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# 五礦資源有限公司

**MINMETALS RESOURCES LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1208)**

## ANNOUNCEMENT

This announcement is made pursuant to the disclosure obligation set out in the section headed “Relationship with the Minmetals Group – Non-competition Agreement” in the Circular.

This announcement is made pursuant to the disclosure obligation set out in the section headed “Relationship with the Minmetals Group – Non-competition Agreement” in the circular of Minmetals Resources Limited (the “Company”) dated 30 June 2005 (the “Circular”).

Reference is made to the joint announcements of the Company and China Minmetals Non-ferrous Metals Company Limited dated 30 December 2004, 19 January 2005, 29 June 2005, 30 June 2005, 25 July 2005, 16 September 2005, 29 September 2005, 5 October 2005 and 6 October 2005, respectively, the announcement of the Company dated 9 August 2005 and the circulars of the Company dated 30 June 2005 and 16 September 2005, respectively, regarding the proposed acquisition by the Company of the entire interest of Top Create Resources Limited in Peak Strategic Industries Limited. Unless the context otherwise requires, terms used in this announcement shall have same respective meanings as those defined in the Circular.

As disclosed in the announcement of the Company dated 30 December 2004 and the Circular, China Minmetals has entered into the Non-competition Agreement in favor of the Company on 30 December 2004. Pursuant to the Non-competition Agreement, among other things, China Minmetals shall procure that any alumina or aluminium related investment opportunity being made available to the Group, which may directly or indirectly compete with the business of the Group, should be first offered to the Group for consideration at no less favorable terms than those offered to the Minmetals Group or Independent Third Parties; and China Minmetals shall use its best endeavors to avoid any direct competition with the Company in the event that the Group does not have the resources to proceed with the investment and agrees to allow China Minmetals to proceed with such investment. In connection with such investment undertaken by China Minmetals, China Minmetals has, conditional upon Completion, granted an option to the Group to acquire the relevant investment. Any decision to give consent to China Minmetals to undertake any alumina and aluminium related businesses will be reviewed and approved by the independent non-executive Directors (the “Independent Non-executive Directors”) and announcement on the above decisions will be made at the relevant time.

The Company received a letter from China Minmetals in relation to an opportunity for a proposed investment project from an Independent Third Party with annual production capacity of 34,000 tonnes of recycled aluminium alloy (再生鋁合金) (the “Project”). The Project requires investment of fixed assets of approximately RMB25,000,000 (equivalent to approximately HK\$24,000,000) and working capital of approximately RMB120,000,000 (equivalent to approximately HK\$115,000,000).

The Independent Non-executive Directors have reviewed the information regarding the Project provided by China Minmetals. Having taken into the account the principal factors and considerations set out below, the Directors (including the Independent Non-executive Directors) are of the opinion that it is not appropriate and is not in the interests of the Company and the Shareholders as a whole to invest in the Project at this time and have approved China Minmetals to undertake the Project:

- a. the strategy of the Group is to build on its competitive strengths by constantly expanding its existing businesses and to pursue opportunities to enhance the results of its operations through further vertical integration and when appropriate, by diversifying into other non-ferrous metals through horizontal integration with an aim to develop an integrated supply-chain conglomerate for non-ferrous metals. The investment in the Project is currently not in line with the Group’s strategy and is not directly or indirectly competed with the business of the Group;
- b. the Project involves a substantial amount of working capital of approximately RMB120,000,000 (equivalent to approximately HK\$115,000,000). It is the intention of the Company to focus its resources to capture potential growth projects in order to accommodate its business plans;
- c. as mentioned in the Circular, the Group recognizes the importance of environmental protection and places emphasis on environmental pollution control by implementing various measures to ensure compliance with the relevant laws and regulations. The Project may involve environmental pollution problem which would require a considerable amount of investment to improve the conditions, the contemplation of which may create risks and uncertainties to the investment; and
- d. in accordance with the terms of the Non-Competition Agreement, among other things, China Minmetals has, conditional upon Completion, granted an option to the Company to acquire any alumina or aluminium related investments undertaken by China Minmetals provided that the Company has previously given consent to China Minmetals to proceed with such investment. The Company may at any time exercise its option in future should the acquisition of the Project would enhance the profitability of the Group and is in line with its overall expansion plan.

**GENERAL INFORMATION**

As at the date of this announcement, the board of directors of the Company comprises eleven directors, of which three are executive directors, namely Mr. Xu Huizhong, Mr. Wang Lixin and Mr. Ren Suotang; five are non-executive directors, namely Mr. Zhou Zhongshu (Chairman), Ms. Shen Ling, Mr. Zhang Shoulian, Mr. Li Linhu and Mr. Zong Qingsheng; and three are independent non-executive directors, namely Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.

By Order of the Board  
**Xu Huizhong**  
*Executive Director & President*

Hong Kong, 7 November 2006

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