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

*(incorporated in Hong Kong with limited liability)*

(Stock Code: 1208)

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE  
SALE OF**

- (1) 100% OF THE EQUITY INTERESTS IN 五礦鋁業有限公司  
(MINMETALS ALUMINIUM CO., LTD);**
- (2) 72.80% OF THE EQUITY INTERESTS IN 華北鋁業有限公司  
(NORTH CHINA ALUMINIUM CO., LTD.);**
- (3) 51% OF THE EQUITY INTERESTS IN 營口鑫源金屬套管有限公司  
(YINGKOU ORIENMET PLICA TUBE COMPANY LIMITED); AND**
- (4) 36.2913% OF THE EQUITY INTERESTS IN 常州金源銅業有限公司  
(CHANGZHOU JINYUAN COPPER CO., LTD)**

Financial adviser to

**Minmetals Resources Limited**



**Independent financial adviser to the  
Independent Board Committee and the Independent Shareholders of**

**Minmetals Resources Limited**



## SUMMARY

The Directors announce that on 15 September 2011, the Company entered into the Master Sale and Implementation Agreement with CMN, pursuant to which the Company has conditionally agreed to sell or procure the sale of, and CMN has conditionally agreed to purchase or procure the purchase of (i) the Company's entire 100% equity interest in MMA, (ii) Riseup Dragon's entire 72.80% equity interest in NCA, (iii) Orientmet Industry's entire 51% equity interest in Yingkou Orientmet and (iv) Lontic's entire 36.2913% equity interest in Changzhou Jinyuan, at the Sale Price.

As the applicable percentage ratios of each Sale when aggregated and calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the sale of all the Sale Entities constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, CMN is a controlling Shareholder holding, through CMN's wholly-owned subsidiaries, approximately 71.56% of the issued share capital of the Company. As such, CMN is a connected person of the Company and each proposed Sale to CMN (or its wholly-owned subsidiary) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, inter alia, further details of (i) the terms of the Master Sale and Implementation Agreement, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Master Sale and Implementation Agreement, will be despatched to the Shareholders. As additional time is required for the Company to prepare, among others, the required financial information, working capital and indebtedness statements, it is expected that the circular will be despatched to the Shareholders on or about 12 October 2011.

***Shareholders and/or potential investors of the Company should be aware that the completion of each Sale is subject to the satisfaction (or if applicable, waiver) of certain conditions described in the paragraph headed "The Master Sale and Implementation Agreement — Conditions" in this announcement and, therefore, any Sale may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.***

## **INTRODUCTION**

The Directors announce that on 15 September 2011, the Company entered into the Master Sale and Implementation Agreement with CMN, pursuant to which the Company has conditionally agreed to sell or procure the sale of, and CMN has conditionally agreed to purchase or procure the purchase of (i) the Company's entire 100% equity interest in MMA, (ii) Riseup Dragon's entire 72.80% equity interest in NCA, (iii) Orientmet Industry's entire 51% equity interest in Yingkou Orientmet and (iv) Lontic's entire 36.2913% equity interest in Changzhou Jinyuan, at the Sale Price.

## **THE SALE**

### **The Master Sale and Implementation Agreement dated 15 September 2011**

#### **Parties**

Vendor: The Company.

The Company has conditionally agreed to sell its entire 100% equity interest in MMA and to procure (i) Riseup Dragon to sell its entire 72.80% equity interest in NCA, (ii) Orientmet Industry to sell its entire 51% equity interest in Yingkou Orientmet and (iii) Lontic to sell its entire 36.2913% equity interest in Changzhou Jinyuan.

Purchaser: CMN, a non-ferrous metals resource enterprise, is the controlling Shareholder and is therefore a connected person of the Company under the Listing Rules.

CMN has conditionally agreed to acquire the Sale Shares. CMN will acquire the Sale Shares with respect to the Yingkou Orientmet Sale and the Changzhou Jinyuan Sale directly, and CMN has nominated Aluminco Holdings Limited, a wholly-owned subsidiary of CMN, as its nominee to conditionally acquire the Sale Shares with respect to the MMA Sale and the NCA Sale.

#### **Assets to be disposed of**

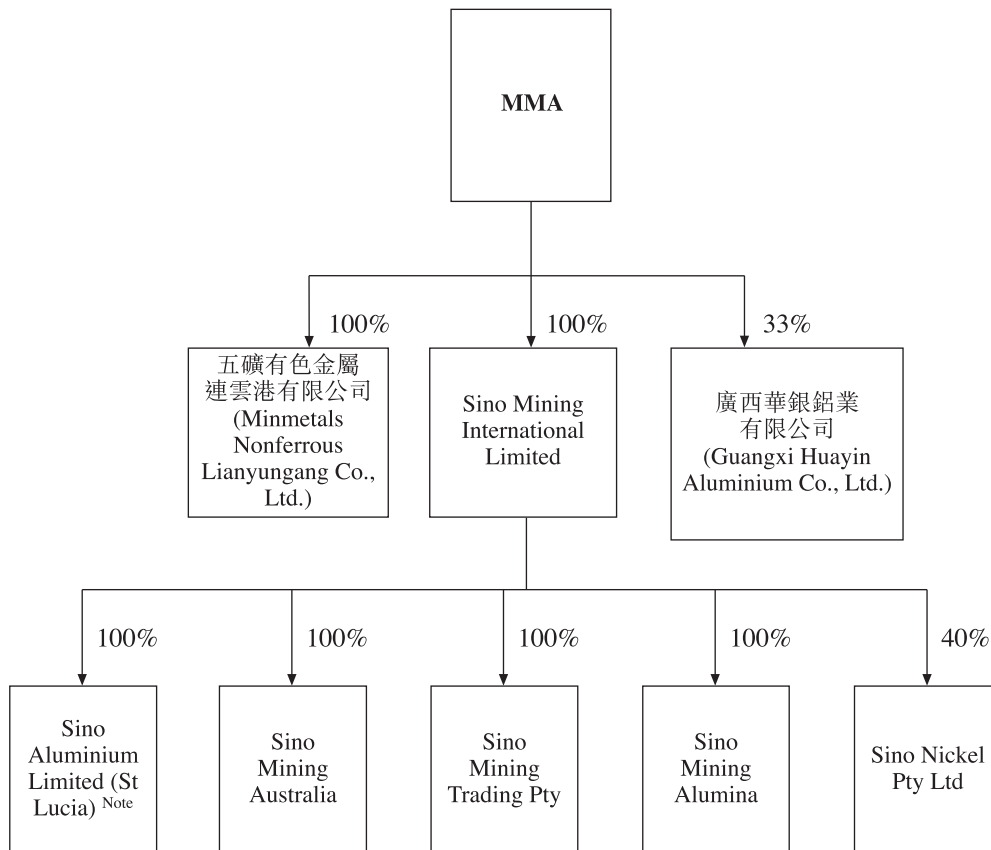
The Sale Shares comprise:

- (i) the Company's entire 100% equity interest in MMA;
- (ii) Riseup Dragon's entire 72.80% equity interest in NCA;
- (iii) Orientmet Industry's entire 51% equity interest in Yingkou Orientmet; and
- (iv) Lontic's entire 36.2913% equity interest in Changzhou Jinyuan.

The parties acknowledge and agree that completion of any one Sale described in paragraphs (i) to (iv) above (“**Relevant Sale**”) is not conditional on completion of any other Sale (“**Other Sale**”) occurring, and to the extent that the conditions in relation to the Relevant Sale are satisfied or waived ahead of those in relation to any Other Sale, the Company may by written notice to CMN require that completion occurs for the Relevant Sale, regardless of whether the conditions in relation to any Other Sale have been satisfied or waived.

(i) **Information about MMA**

MMA is a wholly foreign-owned entity established in the PRC on 22 October 2004 with limited liability and, as at the date of this announcement, a directly held wholly-owned subsidiary of the Company. MMA has a total registered capital of RMB2,380 million (equivalent to approximately HK\$2903.6 million) and is principally engaged in the trading of alumina and other aluminium products. MMA’s interests in other companies as at the date of this announcement are set out in the diagram below:



*Note: Sino Mining International Limited as the sole shareholder of Sino Aluminium Limited (incorporated in St Lucia) is arranging for the latter’s dissolution and such dissolution is currently expected to become effective prior to completion of the MMA Sale.*

The following information is extracted from the unaudited consolidated management accounts of MMA and its subsidiaries and their interests in a jointly-controlled entity and an associate (including, among others, Sino Aluminium Limited (incorporated in St. Lucia)) (the “MMA Group”) for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

	<b>For the year ended 31 December</b> <sup>Note</sup>			
	<b>2009</b>		<b>2010</b>	
	<i>HK\$ million</i>	<i>US\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
<b>Profit before taxation</b>	340.26	43.62	568.10	72.83
<b>Profit after taxation</b>	297.25	38.11	547.98	70.25

*Note: The reporting currency used was HK\$. References to US\$ in the above table are for illustrative purposes only.*

The net asset value of the MMA Group (in relation to 100% of the equity interests of MMA) as at 31 December 2010 was approximately HK\$4,343.82 million (equivalent to approximately US\$556.90 million).

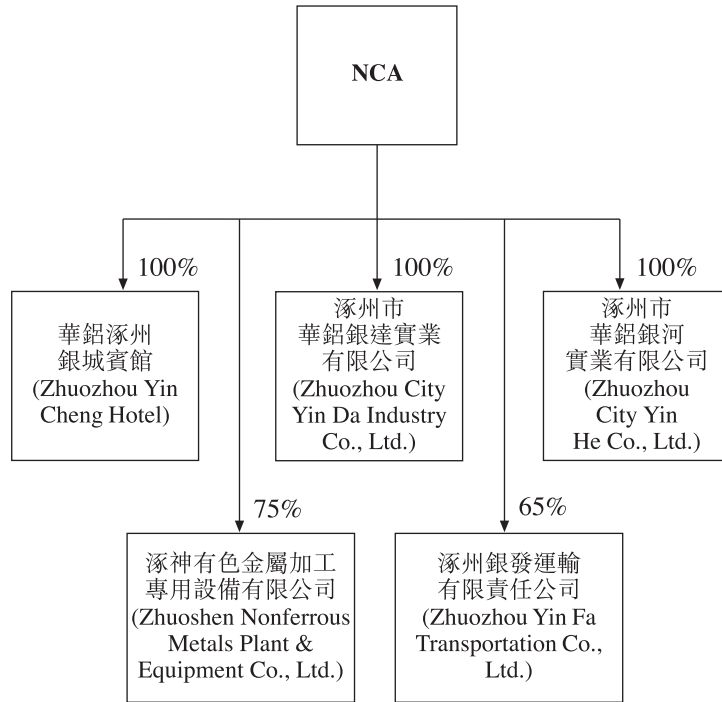
CMN has, in compliance with the applicable PRC regulatory requirements, engaged Zhonghe, an independent and qualified PRC valuer, to conduct a valuation and to prepare valuation reports on each of the Sale Entities. Zhonghe has valued the MMA Sale Shares as at 31 December 2010 at approximately RMB4,037.58 million (equivalent to approximately HK\$4,925.85 million).

Upon completion of the MMA Sale, MMA will cease to be a subsidiary of the Company.

(ii) **Information about NCA**

NCA is a sino-foreign joint venture company established in the PRC on 9 December 1993 with limited liability. As at the date of this announcement, NCA is held as to 72.80% of its equity interests by Riseup Dragon (a directly held wholly-owned subsidiary of the Company), as to 15.72% of its equity interests by 中國鋁業公司 (Aluminium Corporation of China) and as to the remaining 11.48% of its equity interests by 河北省人民政府國有資產控股運營有限公司 (Hebei State Owned Assets Hold and Operation Co., Ltd.). NCA has a

total registered capital of RMB478.1 million (equivalent to approximately HK\$583.28 million) and is principally engaged in the production and sale of aluminium foils and extrusions. NCA's interests in other companies are set out in the diagram below:



The following information is extracted from the unaudited consolidated management accounts of NCA and its subsidiaries (the “NCA Group”) for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

	<b>For the year ended 31 December</b> <sup>Note</sup>			
	<b>2009</b>		<b>2010</b>	
	<i>HK\$ million</i>	<i>US\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
<b>Profit before taxation</b>	23.18	2.97	14.12	1.81
<b>Profit after taxation</b>	18.61	2.39	9.52	1.22

*Note: The reporting currency used was HK\$. References to US\$ are for illustrative purposes only.*

The net asset value of the NCA Group (in relation to 100% of the equity interests of NCA) as at 31 December 2010 was approximately HK\$653.97 million (equivalent to approximately US\$83.84 million) and the portion attributable to the NCA Sale Shares was approximately HK\$476.09 million (equivalent to approximately US\$61.04 million).

Zhonghe has valued the NCA Sale Shares as at 31 December 2010 at approximately RMB175.70 million (equivalent to approximately HK\$214.35 million).

Upon completion of the NCA Sale, NCA will cease to be a subsidiary of the Company.

**(iii) Information about Yingkou Orientmet**

Yingkou Orientmet is a sino-foreign joint venture company established in the PRC on 31 December 1993 with limited liability. As at the date of this announcement, Yingkou Orientmet is held as to 51% of its equity interests by Orientmet Industry (a directly held wholly-owned subsidiary of the Company), and as to the remaining 49% of its equity interests by 中國電子進出口總公司 (China National Electronics Import and Export Corporation). The registered capital of Yingkou Orientmet is US\$4 million (equivalent to approximately HK\$31.2 million) and its principal activity is the production and sale of plica tubes.

The following information is extracted from the unaudited management accounts of Yingkou Orientmet for the financial years ended 31 December 2009 and 31 December 2010, respectively (which was prepared in accordance with HKFRS):

	<b>For the year ended 31 December</b> <sup>Note</sup>			
	<b>2009</b>		<b>2010</b>	
	<i>HK\$ million</i>	<i>US\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
<b>Loss before taxation</b>	1.33	0.17	1.73	0.22
<b>Loss after taxation</b>	0.82	0.11	1.46	0.19

*Note: The reporting currency used was HK\$. References to US\$ are for illustrative purposes only*

The net asset value of Yingkou Orientmet (in relation to 100% of the equity interests of Yingkou Orientmet) as at 31 December 2010 was approximately HK\$32.67 million (equivalent to approximately US\$4.19 million) and the portion attributable to the Yingkou Orientmet Sale Shares was approximately HK\$16.66 million (equivalent to approximately US\$2.14 million).

Zhonghe has valued the Yingkou Orienmet Sale Shares as at 31 December 2010 at approximately RMB17.14 million (equivalent to approximately HK\$20.91 million).

Upon completion of the Yingkou Orienmet Sale, Yingkou Orienmet will cease to be a subsidiary of the Company.

**(iv) Information about Changzhou Jinyuan**

Changzhou Jinyuan is a sino-foreign joint venture company established in the PRC on 31 March 1994 with limited liability. As at the date of this announcement, Changzhou Jinyuan is held as to 36.2913% of its equity interests by Lontic (a directly held wholly-owned subsidiary of the Company), as to 61.4399% of its equity interest by JX 日礦日石金屬株式會社 (JX Nippon Mining & Metals Corporation) and as to the remaining 2.2688% of its equity interest by 常州工貿國有資產經營有限公司 (Changzhou Industry and Trade State-owned Assets Management Company). The registered capital of Changzhou Jinyuan is approximately RMB282.43 million (equivalent to approximately HK\$344.56 million) and its principal activity is the production of copper rods and wires.

The following information is extracted from the unaudited management accounts of Changzhou Jinyuan for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

	<b>For the year ended 31 December</b> <sup>Note</sup>			
	<b>2009</b>		<b>2010</b>	
	<i>HK\$ million</i>	<i>US\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
<b>Profit before taxation</b>	145.50	18.65	70.96	9.10
<b>Profit after taxation</b>	108.17	13.87	52.86	6.78

*Note: The reporting currency used was HK\$. References to US\$ are for illustrative purposes only*

The net asset value of Changzhou Jinyuan (in relation to 100% of the equity interests of Changzhou Jinyuan) as at 31 December 2010 was approximately HK\$526.20 million (equivalent to approximately US\$67.46 million) and the portion attributable to the Changzhou Jinyuan Sale Shares was approximately HK\$190.96 million (equivalent to approximately US\$24.48 million).



Zhonghe has valued the Changzhou Jinyuan Sale Shares at approximately RMB161.16 million (equivalent to approximately HK\$196.62 million).

### **Sale Price**

Subject to any adjustments contemplated under the Master Sale and Implementation Agreement, such as those required should any one Sale not proceed to complete, the Sale Price for the Sale Shares amounts to an aggregate sum of US\$726.80 million (equivalent to approximately HK\$5,669.04 million) and is apportioned to the Sale Shares (in respect of each of the Sale Entities) in the following manner:

<b>Sale entities</b>	<b>Sale Price</b>
MMA	US\$667.3 million (equivalent to approximately HK\$5,204.94 million)
NCA	US\$29.6 million (equivalent to approximately HK\$230.88 million)
Yingkou Orienmet	US\$2.9 million (equivalent to approximately HK\$22.62 million)
Changzhou Jinyuan	US\$27.0 million (equivalent to approximately HK\$210.6 million)

The Sale Price has been arrived at after arm's length negotiations between the parties. The key factors considered by the Company in determining the Sale Price include (i) the historic share price performance of the Company prior to the announcement of its intention to acquire MMG in 2010 and (ii) the net asset value of each of the Sale Entities, as at 30 June 2011, as adjusted for cash and debt. The Company has also referred to the following in determining the Sale Price: (i) the historical financial performance of each of the Sale Entities, (ii) the original investment cost for the Sale Shares, (iii) the trading comparables and (iv) the appraised value of the Sale Shares as at 31 December 2010 of approximately RMB4,391.58 million (equivalent to approximately HK\$5,357.74 million), as set out in the valuation reports prepared and issued by Zhonghe in accordance with relevant laws and regulations of the PRC.

Zhonghe adopted the income method in preparing the valuation reports of the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares and the result from the income method was adopted as the final conclusion in its valuation of the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, respectively. The income method was not used in preparing the valuation report of the Yingkou Orienmet Sale Shares due to its loss-making position.

The Board notes that under Rule 14.61 of the Listing Rules, the valuation prepared by Zhonghe would be regarded as a profit forecast of the MMA Group, the NCA Group and Changzhou Jinyuan but not of Yingkou Orient. The Company has applied for, and the Stock Exchange has granted the Company with, a waiver from compliance with requirements under the Listing Rules relating to profit forecast on the basis that:

- (a) it is CMN, a state-owned enterprise, and not the Company, which is obliged to prepare the valuation reports for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, respectively, under the applicable laws and regulations of the PRC;
- (b) the Company was not involved in preparing the valuation report for any of the MMA Sale Shares, the NCA Sale Shares or the Changzhou Jinyuan Sale Shares, except for procuring MMA, NCA and Changzhou Jinyuan to provide Zhonghe with historical financial information of MMA, NCA and Changzhou Jinyuan. This is different from the circumstances contemplated under Rules 14.62 and 14A.56(8) which assume that the Directors are involved in determining the profit forecast;
- (c) in determining the Sale Price for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, the valuation set out in the respective valuation reports for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares prepared pursuant to the applicable laws and regulations of the PRC was only one of the factors which the Directors had referred to. The key factors considered by the Directors include (i) the historic share price performance of the Company prior to the announcement of its intention to acquire MMG in 2010 and (ii) the net asset value of each of MMA, NCA and Changzhou Jinyuan, respectively, as at 30 June 2011, as adjusted for cash and debt, and reference had also been made to other factors such as (1) the historical financial performance of MMA, NCA and Changzhou Jinyuan, respectively, (2) the original investment cost for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, respectively, and (3) the trading comparables;
- (d) the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares would cease to be part of the Group after completion of the Sale of MMA, NCA and Changzhou Jinyuan, respectively, so the profit forecast was irrelevant to the Group's future financial position and a waiver from compliance with requirements under the Listing Rules relating to profit forecast would not be misleading to the Shareholders; and

- (e) since certain entities, namely, Changzhou Jinyuan and 廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Co., Ltd.) (the latter being an entity held as to 33% by MMA) are not subsidiaries of the Company, it would be unduly burdensome and impractical for the Company to comply with the requirements under the Listing Rules relating to profit forecast.

Pursuant to the Master Sale and Implementation Agreement, the Sale Price apportioned to each Sale shall be payable upon completion of the sale and purchase under the Relevant Sale.

At completion of each Sale, CMN or its nominee appointed pursuant to the Master Sale and Implementation Agreement shall pay the Sale Price apportioned to the relevant Sale Shares to the Company. The Sale Price shall be paid in full by cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the Company without counter-claim or set-off in accordance with the terms of the Equity Transfer Agreements relating to the Sale. Please refer to the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Equity Transfer Agreements” below for further details of the Equity Transfer Agreements.

## **Conditions**

### **(i) MMA Sale**

Completion of the MMA Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

#### **(a) *PRC regulatory approval***

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the MMA Sale as contemplated under the Master Sale and Implementation Agreement;

#### **(b) *Shareholder approval***

Such requisite majority of relevant Shareholders as required under the Listing Rules having approved by resolution at an EGM the entry by the Company into the Master Sale and Implementation Agreement and the transactions contemplated under the Master Sale and Implementation Agreement; and

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

CMN receiving the approval from the Australian Government under the FATA for the MMA Sale either unconditionally or on terms that do not impose unduly onerous obligations on CMN. This is required due to the interests in three companies which are incorporated in Australia that are indirectly owned by MMA. Such approval has been obtained as at the date of this announcement.

(ii) **NCA Sale**

Completion of the NCA Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

(a) *PRC regulatory approval*

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the NCA Sale as contemplated under the Master Sale and Implementation Agreement;

(b) *Shareholder approval*

The condition described in sub-paragraph (i)(b) of the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — MMA Sale” above; and

(c) *Third party notifications, consents and waivers*

All the notices, consents and waivers required to be given to or obtained from (as the case may be) any third parties (pursuant to the pre-completion material contracts in connection with the NCA Sale) as set out in the Master Sale and Implementation Agreement having been given or obtained (as the case may be) or deemed to have been given or obtained under the terms of the relevant contracts. To satisfy this condition, NCA is required to obtain consent from 2 banks in relation to 6 loan agreements.

It is noted that holders of equity interests in NCA have pre-emptive rights in relation to any transfer of equity interests in NCA pursuant to the articles of association and joint venture agreements of NCA. 中國鋁業公司 (Aluminium Corporation of China) and 河北省人民政府國有資產控股運營

有限公司 (Hebei State Owned Assets Hold and Operation Co., Ltd.), the other shareholders of NCA, have waived their pre-emptive rights in respect of the NCA Sale Shares. The NCA Sale is therefore not subject to such pre-emptive rights.

**(iii) Yingkou Orientmet Sale**

Completion of the Yingkou Orientmet Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

**(a) PRC regulatory approval**

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the Yingkou Orientmet Sale as contemplated under the Master Sale and Implementation Agreement (including but not limited to the obtaining of any necessary approvals, authorisations and consents from the relevant PRC regulatory authorities for the remittance of the Sale Price relating to the Yingkou Orientmet Sale Shares or any part thereof outside the PRC for the completion of the Yingkou Orientmet Sale); and

**(b) Shareholder approval**

The condition described in sub-paragraph (i)(b) of the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — MMA Sale” above.

It is noted that holders of equity interests in Yingkou Orientmet have pre-emptive rights in relation to any transfer of equity interests in Yingkou Orientmet pursuant to the articles of association and joint venture agreements of Yingkou Orientmet. 中國電子進出口總公司 (China National Electronics Import and Export Corporation), the other shareholder of Yingkou Orientmet, has waived its pre-emptive rights in respect of the Yingkou Orientmet Sale Shares. The Yingkou Orientmet Sale is therefore not subject to such pre-emptive rights.

**(iv) Changzhou Jinyuan Sale**

Completion of the Changzhou Jinyuan Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

**(a) PRC regulatory approval**

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the Changzhou Jinyuan Sale as contemplated under the Master Sale and Implementation Agreement (including but not limited to the obtaining of any necessary approvals, authorisations and consents from the relevant PRC regulatory authorities for the remittance of the Sale Price relating to the Changzhou Jinyuan Sale Shares or any part thereof outside the PRC for the completion of the Changzhou Jinyuan Sale);

**(b) Shareholder approval**

The condition described in sub-paragraph (i)(b) of the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — MMA Sale” above; and

**(c) Third party notifications, consents and waivers**

All the notices, consents and waivers required to be given to or obtained from (as the case may be) any third parties (pursuant to the pre-completion material contracts in connection with the Changzhou Jinyuan Sale) as set out in the Master Sale and Implementation Agreement having been given or obtained (as the case may be) or deemed to have been given or obtained under the terms of the relevant contracts. To satisfy this condition, Changzhou Jinyuan is required to obtain consent from 6 banks in relation to 10 loan agreements.

It is noted that holders of equity interests in Changzhou Jinyuan have pre-emptive rights in relation to any transfer of equity interests in Changzhou Jinyuan pursuant to the articles of association and joint venture agreements of Changzhou Jinyuan. JX日礦日石金屬株式會社 (JX Nippon Mining & Metals Corporation) and 常州工貿國有資產經營有限公司 (Changzhou Industry and Trade State-owned Assets Management Company), the other shareholders of Changzhou Jinyuan, have waived their pre-emptive rights in respect of the Changzhou Jinyuan Sale Shares. The Changzhou Jinyuan Sale is therefore not subject to such pre-emptive rights.

In the event that any of the conditions above relating to a Sale (i) are not satisfied or waived by the Cut Off Date or (ii) become incapable of satisfaction or the parties agree in writing that any of such conditions cannot be satisfied, either party may terminate the sale and purchase under the Master Sale and Implementation Agreement in so far as it relates to such Sale by not less than two Business Days' notice to the other, except for any antecedent breaches of the terms of the Master Sale and Implementation Agreement.

The conditions described in the paragraphs headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — (ii) NCA Sale — (c) Third party notifications, consents and waivers” and “The Master Sale and Implementation Agreement — Conditions — (iv) Changzhou Jinyuan Sale — (c) Third party notifications, consents and waivers” may only be waived by written notice of CMN to the Company.

*Shareholders and/or potential investors of the Company should be aware that the completion of each Sale is subject to the satisfaction (or if applicable, waiver) of the conditions described above and, therefore, any Sale may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.*

## **Completion**

Between the date of the Master Sale and Implementation Agreement and the earlier of Completion of the Sale and termination of such part of the Master Sale and Implementation Agreement relating to the Sale, the Company must use reasonable endeavours to ensure compliance with certain matters set out in the Master Sale and Implementation Agreement. In this connection, the parties have agreed that NCA is permitted to make a RMB4.443 million (equivalent to approximately HK\$5,420 million) dividend payment to Riseup Dragon.

Completion of each Sale shall take place on the day that is three Business Days after the conditions relating to that Sale have been satisfied or waived or such other date as the Company and CMN may otherwise agree in writing, provided that completion of each Sale must take place simultaneously with completion occurring under the terms of the Equity Transfer Agreement relating to each Sale.

The parties acknowledge and agree that completion of a Relevant Sale is not conditional on completion of any Other Sale occurring, and to the extent that the conditions in relation to the Relevant Sale are satisfied or waived ahead of those in relation to any Other Sale, the Company may by written notice to CMN require that completion occurs for the Relevant Sale, regardless of whether the conditions in relation to any Other Sale have been satisfied or waived.

Pursuant to the Master Sale and Implementation Agreement, the Sale Price apportioned to each Sale shall be payable upon completion of the sale and purchase under the relevant Sale.

At completion of the MMA Sale, CMN shall also pay or procure the payment of US\$4.182 million (equivalent to approximately HK\$32.62 million) by cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the Company without counter-claim or set-off to the Company or its nominee for the agreed adjustment of cash balance in Sino Mining International Limited.

### **Equity Transfer Agreements**

In respect of each Sale, as soon as reasonably practicable after satisfaction or waiver of the conditions (other than those relating to the PRC regulatory approval including the approval from SAFE) (as applicable) relating to the Sale, each of CMN (or, if relevant, its wholly-owned subsidiary nominated to acquire any of the Sale Shares) and the Company (or, if relevant, its wholly-owned subsidiary holding the Sale Shares) must deliver to each other an original executed counterpart of each Equity Transfer Agreement relevant to the Sale to effect the transfer of the Sale Shares pursuant to PRC law.

If under the terms of an Equity Transfer Agreement with respect to a Sale, title to the Sale Shares relating to the Sale passes to CMN or (if applicable) its wholly-owned nominee prior to the date of completion for the Sale due to any delay resulting from approval of SAFE required to be obtained prior to the remittance of the relevant consideration to the Company, then CMN agrees that between the date that title to the Sale Shares in respect of the Sale passes to CMN or (if applicable) its wholly-owned nominee until the earlier of the date of completion of the Sale and termination of such part of the Master Sale and Implementation Agreement relating to the Sale:

- (i) it must not, or (if applicable) must procure its wholly-owned nominee not to, transfer or encumber the relevant Sale Shares;
- (ii) it must only, or (if applicable) must procure its wholly-owned nominee to only, exercise any voting rights attached to the Sale Shares (including, but not limited to, in respect of any declaration and/or payment of any benefits (including any dividends) in respect of the Sale Shares) in accordance with the written instructions of the Company;
- (iii) it must procure that the director(s), secretary(ies), officer(s) or legal representative(s) appointed to each Sale Entity and/or its subsidiaries and/or



associated companies to which the Sale relates by CMN or its wholly-owned nominee shall only act in accordance with the written instructions of the Company (including, but not limited to, any declaration and/or payment of any benefits (including any dividends) in respect of the Sale Shares); and

(iv) in respect of the Changzhou Jinyuan Sale, that it shall procure Changzhou Jinyuan to issue the notices to be given to third parties under the terms of the relevant contracts.

## **REASONS FOR AND BENEFITS OF THE SALE**

The Company is CMC Group's flagship international upstream base metals company. The Group, together with its jointly-controlled entities and associated companies, is engaged in mining, processing and production of zinc, copper, lead, gold and silver, exploration for mineralisation and development of mining projects, trading of non-ferrous metals, production of alumina and manufacturing and distribution of aluminium and copper products.

The Company undertook a strategic review of its businesses in March 2011 and determined that certain assets (being the Company's interest in the Sale Entities) are not core to its strategy. As such, it was announced by the Company on 28 March 2011 that the Sale Entities will be divested in an orderly manner during the course of 2011. The Sale is in line with the Company's strategy to focus on its upstream base metals business through divestment of assets that are considered to be not core to the Company's future.

Following completion of the Sale, the Company will be able to increase its focus on its core upstream base metals business. The Company plans to progress its existing development projects (including the Dugald River zinc/lead project in Queensland, Australia) and expects that will build the Company's strength and earnings potential.

The Sale Price (net of tax and expenses) will be used to further strengthen the balance sheet and provide further growth capacity for the Company. As the sale of one/any combination/all of the Sale Shares as contemplated in the Master Sale and Implementation Agreement may not be completed in the event that one or all of the conditions as set out in the Master Sale and Implementation Agreement for any Sale is/are not satisfied or waived, the amount of the net proceeds from the Sale may decrease accordingly. The Directors currently intend to apply the net proceeds primarily to fund the exploration and development initiatives of the Group's projects, including, but not limited to, the development of the Dugald River zinc project located in Queensland, Australia and, potentially, towards future acquisition and expansion plans of the Group or general working capital requirements of the Group.

The expected gain/loss expected to accrue to MMR for the MMA Sale, the NCA Sale, the Changzhou Jinyuan Sale and the Yingkou Oriented Sale is calculated net of estimated tax and attributable exchange reserve and with reference to the respective carrying values as at 30 June 2011. The gain expected to accrue to MMR for the MMA Sale, the Changzhou Jinyuan Sale and the Yingkou Oriented Sale is estimated to amount to US\$63.46 million (equivalent to approximately HK\$494.99 million), US\$5.01 million (equivalent to approximately HK\$39.08 million), US\$1.16 million (equivalent to approximately HK\$9.05 million), respectively. The loss expected to accrue to MMR for the NCA Sale is expected to amount to US\$30.01 million (equivalent to approximately HK\$234.08 million). The net expected gain from the Sale is estimated to amount to US\$39.62 million (equivalent to approximately HK\$309.04 million). The actual gain will be subject to change as such amounts will be calculated based on carrying values and attributable exchange reserve of the Sale Entities as of the date on which completion of each Sale shall take place.

The Directors (other than the independent non-executive Directors whose views are subject to the advice from the independent financial adviser) consider that the terms of the Sale are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios of each Sale when aggregated and calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Sale of all the Sale Entities constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, CMN is a controlling Shareholder holding, through CMN's wholly-owned subsidiaries, approximately 71.56% of the issued share capital of the Company. As such, CMN is a connected person of the Company and each proposed Sale to CMN (or its wholly-owned subsidiary) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether or not the terms of the Sale, the Master Sale and Implementation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole and on how to vote. Somerley Limited has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, *inter alia*, further details of (i) the terms of the Master Sale and Implementation Agreement, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Master Sale and Implementation Agreement, will be despatched to the Shareholders. As additional time is required for the Company to prepare, among others, the required financial information, working capital and indebtedness statements, it is expected that the circular will be despatched to the Shareholders on or about 12 October 2011.

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

## DEFINITIONS

“Australian Government”	the Government of Australia
“Business Day”	a day on which banks are generally open for business in Hong Kong, other than a Saturday, Sunday or public holiday in Hong Kong
“Changzhou Jinyuan”	常州金源銅業有限公司(Changzhou Jinyuan Copper Co., Ltd), a company established in the PRC with limited liability and which is held, through Lontic, as to 36.2913% of its equity interests by the Company as at the date of this announcement
“Changzhou Jinyuan Sale”	the sale and purchase of Lontic’s entire 36.2913% equity interest in Changzhou Jinyuan pursuant to the Master Sale and Implementation Agreement
“Changzhou Jinyuan Sale Shares”	36.2913% of the total registered capital of Changzhou Jinyuan, comprising RMB102,497,155.68 of the total registered capital of RMB282,429,000, as at the date of the Master Sale and Implementation Agreement
“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
“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 Co., Ltd.), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC. CMN is a controlling shareholder of the Company holding, through CMN’s wholly-owned subsidiaries, approximately 71.56% of the issued share capital of the Company as at the date of this announcement
“Company”	Minmetals Resources Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to such term in the Listing Rules
“controlling shareholder”	has the meaning ascribed to such term in the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Cut Off Date”	30 June 2012, or such other date as agreed between the parties in writing
“Director(s)”	the director(s) of the Company
“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 Sale, the Master Sale and Implementation Agreement and the transactions contemplated thereunder
“Equity Transfer Agreements”	the equity transfer agreements to effect the transfer of the Sale Shares pursuant to PRC law, the agreed form of which has been initialed by the Company and CMN pursuant to the Master Sale and Implementation Agreement
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, namely, Mr. Ting Leung Huel, Stephen, Mr. Loong Ping Kwan and Dr. Peter William Cassidy
“Independent Shareholders”	the Shareholders, except CMN and its associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lontic”	Lontic (H.K.) Limited, a company incorporated in Hong Kong with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this announcement
“Master Sale and Implementation Agreement”	the master sale and implementation agreement dated 15 September 2011 entered into between the Company and CMN in relation to the Sale
“MMA”	五礦鋁業有限公司 (Minmetals Aluminium Co., Ltd), a company established in the PRC with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this announcement
“MMA Sale”	the sale and purchase of the Company’s entire 100% equity interest in MMA pursuant to the Master Sale and Implementation Agreement
“MMA Sale Shares”	100% of the total registered capital of MMA in the sum of RMB2,380 million, as at the date of the Master Sale and Implementation Agreement
“MMG”	Minmetals and Metals Group, being the collective brand name of the portfolio of international mining assets acquired by the Company on 31 December 2010

“NCA”	華北鋁業有限公司 (North China Aluminium Co., Ltd.), a company established in the PRC with limited liability and which is held, through Riseup Dragon, as to 72.80% of its equity interests as at the date of this announcement
“NCA Sale”	the sale and purchase of Riseup Dragon’s entire 72.80% equity interest in NCA pursuant to the Master Sale and Implementation Agreement
“NCA Sale Shares”	72.80% of the total registered capital of NCA, comprising RMB348,040,500 of the total registered capital of RMB478.1 million, as at the date of the Master Sale and Implementation Agreement
“Other Sale”	has the meaning given to such term in the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Assets to be disposed of” in this announcement
“Orientmet Industry”	Orientmet Industry Company Limited, a company incorporated in Hong Kong with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“Relevant Sale”	has the meaning given to such term in the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Assets to be disposed of” in this announcement
“Relevant Shares”	has the meaning given to such term in the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions” in this announcement
“Riseup Dragon”	Riseup Dragon Limited, a company incorporated in Hong Kong with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi Yuan, the lawful currency of the PRC

“SAFE”	The State Administration of Foreign Exchange of the PRC
“Sale”	the MMA Sale, the NCA Sale, the Yingkou Orientmet Sale and/or the Changzhou Jinyuan Sale, where completion of any one of the aforementioned sales is not conditional on completion of any other sales occurring
“Sale Entities”	MMA, NCA, Yingkou Orientmet and Changzhou Jinyuan
“Sale Price”	subject to any adjustments contemplated under the Master Sale and Implementation Agreement, an aggregate amount equal to US\$726.80 million, apportioned to the Sale Shares as set out in the paragraph headed “Master Sale and Implementation Agreement dated 15 September 2011 — Sale Price”
“Sale Shares”	<ol style="list-style-type: none"> <li>1. the MMA Sale Shares;</li> <li>2. the NCA Sale Shares;</li> <li>3. the Yingkou Orientmet Sale Shares; and/or</li> <li>4. the Changzhou Jinyuan Sale Shares</li> </ol>
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules
“US\$”	United States dollars, the lawful currency of United States of America
“Yingkou Orientmet”	營口鑫源金屬套管有限公司 (Yingkou Orientmet Plica Tube Company Limited), a company established in the PRC with limited liability and which is held, through Orientmet Industry, as to 51% of its equity interests by the Company as at the date of this announcement
“Yingkou Orientmet Sale”	the sale and purchase of Orientmet Industry’s entire 51% equity interest in Yingkou Orientmet pursuant to the Master Sale and Implementation Agreement

“Yingkou Orienmet Sale Shares”	51% of the total registered capital of Yingkou Orienmet, comprising US\$2,040,000 of the total registered capital of US\$4 million, as at the date of the Master Sale and Implementation Agreement
“Zhonghe”	中和資產評估有限公司(Zhonghe Asset Appraisal Co., Ltd.), an independent and qualified PRC valuer
“%”	per cent.

*Unless otherwise stated, conversion of RMB and US\$ into HK\$ in this announcement is based on the exchange rates of RMB 1 = HK\$1.22 and US\$1 = HK\$7.8 for the purpose of illustration only. No representation is made and there is no assurance that RMB, US\$ or HK\$ can be purchased or sold at such rate.*

*The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

By Order of the Board  
**Minmetals Resources Limited**  
**Andrew Gordon Michelmores**  
*CEO and Executive Director*

Hong Kong, 15 September 2011

*As at the date of this announcement, the Board comprises eleven directors, of which four are executive directors, namely Mr. Hao Chuanfu (Vice Chairman), Mr. Andrew Gordon Michelmores, Mr. David Mark Lamont and Mr. Li Liangang; four are non-executive directors, namely Mr. Wang Lixin (Chairman), Mr. Jiao Jian, Mr. Xu Jiqing and Mr. Gao Xiaoyu; and three are independent non-executive directors, namely Mr. Ting Leung Huel, Stephen, Mr. Loong Ping Kwan and Dr. Peter William Cassidy.*