

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.



五礦資源有限公司
MINMETALS RESOURCES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

**INVESTMENT (EXIT) IN
QINGHAI PROVINCE INVESTMENT GROUP LIMITED**

Reference is made to the announcement and circular of the Company dated 12 October 2007 and 2 November 2007, respectively, in respect of the Agreement.

On 25 September 2007, the Group, together with the other Purchasers, the other Option Grantors, the Vendors and the Co-Warrantors entered into the Agreement. Pursuant to the Agreement, Shining and Wise Plenty, both being wholly-owned subsidiaries of the Company, have conditionally agreed to purchase from the Vendors 300 ACE Sale Shares and 100 Pearl Bright Sale Shares, representing 50% of the issued share capital in ACE and approximately 16.67% of the issued share capital in Pearl Bright, respectively. ACE and Pearl Bright each in turn holds 30% of the equity interest in Qinghai Investment. The Agreement and the transactions contemplated thereunder were approved by the Board on 10 October 2007, and Completion took place on the same date.

In light of the adverse and sustained volatile market conditions, the Board considers it is in the best interest of the Company and its shareholders as a whole for the Group to exit its investment in Qinghai Investment. In this connection, ACE, Pearl Bright and Qinghai Commission entered into the Capital Reduction Agreement on 27 October 2008.

BACKGROUND

Reference is made to the announcement and circular of the Company dated 12 October 2007 and 2 November 2007, respectively, in respect of the Agreement. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this announcement.

On 25 September 2007, the Group, together with the other Purchasers, the other Option Grantors, the Vendors and the Co-Warrantors entered into the Agreement. Pursuant to the Agreement, Shining and Wise Plenty, both being wholly-owned subsidiaries of the Company, have conditionally agreed to purchase from the Vendors 300 ACE Sale Shares and 100 Pearl Bright Sale Shares, representing 50% of the issued share capital in ACE and approximately 16.67% of the issued share capital in Pearl Bright, respectively. ACE and Pearl Bright each in turn holds 30% of the equity interest in Qinghai Investment.

The Agreement and the transactions contemplated thereunder were approved by the Board on 10 October 2007, and Completion took place on the same date.

As disclosed in the Circular, pursuant to the Capital Increase Agreement, each of ACE and Pearl Bright is required to contribute RMB1.0205 billion (equivalent to approximately HK\$1.1317 billion) to the registered capital of Qinghai Investment no later than 31 December 2007 but subject to procurement of the approval by the Ministry of Commerce on extension of the equity contribution deadline from 25 May 2007 to 25 November 2007 or a later date.

The registered capital of Qinghai Investment is RMB3,400,000,000 (equivalent to approximately HK\$3,770,600,000). As at the date of the Capital Reduction Agreement, Qinghai Commission has contributed a sum of RMB1,359,000,000 (equivalent to approximately HK\$1,507,131,000) to the registered capital of Qinghai Investment, and ACE and Pearl Bright have in aggregate contributed a total sum of US\$86,000,000 (equivalent to approximately HK\$670,800,000) to the registered capital of Qinghai Investment. The said sum of US\$86,000,000 (equivalent to approximately HK\$670,800,000) has been deposited into an account jointly-controlled and supervised by the representatives from ACE, Pearl Bright and Qinghai Commission. Among this sum, an aggregate sum of US\$43,000,000 (equivalent to approximately HK\$335,400,000) was contributed by Shining and Patcham through ACE and an aggregate sum of US\$43,000,000 (equivalent to approximately HK\$335,400,000) was contributed by Wise Plenty, Chief Solar and Marysky through Pearl Bright. However, as at the date of this announcement, ACE and Pearl Bright have yet to fulfil their obligations regarding their respective contributions to the investment capital of Qinghai Investment.

In light of the adverse and sustained volatile market conditions, the Board considers it is in the best interest of the Company and its shareholders as a whole for the Group to exit its investment in Qinghai Investment. Subsequent to the receipt of the refund monies by the Group, the Board will determine the application of such monies for use in other opportunities or otherwise. In this connection, ACE, Pearl Bright and Qinghai Commission entered into the Capital Reduction Agreement on 27 October 2008.

The Capital Reduction Agreement

Date

27 October 2008

Parties

ACE, Pearl Bright and Qinghai Commission

Subject matters of the Capital Reduction Agreement

Subject to the terms and conditions of the Capital Reduction Agreement, the parties thereto have agreed, among others, that:

1. Qinghai Investment shall undergo a capital reduction to reduce its registered capital from RMB3,400,000,000 (equivalent to approximately HK\$3,770,600,000) to RMB1,359,000,000 (equivalent to approximately HK\$1,507,131,000) as a result of which ACE and Pearl Bright will cease to be interested in Qinghai Investment (the “**Capital Reduction**”);
2. upon completion of the Capital Reduction, Qinghai Investment will be solely-owned by Qinghai Commission and as such, Qinghai Investment will become a PRC domestic enterprise;
3. upon execution of the Capital Reduction Agreement by the parties and thereafter, within five days from the date of the approval of same by the relevant PRC authority, Qinghai Investment shall have returned to each of ACE and Pearl Bright a sum of US\$43,000,000 (equivalent to approximately HK\$335,400,000), being the sum each of ACE and Pearl Bright has contributed to the registered capital of Qinghai Investment and deposited into the account jointly-controlled and supervised by the representatives from ACE, Pearl Bright and Qinghai Commission, plus any interest accrued thereon (the “**Refund**”); Qinghai Investment further warrants that the Refund will be transferred back to the designated bank account(s) of ACE and Pearl Bright for purpose of refund;
4. as the aggregate sum of US\$86,000,000 (equivalent to approximately HK\$670,800,000) contributed by ACE and Pearl Bright has not been utilised by Qinghai Investment and the registration procedures confirming injection of such capital (實收資本的變更登記) have not yet been completed, ACE and Pearl Bright will not be entitled to any benefit in respect of Qinghai Investment except the interest entitlement as mentioned in paragraph 3 above; and
5. upon completion of the Capital Reduction and the Refund, the joint venture contract in respect of Qinghai Investment entered into between the parties on 15 June 2005, the articles of association of Qinghai Investment entered into on 15 June 2005, the Capital Increase Agreement dated 15 June 2005 together with the Supplemental Capital Increase Agreement entered into on 26 October 2007 shall be terminated immediately and cease to have any binding effect on the parties.

DEFINITIONS

“Capital Reduction Agreement”	The capital reduction agreement dated 27 October 2008 and executed between ACE, Pearl Bright and Qinghai Commission in respect of the reduction of capital in and exit by ACE and Pearl Bright from the Qinghai Investment
“Circular”	the circular of the Company dated 2 November 2007 in respect of the Agreement

“Supplemental Capital
Increase Agreement”

the agreement supplemental to the Capital Increase Agreement entered into between Qinghai Commission, ACE and Pearl Bright on 26 October 2007 for the purpose of defining the respective rights and obligations of ACE, Pearl Bright and Qinghai Commission in Qinghai Investment.

Solely for convenience and except as otherwise noted, this announcement contains translation of US\$ amounts into Hong Kong dollars at a rate of US\$1.00 = HK\$7.80 and RMB amounts into Hong Kong dollars at a rate of RMB1.00 = HK\$1.109.

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

Hong Kong, 2 December 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.