

*This announcement does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase any securities.*

*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.*



## **Hunan Nonferrous Metals Corporation Limited\***

**湖南有色金属股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2626)**

### **ANNOUNCEMENT**

#### **Discloseable Transaction: Proposed Acquisition of Abra Mining Limited And Resumption of Trading**

The Board of the Company wishes to announce that on 12 May 2008, it entered into the Takeover Bid Implementation Deed with Abra, a corporation incorporated in Australia and whose shares are listed on the ASX, pursuant to which the Company has agreed, subject to the Offer Conditions, to make an Offer to the shareholders of Abra to purchase 70% of the issued Abra shares not held by the Company. The Company and Abra also made a joint announcement on 13 May 2008, the text of which is posted on the Hong Kong Stock Exchange's website as an overseas regulatory announcement. ("**Joint Announcement**")

Abra has a total number of 140,982,504 issued shares and will have 164,817,504 issued shares (assuming full exercise of 23,835,000 Abra Options). The Company currently owns approximately 17.8% of the Abra shares, which were acquired in March 2008 and in April 2008 at a total consideration of AUD13,180,137 (equivalent to approximately RMB87,199,786). Pursuant to the Takeover Bid Implementation Deed, the Company will make a proportional takeover offer for 70% of the Abra shares (equivalent to 97,839,759 Abra shares) not held by the Company and offer AUD0.83 per Abra share for 7 of every 10 Abra shares.

On the basis of the Offer price of AUD0.83 per Abra share for 7 of every 10 Abra shares and the assumption of full acceptance of the Offer and full exercise of the Abra Options, the total consideration of the Proposed Acquisition will be approximately AUD81,210,000 (equivalent to approximately RMB537,285,360).

On the assumption of full acceptance of the Offer, the Company will own approximately 74.57% of Abra shares (assuming the exercise of the Abra Options in full) and Abra will be consolidated as a subsidiary of the Company upon completion.

The Proposed Acquisition, if the Offer having been fully accepted, will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company will send a circular containing further details on the Proposed Acquisition to its shareholders in accordance with the Listing Rules.

**The Proposed Acquisition may or may not proceed, depending on, among other things, the level of acceptance of the Offer from the Abra shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Trading in the Company's Shares has been suspended with effect from 9:30 a.m. on 13 May 2008. An application has been made to the Hong Kong Stock Exchange Limited to resume trading from 9:30 a.m. on 16 May 2008.

## **THE PRINCIPAL TERMS OF PROPOSED ACQUISITION**

The Board of the Company wishes to announce that on 12 May 2008, it entered into the Takeover Bid Implementation Deed with Abra, a corporation incorporated in Australia and whose shares are listed on the ASX, pursuant to which the Company has agreed, subject to the Offer Conditions, to make an Offer to the shareholders of Abra to purchase 70% of the issued Abra shares not held by the Company. The Company and Abra also made a joint announcement on 13 May 2008, the text of which is posted on the Hong Kong Stock Exchange's website as an overseas regulatory announcement. ("**Joint Announcement**")

Abra has a total number of 140,982,504 issued shares and will have 164,817,504 issued shares (assuming full exercise of 23,835,000 Abra Options). The Company currently owns 17.8% of the Abra shares, which were acquired in March 2008 and in April 2008 at a total consideration of AUD13,180,137 (equivalent to approximately RMB87,199,786). Pursuant to the Takeover Bid Implementation Deed, the Company will make a proportional takeover offer for 70% of the Abra shares (equivalent to 97,839,759 Abra shares) not held by the Company and offer AUD0.83 per Abra share for 7 of every 10 Abra shares.

On the basis of the Offer price of AUD0.83 per Abra share for 7 of every 10 Abra shares and the assumption of full acceptance of the Offer and full exercise of the Abra Options, the total consideration of the Proposed Acquisition will be approximately AUD81,210,000 (equivalent to approximately RMB537,285,360).

On the assumption of full acceptance of the Offer, the Company will own approximately 74.57% of Abra shares and Abra will be consolidated as a subsidiary of the Company upon completion.

To the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, each of Abra and Abra's substantial shareholders is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is not a connected person (as defined in the Listing Rules) of the Company.

A summary of the principal terms for the Offer (which will be subject to the further terms set out in full in the Takeover Bid Implementation Deed and the Joint Announcement) is set out below:

## 1. The Offer price

The Offer price for each Abra share is AUD0.83 in cash.

The Offer price of AUD0.83 per Abra share represents:

- a 44% premium to the ten day volume weighted average share price up to and including 9 May 2008, being the last day of trading on ASX in Abra shares before the Joint Announcement; and
- a 62% premium to the one month volume weighted average share price up to and including 9 May 2008.

The Offer price has been determined after arm's length negotiations between the parties by reference to the market prices, conditions and other factors including the asset value of Abra.

## 2. Total Consideration

On the basis of the Offer price of AUD0.83 per Abra share for 7 of every 10 Abra shares and assumption of full acceptance of the Offer and full exercise of the Abra Options, the total consideration of the Proposed Acquisition will be approximately AUD81,210,000 (equivalent to approximately RMB537,285,360 ).

The Company intends that the Offer would be financed from the internal cash resources.

## 3. Offer Period

Subject to the applicable laws and the conditions set forth in the Takeover Bid Implementation Deed, the Offer shall remain open for a minimum period of one (1) month.

## 4. Conditions to the Offer

Pursuant to Takeover Bid Implementation Deed and the Joint Announcement, the Offer is subject to the fulfilment of the following conditions (the "**Offer Conditions**"):

### (a) *Minimum acceptance*

At or before the end of the offer period, the Company has a relevant interest in such number of Abra shares which represents at least 50.1% of the aggregate of all the Abra shares on issue and all the Abra shares that would be issued if all the Abra Options on issue are exercised.

*(b) Foreign investment approval*

One of the following occurs before the end of the offer period:

- (i) the Treasurer of the Commonwealth Australia or his agent advises the Company to the effect that there are no objections to the acquisition by the Company of up to 70% of the Abra shares not already held by the Company (by any means permitted by the Corporations Act 2001 (Cth)) in terms of the Commonwealth Government's foreign investment policy; or
- (ii) no order is made in relation to the Offer under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth) within a period of 40 days after the Company has notified the Treasurer of the Commonwealth Australia that it proposes to acquire Abra shares under the Offer, and no notice is given by the Treasurer of the Commonwealth Australia to the Company during that period to the effect that there are any objections to the acquisition of the Abra shares by the Company (by any means permitted by the Corporations Act 2001 (Cth)) in terms of the Commonwealth Government's foreign investment policy; or
- (iii) where an order is made under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth), a period of 90 days has expired after the order comes into operation and no notice has been given by the Treasurer of the Commonwealth Australia to the Company during that period to the effect that there are any objections to the acquisition of the Abra shares by the Company (by any means permitted by the Corporations Act 2001 (Cth)) in terms of the Commonwealth Government's foreign investment policy.

*(c) Chinese regulatory approvals*

Before the end of the offer period, the Company obtains all legal and regulatory approvals, authorisations and consents required under any Chinese laws, regulations or policies relevant to the Company and necessary to enable the Company to acquire Abra shares under the Offer.

*(d) Regulatory actions*

Between the date of the Joint Announcement and the end of the offer period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by the Company or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the takeovers panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act 2001 (Cth) or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act 2001 (Cth)) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of Abra shares under the Offer or the completion of any transaction contemplated by the bidder's statement, or seeks to require the divestiture by the Company of any Abra shares, or the divestiture of any material assets of the Abra Group or Hunan Group.

(e) *No material adverse change*

Between the date of the Joint Announcement and the end of the offer period, no event, change or condition occurs, is announced or becomes known to the Company (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of the Abra Group, taken as a whole, since 31 December 2007;
- (ii) the status or terms of arrangements entered into by the Abra Group; or
- (iii) the status or terms of any approvals, licences or permits from Public Authorities applicable to the Abra Group,

except for events, changes and conditions publicly announced by Abra or otherwise disclosed in public filings by Abra or any of its subsidiaries prior to the date of the Joint Announcement where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

(f) *No material acquisitions, disposals or new commitments*

Except for any proposed transaction publicly announced by Abra before the date of the Joint Announcement, none of the following events occurs during the period from the date of the Joint Announcement to the end of the offer period (each inclusive):

- (i) Abra or any subsidiary of Abra acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than AUD250,000, or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) Abra or any subsidiary of Abra disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in Abra's consolidated statement of financial position as at 30 June 2007) is, in aggregate, greater than AUD250,000, or makes an announcement in relation to such a disposition, offer or agreement;  
or

- (iii) Abra or any subsidiary of Abra enters into, or offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure, or the foregoing of revenue, by the Abra Group of an amount which is, in aggregate, more than AUD250,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement.

*(g) Non-existence of certain rights*

No person (other than a member of the Hunan Group) has or will have any right (whether subject to conditions or not) as a result of the Company acquiring Abra shares under the Offer to:

- (i) acquire, or require the disposal of, or require Abra or a subsidiary of Abra to offer to dispose of, any material asset of Abra or a subsidiary of Abra; or
- (ii) terminate, or vary the terms or performance of, any material agreement with Abra or a subsidiary of Abra.

*(h) Prescribed Occurrences*

None of the occurrences specified in s652C of the Corporations Act 2001 (Cth) happens either:

- (i) between the date of the Joint Announcement and the time the bidder's statement is given to Abra; or
- (ii) between the time the bidder's statement is given to Abra and the end of the offer period.

## **INFORMATION ON THE COMPANY**

The Company is principally engaged in the exploration, mining, production and refining of nonferrous metals, excluding aluminum, in the PRC and is the largest integrated producer in the PRC as measured by production volume. The Company has a vertically-integrated and centralised production chain that includes upstream exploration, mining and ore processing as well as midstream smelting and downstream refining and value-added processing. It is the largest producer of cemented carbides, zinc and antimony in the PRC (as measured by production volume), as well as major producer of products such as lead, silver, indium, tantalum and niobium.

## **INFORMATION ON ABRA**

Abra is a public company listed on ASX. Its head office is in West Perth, Western Australia.

Abra is an Australian mineral exploration company which was incorporated in 2004 for the purpose of acquiring and exploring the Abra deposit and the surrounding ground, and advance it to development. Abra's current focus is exploring the 100% owned Abra lead, silver, (zinc), copper, gold deposit and surrounding South Bangemall Projects area in Western Australia's Mid-West region. Abra holds title to, or is securing interests in, tenements covering an area of more than 2,850 km squares within the South Bangemall and Havelock Projects. The South Bangemall Project area is located approximately 200 kilometres north of Meekatharra in Western Australia and the Havelock Project is located 35 kilometres northwest of Wiluna.

According to the published financial reports of Abra, for the financial years ended 30 June 2006 and 2007, Abra reported net loss of AUD1,334,885 and AUD1,649,268 respectively. As at 30 June 2006 and 2007, Abra's net asset value were AUD9,461,129 and AUD12,504,986, respectively.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Board believes that the Proposed Acquisition represents an important opportunity for the Company to enhance its reserve in lead and other minerals, to expand its production base overseas and to create long term shareholder value. Further, the Proposed Acquisition of Abra would represent an important increase in the Company's resources and production base overseas, which is consistent with its long-term strategy.

The Directors believe that the terms of the Offer are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **GENERAL**

Applying the consideration test to the Offer, the percentage ratio computed exceeds 5% but is less than 25% of determined in accordance with Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition, if the Offer having been fully accepted, will constitute a discloseable transaction for the Company under the Listing Rules. The Company will send a circular containing further details on the Proposed Acquisition to its shareholders in accordance with the Listing Rules.

Trading in the Company's Shares has been suspended with effect from 9:30 a.m. on 13 May 2008. An application has been made to the Hong Kong Stock Exchange to resume trading from 9:30 a.m. on 16 May 2008.

## **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

"%"	per cent
"ASIC"	Australian Securities and Investments Commission
"Abra"	Abra Mining Limited, a corporation incorporated in Australia and whose shares are listed on the ASX

“Abra Group”	Abra and its related bodies corporate as defined in the Corporation Act 2001 (Cth)
“Abra Options”	Options to subscribe for Abra shares
“Articles”	the articles of association of the Company
“ASX”	the Australian Securities Exchange Limited
“AUD”	Australian Dollar, the lawful currency of Australia
“body corporate”	includes (a) a body corporate that is being wound up or has been dissolved; and (b) unincorporated registrable body.
“Board”	the board of Directors
“Company”	湖南有色金屬股份有限公司 (Hunan Nonferrous Metals Corporation Limited), a joint stock limited company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hunan Group”	the Company and its related bodies corporate as defined in the Corporation Act 2001 (Cth)
“Joint Announcement”	the joint announcement regarding the Proposed Acquisition made by the Company and Abra on 13 May 2008, the text of which is posted on the Hong Kong Stock Exchange’s website as overseas regulatory announcement.
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Offer”	a proportional takeover offer made pursuant to the Takeover Bid Implementation Deed by the Company to acquire for 70% of the Abra shares not held by the Company at AUD0.83 per Abra share for 7 of every 10 Abra shares
“Offer Conditions”	the offer conditions as set out in the Takeover Bid Implementation Deed
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan

“Proposed Acquisition”	the acquisition of up to 70% of the issued Abra shares upon acceptance of the Offer not currently held by the Company
“Public Authority”	any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organization established under statute and any stock exchange.
“Takeover Bid Implementation Deed”	the Takeover Bid Implementation Deed entered into by the Company and Abra regarding the Proposed Acquisition on 12 May 2008

*For the purpose of this announcement, exchange rate: AUD1 = RMB6.616*

*As at the date of this announcement, the Board of Directors of the Company comprises Messrs. He Renchun, Li li, Liao Luhai, and Chen Zhixin as executive directors, Messrs. Cao Xiuyun, Wu Longyun, Zhang Yixian, and Yu Jiang as non-executive directors and Messrs. Gu Desheng, Chen Xiaohong, Chan Wai Dune and Wan Ten Lap as independent non-executive directors*

By order of the Board  
**Hunan Nonferrous Metals Corporation Limited\***  
**He Renchun**  
*Chairman*

Changsha, the PRC, 15 May 2008

\* *The Company’s English name is for identification purpose only.*