strategic position in the international mining sector and increase its overall competitiveness, business scale and shareholder value. The Board (save for the independent non-executive Directors whose views are subject to the recommendation by the Independent Financial Adviser) considers that the terms of the Acquisition have been entered into on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

It is expected that the Acquisition will enable the Group to:

(i) **Derive an immediate substantial earning and cash flow contribution from MMG**

Through the Acquisition, the Company expects to derive an immediate substantial earnings and cash flow contribution from MMG. MMG produced significant quantities of base metals including 318kt of zinc in concentrate, 15kt of copper in concentrate, 34 kt of copper cathode, 21kt of lead in concentrate and 91koz of gold in the six months ended 30 June 2010. Such production resulted in MMG reporting a gross revenue of approximately US\$844.7 million (equivalent to approximately HK\$6,588.7 million), EBITDA of approximately US\$403.9 million (equivalent to approximately HK\$3,150.4 million) and net profit after tax attributable to its shareholder of approximately US\$222.6 million (equivalent to approximately HK\$1,736.3 million) for the six months ended 30 June 2010.

(ii) **Deliver a more diversified and significant portfolio of assets, development projects and future growth opportunities**

(a) **MMG is a unique internationally diversified upstream base metals group with exposure to multiple commodities, including zinc, copper, lead, gold, silver and nickel**

MMG possesses a diversified portfolio of base metals projects in Australia, Asia and North America, with producing assets in Australia and Laos. It is one of the world's largest producers of zinc as well as a substantial producer

of copper, lead, gold and silver. Through the Acquisition, the Company will acquire this diversified and significant portfolio of quality assets. It is expected that the Acquisition will allow the Enlarged Group to deliver consistency and growth in returns.

**(b) MMG has a strong pipeline of prospective and sizeable projects to support organic growth including on-going expansion programmes in existing assets and planned exploration and development activities in Australia, Indonesia, and Canada**

MMG has a portfolio of advanced and early stage exploration projects throughout Australia, Indonesia and Canada. It is anticipated that these projects will provide attractive mineral deposits for MMG's future production.

MMG is also actively pursuing new opportunities globally. The strong pipeline of prospective and sizeable projects is expected to serve as a key driver of the organic growth of MMG and assist in building the Enlarged Group as a leading global diversified minerals and metals company.

**(iii) Reposition the Company as CMC Group's flagship international upstream base metals platform**

Currently, the Group is one of the largest importers and suppliers of imported alumina in the PRC. The Group, together with its jointly-controlled companies, also engages in alumina production, aluminium fabrication, copper fabrication and plica tubes production. In addition, the Group also engages in port logistics services and other industrial operations.

The objective of CMC, the Company's ultimate controlling Shareholder, is to transform the CMC Group from a trading-focused group to a leading diversified international diversified upstream base metals group. It is expected that the Acquisition provides a good opportunity for the Company to operate a more diversified and significant portfolio of producing and development projects, especially due to the fact that MMG is a unique internationally diversified base metals group with exposure to multiple commodities, including zinc, copper, lead, gold, silver and nickel across its various projects in Australia, Asia and North America. It is currently intended that the Enlarged Group will continue to pursue organic growth initiatives and acquisition opportunities to become a major international diversified upstream base metals group. The Acquisition is expected to contribute to the achievement of the CMC Group's strategic objective.

**(iv) Expand institutional investors' interest to support a market re-rating**

The Shares are currently characterised by relatively low levels of liquidity and institutional interest. MMG owns and operates a portfolio of world-class base metal mining operations, development projects and exploration fields. It is expected that the Acquisition represents a unique opportunity for investors in the Company to participate in a sizeable international upstream base metals mining group with a wide range of base metals, supported by one of the leading PRC state-owned enterprises as its ultimate controlling Shareholder. MMG has a significant Ore Reserves and Mineral Resources base, a reasonable range of mine lives, and one of the world's largest producers of zinc as well as a substantial producer of copper, lead, gold and silver.

It is believed that the scarcity of large international upstream base metals companies listed on the Stock Exchange will make the Shares appealing to both institutional as well as retail investors domestically and internationally.

**(v) Combine capable and experienced boards and management teams**

In connection with the Acquisition, so as to leverage on the expertise and experience of the Target Group's senior management team, the Company intends to adopt certain changes to the directors and senior management of the Company (set out in the section headed "Proposed appointment of Directors" above). It is believed that such changes will result in a unique mix of PRC and international management qualifications and expertise in the senior management of the Company, providing the Enlarged Group with operational experience in MMG's international portfolio, insights into the base metals market of the PRC and significant experience in assessing and executing international mergers and acquisitions. This will provide the Enlarged Group with complementary human capital and enhance its talent pools.

## **STRATEGIES**

It is envisaged that the Enlarged Group will pursue strategies that are designed to deliver sustainable growth in long-term shareholder value, which may include the development, restructuring or divestiture of existing assets, acquisition of new assets, and exploration.

The proposed strategy of the Enlarged Group is to maintain and expand its position as a leading internationally diversified base metals group with exposure to multiple commodities across various jurisdictions. It intends to pursue its strategy and enhance its competitive position across a range of base metals by pursuing organic

growth initiatives and value-enhancing acquisition opportunities, as well as capitalising on its status as a member of the CMC Group of companies. The Enlarged Group will consider pursuing a number of initiatives to achieve its strategy, including:

**(i) Pursuing available organic growth opportunities**

It is envisaged that the Enlarged Group will have a number of organic growth opportunities available to it, and will invest in capital expenditure to increase the production capacities, efficiency and mine lives of its Operating Mines (subject to project feasibility and economic fundamentals). Such proposed investment is expected to enhance the asset value of the Operating Mines. It is also expected that the Enlarged Group will invest, subject to project feasibility and economic fundamentals, in its Development Projects and will continue to explore for new mineral deposits. It is expected that the Enlarged Group will continue to focus on the on-going expansion of its Ore Reserves and Mineral Resources.

**(ii) Targeted value-focused acquisitions**

It is envisaged that the Enlarged Group will also pursue, where appropriate, the acquisition and consolidation of base metal projects and assets, in particular, copper, zinc and nickel projects. In executing acquisition strategies, the Enlarged Group may consider acquiring mining operations and project assets directly or consider acquiring equity interests in other companies. A dedicated and experienced business development team will be established and responsible for identifying and evaluating prospective and value-accretive assets. Potential acquisition or consolidation targets will only include mines, projects or companies that satisfy the Enlarged Group's assessment criteria.

**(iii) Continuing to leverage on the expertise, experience and relationships of the Group's principal shareholder, CMC**

CMC, the Company's ultimate controlling shareholder, is one of the leading PRC state-owned enterprises and a sizable international conglomerate. CMC is principally engaged in mining, development, production and trading of metals and minerals. It is also engaged in finance, real estate and logistics businesses. In 2009, CMC achieved revenue of US\$26.8 billion (equivalent to approximately HK\$209.0 billion). CMN is committed to remaining as the controlling shareholder of the Company and to hold no less than 51% of the issued share capital of the Company.

The Enlarged Group intends to continue to leverage on the expertise, experience and relationships of CMC, in particular, through the following ways:

- (a) having access to and insights into the PRC base metals market. Since CMC is one of the largest minerals and metals traders in the PRC, CMC has established distribution and marketing channels in the base metals market in the PRC and, as a state-owned enterprise, also has extensive relationships with other state-owned base metals consumers in the PRC. It is expected that CMC will be able to provide the Enlarged Group with valuable insights and marketing support in the largest base metals market in the world; and
  - (b) being able to access, through CMC, low-cost and competitive financing from domestic and policy banks in the PRC so as to fund future mergers and acquisitions opportunities which the Enlarged Group may undertake.
- (iv) **Commit to best practice in corporate governance, production standards, safety, operational excellence and environmental protection**

MMG is one of the 19 members of the International Council of Mining and Metals (“ICMM”). ICMM, an organisation which brings together leading companies to highlight the importance of the minerals and metals sector in the world economy, to build a strong reputation for the industry and to share best practices in sustainable development. The ICMM includes the largest mining companies in the world (including BHP Billiton, Rio Tinto, Vale, Xstrata, Barrick, Newmont, Anglo American, Goldcorp, Freeport-McMoRan). MMG is the only PRC-affiliated mining company to have committed to the ICMM principles of sustainable development. Membership of ICMM requires members to implement the ICMM Sustainable Development (“SD”) Framework throughout its business, which includes implementation of 10 ICMM SD principles throughout its business, the preparation of a sustainability report in line with the Global Reporting Initiative (“GRI”) G3 framework and an independent audit of activities against the principles and content of the sustainability report.

Upon Completion, the Enlarged Group intends to continue as a member of the ICMM and to continue its commitment to maintain the highest international standard to protect the health, safety and wellbeing of its employees and contractors so as to achieve a fatality-free workplace. The Enlarged Group intends to continue to achieve improvement in performance through the use of robust management systems and effective governance and assurance processes,



and to also minimise environmental and social impact by involving communities, reducing waste, using energy, water and other raw materials efficiently and effectively, planning for, managing and providing for closure of mining operations when appropriate.

**(v) Continue strong commitment to supporting local economies and communities**

CMC and the Enlarged Group are committed to ensuring that local economies continue to receive tangible benefits from the operations of the Enlarged Group and to building strong and trusted partnerships with local communities through community development, local business development, education, training, sponsorship and capacity building. The Enlarged Group intends to continue to focus on attracting workforce from local communities to employment at its mine sites and to further develop their skills through training. Currently, at the Sepon mine, approximately 50% of the workforce is drawn from local district communities and another 35% from other regions in Laos. At the Century mine, approximately 20% of the workforce is from local indigenous communities, supported by the MMG pre-employment training programs. At the Golden Grove mine, local indigenous communities are supported by providing people with training and skills to help them find future roles in mining and other industries.

## **COMPETITIVE STRENGTHS**

**(i) The Company will be a unique international diversified base metals group listed in Hong Kong after Completion**

MMG is one of the world's largest producers of zinc as well as a substantial producer of copper, lead, gold and silver. In particular, the Century mine is one of the world's largest open-pit zinc mines producing approximately 0.5Mt of zinc in concentrate annually. As of the date of this announcement, there are no companies listed in Hong Kong which are engaged in the production of such a diversified range of base metals through predominantly international mining assets. Thus, upon Completion, the Enlarged Group will be uniquely positioned within the Hong Kong market, with a diversified portfolio of operating assets in Australia and Laos and development projects in Australia, Asia and North America. The Company believes that this unique position will attract the interest of investors building a portfolio of upstream raw materials for a number of key commodities across several geographic regions. In time, and by attracting the interest of external financing sources, the Company is expected to have improved access to funding for its expansion plans. Such improved access to financing is expected to give the Enlarged Group a competitive advantage and strengthen its leading market position.

(ii) **Strong financial performance**

The table below highlights the strong financial performance of the Group which provides a strong foundation for growth.

	<b>For the year ended 31 December</b>			<b>For the six months ended 30 June</b>
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	<i>(Restated Note)</i>	<i>(Restated <sup>Note</sup>)</i>	<i>(Restated <sup>Note</sup>)</i>	
<b>Revenue</b>	7,337.2	8,450.3	6,215.8	5,403.7
<b>Profit attributable to equity holders</b>	601.2	137.7	338.5	424.0

*Note: The Group has changed its accounting treatment from the purchase method of accounting to merger accounting in accordance with the requirements set out in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” to business combinations involving entities under the common control for the financial year beginning on 1 January 2010. This change in accounting policy has been applied retrospectively and certain previously reported figures are restated accordingly.*

The major financial and operating indicators, including revenue and net profit, of the Group in the first half of 2010 significantly improved from those of the corresponding period of the previous year. Even when compared with the second half of 2009, the Group still sustained healthy growth in the period under review. Such growth reflected the prudent and pragmatic management strategy and successful measures taken in response to the volatile non-ferrous metals market in 2009, which resulted in a rapid resumption of sustainable growth momentum in the Group’s various principal businesses.

The combination of low cost projects and robust commodity prices has supported strong operational and financial performance. MMG produced 318kt zinc in concentrate, 15kt copper in concentrate, 34kt copper cathode, 21kt lead in concentrate and 91koz gold for the six months ended 30 June 2010 and delivered revenue of US\$844.7 million (equivalent to approximately HK\$6,588.7 million) and EBITDA of US\$403.9 million (equivalent to approximately HK\$3,150.4 million) for the six months ended 30 June 2010.

Through the Acquisition, it is expected that MMG’s performance will contribute and strengthen the Enlarged Group’s scale of operations and performance and allow it to pursue the above-mentioned strategies to develop into an international metals and mining conglomerate.

**(iii) Significant organic growth potential**

It is believed that the Enlarged Group has significant potential to expand and achieve long-term sustainable growth through organic initiatives focusing on upstream mining operations. The Enlarged Group will have a portfolio of quality assets with a wide resource base as set out in the sub-section headed “Information on MMG - Business of MMG” above in this announcement.

The significant organic growth potential of MMG is supported by recent significant growth in earnings. For the six months ended 30 June 2010, the Target Group achieved an EBITDA growth of 15.8% while revenue remained largely unchanged as compared to the seven months ended 31 December 2009.

**(iv) Ability to leverage on the expertise, experience and relationships of the Enlarged Group’s principal shareholder, CMC**

CMC, the Company’s ultimate controlling shareholder, is a sizable international conglomerate principally engaged in development, production, trading and integration services of metals and minerals. It is also engaged in finance, real estate and logistics businesses. The Enlarged Group aims to leverage its expertise, experience and relationships as it seeks opportunities to expand its business internationally.

## EFFECTS OF THE ACQUISITION ON THE COMPANY

### (i) Shareholding structure

Assuming no changes in the shareholding of the Company from the date of this announcement other than those contemplated under the Share Sale Deed, the shareholding structures of the Company (a) as at the date of this announcement, (b) immediately after Completion (assuming no conversion of the PSCS), and (c) immediately after Completion (assuming full conversion of the PSCS and the issuance of all the new Shares under the Specific Mandate) are illustrated as follows:

Shareholder	As at the date of this announcement		Immediately after Completion (assuming no conversion of the PSCS)		Immediately after Completion (assuming full conversion of the PSCS) and the issuance of all the new Shares under the Specific Mandate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
CMC <sup>Note</sup>	1,284,467,826	63.39	1,284,467,826	43.29	1,284,467,826	17.77
Consideration Shares	—	—	940,779,090	31.71	940,779,090	13.02
Conversion Shares	—	—	—	—	1,560,000,000	21.59
Total CMC <sup>Note</sup> shareholding	1,284,467,826	63.39	2,225,246,916	75.00	3,785,246,916	52.38
Public Shareholders	741,748,973	36.61	741,748,973	25.00	741,748,973	10.26
Placees (which shall be Independent Third Parties)	—	—	—	—	2,700,000,000	37.36
Total	<u>2,026,216,799</u>	<u>100.00</u>	<u>2,966,995,889</u>	<u>100.00</u>	<u>7,226,995,889</u>	<u>100.00</u>

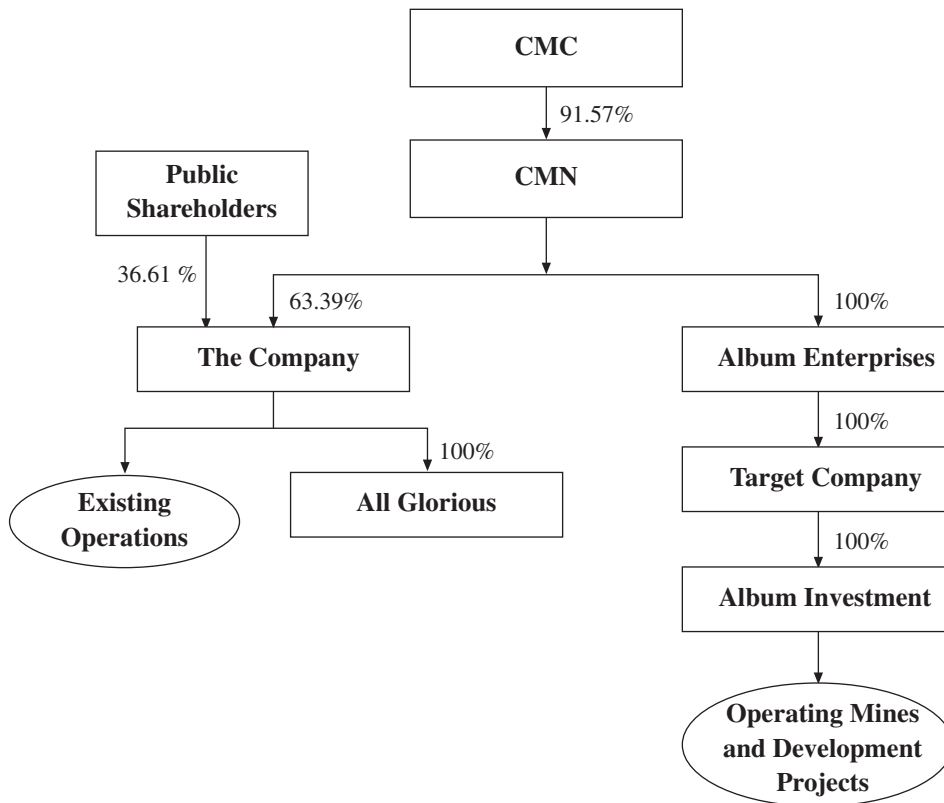
Notes:

1. CMC holds approximately 91.57% of the issued share capital of CMN, which in turn holds the entire issued share capital of Top Create Resource Limited. Top Create Resource Limited holds approximately 63.39% of the issued share capital of the Company as at the date of this announcement. The Consideration Shares and Conversion Shares are to be issued to Album Enterprises or its nominee. Album Enterprises is wholly-owned by CMN.
2. The table assumes that CMN will be Album Enterprises' nominee to subscribe for the Consideration Shares and to hold the PSCS. CMN may only convert such number of securities, where such conversion would not cause the Company to contravene the minimum public float requirement under the rules and regulations of the stock exchange on which the Shares are listed following the conversion.

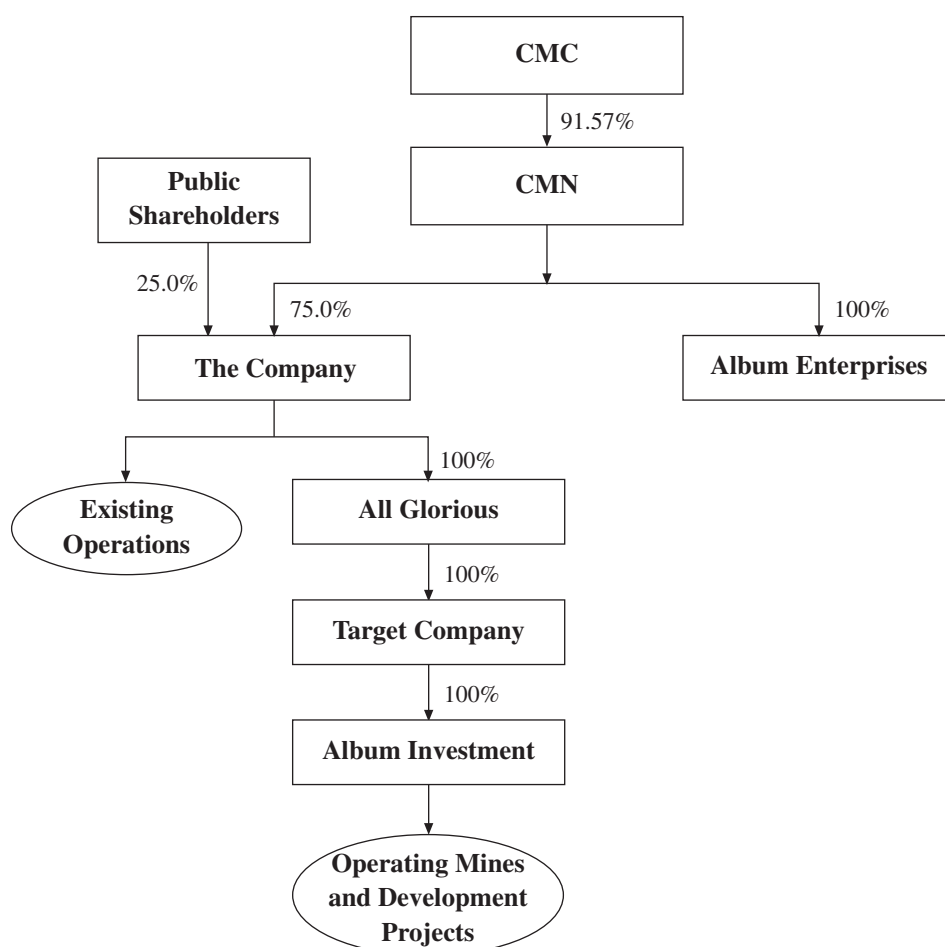
(ii) **Corporate structure**

Assuming no changes in the shareholding in the Company from the date of this announcement other than those contemplated under the Share Sale Deed, the charts below show the simplified corporate and shareholding structure of the Company (a) as at the date of this announcement, and (b) immediately after Completion (assuming no conversion of the PSCS and that CMN will be Album Enterprises' nominee to subscribe for the Consideration Shares).

(a) As at the date of this announcement



- (b) Immediately upon Completion (assuming no conversion of the PSCS and that CMN will be Album Enterprises' nominee to subscribe for the Consideration Shares)



**(iii) Pro forma financial effects**

Following Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial information will be consolidated into the financial statements of the Company using merger accounting. An unaudited pro forma financial information of the Enlarged Group will be included in the circular to be despatched to the Shareholders in relation to the Acquisition. It is currently expected that the Acquisition will contribute positively to the consolidated income statement and the consolidated balance sheet of the Company (save for the computation of merger reserve).

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 14.06(5) of the Listing Rules.

In addition, since Album Enterprises is a wholly-owned subsidiary of CMN (the controlling Shareholder holding approximately 63.39% of the issued share capital of the Company as at the date of this announcement), Album Enterprises is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

Immediately following Completion, any on-going transactions of the Enlarged Group with members of the CMC Group (including CMN) will constitute continuing connected transactions of the Company under the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when required.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisition. None of the members of the Independent Board Committee has any material interest in the Acquisition, the Specific Mandate or the proposed increase in the authorised share capital of the Company. Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the grant of the Specific Mandate. The Independent Financial Adviser will review and consider, among other things, the Competent Person's Report, the Valuation Report setting out the Chapter 18 Valuation, the report on the Market Valuation, and the basis and differences between the Market Valuation and the Chapter 18 Valuation in concluding their advice.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares. Should the Directors, upon obtaining the proposed Specific Mandate, proceed to exercise the proposed Specific Mandate to issue any new Shares, the Company will also apply to the Listing Committee for the listing of, and permission to deal in, the new Shares to be issued and placed pursuant to the potential Placing(s).

## **GENERAL INFORMATION**

Rothschild (Hong Kong) Limited has been appointed as the financial adviser to the Company in connection with the Acquisition.

Macquarie Capital (Hong Kong) Limited has been appointed as the financial adviser to CMN in connection with the Acquisition.

The EGM will be convened and held to consider and, if thought fit, approve the Share Sale Deed and the transactions contemplated thereunder, including, but not limited to, (i) the allotment and issue of the Consideration Shares, (ii) the issue of the PSCS, (iii) the entering into of the Loan Agreement, (iv) the proposed increase in the authorised share capital of the Company, and (v) the grant of the Specific Mandate. A circular containing, among other things, (i) further details of the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the Specific Mandate, (ii) financial and other information of the Target Group, (iii) the unaudited pro forma financial information of the Enlarged Group, (iv) the Competent Person's Report, (v) the Valuation Report, (vi) the notice of EGM, (vii) the separate advice from each of the Independent Financial Adviser and the Independent Board Committee on the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the Specific Mandate, and (viii) such other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 8 November 2010.

#### **PUBLICATION OF THE ANNOUNCEMENT**

The announcement is available for viewing on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company at [www.minmetalsresources.com](http://www.minmetalsresources.com).

**As Completion is subject to the fulfilment (or if applicable, waiver) of certain conditions set out in the sub-section headed “The Acquisition — Conditions” in this announcement, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that transactions under the Share Sale Deed will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.**



## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company pursuant to the Share Sale Deed (which is conditional upon, among others, the relevant shareholders of the Company as required under the Listing Rules having approved the proposed increase in the authorised share capital of the Company and the grant of the Specific Mandate by resolution at an EGM of the Company)
“Album Enterprises”	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability and wholly-owned by CMN
“Album Investment”	Album Investment Private Limited, a company incorporated on 8 April 2009 in Singapore with limited liability
“All Glorious”	All Glorious Limited, a company incorporated on 8 September 2010 in the British Virgin Islands with limited liability and wholly-owned by the Company. All Glorious was used by the Company as a special purpose vehicle for the Acquisition
“associate”	has the meaning ascribed to it under the Listing Rules
“Australia”	the Commonwealth of Australia
“Australian Government”	the Government of Australia
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in Hong Kong and Singapore, other than a Saturday, Sunday or public holiday in Hong Kong or Singapore
“CEO”	chief executive officer
“CFO”	chief financial officer

“Chapter 18 Valuation”	a valuation on the Target Company as at 30 June 2010 conducted (subject to updates) by Grant Samuel as Competent Evaluator in compliance with Chapter 18 of the Listing Rules
“CMC”	中國五礦集團公司(China Minmetals Corporation), formerly known as 中國五金礦產進出口總公司 (China National Metals and Minerals Import and Export Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company
“CMC Group”	CMC and its subsidiaries other than the Group
“CMN”	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC and owned as to approximately 91.57% by CMC as at the date of this announcement. CMN is a controlling Shareholder, holding approximately 63.39% of the issued share capital of the Company as at the date of this announcement
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Minmetals Resources Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the Shares of which are listed and traded on the Main Board
“Competent Evaluator”	has the meaning ascribed to it under Chapter 18 of the Listing Rules
“Competent Person”	has the meaning ascribed to it in Chapter 18 of the Listing Rules
“Competent Person’s Report”	has the meaning ascribed to it under Chapter 18 of the Listing Rules
“Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the Share Sale Deed

“Completion Date”	the date on which the Completion occurs, which date shall be the fifth Business Day after all the conditions precedent set out in the sub-section headed “Conditions” in this announcement have been satisfied in full or waived, or such other place, time and date as the Company may agree in writing
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration Share(s)”	the new Share(s) to be allotted and issued to Album Enterprises or its nominee to satisfy part of the Purchase Price
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	HK\$3.45 per Share, being the initial conversion price of the PSCS (subject to adjustment in accordance with the terms of the PSCS)
“Conversion Share(s)”	the new Share(s) to be issued upon conversion of the PSCS
“Current Market Price”	means, in respect of a Share at a particular date, the arithmetic average of the closing prices for one Share (being a Share carrying a full entitlement to dividends) for the 20 consecutive trading days ending on the trading day immediately preceding such date
“Cut Off Date”	31 March 2011, or such other date as agreed between the parties in writing
“Development Projects”	(i) the High Lake zinc project located in Canada; (ii) the Izok Lake zinc project located in Canada; (iii) the Dugald River zinc project located in Queensland, Australia; and (iv) the Avebury nickel project located in Tasmania, Australia
“Director(s)”	the director(s) of the Company
“EBIT”	profit before net financing expenses and income tax

“EBIT margin”	EBIT divided by revenue
“EBITDA”	profit before depreciation and amortisation expenses, net financing expenses and income tax
“EBITDA margin”	EBITDA divided by revenue
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the relevant resolutions to approve the Share Sale Deed and the transactions contemplated thereby and the Specific Mandate
“Enlarged Group”	the Group immediately after the Completion
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Cth)
“g/t”	grams per tonne
“Grant Samuel”	Grant Samuel and Associates Pty Ltd, the Competent Evaluator appointed by the Company in respect of the Acquisition
“Group”	the Company and its subsidiaries from time to time
“HK\$” or “HK cent(s)”	Hong Kong dollar(s) or cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, namely, Mr. Li Dongsheng, Mr. Ting Leung Huel, Stephen and Mr. Loong Ping Kwan
“Independent Financial Adviser”	Somerley Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, including, but not limited to, the proposed increase in the authorised share capital of the Company and the Specific Mandate, and, if appropriate, any non-exempt continuing connected transactions
“Independent Shareholders”	the shareholders of the Company, except CMN and its associates

“Independent Third Parties”	parties which are independent of and not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates within the meaning of the Listing Rules
“Indicated Resources”	as defined under the JORC Code, 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. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
“Inferred Resources”	as defined under the JORC Code, 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
“JORC Code”	Australasian Code for Reporting Exploration of Results, Mineral Resources and Ore Reserves
“koz”	thousand ounces
“kt”	thousand tonnes
“Laos”	the Lao People’s Democratic Republic
“Last Trading Date”	18 October 2010, being the last trading date for the Shares before the date of this announcement
“Loan Agreement”	the loan agreement dated 19 October 2010 entered into between All Glorious (as borrower), the Company (as guarantor) and Album Enterprises (as lender)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the stock exchange operated by the Stock Exchange

“Market Valuation”	an independent market valuation on the Target Company as at 30 June 2010 undertaken by Grant Samuel
“MEPA”	a Mineral Exploration and Production Agreement dated 15 June 1993 entered into between MMG Laos Holdings Limited with the Government of Laos (as amended by the Memorandum of Understanding dated 30 November 2004)
“Measured Resources”	as defined under the JORC Code, that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
“Mineral Resources”	as defined under the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
“MMG”	Minerals and Metals Group, being the collective brand name of the portfolio of international mining assets held by the Target Group
“Mt”	million tonnes
“moz”	million ounces
“NASDAQ”	the National Association of Securities Dealers Automated Quotations
“Operating Mines”	(i) the Sepon copper/gold mine located in Laos;

- (ii) the Century zinc/lead/silver mine located in Queensland, Australia;
- (iii) the Golden Grove copper/zinc/lead/precious metals mine located in Western Australia, Australia; and
- (iv) the Rosebery lead/zinc/copper/precious metals mine located in Tasmania, Australia

“Ore Reserves”	as defined under the JORC Code, the economically mineable part of a Measured and/or Indicated mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are subdivided into Probable Ore Reserves and Proved Ore Reserves
“Oxiana”	Oxiana Limited, a company incorporated in Australia and which acquired Zinifex on 1 July 2008 to form OZL
“oz”	ounce
“OZL”	OZ Mineral Limited, previously known as Oxiana. Oxiana changed its name to OZL on 18 July 2008 subsequent to the acquisition of Zinifex by Oxiana on 1 July 2008
“Parity Securities”	in respect of the Company, any security issued or guaranteed by the Company which ranks or is expressed to rank <i>pari passu</i> with the PSCS
“Placing(s)”	one or more potential share placement(s) to be conducted by the Company, where new Shares to be issued will be covered by the Specific Mandate
“Purchase Price”	an aggregate amount of US\$1,846,000,000 (equivalent to approximately HK\$14,398,800,000), being the consideration payable by All Glorious or its nominee to Album Enterprises for the purchase of all of the Sale Shares pursuant to the Share Sale Deed

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Probable Ore Reserve”	as defined under the JORC Code, the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource
“Proved Ore Reserve”	as defined under the JORC Code, the economically mineable part of a Measured Mineral Resource
“PSCS”	the perpetual subordinated convertible securities to be issued by the Company to satisfy part of the Purchase Price
“PSCS Holder(s)”	(in relation to the PSCS) means the person(s) in whose names the PSCS are registered
“Repatriation”	the repatriation of US\$340,000,000 (equivalent to approximately HK\$2,652,000,000) from the Target Group to Album Enterprises, the details of are set out in the sub-section headed “The Acquisition — Repatriation” in this announcement
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“Sale Shares”	488,211,901 ordinary shares in the share capital of the Target Company, representing all of the issued and paid-up share capital of the Target Company amounting to S\$488,211,901 as at the date of this announcement
“Senior Creditors”	means, with respect to the Company, all creditors (including subordinated creditors) of the Company other than the PSCS Holder(s), the holder(s) of any Parity Securities and the holder(s) of any class of shares of the Company
“SFO”	Securities and Futures Ordinance (Cap. 571)
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the issued share capital of the Company



“Share Sale Deed”	the conditional sale and purchase deed dated 19 October 2010 entered into between Album Enterprises (as seller), All Glorious (as buyer) and the Company (as guarantor and issuer of the Consideration Shares and the PSCS) in relation to the Acquisition
“Shareholder(s)”	holder(s) of the Shares
”Specific Mandate”	a specific mandate for the Directors to issue up to 2,700,000,000 new Shares, the issue of the new Shares pursuant to which will be conditional upon Completion and further details of which are set out under the heading “Specific Mandate” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance
“t”	tonnes
“Target Company”	Album Resources Private Limited, a limited liability company incorporated on 8 April 2009 under the laws of Singapore and wholly-owned by Album Enterprises
”Target Group” or “MMG”	the Target Company and its subsidiaries
“trading day”	a day on which the Shares are traded on the Stock Exchange
“Treasurer”	the Federal Treasurer of the Commonwealth of Australia
”US\$”	United States dollar(s), the lawful currency of the United States of America
“Valuation Report”	has the meaning ascribed to it under Chapter 18 of the Listing Rules
“Zn”	zinc
“Zinifex”	Zinifex Limited, a company incorporated on 9 August 2002 and which was acquired by Oxiana on 1 July 2008 to form OZL
“%”	percentage

*Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.80 for the purpose of illustration only. No representation is made and there is no assurance that US\$ or HK\$ can be purchased or sold at such rate.*

By order of the Board  
**China Minmetals Non-Ferrous Metals  
Company Limited**  
**Jiao Jian**  
*President*

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

Hong Kong, 19 October 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.*