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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**

NCA and ZNMPE, subsidiaries of the Company, entered into the Agreements with Ershisanye on 18 March 2008 respectively to engage Ershisanye as the contractor for two construction projects in accordance with the terms and conditions of the respective Agreements. The contract sums under the Agreements are approximately RMB23,111,000 (equivalent to approximately HK\$25,422,100) and RMB8,938,000 (equivalent to approximately HK\$9,831,800) respectively.

As Ershisanye is a subsidiary of China Minmetals, a controlling shareholder of the Company, Ershisanye is regarded as an associate of China Minmetals and therefore is a connected person of the Company under the Listing Rules. As such, each of the Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Each of the relevant percentage ratios for each of the Agreements is less than 2.5%, the 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. Details of the Agreements will be included in the annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

### **BACKGROUND**

Each of NCA and ZNMPE invited tenders for its construction project and received five qualified tenders in respect thereof. The tender evaluation committee of each of NCA and ZNMPE comprised 7 members, 5 of which were randomly selected by computer from the Register of Tender and Tender Evaluation Experts for Building Construction and Municipal Infrastructure Projects in the Hebei Province (河北省房屋建築和市政基礎設施工程招標投標評標專家名冊) (who, the Directors, to the best of their knowledge, information and belief and having made all reasonable enquiries, confirm are independent third parties not connected with the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates). The remaining 2 members were representatives from NCA or ZNMPE (as the case may be). Based on

design, quotation and/or reputation, being the criteria set out in the relevant tender documents, the tender evaluation committee of each of NCA and ZNMPE ranked Ershisanye's tender as the top of the 5 qualified tenders. As a result thereof, NCA and ZNMPE entered into the Agreements with Ershisanye on 18 March 2008 respectively.

### **THE FIRST AGREEMENT**

NCA entered into the First Agreement with Ershisanye on 18 March 2008 to engage Ershisanye as the contractor for the construction project in respect of a 1850 ultra thin composite aluminium foil production factory in accordance with the terms and conditions of the First Agreement.

The contract sum under the First Agreement is approximately RMB23,111,000 (equivalent to approximately HK\$25,422,100), subject to adjustment(s) relating to actual construction works agreed by both parties.

NCA shall pay 20% of the contract sum, as the prepaid contract sum, to Ershisanye within 10 days of the arrival of the construction equipment of Ershisanye at the construction site. 97% of the contract sum shall be payable by NCA in stages with respect to specific milestones. When NCA has paid up to 60% of the contract sum, it shall make payment(s) by way of deducting from the prepaid contract sum. 3% of the contract sum shall be retained by NCA as the quality warranty fund, which shall be refunded to Ershisanye within 14 days of the end of the quality warranty period. The period of the quality warranties given by Ershisanye ranges from (except otherwise required by relevant regulations) 2 to 5 years depending on the types of construction works. NCA will finance the payments via internal resources.

The construction project under the First Agreement shall be completed by 20 December 2008.

### **THE SECOND AGREEMENT**

ZNMPE entered into the Second Agreement with Ershisanye on 18 March 2008 to engage Ershisanye as the contractor for the construction project in respect of a large scale assembly and welding factory in accordance with the terms and conditions of the Second Agreement.

The contract sum under the Second Agreement is approximately RMB8,938,000 (equivalent to approximately HK\$9,831,800), subject to adjustment(s) relating to (i) significant deviation in the costs of certain construction materials and (ii) actual construction works agreed by both parties.

ZNMPE shall pay 30% of the contract sum, as the prepaid contract sum, to Ershisanye within 15 days of the effective date of the Second Agreement. Ershisanye shall submit a monthly report to ZNMPE in respect of the amount of the completed construction works, and ZNMPE shall pay a sum out of the total contract sum to Ershisanye proportional to the amount of the completed construction works within 8 days of the submission of the monthly report. When ZNMPE has paid up to 50% of the contract sum, it shall make payment(s) by way of deducting from the prepaid contract sum up to 40% of each such

payment. ZNMPE will finance the payments via internal resources.

It is currently expected that the construction project contemplated under the Second Agreement will be completed within the year 2008.

### **INFORMATION ON ERSHISANYE**

Ershisanye is an enterprise established under the laws of the PRC with limited liability, and is principally engaged in construction engineering, mining development and operations, real estate and related industries. Since 2001, it has been assigned under the administration of Hunan Province, the PRC, and became one of the 20 large-sized enterprises supported by the Hunan Provincial Government. In 2006, Ershisanye became a subsidiary of China Minmetals. Ershisanye is classified as Building Construction Main Contractor Class I (房屋建設工程施工總承包一級) by the relevant government authorities in the PRC.

### **REASONS FOR ENTERING INTO THE AGREEMENT**

The Group is engaged in the trading of non-ferrous metals (including alumina and aluminium ingots), aluminium fabrication and other industrial operations and port logistics services. NCA is engaged in the production and sale of aluminium foils and extrusions and ZNMPE is engaged in the production of aluminium processing equipment. The construction projects contemplated under the Agreements will facilitate the expansion of the operations of NCA and ZNMPE.

Given that Ershisanye was awarded the tenders through a competitive tender process, the Directors (including the independent non-executive Directors) consider that (a) the entering into of each of the Agreements is on normal commercial terms; and (b) the terms of each of the Agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### **GENERAL**

As Ershisanye is a subsidiary of China Minmetals, a controlling shareholder of the Company, Ershisanye is regarded as an associate of China Minmetals and therefore is a connected person of the Company under the Listing Rules. As such, each of the Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Each of the relevant percentage ratios for each of the Agreements is less than 2.5%, the 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. Details of the Agreements will be included in the annual report and accounts of the Company in accordance with Rule 14A.45 of the Listing Rules.

## DEFINITIONS

“Agreements”	the First Agreement and the Second Agreement
“China Minmetals”	中國五礦集團公司 (China Minmetals Corporation), a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company
“Company”	Minmetals Resources Limited (五礦資源有限公司), a company incorporated 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
“Ershisanye”	二十三冶建設集團有限公司 (Ershisanye Construction Group Co., Ltd.), an enterprise established under the laws of the PRC with limited liability, and which is owned as to 73.19%, 20% and 6.81% by China Minmetals, 湖南省人民政府國有資產監督管理委員會 (State-owned Assets Supervision & Administration Commission of Hunan Provincial People’s Government) and 二十三冶建設集團有限公司工會 (Labour Union of Ershisanye) respectively
“First Agreement”	the agreement entered into between NCA and Ershisanye in respect of a construction project on 18 March 2008
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NCA”	華北鋁業有限公司 (North China Aluminium Company Limited), a sino-foreign equity joint venture established under the laws of the PRC and a subsidiary of the Company
“PRC or China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Agreement”	the agreement entered into between ZNMPE and Ershisanye in respect of a construction project on 18 March 2008

“ZNMPE” 涿神有色金屬加工專用設備有限公司 (Zhuoshen Nonferrous Metals Plant & Equipment Co. Ltd.), a company established under the laws of the PRC and a subsidiary of NCA

Solely for convenience and except as otherwise noted, this announcement contains translation of RMB amounts into Hong Kong dollars at a rate of RMB1.00 = HK\$1.10.

By order of the board  
**Minmetals Resources Limited**  
**Xu Huizhong**  
*Executive Director and President*

Hong Kong, 20 March 2008

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