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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional advisor.

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

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

**東方鑫源(集團)有限公司**

*(Incorporated in Hong Kong with limited liability)*

**STOCK CODE: 1208**

### **RE-ELECTION OF DIRECTORS**

**AND**

### **GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES**

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The Notice of Annual General Meeting of Oriental Metals (Holdings) Company Limited to be held at Harbour Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 18 May 2005 at 3:00 p.m. is set out in the Annual Report 2004 sent together with 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 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 Annual General Meeting or any adjourned meeting should you so wish.

20 April 2005

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Harbour Room I, M/F, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 18 May 2005 at 3:00 p.m., notice of which is enclosed with the Annual Report 2004 sent together with this circular or, where the context so admits, any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors of the Company including independent non-executive Directors or any duly authorised committee thereof;
“China Minmetals”	China Minmetals Corporation, a stated-owned enterprise in the PRC and the holding company of Minmetals HK and Coppermine;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Company”	Oriental Metals (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“Coppermine”	Coppermine Resources Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Minmetals HK, currently the controlling shareholder of the Company holding approximately 74.98% of the issued share capital of the Company;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries (within the meaning of the Companies Ordinance and/or the Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants) for the time being and from time to time;

## DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Latest Practicable Date”	15 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Minmetals;
“PRC”	People’s Republic of China;
“Repurchase Mandate”	the general and unconditional mandate to the Directors authorising the repurchases by the Company on the Stock Exchange of Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the resolution approving such mandate;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	fully paid shares of HK\$0.05 each or such other nominal amount prevailing from time to time in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



**ORIENTAL METALS (HOLDINGS) COMPANY LIMITED**

**東方鑫源（集團）有限公司**

*(Incorporated in Hong Kong with limited liability)*

**STOCK CODE: 1208**

*Executive Directors:*

LIN Xizhong (*Chairman*)

XU Huizhong

QIAN Wenchao

TANG Xiaojin

*Registered Office:*

9th Floor

China Minmetals Tower

79 Chatham Road South

Tsimshatsui

Kowloon

Hong Kong

*Independent Non-executive Directors:*

LIU Hongru

CHAN Wai Dune

TING Leung Huel, Stephen

20 April 2005

*To the Shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS**

**AND**

**GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES**

**1. INTRODUCTION**

The purpose of this circular is to provide you with requisite information regarding resolutions to be proposed at the AGM. These include resolutions relating to (i) re-election of Directors; and (ii) grant of general mandates to issue and to repurchase Shares.

**2. RE-ELECTION OF DIRECTORS**

The Board currently consists of four executive Directors, namely Mr. Lin Xizhong, Mr. Xu Huizhong, Mr. Qian Wenchao and Mr. Tang Xiaojin and three independent non-executive Directors, namely Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.

## LETTER FROM THE BOARD

Pursuant to Article 101 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (excepting those Directors in respect of whom the provision of Article 85 applies), save and except the managing director(s), or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. However, in the spirit of good corporate governance practices, Mr. Xu Huizhong (executive Director) who is the president (or managing director) of the Company will voluntarily retire from his office at the AGM notwithstanding that he is not required by the Articles of Association to do so. Accordingly, Mr. Xu Huizhong and Mr. Ting Leung Huel, Stephen who is subject to retirement by rotation under Article 101, will retire at the AGM and are eligible for re-election. Mr. Liu Hongru, who was appointed by the Board after the 2004 annual general meeting of the Company, will hold office only until the conclusion of the AGM in accordance with Article 85 and is also eligible for re-election.

The biographical and other details of the Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular.

### **3. GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 28 May 2004, ordinary resolutions were passed to grant general mandates to the Directors, inter alia, (i) to allot, issue and deal with Shares up to a limit equal to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of Shares repurchased by the Company under the Repurchase Mandate and (ii) a Repurchase Mandate to purchase not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution.

The general mandates granted by the aforesaid resolutions will expire upon the conclusion of the AGM. The Directors therefore seek the Shareholders' approval of the relevant resolutions to be proposed at the AGM in respect of renewing the general mandates to issue and to repurchase Shares on the terms contained in the ordinary resolutions as set out in the notice of AGM.

An explanatory statement, as required by the Listing Rules to be given to Shareholders in connection with the Repurchase Mandate, is set out in Appendix II to this circular.

### **4. ANNUAL GENERAL MEETING**

A notice convening the AGM to be held on Wednesday, 18 May 2005 is set out in the Annual Report 2004. A form of proxy for use at the AGM is also enclosed with the Annual Report 2004. You are requested to complete the form of proxy and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof, whether or not you intend to

## LETTER FROM THE BOARD

be present at the AGM. Completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

### 5. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 65 of the Articles of Association, at any general meeting, a resolution put to the vote of the meeting shall be decided on 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 meeting; or
- (ii) at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by proxy and holding Shares in the Company conferring a right to vote at a meeting 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.

Article 66 further provides that the demand for a poll may be withdrawn with the consent of the chairman of the meeting, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

### 6. RECOMMENDATION

The Board is of the opinion that the re-election of Directors and the granting of general mandates to Directors to issue and repurchase Shares are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM on the terms set out in the notice of that meeting.

Yours faithfully,  
By Order of the Board  
**Xu Huizhong**  
*Director and President*

The biographical and other details of the Directors proposed to be re-elected at the AGM are set out as follows:

**MR. XU HUIZHONG**

Mr. Xu, aged 47, was appointed as an executive Director in April 2002 and has become the president of the Company since May 2002, responsible for the operation of and strategic planning for the Company. Mr. Xu is a director and deputy general manager of China Minmetals H.K. (Holdings) Limited and an employee of China Minmetals Corporation. He has served as a director of fifteen subsidiaries of the Company, namely Eastern Master (HK) Limited, Golden Hong Kong Limited, Goldfair Hong Kong Limited, Lontic (H.K.) Limited, North China Aluminium Company Limited, Orienmet Aluminium Company Limited, Orienmet Industry Company Limited, Orienmet Minerals Company Limited, Oriental Copper Company Limited, Oriental Lead & Zinc Company Limited, Oriental Metals Shipping And Transportation Co. Ltd., Parkfield Far East Limited, Point Good Limited, Taiway Enterprises Limited, and Topstart Limited. Mr. Xu has also served as a director of two associated companies of the Company, namely Changzhou Jinyuan Copper Company Limited and Yantai Penghui Copper Industry Company Limited.

Mr. Xu graduated from the University of International Business and Economics, the PRC in 1979 and is a qualified economist in the PRC. Prior to joining the Group, he held senior management positions with corporations engaged in the trading of metals and property development in the PRC, Japan and New Zealand for over 18 years. Mr. Xu has extensive experience in international metals trading, property development and investment, investment strategies and corporate management.

Mr. Xu does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. Mr. Xu has an interest in share options of the Company to subscribe for 2,000,000 Shares

There is no service contract entered into between the Company and Mr. Xu and he has not been appointed for a specific term. The amount of director's emolument of Mr. Xu is HK\$1,440,000 per annum. The emoluments of the executive Directors are determined by reference to the management function of each individual director and the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

**MR. LIU HONGRU**

Mr. Liu, aged 74, was appointed as an independent non-executive Director in September 2004. Mr. Liu graduated from the University of Moscow in 1959 with an associate doctorate's degree. He was a vice governor of each of the Agricultural Bank of China and the People's Bank of China, a deputy director of the State Economic Restructuring Committee, and the chairman of the China Securities Regulatory Commission. Mr. Liu is currently the chairman of The Chinese Financial Education Development Foundation and



Capital Market Research Institute, an independent non-executive director of each of PetroChina Company Limited, Titan Petrochemicals Group Limited and CITIC 21CN Company Limited, and a non-executive director of Concepta Investments Limited. He is also a professor at the Postgraduate School of the People's Bank of China, Peking University, Tsinghua University and the City University of Hong Kong.

Mr. Liu does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. He does not have any interests (within the meaning of Part XV of the SFO) in the Shares.

There is no service contract entered into between the Company and Mr. Liu and he has not been appointed for a specific term but shall be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. The amount of Director's emolument of Mr. Liu is HK\$200,000 per annum. The emoluments of the independent non-executive Directors are determined by reference to remuneration benchmark in the industry and the prevailing market conditions.

#### **MR. TING LEUNG HUEL, STEPHEN**

Mr. Ting, aged 51, was appointed as an independent non-executive Director in June 2002. He is also a non-executive director of Chow Sang Sang Holdings International Limited and an independent non-executive director of each of the six listed companies namely, Tong Ren Tang Technologies Company Limited, eForce Holdings Limited, Tongda Group Holdings Limited, MACRO-LINK International Holdings Limited, Computer and Technologies Holdings Limited and Texhong Textile Group Limited. Prior to 30 September 2004, Mr. Ting was an independent non-executive director of REXCAPITAL International Holdings Limited, a listed company in Hong Kong. He is a member of the 9th Chinese People's Political & Consultative Conference, Fujian. Mr. Ting is an accountant in public practice. He is the managing partner of Messrs. Ting Ho Kwan & Chan, Certified Public Accountants.

Mr. Ting does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. He does not have any interests (within the meaning of Part XV of the SFO) in the Shares.

There is no service contract entered into between the Company and Mr. Ting and he has not been appointed for a specific term but shall be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. The amount of Director's emolument of Mr. Ting is HK\$200,000 per annum. The emoluments of the independent non-executive Directors are determined by reference to remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters in relation to the aforesaid Directors that need to be brought to the attention of the Shareholders as required under Rule 13.51(2) of the Listing Rules.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to Shareholders for their consideration of the proposed Repurchase Mandate.

### **REASONS FOR REPURCHASE MANDATE**

Whilst the Directors do not presently intend to repurchase any Shares, they believe that the flexibility afforded by the mandate granted to them if the ordinary resolution no. 5 set out in the notice of AGM is passed would be beneficial to the Company and its Shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and if there are occasions in the future when Shares are being traded at a discount to their underlying value, the ability of the Company to repurchase Shares can be beneficial to those Shareholders who retain their investment in the Company since this may, depending on the circumstances, result in increases to the fully diluted net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the total issued share capital of the Company is 607,349,612 fully paid-up ordinary Shares of HK\$0.05 each.

The exercise of the Repurchase Mandate up to 10% limit would enable the Company to repurchase 60,734,961 Shares.

### **SOURCE OF FUNDS FOR REPURCHASES**

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cashflow or working capital facilities, which will be funded legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. Such funds include but are not limited to the Company's profits available for distribution.

Whilst the Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

### **DISCLOSURE OF INTERESTS**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to Repurchase Mandate in accordance with the Listing Rules and the Companies Ordinance.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, presently intend to sell any Shares to the Company under the Repurchase Mandate in the event that the latter is granted by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company, in the event that Repurchase Mandate is granted by the Shareholders.

**TAKEOVERS CODE**

If as a result of a share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Coppermine has an attributable interest of approximately 74.98% in the issued share capital of the Company. In the event that the Repurchase Mandate being exercised in full, the attributable interest of Coppermine in the Company will be increased to approximately 83.31% and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole would result in insufficient public float, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than the minimum public float requirement.

**MARKET PRICE**

The highest and lowest traded market prices for Shares recorded on the Stock Exchange during each of previous twelve months before the printing of this circular were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2004</b>		
April	3.225	2.700
May	2.800	2.200
June	2.650	1.950
July	2.300	2.050
August	2.500	2.200
September	2.850	2.500
October	3.000	2.500
November	3.150	2.800
December	3.400	2.800
<b>2005</b>		
January	3.325	3.000
February	3.175	3.025
March	3.175	2.950

**SHARES REPURCHASES MADE BY THE COMPANY**

No repurchases of Shares (whether on the Stock Exchange or otherwise) have been made by the Company in the six months preceding the Latest Practicable Date.