

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



CHINA MINMETALS NON-FERROUS METALS COMPANY LIMITED

(A joint stock limited company incorporated in the PRC)



ORIENTAL METALS (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock code: 1208

JOINT ANNOUNCEMENT

VERY SUBSTANTIAL ACQUISITION, CONNECTED TRANSACTION AND REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION, AND CONTINUING CONNECTED TRANSACTIONS

DESPATCH OF THE CIRCULAR

PROPOSED CHANGES TO THE BOARD OF DIRECTORS

PROPOSED CHANGE OF COMPANY NAME

Further to their joint announcements dated 30 December 2004 and 19 January 2005, the Company and CMN would like to announce (a) that the circular in respect of, among other things, the Acquisition will be despatched on 30 June 2005 (the "Circular"), and (b) information about the Non-exempt Continuing Connected Transactions following Completion. Further details of the Non-exempt Continuing Connected Transactions will be disclosed in the Circular.

The Company would also like to announce the proposed changes to the board of directors of the Company subject to and upon Completion and the proposed change of the Company's name subject to the approval of the Shareholders by way of a special resolution. Details of these proposals will also be set out in the Circular.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

It was announced on 30 December 2004 and 19 January 2005 that the Company (as purchaser) has entered into the Acquisition Agreement with the Vendor (as seller) and CMN (as the Vendor's guarantor and warrantor) for the acquisition of the entire interest of the Vendor in Target BVI. The Company would like to announce that the Circular in respect of the Acquisition, the Non-exempt Continuing Connected Transactions, the proposed changes to the board of directors and the proposed change of the Company's name will be despatched on 30 June 2005.

Unless the context otherwise requires, terms used in this announcement shall have the same respective meanings as those defined in the joint announcement dated 30 December 2004 (the "Announcement").

As stated in the Announcement, immediately following Completion, the on-going provision of services by CMN and members of the Minmetals Group to the Target Group will constitute continuing connected transactions of the Company under the Listing Rules. Some of these transactions will constitute Non-exempt Continuing Connected Transactions and such transactions, together with the related annual caps, are subject to the approval of the Independent Shareholders. The Acquisition is conditional on, among other things, the approval of the Non-exempt Continuing Connected Transactions by the Independent Shareholders. An extraordinary general meeting of the Company will be convened to be held at Shek O Room, Lower Level 1, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Monday 25 July 2005 at 10:30 a.m. for considering and approving, among other things, the Acquisition and the Non-exempt Continuing Connected Transactions ("EGM"). The notice of the EGM will be issued on 30 June 2005. Voting in respect of the Non-exempt Continuing Connected Transactions will be conducted by poll and Coppermine and its Associates will abstain from voting. Set out below are information about the Non-exempt Continuing Connected Transactions, further details of which will be disclosed in the Circular.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules:

(a) **Contracts that have not been novated pursuant to the Reorganisation**

Prior to the incorporation of Minmetals Aluminium on 22 October 2004, substantially all of the contracts relating to the sourcing of alumina from suppliers and sale of alumina to customers were entered into by CMN on the one hand and the relevant suppliers or customers on the other hand. Following the incorporation of Minmetals Aluminium, the Target Group has entered into all new sourcing and sales contracts directly with its suppliers or customers (as the case may be) and the Minmetals Group has ceased to enter into any new contracts to source or to sell alumina. In addition, CMN has been actively procuring the novation of the existing sourcing and sales contracts to Minmetals Aluminium. However, three subsisting sourcing contracts (the "Non-transferred Sourcing Contracts") and nine subsisting sales contracts (the "Non-transferred Sales Contracts", together with the Non-transferred Sourcing Contracts collectively referred to as the "Non-transferred Contracts") are still held in the name of CMN. As the Directors and the new Directors proposed to be appointed to the Board with effect from date of Completion (the "Proposed Directors") expect the consents for the novation of the Non-transferred Contracts (which have all been entered into with independent third party suppliers and customers of the Target Group) are unlikely to be forthcoming unless the terms of these contracts are revised in favour of the other contracting parties, Minmetals Aluminium has entered into an agreement on Non-transferred Contracts dated 28 June 2005 with CMN (the "Agreement on Non-transferred Contracts") whereby CMN will sell the alumina sourced under the Non-transferred Sourcing Contracts to Minmetals Aluminium at the contracted purchase price plus RMB1 per tonne and Minmetals Aluminium will sell alumina to CMN for on-sale to the contracting parties under the Non-transferred Sales Contracts at the contracted sales price minus RMB1 per tonne with effect from 1 January 2005.

The Agreement on Non-transferred Contracts is an interim measure only and will expire on 31 December 2006. Except for the consummation of the Non-transferred Contracts, the Directors and the Proposed Directors have no intention to carry on any further alumina sourcing or sales through CMN.

CMN is a connected person of the Company by virtue of it being an approximately 82.23% owned subsidiary of China Minmetals, the ultimate controlling Shareholder. CMN is primarily engaged in the trading of non-ferrous metals (including copper, lead, zinc, tungsten, antimony, tin, precious metals and rare earth).

The table below sets out the total purchase price paid under the Non-transferred Sourcing Contracts and the sales proceeds received under the Non-transferred Sales Contracts during each of the three years ended 31 December 2004 (the "Track Record Period"):

	Year ended 31 December		
	2002	2003	2004
	RMB'000	RMB'000	RMB'000
Purchase price paid	–	329,200	889,100
Sales proceeds received	–	–	2,537,900

Cap

The aggregate annual value of purchase price payable and sales proceeds receivable under the Agreement on Non-transferred Contracts shall not exceed the limits set out below:

	Proposed annual cap	
	2005	2006
	RMB'000	RMB'000
Purchase price payable	630,000	340,000
As a % pro forma cost of sales of the Enlarged Group for the year ended 31 December 2004 of approximately HK\$7,132.5 million (equivalent to approximately RMB7,560.5 million)	8.3%	4.5%
Sales proceeds receivable	1,330,000	2,570,000
As a % pro forma turnover of the Enlarged Group for the year ended 31 December 2004 of approximately HK\$8,029.4 million (equivalent to approximately RMB8,511.2 million)	15.6%	30.2%

The proposed annual cap for the purchase price payable and sales proceeds receivable under the Agreement on Non-transferred Contracts was determined based on (i) the purchase volume and sales volume as stipulated in the Non-transferred Contracts which amount to 767,000 tonnes of alumina for the period from the date of Completion to 31 December 2005 and 1,196,000 tonnes of alumina for 2006, and (ii) the Company's estimated prevailing purchase price and sales price of the alumina. Of the proposed annual cap of purchase price payable and sales proceeds receivable in 2005 of no more than RMB1,960 million, in aggregate, only RMB767,000 is expected to be paid to CMN and the balance of approximately RMB1,193 million is expected to be paid to/received from the contracting parties under the Non-transferred Contracts through CMN pursuant to the Agreement on Non-transferred Contracts. Similarly, of the proposed annual cap of purchase price payable and sales proceeds receivable in 2006 of no more than RMB2,910 million in aggregate, only RMB1,196,000 is expected to be paid to CMN and the balance of approximately RMB1,714 million is expected to be paid/received from the contracting parties under the Non-transferred Contracts through CMN pursuant to the Agreement on Non-transferred Contracts.

The Directors and the Proposed Directors (including the independent non-executive Directors) consider that the Agreement on Non-transferred Contracts was entered into on normal commercial terms after arm's length negotiation and the RMB1 per tonne merely serves to cover the administrative costs incurred by CMN and the transactions under the Non-transferred Contracts have been entered into in the usual and ordinary course of business of the Enlarged Group. The Directors and the Proposed Directors (including the independent non-executive Directors) also consider that the terms of the Agreement on Non-transferred Contracts and the proposed annual cap for the purchase price payable and sales proceeds receivable

under the Agreement on Non-transferred Contracts are fair and reasonable and in the interest of the Company and the Shareholders taken as a whole.

(b) Logistics services agreement

五礦國際貨運有限責任公司 (Minmetals Shipping & Forwarding Company Limited) (“Minmetals Shipping”), an indirect subsidiary of China Minmetals, entered into a logistics services agreement dated 28 June 2005 with Minmetals Aluminium (the “Logistics Services Agreement”) pursuant to which Minmetals Shipping agreed to provide and to procure its subsidiaries to provide shipping, customs clearance, unloading, packaging and custody services to Minmetals Aluminium and its subsidiaries (the “Services”). The service fee to be charged for the Services shall be on terms no less favourable than those offered to independent third parties and determined in accordance with the following principles:

- (i) if the PRC government has stipulated prices for a particular Service, the stipulated prices;
- (ii) if there are no such stipulated prices but the PRC government has issued pricing guidelines, the guided prices;
- (iii) if there are no stipulated prices or guided prices, prices that are in line with market price; or
- (iv) if there are no stipulated prices, guided prices or market price, a price to be mutually agreed between the two parties and determined based on the cost incurred by Minmetals Shipping in providing the particular Service plus a reasonable profit of no more than 10% of the cost.

The Logistics Services Agreement will be for a term effecting from the date of the agreement and expiring on 31 December 2007. Unless both parties agree to terminate the Logistics Services Agreement in writing, the Logistics Services Agreement will be extended automatically for a further term of three years on the same terms including the provision on automatic extension but subject to the then applicable requirements governing continuing connected transactions under the Listing Rules, including but not limited to the approval by the Independent Shareholders (if required).

Minmetals Shipping is a connected person of the Company by virtue of China Minmetals, the controlling Shareholder, having an attributable interest of approximately 71.7% therein. The principal business activities of Minmetals Shipping is the provision of shipping, customs clearance, unloading, packaging and custody services in the ports in the PRC.

The table below sets out an estimate of the logistics service fees paid to Minmetals Shipping and its subsidiaries for the Services during the Track Record Period:

	Year ended 31 December		
	2002	2003	2004
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Logistics service fees paid	35,744	39,599	152,847

Cap

The aggregate annual logistics service fees payable under the Logistics Services Agreement shall not exceed the limits set out below:

	Proposed annual cap		
	2005	2006	2007
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Logistics service fees	150,000	100,000	100,000

As a % pro forma cost of sales of the Enlarged Group for the year ended 31 December 2004 of approximately HK\$7,132.5 million (equivalent to approximately RMB7,560.5 million)

2.0%	1.3%	1.3%
------	------	------

The increase in the logistics service fees paid during the Track Record Period was primarily due to the increase in shipping costs associated with the Services charged by external independent shipping companies from an average of approximately US\$8.3 per tonne in 2002 to an average of approximately US\$11.2 per tonne in 2003 and US\$26.3 per tonne in 2004, and, to a lesser extent, increased in volume transported. The increase in the shipping costs associated with the Services charged by external independent shipping companies was primarily due to the increase in oil prices which has increased from an average of US\$25.1 per barrel in 2002 to US\$38.0 per barrel in 2004.

The proposed annual cap for logistics service fees payable under the Logistics Services Agreement was determined based on the internal projection of volume to be transported and assuming the average shipping costs associated with the Services to be at US\$30 per tonne for each of the three years ending 31 December 2005, 2006 and 2007.

The Directors and the Proposed Directors (including the independent non-executive Directors) consider that the Logistics Services Agreement was entered into on normal commercial terms after arm's length negotiation, in the usual and ordinary course of business of the Enlarged Group and that the fees for the Services are comparable to rates charged by Minmetals Shipping and its subsidiaries to independent third parties for the provision of similar services. The Directors and the Proposed Directors (including the independent non-executive Directors) also consider that the terms of the Logistics Services Agreement and the proposed annual cap for the logistics service fees payable under the Logistics Service Agreement are fair and reasonable and in the interest of the Company and the Shareholders taken as a whole.

The Directors and the Proposed Directors believe that the above continual service of CMN in handling the Non-transferred Contracts to be an interim measure only for the completion of the Reorganisation and that the other continuing connected transactions are only peripheral to the core operation of the Enlarged Group. The main activities, namely sourcing and sales of alumina, will remain independently run by the Enlarged Group's own staff and management team. As China Minmetals has executed the Non-competition Agreement in favour of the Company, the Directors and the Proposed

Directors believe that the Enlarged Group is well positioned to operate independently as a distinct and separate platform for all alumina and aluminium related operations and interests of China Minmetals.

The Non-exempt Continuing Connected Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Coppermine, the controlling Shareholder holding about 74.98% of the existing issued share capital of the Company as at 27 June 2005, and its Associates will abstain from voting on the ordinary resolution for approving these Non-exempt Continuing Connected Transactions at the EGM.

The letters from the independent board committee established to advise the Independent Shareholders and the independent financial adviser, respectively, will be set out in the Circular.

PROPOSED CHANGES TO THE BOARD OF DIRECTORS

Proposed resignation of Directors

As a result of the Acquisition, the Vendor will become a new Shareholder and the business of the Target Group will be integrated into that of the Company after Completion. The composition of the Board will therefore be adjusted upon and subject to Completion to reflect and cater for such new changes. It is proposed that Messrs. Lin Xizhong, Qian Wenchao and Tang Xiaojin will resign from the Board with effect from the date of Completion. As such, it is proposed that the Board will upon Completion have a total of 11 Directors, comprising two executive Directors, six non-executive Directors and three independent non-executive Directors.

Proposed appointment of Directors

Executive Director

The following director is proposed to be appointed to the Board as executive Director with effect from the date of Completion:

Mr. WANG Lixin, aged 37, is the vice president of CMN and the general manager and director of Minmetals Aluminium. He earned his Bachelor of Arts degree in International Trade from the University of International Business and Economics in the PRC in 1990. Mr. Wang joined the Ministry of Foreign Trade and Economic Cooperation in 1990 and subsequently, the Minmetals Group in 1995. He has over 10 years of experience in foreign trade and corporate management, as well as five years of experience with government services. It is proposed that Mr. Wang will resign as vice president of CMN and become an executive Director and the vice president of the Company with effect from the date of Completion. Mr. Wang will be responsible for the management of the Target Group's operations after Completion.

Proposed non-executive Directors

The following directors are proposed to be appointed to the Board as non-executive Directors with effect from the date of Completion. These proposed non-executive Directors will not be engaged in the management of the Enlarged Group's business and operations on a daily basis.

Mr. ZHOU Zhongshu, aged 52, is the president of China Minmetals and the chairman of CMN and Minmetals HK. He has been the chairman of Minmetals Development Co., Ltd. (a company listed on the Shanghai Stock Exchange) since March 2005. He graduated from Shanghai International Studies University in the PRC and majored in Spanish language. He joined the Minmetals Group in 1978. From 2000 to 2002, Mr. Zhou was Commercial Counsellor of Chinese Embassy in Spain. Mr. Zhou has over 20 years of experience in non-ferrous metals industry. It is proposed that Mr. Zhou will become the non-executive chairman of the Company with effect from the date of Completion.

Dr. ZHU Guang, aged 48, is the senior vice president of China Minmetals. He holds a Master degree in Economics from the University of International Business and Economics in the PRC, and a Doctorate degree in Economics from the Central University of Finance and Economics in the PRC. Dr. Zhu joined the Minmetals Group in 1987. He has been a director of CMN since 2001. Dr. Zhu has also been the vice chairman of Xiamen Tungsten Co., Ltd. (a company listed on the Shanghai Stock Exchange) since 2003, and was a director of Minmetals Development Co., Ltd. (a company listed on the Shanghai Stock Exchange) from May 2000 to February 2003. Dr. Zhu was selected as one of the ten most influential persons of China's non-ferrous metals industry in 2003 and he is also the vice president of International Tungsten Industry Association. Dr. Zhu has over 10 years of experience in non-ferrous metals industry. It is proposed that Dr. Zhu will become the non-executive vice chairman of the Company with effect from the date of Completion.

Ms. SHEN Ling, aged 44, is the chief financial officer of China Minmetals. She holds a Bachelor of Arts degree in business planning statistics from Anhui Institute of Finance and Trade in the PRC. Ms. Shen joined the Minmetals Group in 1987. She has been a director of each of CMN and Minmetals HK since 2004 and a director of Minmetals Development Co., Ltd. (a company listed on the Shanghai Stock Exchange) since 2003. She has over 20 years of experience in accounting and financial corporate management.

Mr. LI Linhu, aged 50, is the general manager of the human resource department of China Minmetals and has been a director of CMN since 2004. He graduated from the University of International Business and Economics in the PRC and majored in Spanish language. From 1979 to 1986, Mr. Li worked in the Ministry of Foreign Trade and Ministry of Foreign Economic Relations and Trade. From 1991 to 1996, he worked in the Ministry of Foreign Trade and Economic Cooperation. Mr. Li joined the Minmetals Group in 1996. He has been a director of Minmetals HK since 2004. He has over 10 years of experience in foreign trade and corporate management.

Mr. ZONG Qingsheng, aged 45, is the general manager of the investment management department of China Minmetals. Mr. Zong joined the Minmetals Group in 1995. He holds a Bachelor of Arts degree in Chinese literature from Nanjing University in the PRC. From 1982 to 1995, Mr. Zong worked in the Ministry of Foreign Trade and Economic Cooperation. He has been a director of each of CMN and Minmetals HK since 2004 and a director of Minmetals Development Co., Ltd. (a company listed on the Shenzhen Stock Exchange) since 2003. Mr. Zong has over 20 years of experience in foreign trade, business management and investment.

Mr. ZHANG Shoulian, aged 50, is the president of CMN. He graduated from Dongbei University of Finance and Economics and majored in foreign trade and economics. From 1982 to 1993, Mr. Zhang worked for the Economics and Trade Bureau of the State Planning Commission. He joined the Minmetals Group in 1994 and worked as the vice president of CMN from 2001 to 2003. He has over 10 years experience in the non-ferrous industry.

Save as disclosed above, the Proposed Directors do not have any relationships with any Directors, senior management of the Company or substantial or controlling Shareholders. The proposed length of service and emoluments, if any, of the Proposed Directors will be determined after the Proposed Directors are appointed by the Company and where appropriate, determined by the remuneration committee of the Board. So far as the Company is aware, none of the Proposed Directors currently have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROPOSED CHANGE OF COMPANY NAME

To better reflect the relationship of the Company with China Minmetals and to leverage on the “Minmetals” brand, it is proposed that subject to the approval of the Shareholders at the EGM and the approval of the Registrar of Companies in Hong Kong, the name of the Company be changed to “Minmetals Resources Limited (五礦資源有限公司)”. Subject to the passing of the special resolution for the change of name of the Company, the Company will carry out the necessary filing procedures with the Registrar of Companies in Hong Kong and obtain a Certificate of Incorporation on Change of Name of the Company from the Registrar of Companies in Hong Kong as soon as practicable.

Save as mentioned above, the change of the Company’s name will not be subject to any condition. The change of name of the Company will not affect any of the rights of any Shareholders. All existing Share certificates in issue bearing the present name of the Company will after the change of name continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares in the new name of the Company. There will not be any arrangements for free exchange of existing Share certificates for new Share certificate under the Company’s new name. Once the change of name has become effective, any issue of Share certificates of the Company will be in the new name of the Company. Details of this proposal will be set out in the Circular. A further announcement will be made when the change of name of the Company has become effective and unconditional.

GENERAL

The Group has been engaging in the trading of non-ferrous metals, with alumina as its main product. The Group is also engaged in the investment in non-ferrous metals related industrial projects, including alumina refineries, copper refineries and plica tube production in the PRC.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.06 = HK\$1.00 has been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and do not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rates.

By order of the board
China Minmetals Non-ferrous Metals Company Limited
Zhang Shoulian
President

By order of the board
Oriental Metals (Holdings) Company Limited
Xu Huizhong
Director and President

Hong Kong, 29 June 2005

As at the date of this announcement, the executive Directors are Messrs. LIN Xizhong (Chairman), XU Huizhong, QIAN Wenchao, and TANG Xiaojin and the independent non-executive Directors are Messrs. LIU Hongru, CHAN Wai Dune and TING Leung Huel, Stephen.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Minmetals Group and Target Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that in relation to the Minmetals Group and Target Group) 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 (other than that in relation to the Minmetals Group and Target Group) misleading.

The directors of CMN jointly and severally accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirms, having made all reasonable enquiries, that to the best of its knowledge, opinions expressed in this announcement (other than that in relation to the Group) 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 (other than that in relation to the Group) misleading.

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