THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Minmetals Resources Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

五礦資源有限公司
MINMETALS RESOURCES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF INTEREST IN GUANGXI HUAYIN AND RE-ELECTION OF RETIRING DIRECTOR

Financial adviser to Minmetals Resources Limited

ROTHSCHILD

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

SOMERLEY LIMITED

A notice convening an extraordinary general meeting of Minmetals Resources Limited to be held at Kowloon Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 18 December 2007 at 10:30 a.m. is set out on page 37 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting should you so wish.

26 November 2007

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Agreement"	the conditional agreement dated 5 November 2007 entered into between the Company (as purchaser) and CMN (as vendor) for the sale and purchase of the Sale Interest and the supplemental agreement thereto entered into by the same parties dated 15 November 2007
"Board"	the board of Directors
"China Minmetals"	中國五礦集團公司 (China Minmetals Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC, the holding company of CMN and the ultimate controlling Shareholder
"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, a controlling Shareholder
"Company"	Minmetals Resources Limited (五礦資源有限公司), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Interest in accordance with the Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company's shareholders to be held at Kowloon Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 18 December 2007 at 10:30 a.m. for purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder and re-election of a retiring Director
"Group"	the Company and its subsidiaries

"Guangxi Huayin"	廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Company Limited), a company incorporated on 18 February 2003 under the laws of PRC and owned as to 33% by CMN. The remaining 67% interest is owned as to 34% by 廣西投資(集團)有限公司 (Guangxi Investment Group Co., Ltd.) and as to 33% by 中國鋁業股份有限公司 (Aluminum Corporation of China Limited)
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen, being all the independent non-executive Directors
"Independent Shareholders"	shareholders of the Company who are not required to abstain from voting at the EGM to approve the Agreement and the transactions contemplated thereunder under the Listing Rules
"Latest Practicable Date"	21 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion of this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	33% equity interest in Guangxi Huayin held by CMN
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.05 each in the capital of the Company
"Shareholder(s)"	holder(s) of Shares

"Somerley"	Somerley Limited, a licensed corporation under the SFO for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

Solely for convenience and except as otherwise noted, this circular contains translation of RMB amounts into Hong Kong dollars at a rate of RMB1.00=HK$1.04.

五礦資源有限公司
MINMETALS RESOURCES LIMITED

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

Executive Directors:
Mr. Xu Huizhong
Mr. Wang Lixin
Mr. Ren Suotang

Non-executive Directors:
Mr. Zhou Zhongshu *(Chairman)*
Ms. Shen Ling
Mr. Zhang Shoulian
Mr. Zong Qingsheng
Mr. Cui Hushan

Independent non-executive Directors:
Mr. Liu Hongru
Mr. Chan Wai Dune
Mr. Ting Leung Huel, Stephen

Registered office and principal place of business:
9th Floor, China Minmetals Tower
79 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

26 November 2007

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF INTEREST IN GUANGXI HUAYIN
AND
RE-ELECTION OF RETIRING DIRECTOR**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 5 November 2007 and 15 November 2007 respectively. On 5 November 2007, the Company (as purchaser) and CMN (as vendor) entered into the agreement for the sale and purchase of a 33% equity interest in Guangxi Huayin for a consideration of RMB855,998,331 (equivalent to approximately HK$890,238,264) payable by cash. On 15 November 2007, the Company and CMN entered into a supplemental agreement which provides flexibility to the Group as to the acquiring entity of the Sale Interest.

Based on the applicable percentage ratios, the Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules. Accordingly, it is subject to the approval of the Independent Shareholders at the EGM to be conducted by way of poll. CMN and its associates will abstain from voting in respect of the approval of the Agreement and the transactions contemplated thereunder at the EGM.

N M Rothschild & Sons (Hong Kong) Limited has been appointed as financial adviser to the Company in respect of the Agreement.

The Independent Board Committee has been formed by the Board to advise the Independent Shareholders in respect of the Agreement. Somerley has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Agreement.

The purpose of this circular is to provide you with further details on the Agreement and the transactions contemplated thereunder, to give notice to the Shareholders of the EGM at which resolutions will be proposed to approve (a) the Agreement and the transactions contemplated thereunder and (b) the proposed re-election of the retiring Director, and to provide other information in accordance with the Listing Rules.

2. ACQUISITION OF INTEREST IN GUANGXI HUAYIN

Background

Reference is made to the announcement of the Company dated 30 December 2004 and the circular of the Company dated 30 June 2005. As disclosed therein, China Minmetals has, pursuant to a non-competition and first rights of refusal agreement dated 30 December 2004, undertaken that, among others, its controlled companies other than the Group will offer to sell their interests in Guangxi Huayin on normal commercial terms to the Company within three years from 31 December 2004. On 5 November 2007, the Company has exercised its rights to acquire the Sale Interest by entering into the Agreement.

The Agreement

Parties

Purchaser:	the Company or a company specified by the Company (which may be Minmetals Aluminium Company Limited, being a wholly-owned subsidiary of the Company, or another company in which the Company holds 51% or more interest)

Vendor:	CMN, a controlling shareholder of the Company with an indirect holding of approximately 51.16% of the issued share capital of the Company as at the Latest Practicable Date. CMN is primarily engaged in the trading of non-ferrous metals (including copper, lead, zinc, tungsten, antimony, tin, precious metals and rare earth). It is also engaged in hedging activities at the Shanghai Future Exchange and London Metal Exchange covering a wide range of commodities such as copper, aluminum, lead, tin, nickel and silver.

Asset to be acquired

The Sale Interest (being a 33% equity interest in Guangxi Huayin). Please refer to the paragraph headed "Information about Guangxi Huayin" below for further details.

Consideration

RMB855,998,331 (equivalent to approximately HK$890,238,264). The consideration for the Sale Interest was determined following commercial negotiations between the parties on an arm's length basis and with reference to various factors including, but not limited to, the total capital contribution for the Sale Interest made by CMN to Guangxi Huayin of approximately RMB636.64 million (equivalent to approximately HK$662.11 million) up to and including 5 November 2007, the funding cost incurred by CMN for the capital contribution up to 5 November 2007, the anticipated demand of alumina in the PRC markets and the prevailing general market conditions.

The parties to the Agreement have also agreed that any profits or losses of Guangxi Huayin attributable to the Sale Interest (a) on or before 31 December 2007 shall belong to or be assumed by CMN and (b) from and including 1 January 2008 shall belong to or be assumed by the Company. The shareholding, together with its rights and obligations, of the Sale Interest shall be transferred from CMN to the Company upon Completion.

A deposit of RMB342,399,332 (equivalent to approximately HK$356,095,305), representing approximately 40% of the consideration for the Sale Interest, shall be payable within five business days after the Agreement has been approved by the Independent Shareholders at the EGM. The remaining balance of the consideration for the Sale Interest in the sum of RMB513,598,999 (equivalent to approximately HK$534,142,959), representing approximately 60% of the consideration for the Sale Interest, shall be payable within five business days from the satisfaction of all conditions precedent.

The consideration for the Sale Interest will be financed through internal resources of the Group and part of the proceeds from the issue of the HK$1,000,000,000 zero coupon guarantee convertible bonds due 2011 by the Group in 2006.

Conditions precedent

Completion shall be subject to:

(i) the execution of the Agreement by the legal representative or a lawful attorney of each of the Company and CMN;

(ii) the obtaining of all necessary consents or approvals for the Agreement and the transfer of the Sale Interest, including but not limited to:

(a) approval of the transfer of the Sale Interest by the Independent Shareholders at general meeting in accordance with the Listing Rules;

(b) approval of the transfer of the Sale Interest by the State-owned Asset Supervision and Administration Commission of the State Council of the PRC;

(c) approval by the relevant department of commerce in charge in the PRC; and

(d) approval by the relevant government departments in the PRC such as the National Development and Reform Committee of the PRC; and

(iii) the Company having obtained a PRC legal opinion in form and substance to the satisfaction of the Company from a PRC counsel acceptable to the Company.

If Completion does not take place on or before 30 June 2008 or such other date as the Company and CMN shall agree, the Agreement shall forthwith terminate and CMN shall return to the Company any deposit received with accrued interest within five business days after such termination.

If the Company specifies a company as the acquiring entity of the Sale Interest, the acquiring entity shall enter into a separate sale and purchase agreement with CMN, upon which the Agreement shall be terminated. The separate agreement shall contain the same terms as the Agreement except changes necessitated by a change in the acquiring entity, the signing date and the conditions precedent to Completion for the obtaining of all necessary consents or approvals for the Agreement and the transfer of the Sale Interest, which now include: (a) approval of the transfer of the Sale Interest by the Independent Shareholders at general meeting in accordance with the Listing Rules; (b) approval of the transfer of the Sale Interest by the State-owned Asset Supervision and Administration Commission of the State Council of the PRC and such other relevant PRC government authorities.

3. INFORMATION ABOUT GUANGXI HUAYIN

Guangxi Huayin is a company established in the PRC for the purpose of an alumina project to develop bauxite resources in the Guangxi region of the PRC and to engage in the production and sale of alumina and related products. Guangxi Huayin has a planned annual production capacity of 1.6 million tonnes of alumina. Guangxi Huayin is currently owned as to 34% by 廣西投資(集團)有限公司 (Guangxi Investment Group Co., Ltd.), 33% by 中國鋁業股份有限公司 (Aluminum Corporation of China Limited) and 33% by CMN.

As Guangxi Huayin is still in its development stage with trial production expected to commence in December 2007, Guangxi Huayin has not prepared any profit and loss statement for each of the last two financial years ended 31 December 2006 and the eight months ended 31 August 2007. Based on the audited financial statements consisting of the balance sheet and cash flow statement of Guangxi Huayin prepared in accordance with the generally accepted accounting principles in the PRC, Guangxi Huayin had a net asset value of RMB1,735.65 million (equivalent to approximately HK$1,805.08 million) as at 31 August 2007, and that translates to approximately RMB572.76 million (equivalent to approximately HK$595.67 million) attributable to the Sale Interest.

In September 2007, the three shareholders of Guangxi Huayin made an additional total capital contribution of approximately RMB193.58 million (equivalent to approximately HK$201.32 million) to Guangxi Huayin proportional to their current respective interests in Guangxi Huayin. As at the Latest Practicable Date, CMN had made a total contribution of approximately RMB636.64 million (equivalent to approximately HK$662.11 million) to Guangxi Huayin as registered capital for the Sale Interest. The last remaining capital contribution for the Sale Interest of approximately RMB63.88 million (equivalent to approximately HK$66.44 million) is expected to be made in December 2007. If such capital contribution for the Sale Interest is paid by CMN to Guangxi Huayin prior to 31 December 2007, the Company shall reimburse CMN such payment at the time the remaining balance of the consideration is payable by the Company to CMN on a dollar for dollar basis.

4. REASONS FOR, AND BENEFITS OF, THE AGREEMENT

The Group is engaged in the trading of alumina and other non-ferrous metals, aluminium fabrication, copper fabrication and plica tubes production and port logistics services and other industrial operations. For the year ended 31 December 2006, trading of alumina and other non-ferrous metals accounted for approximately 72.4% of the Group's turnover.

The Company believes that Guangxi Huayin will be, when completed, one of the most advanced and largest alumina refineries in the PRC. The Group's investment in Guangxi Huayin is expected to increase its secured source of alumina for its trading business and represents a good opportunity for the Group to, as set out in the Company's circular dated 30 June 2005, leverage on its existing market position to achieve further vertical integration by entering into the alumina production aspect of the business chain. Upon Completion, the Company will own the Sale Interest and CMN will cease to have any direct interest in Guangxi Huayin.

Currently, Guangxi Huayin is in advance stages of construction and targets to commence trial production in December 2007 and commercial operation in 2008. The Directors have considered potential legal and operational risks of entering into the Agreement at this juncture and are satisfied that such risks are limited and acceptable for the following principal reasons:

(i) based on information that the Company has gathered to date, since commencement of the construction in May 2005, Guangxi Huayin has met its construction timetable and maintained its capital expenditures within budget, and Guangxi Huayin is on track to commence trial production around December 2007. As such, the completion risk relating to the construction is declining;

(ii) Guangxi Huayin is in the process of applying for all necessary licences, permits and/or rights including (but not limited to) the licences and/or permits of exploration rights and mining rights for the bauxite resources to conduct its alumina refinery business. As Guangxi Huayin has already obtained the approvals from both local and central government authorities for the implementation of the project, the Directors believe that the outstanding steps are only a matter of procedures for the application and obtaining of the necessary licences, permits and/or rights and are therefore acceptable;

(iii) in the event that the licenses and/or permits of exploration rights and mining rights are not available, Guangxi Huayin can nonetheless source bauxite from third parties whereby the only impact might be on its profits margin; and

(iv) given the Directors' experience and exposure in the resource industry, the Company believes that they will be in a position to contribute to the business of Guangxi Huayin.

The terms of the Agreement have been determined through arm's length negotiations between the parties and reflect normal commercial terms.

5. FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

Upon Completion, the Group will hold equity interest of 33% in Guangxi Huayin, which will be equity accounted for as an interest in an associated company in the Group's consolidated financial statements. As Guangxi Huayin is still in development stage and has not generated any earnings, the transaction is not expected to have any immediate impact on the earnings of the Group before the commencement of the trial production.

Based on the net asset value of Guangxi Huayin as at 31 August 2007 and taken into account the capital contribution of approximately RMB193.58 million (equivalent to approximately HK$201.32 million) by the three shareholders of Guangxi Huayin in September 2007 and assuming that the Acquisition completed immediately after this capital contribution, the transaction is expected to have the following impact on the assets and liabilities of the Group:

(i) a decrease in the cash and bank balances of the Group of approximately RMB856 million (equivalent to approximately HK$890.24 million); and

(ii) an increase in the interests in associated companies of the Group, comprising:

(a) an increase in the Group's share of net asset value in an associated company of approximately RMB636.64 million (equivalent to approximately HK$662.11 million); and

(b) a goodwill of approximately RMB219.36 million (equivalent to approximately HK$228.13 million), being the difference between the consideration for the Sale Interest and the net asset value of Guangxi Huayin attributable to the Sale Interest).

6. RE-ELECTION OF RETIRING DIRECTOR

Pursuant to Article 85 of the Articles of Association of the Company, any Director appointed by the Board to fill a casual vacancy of the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Cui Hushan, who was appointed by the Board to fill a casual vacancy of the Board with effect from 1 June 2007, will retire at the EGM and, being eligible, offer himself for re-election at the EGM.

The biographical and other details of Mr. Cui Hushan (as a retiring director offering himself for re-election) required to be disclosed under the Listing Rules are set out in Appendix I to this circular.

7. EGM

The notice convening the EGM, at which an ordinary resolution for the approval of the Agreement by the Independent Shareholders and an ordinary resolution for the re-election of Mr. Cui as a Director by the Shareholders will be proposed, is set out on pages 37 of this circular.

CMN, the controlling shareholder of the Company with an indirect holding of approximately 51.16% of the issued share capital of the Company as at the Latest Practicable Date, and its associates will abstain from voting in respect of the resolution relating to the Agreement. The aggregate shareholding of CMN and its associates who will abstain from voting was approximately 62.43% as at the Latest Practicable Date, including the approximately 51.16% indirect holding of CMN and the approximately 11.27% indirect holding of China Minmetals H.K. (Holdings) Limited.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

8. PROCEDURE BY WHICH A POLL MAY BE DEMANDED

In accordance with Article 65 of the Articles of Association of the Company, a resolution to be put to the EGM shall be decided by a show of hands unless, before or on the declaration of the result of the show of hands or the withdrawal of any other demand for a poll, a poll is demanded by:

(i) the chairman of the EGM; or

(ii) at least three members present in person or by proxy for the time being entitled to vote at the EGM; or

(iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the EGM; or

(iv) by any member or members present in person or by proxy and holding Shares conferring a right to vote at the EGM, being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

9. RECOMMENDATIONS

The Directors (including the independent non-executive Directors, having considered the factors and analysis set out in the letter from Somerley set out on pages 14 to 30 of this circular) consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be put forward at the EGM for approving the Agreement and the transactions contemplated thereunder.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 13 of this circular and the letter from Somerley to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 30 of this circular.

The Directors also consider that the re-election of the retiring Director to be in the interest of the Company and recommend that the Shareholders should vote in favour of the ordinary resolution to be put forward at the EGM for approving the re-election of Mr. Cui Hushan as Director.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix II to this circular.

Yours faithfully
For and on behalf of the Board
Xu Huizhong
Executive Director and President

五礦資源有限公司
MINMETALS RESOURCES LIMITED

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

26 November 2007

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF INTEREST IN GUANGXI HUAYIN

We refer to the circular of the Company (the "Circular") dated 26 November 2007 of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole for the Company to enter into the Agreement. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement.

Please refer to the letter from the Board set out on pages 4 to 12 of the Circular which contains, inter alia, information in respect of the Agreement, and the letter from Somerley set out on pages 14 to 30 of the Circular which contains its advice in respect of the terms of the Agreement.

Having taken into account the advice of Somerley, we consider that the terms of the Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and it is in the interests of the Company and the Shareholders as a whole for the Company to enter into the Agreement. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Minmetals Resources Limited
Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen
Independent non-executive Directors

The following is the text of a letter prepared by Somerley in connection with the Acquisition for the purpose of inclusion in this circular.

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

26 November 2007

To: The Independent Board Committee and
the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF INTEREST IN GUANGXI HUAYIN

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Agreement. Details of the Agreement and the transactions contemplated thereunder (the "Acquisition") are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 26 November 2007 (the "Circular"), of which this letter forms part. Unless defined otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcements of the Company dated 5 November 2007 and 15 November 2007 respectively. On 5 November 2007, the Company (as purchaser) and CMN (as vendor) entered into the agreement for the sale and purchase of a 33% equity interest in Guangxi Huayin for a consideration of RMB855,998,331 (equivalent to approximately HK$890,238,264) (the "Consideration") payable by cash. On 15 November 2007, the Company and CMN entered into a supplemental agreement which provides flexibility to the Group as to the acquiring entity of the Sale Interest.

CMN is a controlling shareholder of the Company with an indirect equity interest of approximately 51.17% of the Company as at the date of the Agreement and is therefore a connected person of the Company under the Listing Rules. Based on the applicable percentage ratios under the Listing Rules, the Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules. Accordingly, it is subject to the approval of the Independent Shareholders at the EGM to be conducted by way of poll. CMN and its associates, with aggregate shareholding of approximately 62.43% in the Company as at the Latest Practicable Date, will abstain from voting in respect of the approval of the Agreement and the transactions contemplated thereunder at the EGM.

The Board comprises three executive Directors, five non-executive Directors and three independent non-executive Directors. The Independent Board Committee, comprising all the independent non-executive Directors, namely Messrs. Liu Hongru, Chan Wai Dune and Ting Leung Huel, Stephen, has been established to advise the Independent Shareholders in respect of the Agreement. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement.

Somerley is not associated or connected with the Company or its substantial shareholders and, accordingly, is considered eligible to give independent advice on the Agreement. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the aforementioned parties.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and Guangxi Huayin, which we have assumed to be true, accurate and complete in all material aspects as at the date of this letter and up to the date of the EGM. We have reviewed, among other materials, the Agreement and the published information on the Group, including its 2006 annual report and 2007 interim report.

We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them to us in connection with the Acquisition. We consider that the information which we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been omitted or withheld, nor doubt the truth or accuracy of the information provided to us. We have also assumed that all representations contained or referred to in the Circular were true as at the date of this letter and will continue to be true as at the date of EGM. We have visited the operations of Guangxi Huayin in Guangxi region of the PRC. We have not, however, conducted any independent investigation into the businesses and affairs of Guangxi Huayin nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Acquisition, we have taken into account the following principal factors and reasons:

1. Background of the Group

(a) History and businesses of the Group

The Company was incorporated in 1988 and its shares have been listed on the main board of the Stock Exchange since 1994. The Group had been engaged in the trading of non-ferrous metals, ores and semi-finished products. In 2005, the Company acquired the alumina and aluminium operations from CMN (the "2005 Acquisition") with the intention to consolidate the aforesaid businesses and interests into one single platform under the Group and that the Company will become the listed flagship company for CMN's alumina and aluminium related business.

Since the 2005 Acquisition, the Group has carried out its businesses in an enlarged scale with the following four major business segments:

(i) *trading*: trading of alumina and other non-ferrous metals;

(ii) *aluminium fabrication*: production and sale of aluminium foils and extrusions;

(iii) *copper fabrication and plica tubes production*: production and sale of copper rods, copper wires and plica tubes; and

(iv) *port logistic services and other industrial operations*: port logistics services include customs clearance, unloading and packing alumina as well as receiving and delivering of alumina at the port of Lianyungang in the PRC; other industrial operations include production and sale of aluminium cans and copper cathodes.

Trading segment accounted for the majority of the Group's turnover, while copper fabrication and plica tubes production segment and aluminium fabrication segment contributed the balance of turnover of the Group. For the six months ended 30 June 2007, revenues generated from the above-mentioned business segments accounted for approximately 50%, 20% and 30% of the Group's turnover respectively. The port logistic services and other industrial operations segment represented less than 1% of the Group's turnover for the same period.

(b) Financial results and positions of the Group

Set out below is a summary of the key financial information on the Group since 2005.

	Six months ended		**Year ended**	
	30 June 2007	**30 June 2006**	**31 December 2006**	**31 December 2005**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Turnover	4,981	6,858	12,829	3,333
Profit for the period/year	456	584	879	203

	As at 30 June 2007 (HK$ million)	As at 30 June 2006 (HK$ million)	As at 31 December 2006 (HK$ million)	As at 31 December 2005 (HK$ million)
Total assets	8,883	8,115	8,125	7,524
Total liabilities	3,423	4,149	3,679	4,240
Net assets	5,460	3,966	4,446	3,284

2006 was the first financial year that the Group consolidated the full year results of the businesses acquired in the 2005 Acquisition. The trading segment continued to be the Group's key income driver. Turnover of the trading segment increased by approximately 345% during the year and from approximately HK$2,086 million for 2005 to approximately HK$9,286 million for 2006. Another fast-growing segment, in terms of turnover contribution, was copper fabrication and plica tubes production, which had increased from approximately HK$30 million for 2005 to approximately HK$2,233 million for 2006. The Group accomplished a net profit of approximately HK$879 million for 2006, representing an increase of approximately 333% over 2005. The improvement was mainly due to the increase in turnover as a result of the 2005 Acquisition.

For the six months ended 30 June 2007, the Group's turnover and net profit amounted to approximately HK$4,981 million and approximately HK$456 million respectively, representing decreases of approximately 27% and 22% to the corresponding period in 2006. The decreases in turnover and profit were due to: (i) surging supply of domestically produced alumina in the PRC forced the alumina price down from the historical highs recorded in the first half of 2006; and (ii) shrink in imported alumina trading volume. Nevertheless, the Group achieved turnover growth in its fabrication businesses which partially offset the decline in its trading business.

2. Reasons for and benefits of the Acquisition

The Group is engaged in the trading of alumina and other non-ferrous metals, aluminium fabrication, copper fabrication and plica tubes production and port logistics services and other industrial operations. For the year ended 31 December 2006, trading of alumina and other non-ferrous metals accounted for approximately 72.4% of the Group's turnover.

As disclosed in the announcement of the Company dated 30 December 2004 and the circular of the Company dated 30 June 2005, China Minmetals has, pursuant to a non-competition and first rights of refusal agreement dated 30 December 2004, undertaken that, among others, its controlled companies other than the Group will offer to sell their interests in Guangxi Huayin on normal commercial terms to the Company within three years from 31 December 2004. On 5 November 2007, the Company has exercised its rights to acquire the Sale Interest by entering into the Agreement.

As stated in the letter from the Board in this Circular, the Company believes that Guangxi Huayin will be, when completed, one of the most advanced and largest alumina refinery in the PRC. The Group's investment in Guangxi Huayin is expected to increase its secured source of alumina for its trading business and represents a good opportunity for the Group to, as set out in the Company's circular dated 30 June 2005, leverage on its existing market position to achieve further vertical integration by extending to the upstream alumina production aspect of the business chain.

3. Major terms of the Agreement

The asset to be acquired by the Company, being the Sale Interest, represents a 33% equity interest in Guangxi Huayin.

The Consideration of RMB855,998,331 (equivalent to approximately HK$890,238,264) will be payable in cash. The Consideration was determined following commercial negotiations between the parties on an arm's length basis and with reference to various factors including, but not limited to, the total capital contribution for the Sale Interest made by CMN to Guangxi Huayin of approximately RMB636.64 million (equivalent to approximately HK$662.11 million) up to and including 5 November 2007, the funding cost incurred by CMN for capital contribution up to 5 November 2007, the anticipated demand of alumina in the PRC market and the prevailing general market conditions.

The parties to the Agreement have also agreed that any profits or losses of Guangxi Huayin attributable to the Sale Interest (a) on or before 31 December 2007 shall belong to or be assumed by CMN and (b) from and including 1 January 2008 shall belong to or be assumed by the Company. The shareholding, together with its rights and obligations, of the Sale Interest shall be transferred from CMN to the Company upon Completion.

A refundable deposit of RMB342,399,332 (equivalent to approximately HK$356,095,305), representing approximately 40% of the Consideration, shall be payable within five business days after the Agreement has been approved by the Independent Shareholders at the EGM. The remaining balance of the Consideration in the sum of RMB513,598,999 (equivalent to approximately HK$534,142,959), representing approximately 60% of the Consideration, shall be payable within five business days from the satisfaction of all conditions precedent.

The last remaining capital contribution for the Sale Interest of approximately RMB63.88 million (equivalent to approximately HK$66.44 million) is expected to be made in December 2007. If such capital contribution for the Sale Interest is paid by CMN to Guangxi Huayin prior to 31 December 2007, the Company shall reimburse CMN such payment at the time the remaining balance of the Consideration is payable by the Company to CMN on a dollar for dollar basis.

Major terms of the Agreement are set out in the letter from the Board in this Circular.

4. Information on alumina and the PRC's alumina market

(a) Information on alumina

Aluminium metal is refined from alumina, usually in industrialised countries having abundant supplies of cheap hydroelectric power and alumina is refined from bauxite commonly by the process known as the "Bayer Process". Generally, some two tonnes of alumina are required to produce one tonne of aluminium.

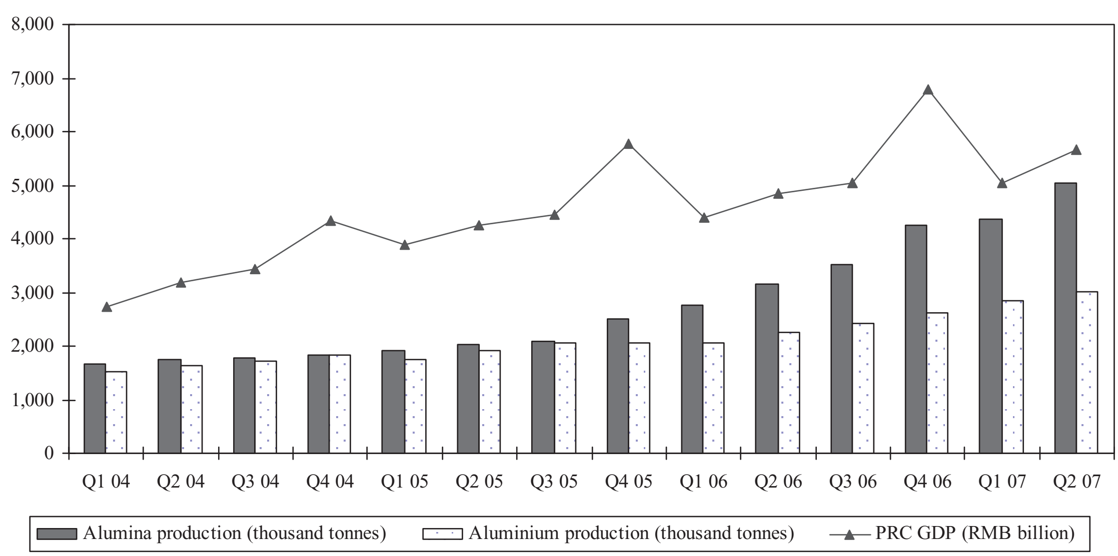
About 85% of all the bauxite mined worldwide is used to produce alumina for smelting into aluminium metal. Another 10% produces alumina which is used in chemical, abrasive, and refractory products. The remaining 5% of bauxite is used to make abrasives, refractory materials, and aluminium compounds.

The lightness, corrosion resistance and conductivity characteristics of aluminium make it a predominant materials for use in construction, power, transportation, packaging and home appliances industries.

(b) Information on the PRC's alumina market

Due to the pervasive usage of aluminium in industry, demands and productions of aluminium and alumina are generally in line with economic growth. Set out below are the productions of alumina and aluminium in the PRC and the PRC's gross domestic products ("PRC GDP") in the past few years.

Productions of alumina and aluminium in the PRC and the PRC GDP



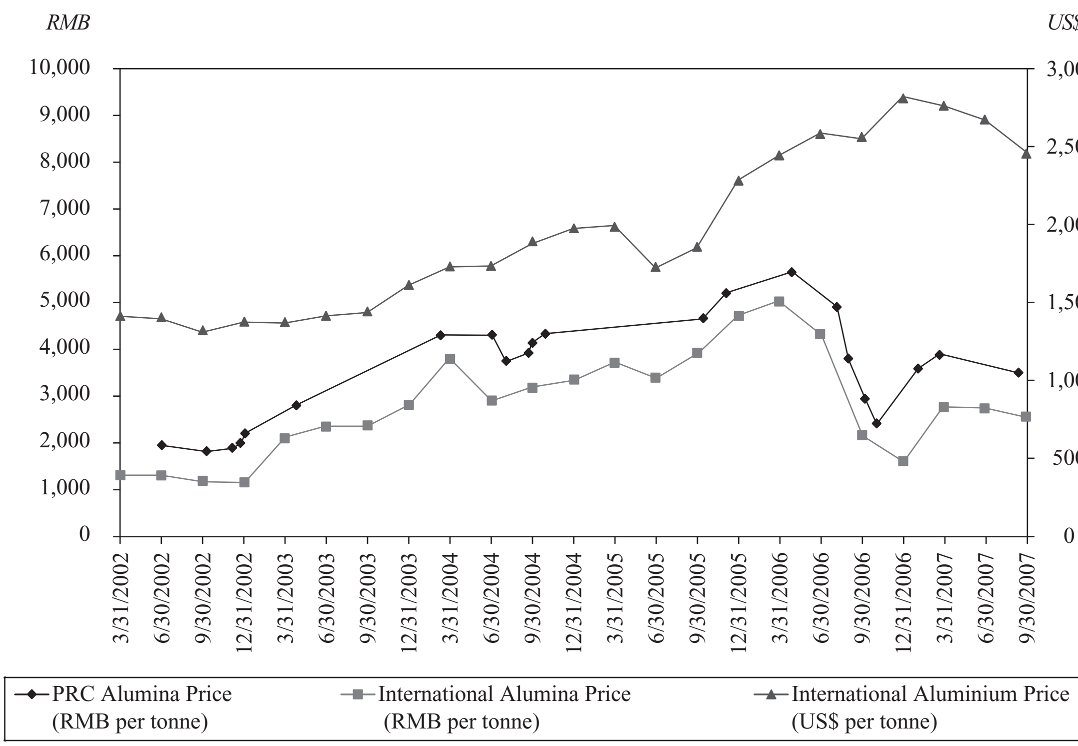
Sources: Bloomberg and International Aluminium Institute

Note: "Q1", "Q2", "Q3" and "Q4" denote first, second, third and fourth quarter respectively.

As shown in the chart above, save for the seasonal fluctuations of the PRC GDP, the productions of alumina and aluminium are positively correlated with the PRC GDP. It is generally perceived that the PRC GDP will continue to grow and therefore, the Directors believe that the demand for alumina will continue to sustain in the coming years.

Alumina is not publicly traded on any stock exchanges in the PRC. Nevertheless, 中國鋁業股份有限公司 (Aluminum Corporation of China Limited) ("Chalco"), being the biggest alumina producer in the PRC, frequently publishes its alumina selling price (the "PRC Alumina Price"), which represents a fairly close approximation to the PRC local alumina price. Set out below is a chart comparing the PRC Alumina Price and the international metallurgical grade alumina price (the "International Alumina Price") and the spot price of aluminium traded on London Metal Exchange Limited (the "International Aluminium Price").

Market prices of alumina and aluminium



Sources: Bloomberg and Chalco's website

Notes:

1. The International Alumina Price is converted to RMB in the above chart for illustrative purpose only.

2. "US$" denotes United States dollars, the lawful currency of the United States of America.

3. Metallurgical grade alumina is one of the most common types of alumina.

As shown in the above chart, the PRC Alumina Price and the International Alumina Price have demonstrated a similar trend. Moreover, as alumina is the major raw material in making aluminium, both the PRC Alumina Price and the International Alumina Price are positively correlated with the International Aluminium Price.

The PRC Alumina Price was just below RMB2,000 per tonne in early 2002, which had since then gradually increased to over RMB5,000 per tonne in the first half of 2006, mainly due to shortage in supply. Afterwards, the PRC Alumina Price dropped to approximately RMB2,500 per tonne in the second half of 2006. The decrease was largely due to upsurging production capacity of alumina from new and existing alumina plants in the PRC. During the first half of 2007, with the growth in demand for alumina and price adjustments in the domestic market, the PRC Alumina Price rebounded to mid RMB3,000 per tonne level, however it was still significantly lower than the highest level of over RMB5,000 per tonne in the first half of 2006.

As stated in the 2007 interim report of the Company, it is envisaged that the enlarged production capacity of aluminum smelters is expected to drive up the demand for alumina despite the continued increase in the alumina output in China in the second half of 2007. Coupled with the upsurge in raw materials cost, particularly in the cost of bauxite, in the past few months, have made alumina price became more stable.

5. Information on Guangxi Huayin

(a) Information on the Plant and the mines

Guangxi Huayin is a company established on 18 February 2003 under the laws of the PRC for the purpose of an alumina project to develop bauxite resources in the Guangxi region of the PRC and to engage in the production and sale of alumina and related products. Guangxi Huayin is currently owned as to 34% by 廣西投資(集團)有限公司 (Guangxi Investment Group Co., Ltd.), 33% by Chalco and 33% by CMN.

The operations of Guangxi Huayin are largely carried out at Debao County (德保縣) and Jingxi County (靖西縣), both of which are located at the southwest of the Guangxi region, the PRC. The key assets of Guangxi Huayin are the alumina refinery plant at Debao County (the "Plant") and screening and washing facilities located at Debao County and Jingxi County. Based on the information provided by the management of Guangxi Huayin, the construction works of Guangxi Huayin were partly completed and trial production is expected to be carried out in December 2007. Guangxi Huayin is expected to be in commercial operations in 2008. Guangxi Huayin planned to source their supply of bauxite from bauxite mines mainly located in Debao County and Jingxi County. Based on the current estimate of bauxite reserves of approximately 179 million tonnes, the consumption of bauxite in alumina production and the annual production capacity of the Plant of approximately 1.6 million tonnes alumina, it is anticipated that the nearby mines can supply the operations of the Plant for approximately 45 years.

Guangxi Huayin is in the process of applying for all necessary licences, permits and/or rights including (but not limited to) the licences and/or permits of exploration rights and mining rights for the bauxite resources to conduct its alumina refinery business. As Guangxi Huayin has already obtained the approvals from both local and central government authorities for the implementation of the project, the Directors believe that the outstanding steps are only a matter of procedures for the application and obtaining of the necessary licences, permits and/or rights and the risks associated are therefore acceptable.

(b) Financial information on Guangxi Huayin

As Guangxi Huayin is still in its development stage, Guangxi Huayin has not prepared any profit and loss statement for each of the last two financial years ended 31 December 2006 and the eight months ended 31 August 2007. Based on the audited financial statements consisting of the balance sheet and cash flow statement of Guangxi Huayin prepared in accordance with the generally accepted accounting principles in the PRC, Guangxi Huayin had a net asset value of approximately RMB1,735.65 million (equivalent to approximately HK$1,805.08 million) as at 31 August 2007, and that translates to approximately RMB572.76 million (equivalent to approximately HK$595.67 million) attributable to the Sale Interest. Assets of Guangxi Huayin mainly comprised prepayments to various suppliers and contractors for the construction of the Plant and facilities in the nearby mines, and capitalised construction costs of the Plant and the facilities of the mines.

(c) Capital expenditure requirements for Guangxi Huayin

The operations of Guangxi Huayin and the constructions of the Plant and the facilities at the nearby mines are mainly financed by approximately one quarter of shareholders' equity and three quarters of bank borrowings. Based on its 33% equity interest in Guangxi Huayin, CMN needs to inject into Guangxi Huayin approximately RMB700.52 million (equivalent to approximately HK$728.54 million). Approximately RMB636.64 million (equivalent to approximately HK$662.11 million) has been injected by CMN into Guangxi Huayin as registered capital for the Sale Interest up to 5 November 2007 and the remaining balance of approximately RMB63.88 million (equivalent to approximately HK$66.44 million) is expected to be made in December 2007. If the balance of the capital contribution for the Sale Interest is paid by CMN to Guangxi Huayin prior to 31 December 2007, the Company shall reimburse CMN such payment at the time the remaining balance of the Consideration is payable by the Company to CMN on a dollar for dollar basis.

In any event, the Group will have, after Completion, a capital commitment to Guangxi Huayin of approximately RMB63.88 million (equivalent to approximately HK$66.44 million), which will be paid either by way of direct capital contribution to Guangxi Huayin and/or reimbursement to CMN.

6. Evaluation of the Consideration

The conventional basis of analysis of alumina production business, by reference to cash flow, earnings and book value, can offer guidance. However, as Guangxi Huayin was still in its development stage and will not be in commercial operation until 2008, we consider that the traditional cash flow or earnings basis for valuation of Guangxi Huayin may not be applicable. As the key value of Guangxi Huayin is its alumina production process carried out in the Plant and construction costs of the Plant represent a major component of Guangxi Huayin's book value, we consider comparing the price to book ("P/B") ratio with similar operations would be regarded as a practical evaluation reference.

To assess the Consideration, we have reviewed companies listed on the Stock Exchange and other stock exchanges worldwide and have attempted to identify companies that are solely engaged in the operations of alumina refinery and bauxite mining. We are unable to identify any listed companies on any stock exchanges that satisfy the aforesaid criteria. We, however, identify one Hong Kong listed company and five overseas listed companies (the "Comparable Companies"), the principal businesses of which include alumina refinery and/or bauxite mining for our comparison purpose. Given the positive correlation of the PRC Alumina Price with the International Alumina Price, we consider the overseas Comparable Companies are applicable for our comparison purpose. Set out below are the principal businesses, market capitalisations and the P/B ratios of the Comparable Companies.

Company name	Country/ Region listed	Principal business	Market capitalisation[1] *(HK$ million)*	P/B ratio
Chalco	Hong Kong	Chalco is a producer of alumina and primary aluminium in China. It refines bauxite into alumina and smelts alumina to produce primary aluminium.	434,859	4.31
Alumina Limited	Australia	Alumina Limited is an Australian resource company that produces alumina. It owns about 40% of Alcoa World Alumina and Chemicals through a joint venture with Alcoa Inc.	53,787[3]	4.43

Company name	Country/ Region listed	Principal business	Market capitalisation[1] *(HK$ million)*	P/B ratio
National Aluminium Co. Ltd.	India	National Aluminium Co. Ltd. is an integrated aluminium manufacturer. It mines bauxite, refines bauxite into aluminium and manufactures and sells aluminium and aluminium products.	47,456[3]	3.12
Alcoa Inc.	United States of America	Alcoa Inc. produces primary and fabricated aluminium and alumina, and participates in mining, refining, smelting, fabricating and recycling.	233,590[3]	1.89
Alcan Inc.	Canada	Alcan Inc. is a multinational company involved in all aspects of the aluminium industry. Its aluminium operations include smelting, rolled products, extrusion, casting, recycling and other aluminium products. It also produces flexible and specialty packaging.	291,291[3]	2.89
Bauxite Resources Ltd. ("Bauxite")	Australia	Bauxite explores for bauxite in Australia.	179[3]	4.58[2]
Average			**176,860**	**3.54**
Maximum			**434,859**	**4.58**
Minimum			**179**	**1.89**
The Acquisition				**1.34**

Sources: Bloomberg and Bauxite's prospectus

Notes:

1. The market capitalisations of the Comparable Companies are converted from the relevant currencies to HK$ as at 20 November 2007.

2. The P/B ratio of Bauxite is not available in Bloomberg and is derived from the financials of Bauxite's prospectus.

3. The market capitalisations of the overseas Comparable Companies are calculated based on exchange rates as at the Latest Practicable Date from Bloomberg.

In terms of price to P/B ratio, the ratio represented by the Consideration is approximately 1.34 times. The average for the Comparable Companies is 3.54 times, while the range is between 1.89 times to 4.58 times. The P/B ratio represents by the Consideration is below the lower end of the average P/B ratio for the Comparable Companies.

7. Financial effects of the Acquisition

(a) Earnings

Given Guangxi Huayin will be accounted for as an associate of the Group, 33% of its profits or losses will be shared in the Group's financial statements.

Based on our understanding from the management of Guangxi Huayin, Guangxi Huayin is expected to commence trial production in December 2007 and the commercial operations will be carried out in 2008. Therefore the Acquisition will not have any immediate earnings contribution to the Group upon Completion. Given Guangxi Huayin will become a supplier of alumina to the Group, the Acquisition will enable the Group to secure approximately one third of its alumina trading volume and reduce the Group's reliance on imported alumina, and it will also facilitate the cost control of the Group.

As set out in part (b) below, a goodwill will arise from the Acquisition. Such amount will not be amortised but will be subject to the annual impairment review as stipulated under the Hong Kong Financial Reporting Standards (the ''HKFRS''). The goodwill will not have any impact on the Group's earnings unless impairment needs to be recognised.

(b) Net assets value

The Group will hold an equity interest of 33% in Guangxi Huayin upon Completion. Guangxi Huayin will be accounted for as an associate of the Group. Save for the incidental costs associated with the Acquisition, there will not be any significant impact on the net assets value of the Group upon Completion as the financing of the Acquisition is entirely by way of cash.

Nevertheless, as the Consideration represents a premium to the Group's share of net asset value of Guangxi Huayin, a goodwill will arise. For illustration purpose only, based on the unaudited net asset value of Guangxi Huayin of approximately RMB1,736 million (equivalent to approximately HK$1,806 million) as at 31 August 2007 and the capital contribution of approximately RMB194 million (equivalent to approximately HK$201 million) by the three shareholders of Guangxi Huayin in September 2007 and had the Acquisition been completed on the same date, the goodwill, included in the interests of associated companies of the Group, arisen would have amounted to approximately RMB219 million (equivalent to approximately HK$228 million). As a result, the net tangible asset of the Group would drop by approximately HK$228 million, representing approximately a decrease of approximately 2.6% of the unaudited net tangible asset of the Group as at 30 June 2007. The actual amount of goodwill arisen will be determined upon Completion. Such goodwill will not be amortised but will be subject to annual impairment tests and specific testing whenever impairment is indicated as stipulated under the HKFRS.

(c) Gearing

The Consideration is to be fully satisfied through internal resources of the Group and part of the net proceeds from the issue of the HK$1,000 million zero coupon guarantee convertible bonds due 2011 by the Group in 2006 (the "Convertible Bonds") and no new borrowings is taken to finance the Acquisition. However, the Group will take up the proportionate capital commitment required for Guangxi Huayin of approximately RMB63.88 million. We understand from the management of the Group that the Group intends to finance the outstanding capital commitment by both internal resources and part of the proceeds from the issue of the Convertible Bonds. Based on the unaudited balance sheet of the Group as at 30 June 2007, the Group had cash and bank deposits of approximately HK$2,588 million and total borrowings of approximately HK$1,912 million. Taking into account the payments of the Consideration and outstanding capital commitment, the Group's gearing ratio (defined in the 2007 interim report of the Company as total borrowings less cash and bank deposits divided by shareholders' equity) would only be increased slightly to 5% from a net cash position as at 30 June 2007. We consider this increase in the level of leverage of the Group is acceptable.

(d) Cash flow

Based on the unaudited condensed consolidated interim cash flow statement of the Group as at 30 June 2007, the Group had cash and cash equivalents of approximately HK$2,588 million and working capital of approximately HK$2,821 million. On the other hand, the Group had capital commitments of HK$325 million outstanding as at 30 June 2007. After deducting the cash payment of the Consideration of approximately HK$890 million, the outstanding capital commitment to Guangxi Huayin of approximately RMB63.88 million (equivalent to approximately HK$66.44 million) and the outstanding capital commitment of the Group as at 30 June 2007, the Group still had cash and cash equivalents of approximately HK$1,307 million and working capital of HK$1,540 million. It should be noted that the Group had aggregate cash inflows from operating activities of approximately HK$697 million for the year ended 31 December 2006, which suggests the Group's ability to generate sufficient cash inflow from its operations and maintain positive cash position.

Having considered, among other factors, (i) the amounts of cash reserves and the working capital; (ii) the cash inflows from operating activities of the Group for the year ended 31 December 2006; and (iii) the outstanding capital commitment as at 30 June 2007, we consider that the Acquisition will not create any significant adverse impact on the Group's cash flow position.

8. Risk factors associated with the Acquisition

(a) Cyclical nature of the alumina industry

The return of investment in Guangxi Huayin is based on, among other things, the future market price of alumina, which in turn depends on the corresponding market supply and demand. Such supply and demand may fluctuate as a result of numerous factors that are beyond the control of the Group and Guangxi Huayin. These factors include, but are not limited to global and domestic economic and political conditions and competition from other mineral resources as well as the growth and expansion in aluminium consumption.

There is no certainty as to whether the international and domestic demand for alumina will continue to grow or whether the international supply of alumina and their related products will be lower than the potential demand.

(b) Uncertainty of ore reserves and mineral resources of the mines

The nearby mines of Guangxi Huayin may yield less bauxite under actual production conditions than indicated by Guangxi Huayin's ore reserve and mineral resource figures, which are estimates based on a number of assumptions. In the event that reserve in the mines fall short of estimation, Guangxi Huayin may in a later stage of its operation need to use other bauxite sources and its margin may be adversely affected.

The economic viability of bauxite sourced from the mines may also be affected by such factors as permit regulations and requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

(c) Risks of commercial operations of the Plant

The Plant has been designed and constructed with the intention that it will be capable of achieving commercial alumina production on economically viable terms but is yet to demonstrate such capability as it has not commenced its commercial operations so far. As the Plant is presently in advance stages of construction, there is a risk that the targeted level of commercial alumina production may be delayed or never realised, or realised only with Guangxi Huayin undertaking significant further capital expenditure.

The actual performances of the Plant, including but not limited to, the quality and volume of alumina, operating efficiency and timing to commence operations, may different from as anticipated. Moreover, the lack of track records, in terms of both revenue generation and profitability, of Guangxi Huayin may not warrant generating the expected results or it may take longer to recover the investment costs.

(d) Applications of key licences and/or permits of exploration rights and mining rights still in progress

According to the PRC laws, before the exploration and exploitation activities relating to mineral resources can commence, the project company must first obtain an exploration licence and a mining permit, which will generally entitle the project company to the exploration and mining rights attached to the relevant mining project.

Guangxi Huayin is in the process of applying for all necessary licences, permits and/or rights including (but not limited to) the licences and/or permits of exploration rights and mining rights for the nearby mines to conduct its alumina refinery business. As Guangxi Huayin has already obtained the approvals from both local and central government authorities for the implementation of the project, the Directors believe that the outstanding steps are only a matter of procedures for the application and obtaining of the necessary licences, permits and/or rights and the risks associated are therefore acceptable. Nevertheless, the lack of relevant licences and/or permits of exploration rights and mining rights creates legal and operational risks to the project.

In the event that the licenses and/or permits of exploration rights and mining rights are not available, Guangxi Huayin can nonetheless source bauxite from third parties whereby this may adversely impact on its profits margin.

(e) Industry and operational risks of alumina and mining production

The Group has been engaged in the trading of alumina and other non-ferrous metals, aluminium fabrication, copper fabrication and plica tubes production and port logistics services and other industrial operations. The Acquisition, represents the first step of the Group into alumina production and bauxite mining businesses. Although the Acquisition allows the Group to achieve further vertical integration by extending to the upstream alumina production business, it, however, also exposes the Group to the industry and operational risks of alumina and mining production as previously discussed in this section. The failure to manage the above-mentioned risks may adversely impact on the business, operation and results of the Group.

9. Discussion and analysis

The Group has been engaged in the trading of non-ferrous metals, ores and semi-finished products. It has been a long-term strategy and commitment of the Group to continue its investment in the non-ferrous metals business as evidenced by the purchase of alumina and aluminium operations in the 2005 Acquisition. The Acquisition represents a logical extension of business to accomplish the stated strategy and plan of the Group.

The completion of the Acquisition, as stated in the Company's 2007 interim report, will enable the Group to secure approximately one third of its alumina trading volume and thus will (a) reduce the Group's reliance on imported alumina; and (b) enhance the Group's revenue and profit margin. The Acquisition also allows the Group to broaden its business scope and earnings base as well as to reducing the reliance on the trading business.

Chalco, one of the three shareholders of Guangxi Huayin, is the largest producer of alumina and primary aluminium in the PRC. Chalco is also the second largest alumina producer in the world. Having Chalco as a major shareholder of Guangxi Huayin would potentially benefit Guangxi Huayin from experience and business connection of Chalco as the market leader in the industry.

Alumina, the major output of the Plant, is the key component for manufacturing of aluminium. The wide-ranging usage of aluminium makes its demand highly correlated with the growth of general economy. The surging PRC economy is likely to stimulate the demand of aluminium and hence alumina in the foreseeable future.

The Acquisition includes the assets of alumina refinery plant and screening and washing facilities. The Acquisition was made at a premium of approximately 34% over the relevant share of net asset value of Guangxi Huayin to be purchased by the Company.

The P/B ratio of the Acquisition is lower than that of the Comparable Companies, in terms of both the average and the lower bound of the range. Note should be taken that the Comparable Companies' shares are publicly traded on stock exchanges and therefore have higher marketability than that of Guangxi Huayin. In pricing an interest in an unlisted entity, a discount is often applied to reflect the lack of marketability and liquidity for such interest. In addition, Guangxi Huayin is still in its development stage. Accordingly, Guangxi Huayin, as an unlisted company and at its development stage, its P/B ratio might be expected to be lower than that of the Comparable Companies.

The Group will share 33% of the profit and loss of Guangxi Huayin in the future, but there will not be any immediate earnings impact on the Group as Guangxi Huayin has not commenced commercial operations.

The Consideration and the outstanding capital contribution to Guangxi Huayin will be entirely financed by cash, through internal resources of the Group and part of the proceeds from the issue of the Convertible Bonds. In our opinion, such method of payment has no significant adverse impact on the Group's net asset value or gearing.

Shareholders are also reminded the risks involved in the Acquisition, in particular the relevant licences of the exploration rights and minings rights of the mines near Guangxi Huayin are still in the process of application. Furthermore, the entering into of the alumina production industry will change the risk profile of the Group and may result in adverse impact on the business, operation and results of the Group.

Nevertheless, we consider benefits of the Acquisition justify after taking into account the above-mentioned risks which are normally expected from businesses similar to this type.

OPINION AND RECOMMENDATION

Having taking into account the above principal factors and reasons above, we consider that (i) the terms of the Agreement are on normal commercial terms; (ii) the entering into of the Agreement is in the ordinary and usual course of business of the Company; and (iii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Agreement is in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Kenneth Chow
Director

The biographical and other details of Mr. Cui Hushan (as a retiring director offering himself for re-election) required to be disclosed under the Listing Rules are set out below:

Mr. Cui, aged 49, was appointed by the Board as a non-executive Director with effect from 1 June 2007. Mr. Cui holds a Master degree in Law from the Renmin University of China in the PRC and a Master of Business Administration degree from the University of Texas at Arlington in the United States. He has also obtained a Certificate for Senior Economist in International Business from the Ministry of Foreign Trade and Economics Cooperation in the PRC. Mr. Cui has been a director and deputy general manger of China Minmetals H.K. (Holdings) Limited since 2006. He joined China Minmetals, the ultimate controlling shareholder of the Company, in 1988 and had been assigned to a number of departments and subsidiaries in the China Minmetals Group. From 1994 to 1998, Mr. Cui was the deputy general manager of Minmetals Shenzhen Trading Company. From 1998 to 2004, he was the director of each of the President Office and the Strategic Research Office of the China Minmetals Group. In 1993, Mr. Cui had an eight-month secondment to work for the National Committee of Economic Systems Reform and was involved in macro management affairs of large enterprise groups. Mr. Cui has extensive experience in international business and corporate planning and management.

Mr. Cui has not held any directorships in any listed public companies in the three years prior to the Latest Practicable Date. He has not previously held any positions with the Company or any of its subsidiaries. Save as disclosed above, Mr. Cui does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Cui does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Cui has entered into a service agreement with the Company for a term of three years commencing from 1 June 2007. The amount of director's fee of Mr. Cui is HK$100,000 per annum. The emoluments of the non-executive directors are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions. The service agreement is subject to Article 85 of the Articles of Association of the Company and the Listing Rules which contain provisions for early retirement of directors.

Save as disclosed above, there is no information in relation to the appointment of Mr. Cui which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of holders of securities of the Company.

1. RESPONSIBILITY

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules and which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Long position in the underlying Shares

Name of director	Nature of interest	Number of underlying Shares held *(Note (1))*	Approximate percentage of total number of issued Shares *(Note (2))*
Zhou Zhongshu	Personal	3,000,000	0.15%
Xu Huizhong	Personal	2,600,000	0.13%
Wang Lixin	Personal	2,000,000	0.10%
Shen Ling	Personal	1,500,000	0.07%
Zhang Shoulian	Personal	1,500,000	0.07%
Zong Qingsheng	Personal	1,500,000	0.07%

Notes:

(1) The Directors' interests in the underlying shares are share options granted by the Company pursuant to the share option scheme adopted by the Company on 28 May 2004.

(2) The calculation is based on the number of underlying shares as a percentage of the total number of issued shares of the Company (i.e. 2,057,320,799 Shares) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, other than a nominee share in a subsidiary held by a Director in trust for the Company, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO. In addition, save as disclosed above, none of the Directors or the chief executive of the Company nor their spouses or children under 18 years of age had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

As at the Latest Practicable Date:

(a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, the following persons (who are not a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares

Name	Capacity	Number of Shares held	Approximate percentage of total number of issued Shares *(Note (1))*
China Minmetals Corporation ("**China Minmetals**")	Interest of controlled corporations *(Notes (2) & (3))*	1,284,467,826	62.43%
China Minmetals Non-ferrous Metals Company Limited ("**CMN**")	Interest of controlled corporations *(Note (2))*	1,052,590,909	51.16%
Top Create Resources Limited ("**Top Create**")	Beneficial owner *(Note (2))*	1,052,590,909	51.16%
China Minmetals H.K. (Holdings) Limited ("**Minmetals HK**")	Interest of controlled corporations *(Note (3))*	231,876,917	11.27%
Coppermine Resources Limited ("**Coppermine**")	Beneficial owner *(Note (3))*	231,876,917	11.27%

Notes:

(1) The calculation is based on the number of shares held by each person (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 2,057,320,799 Shares) as at the Latest Practicable Date.

(2) Top Create is a wholly-owned subsidiary of CMN which in turn is owned as to approximately 82.23% by China Minmetals. Accordingly, CMN and China Minmetals were by virtue of the SFO deemed to be interested in the 1,052,590,909 Shares held by Top Create as at the Latest Practicable Date.

(3) Coppermine is a wholly-owned subsidiary of Minmetals HK which in turn is a wholly-owned subsidiary of China Minmetals. Accordingly, Minmetals HK and China Minmetals were by virtue of the SFO deemed to be interested in the 231,876,917 Shares held by Coppermine as at the Latest Practicable Date.

Save as disclosed above, so far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation other than statutory compensation.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his associates (as would be required to be disclosed under Rule 8.10 of the Listing Rules if any of them was a controlling shareholder) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and there was no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date up to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice which is contained in this circular:

Name	Qualification
Somerley	Licensed corporation under the SFO for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

As at the Latest Practicable Date, Somerley did not have:

(a) any direct or indirect interest in any assets which have since 31 December 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

(b) any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which it appears.

9. OTHERS

(a) The qualified accountant of the Company is Mr. Chu Charn Fai who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

(b) The company secretary of the Company is Ms. Leung Suet Kam, Lucia who is a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and a fellow member of The Hong Kong Institute of Chartered Secretaries.

(c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company in Hong Kong at 9th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong during 9:00 a.m. – 12:30 p.m. and 1:30 p.m. – 5:30 p.m. from Monday to Friday (excluding public holidays) up to and including the date of the EGM:

(a) the Agreement;

(b) the letter from the Independent Board Committee dated 26 November 2007, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(c) the letter from Somerley dated 26 November 2007, the text of which is set out in the section headed "Letter from Somerley" in this circular; and

(d) the letter of consent from Somerley referred to in the paragraph headed "Expert and Consent" above.

五礦資源有限公司
MINMETALS RESOURCES LIMITED

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Minmetals Resources Limited (the "Company") will be held at Kowloon Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 18 December 2007 at 10:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** the transactions contemplated under the agreement entered into between the Company (as purchaser) and 五礦有色金屬股份有限公司 (China Minmetals Non-ferrous Metals Company Limited) (as vendor) for the sale and purchase of a 33% equity interest in 廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Company Limited) on 5 November 2007 as amended by a supplemental agreement dated 15 November 2007 (the "Agreement") be and are hereby approved, and that the directors of the Company be and are hereby authorised to take all actions and execute all documents which they deem necessary, desirable or appropriate in order to implement and validate anything related to the Agreement."

2. "**THAT** Mr. Cui Hushan be and is hereby re-elected as a director of the Company."

By Order of the Board
Xu Huizhong
Executive Director and President

Hong Kong, 26 November 2007

Notes:

1. Any member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof.

3. The Register of Members will be closed from 13 December 2007 to 18 December 2007, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the Extraordinary General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company mentioned in Note 2 above.