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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

#### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Minmetals Aluminium and North China Aluminium, subsidiaries of the Company (as customers), in the ordinary course of businesses entered into the 2008 Agreements with Minmetals Tianjian and Minmetals Warehouse (as service providers) for the provision of some logistic services for the year 2008. Pursuant to the 2008 Agreements, Minmetals Tianjian and Minmetals Warehouse provided shipping, customs clearance, unloading, packaging and custody services (the “Services”) to Minmetals Aluminium and to North China Aluminium for the period from January 2008 to September 2008.

In view of the recurring performance of the Services as contemplated under the 2008 Agreements, each of Minmetals Aluminium and North China Aluminium entered into a master service agreement for a term of two years and three months with Minmetals Logistics and Minmetals Tianjian on 31st October 2008 respectively (the “2008 Minmetals Aluminium Master Agreement” and the “2008 North China Master Agreement”), as intended by the Company.

The aggregate consideration payable under the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement when fully executed will not exceed RMB3,250,000 (equivalent to approximately HK\$3,542,500), RMB14,000,000 (equivalent to approximately HK\$15,260,000) and RMB14,000,000 (equivalent to approximately HK\$15,260,000) in 2008, 2009 and 2010 respectively.

As Minmetals Logistics, Minmetals Tianjian and Minmetals Warehouse are subsidiaries of China Minmetals, a controlling shareholder of the Company, each of Minmetals Logistics, Minmetals Tianjian and Minmetals Warehouse is regarded as an associate of China Minmetals and therefore is a connected person of the Company under the Listing Rules. As such, the 2008 Agreements constitutes a connected transaction for the Company, whereas the 2008 North China Master Agreement and the 2008 Minmetals Aluminium Master Agreement constitute continuing connected transactions for the Company under the Listing Rules. Each of the relevant percentage ratios for each of the 2008 Agreements, the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement, if aggregated, is less than 2.5%, these agreements are only subject to the reporting and announcement requirements set out in rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders’ approval requirement.

## **BACKGROUND**

Reference is made to the provision of Services by Minmetals Tianjian and Minmetals Warehouse (as service providers) to Minmetals Aluminium and North China Aluminium (as customers) as necessarily required. The businesses of Minmetals Aluminium and North China Aluminium are associated with the trading of non-ferrous metals, aluminium fabrication, other industrial operations and some port logistic services. For the previous nine months since January 2008 till September 2008, Minmetals Tianjian and Minmetals Warehouse were engaged by Minmetals Aluminium and Minmetals Tianjian by North China Aluminium for the Services, pursuant to the 2008 Agreements entered into between the parties in 2008.

## **CONNECTED TRANSACTIONS**

Minmetals Aluminium and North China Aluminium paid to Minmetals Tianjian together with Minmetals Warehouse under the 2008 Agreements (the 2008 Quotation Agreements and the 2008 North China Service Agreement) from January 2008 up till September 2008 for Services, with the respective actual aggregate consideration at approximately RMB1,321,056 (equivalent to approximately HK\$1,439,951) and at approximately RMB2,420,062 (equivalent to approximately HK\$2,637,868).

## **CONTINUING CONNECTED TRANSACTIONS**

In view of the recurring performance pattern of the Services rendered by Minmetals Tianjian and Minmetals Warehouse since January 2008, Minmetals Aluminium and North China Aluminium (as customers) in its ordinary course of business each entered into a master contract with Minmetals Logistics and Minmetals Tianjian (as service providers) dated on 31st October 2008 for the Services going forward, (the “2008 Minmetals Aluminium Master Agreement “ and the “2008 North China Master Agreement”), in respect of the provision of Services for a period of two years and three months, ending on 31 December 2008, 2009 and 2010, pursuant to the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement.

## **CONSIDERATION**

The consideration under each of the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement was determined by arm’s length negotiations with Minmetals Logistics and Minmetals Tianjian respectively, with reference to the pricing policy stipulated below:

1. if the PRC Government has stipulated prices for that particular Services, the stipulated prices;
2. if there are no such stipulated prices but the PRC Government has issued pricing guidelines, the guided prices;
3. if there are no stipulated prices or guided prices, prices that are in line with market price; or

- 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 Logistics or Minmetals Tianjian, whichever applicable, in providing that particular Services plus a reasonable profit of no more than 10% of the cost.

The respective service fees to be charged to Minmetals Aluminium and North China Aluminium by Minmetals Logistics and Minmetals Tianjian are no less favourable than those offered to independent third parties and are determined in accordance with the aforesaid principles.

The aggregate annual consideration under the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement payable to Minmetals Logistics and Minmetals Tianjian respectively will not exceed the limits set out below:

**1). Proposed annual cap (for Minmetals Aluminium)**

2008	2009	2010
RMB2,250,000	RMB9,000,000	RMB9,000,000

(equivalent to approximately HK\$2,452,500 for 2008 and HK\$9,810,000 each for 2009 and 2010 respectively)

**2). Proposed annual cap (for North China Aluminium)**

2008	2009	2010
RMB1,000,000	RMB5,000,000	RMB5,000,000

(equivalent to approximately HK\$1,090,000/HK\$5,450,000/HK\$5,450,000 for 2008, 2009 and 2010 respectively)

The proposed annual cap for the Services payable under each of the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement was based on the internal projection of volume to be transported, by reference to the preceding 9 months since January 2008 and market forecast.

The aggregate consideration payable under the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement when fully executed will not exceed RMB3,250,000 (equivalent to approximately HK\$3,542,500), RMB14,000,000 (equivalent to approximately HK\$15,260,000) and RMB14,000,000 (equivalent to approximately HK\$15,260,000) in 2008, 2009 and 2010 respectively.

**REASONS FOR ENTERING INTO THE AGREEMENTS**

The Group is engaged in the trading of non-ferrous metals, aluminium fabrication and other industrial operations and port logistic services. The entering into the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement is in the ordinary course of business of the Group.

The nature of the transactions under the 2008 Agreements, the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement is similar. It is appropriate and reasonable for Minmetals Aluminium and North China Aluminium to enter into the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement, in view of the recurring pattern of Services as rendered by Minmetals Tianjian and Minmetals Warehouse that the Group intended that the transactions should extend a longer period of time and regarded them as continuing in nature.

The Directors (including the independent non-executive Directors) consider that (a) the entering into each of the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group; and (b) the terms of the agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **INFORMATION ABOUT MINMETALS LOGISTICS, MINMETALS TIANJIAN AND MINMETALS WAREHOUSE**

Minmetals Logistics, Minmetals Tianjian and Minmetals Warehouse are engaged in logistic services. These entities are controlled by China Minmetals, the ultimate controlling shareholder of the Company, each of Minmetals Logistics, Minmetals Tianjian and Minmetals Warehouse is regarded as an associate of China Minmetals and therefore is a connected person of the Company under the Listing Rules.

## **GENERAL**

The nature of the transactions under the 2008 Agreements, the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement is similar. It is appropriate and reasonable for Minmetals Aluminium and North China Aluminium to enter into the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement, in view of the recurring pattern of Services as rendered by Minmetals Tianjian and Minmetals Warehouse that the Group intended that the transactions should extend a longer period of time and regarded them as continuing in nature.

This announcement is made pursuant to rule 14A.32 in respect of the 2008 Agreements, and rule 14A.34 of the Listing Rule in respect of each of the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement. As each of the relevant percentage ratios for each of the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement (if aggregated with the 2008 Agreements pursuant to rule 14A.25) when fully executed is less than 2.5%, the 2008 Agreements, the 2008 Minmetals Aluminium Master Agreement and the 2008 North China Master Agreement are only subject to the reporting and announcement requirements set out in rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement. Details of these agreements will be included in the annual report and accounts of the Company in accordance with rule 14A.45 of the Listing Rules.

## DEFINITIONS

“ the 2008 Agreements”	the 2008 Quotation Agreements and the 2008 North China Service Agreement;
“2008 Quotation Agreements”	the contract entered into between Minmetals Aluminium and Minmetals Tianjian performed in February 2008; and the invoice contract entered into between Minmetals Aluminium and Minmetals Warehouse performed in April 2008 in respect of the Services;
“2008 North China Service Agreement”	the logistic service contract dated 1 January 2008 signed between North China Aluminium and Minmetals Tianjian;
“2008 Minmetals Aluminium Master Agreement”	the logistic service agreement dated 31 October 2008 entered into between Minmetals Aluminium and Minmetals Logistics;
“2008 North China Master Agreement”	the logistic service agreement dated 31 October 2008 entered into between North China Aluminium and Minmetals Tianjian;
“China Minmetals”	China Minmetals Corporation, a state-owned enterprise established on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company and indirectly owns 63.04% of the Company;
“Company”	Minmetals Resources Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange of Hong Kong Limited;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“ Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Minmetals Aluminium”	Minmetals Aluminium Company Limited, a wholly foreign owned enterprise incorporated in the PRC and is indirectly wholly owned by the Company;
“Minmetals Development”	Minmetals Development Company Limited, an enterprise incorporated in the PRC which China Minmetals has an attributable interest of approximately 63.2%;

“Minmetals Non-ferrous”	China Minmetals Non-ferrous Metals Company Limited, an enterprise incorporated in the PRC which China Minmetals has an attributable interest of 84.56%;
“Minmetals Logistics”	China Minmetals Logistics Group Co., Ltd, an enterprise incorporated in the PRC which Minmetals Development directly holds approximately 94.8%;
“Minmetals Tianjian”	Minmetals Logistics & Forwarding Tianjian Company Limited, an enterprise incorporated in the PRC which is wholly owned by Minmetals Logistics;
“Minmetals Warehouse”	Minmetals Warehouse Company Limited, an enterprise incorporated in the PRC which is wholly owned by Minmetals Non-ferrous;
“North China Aluminium”	North China Aluminium Company Limited, a sino-foreign enterprise incorporated in the PRC which the Company indirectly has an attributable interest of 72.8%;
“PRC”	the People’s Republic of China (for purpose of this announcement, excluding Hong Kong, Taiwan and Macau);
“RMB”	Renminbi, the lawful currency of the PRC; and
“Services”	shipping, customs clearance, unloading, packaging and custody services and any incidental services.

Solely for convenience and except as otherwise noted, this announcement contains translations of RMB amounts into Hong Kong dollars at a rate of RMB1.00 = HK\$1.09 (“2008 Exchange Rate”).

By order of the Board  
**Minmetals Resources Limited**  
**Hao Chuanfu**  
*Executive Director and President*

Hong Kong, 6th November 2008

*As at the date of this announcement, the board of directors of the Company comprises eleven directors, of which two are executive directors, namely Mr. Hao Chuanfu and Mr. Ren Suotang; six are non-executive directors, namely Mr. Zhou Zhongshu (Chairman), Mr. Xu Huizhong (Vice Chairman), Ms. Shen Ling, Mr. Zong Qingsheng, Mr. Wang Lixin and Mr. Cui Hushan; and three are independent non-executive directors, namely Mr. Li Dongsheng, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.*