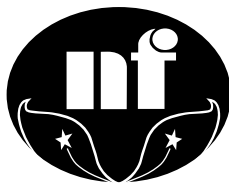


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## **ORIENTAL METALS (HOLDINGS) COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **ANNOUNCEMENT**

The board of directors (“**Board**”) of Oriental Metals (Holdings) Company Limited (“**Company**”) wishes to announce that it has received a letter from the financial adviser of China Minmetals H.K. (Holdings) Limited in respect of the negotiation in relation to a proposed acquisition of the debts owing by the Company to certain banks and debts owing to China Nonferrous Metals Group (Hong Kong) Limited (in liquidation) (“**CNMG**”) and China Nonferrous Metals Group (Hong Kong) Finance Company Limited (in liquidation) (“**CNGF**”) and the subscription of new shares in the Company to obtain the controlling interests in the Company.

It was also stated in the letter that, among other things, China Minmetals H.K. (Holdings) Limited would, upon completion of the agreement relating to subscription, apply for a whitewash waiver from the mandatory unconditional general offer obligation for all the shares of the Company not already owned or agreed to be owned by China Minmetals H.K. (Holdings) Limited or parties acting in concert with it.

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 2:30 p.m. on 26th May, 2003. Application has been made by the Company for the resumption of trading of its shares on the Stock Exchange with effect from 9:30 a.m. on 29th May, 2003.

**Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company as the Debts Acquisitions and Subscription may or may not proceed. Further announcement will be made once the detailed terms of the Debts Acquisitions and Subscription are finalised.**

The Board received a letter dated 26th May, 2003 issued by BNP Paribas Peregrine Capital Limited (“**BNP Peregrine**”) stating that it was the financial adviser of China Minmetals H.K. (Holdings) Limited (“**Minmetals HK**”), a company incorporated in Hong Kong and a wholly-owned subsidiary of China National Metals and Minerals Import and Export Corporation (being a state-owned enterprise established in the People’s Republic of China). Minmetals HK is an independent third party to the Company not connected with a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them save and except that Mr. Xu Huizhong, the president of the Company and Mr. Wang Xingdong, an executive director of the Company are also the directors of Minmetals. BNP Peregrine stated in the letter that Minmetals HK was negotiating with the liquidators of

CNMG and CNGF, a wholly-owned subsidiary of CNMG and banks of the Company in relation to the proposed acquisition of the debts owing by the Company (“**Debts Acquisitions**”) and the subscription of new shares in the Company to obtain the controlling interests in the Company (“**Subscription**”). As at the date of this announcement, the total equity interest held by CNMG in the Company was 45.16%.

According to the letter of BNP Peregrine:

- (1) The negotiation for the Debts Acquisitions between Minmetals HK and liquidators of CNMG & CNGF is at an advance stage. Discussions on the Debts Acquisitions and the Subscription are still in progress and are subject to the finalisation of the detailed terms and the signing of the related agreements.
- (2) The signing of the sale and purchase agreements for the Debts Acquisitions from CNMG and CNMF are subject to, among other things, the approval of the respective committees of inspection of the creditors of CNMG and CNMF.
- (3) Upon completion of the agreements relating to the Debts Acquisitions and the Subscription, as enlarged by the issue of new shares in the Company to Minmetals HK under the Subscription, it is expected that Minmetals HK would become the controlling shareholder of the Company.
- (4) The Debts Acquisitions involving CNMG and CNMF and the Subscription would constitute a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers (“**Special Deal**”).
- (5) It is intended that completion of the agreement relating to the Debts Acquisitions would be conditional upon a number of conditions including, among others:
  - the granting of all waivers, consents or approvals by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (“**Executive**”) and other regulatory approvals in Hong Kong or elsewhere which are required in relation to the proposed transactions;
  - the passing of resolution by the independent shareholders of the Company to approve the Special Deal ; and
  - the Subscription becoming unconditional.
- (6) It is intended that completion of the agreement relating to the Subscription would be conditional upon a number of conditions including, among others;
  - The Executive granting a whitewash waiver for the obligation of Minmetals HK and parties acting in concert with it to make a general offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers as a result of the Subscription (the “**Whitewash Waiver**”);
  - the passing of resolutions by the independent shareholders of the Company by poll to approve the proposed Subscription and the Whitewash Waiver; and
  - the Debts Acquisitions becoming unconditional.

- (7) A formal proposal regarding the Debts Acquisitions and the Subscription will be presented to the Board for their consideration in due course.

Since detailed terms and conditions of the Debts Acquisitions and Subscription have not been finalised, the Board will not be able to form any conclusive view on the possible Debts Acquisitions and Subscription. The Board noted that the Subscription will involve the issue of shares by the Company to be set off against the debts owing by the Company. The Board will consider very carefully the terms and conditions of any formal proposal regarding the Debts Acquisitions and Subscription once available to the Company having regard to the interest of the Company. Further announcement will be made once the detailed terms of the Debts Acquisitions and Subscription are finalised.

**The negotiation is still in progress and the possibility that the Debts Acquisitions and Subscription being materialized is still subject to the result of the negotiation. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company as the Debts Acquisitions and Subscription may or may not proceed.**

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 2:30 p.m. on 26th May, 2003. Application has been made by the Company for the resumption of trading of its shares on the Stock Exchange with effect from 9:30 a.m. on 29th May, 2003.

By Order of the Board  
**Xu Huizhong**  
*President*

Hong Kong, 28th May, 2003

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

“Please also refer to the published version of this announcement in The Standard”.