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CNNC Overseas Uranium Holding Limited

(Incorporated in Hong Kong with limited liability)

UNITED

United Metals Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

JOINT ANNOUNCEMENT

**(1) CONDITIONAL AGREEMENT TO
(a) ACQUIRE A CONTROLLING INTEREST IN
UNITED METALS HOLDINGS LIMITED BY;
(b) SUBSCRIBE NEW SHARES IN
UNITED METALS HOLDINGS LIMITED BY;
(c) ISSUE CONVERTIBLE NOTE BY
UNITED METALS HOLDINGS LIMITED TO,
CNNC OVERSEAS URANIUM HOLDING LIMITED**

**(2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER
BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF
CNNC OVERSEAS URANIUM HOLDING LIMITED
TO ACQUIRE ALL THE SHARES IN
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(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY CNNC OVERSEAS URANIUM HOLDING LIMITED
AND THE PARTIES ACTING IN CONCERT WITH IT)**

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AND

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**FINANCIAL ADVISER TO
CNNC Overseas Uranium Holding Limited**



**FINANCIAL ADVISER TO
United Metals Holdings Limited**



Reference is made to the announcement of the Company dated 16 May 2008 in relation to, amongst other things, a possible change in control of the Company.

1. CONDITIONAL AGREEMENT TO (a) ACQUIRE A CONTROLLING INTEREST IN THE COMPANY BY; (b) SUBSCRIBE NEW SHARES IN THE COMPANY BY; AND (c) ISSUE CONVERTIBLE NOTE BY THE COMPANY TO, CNNC OVERSEAS

The Board and the directors of CNNC Overseas are pleased to jointly announce that after market close on 4 June 2008, CNNC Overseas, the Vendors, the Company and the Ultimate Shareholders entered into the Agreement pursuant to which:

- (a) CNNC Overseas has agreed to purchase, and the Vendors have agreed to sell 125,208,965 Shares, representing approximately 56.91% of the total issued share capital of the Company as at the Latest Practicable Date and approximately 33.02% of the enlarged issued share capital of the Company as at Completion (assuming no conversion of the Convertible Note), at a cash consideration of HK\$1.77 per Share;
- (b) CNNC Overseas has agreed to subscribe, and the Company has agreed to allot and issue to CNNC Overseas, 159,168,308 new Shares, representing approximately 72.35% of the issued share capital of the Company as at the Latest Practicable Date and approximately 41.98% of the enlarged issued share capital of the Company as at Completion (assuming no conversion of the Convertible Note), at a cash consideration of HK\$1.77 per Share; and
- (c) CNNC Overseas agreed to subscribe, and the Company agreed to allot and issue to CNNC Overseas, a convertible note in the principal amount of HK\$106,200,000, the initial conversion price under which is set at HK\$1.77 per Share.

The consideration for the Share Purchase, the Share Subscription and the terms and conditions of the Convertible Note are arrived at after arm's length negotiations amongst the parties to the Agreement.

Completion of the Share Purchase and subscription of the Subscription Shares and the Convertible Note is conditional upon the Conditions Precedent being fulfilled (or, if applicable, waived). Completion is expected to take place on the Completion Date, being the 5th Business Days after the fulfilment (or, if applicable, waiver) of the last of the Conditions Precedent.

Following Completion, CNNC Overseas intends to conduct a detailed review on the Existing Business and financial position of the Group for the purpose of formulating business plans and strategies for future business development of the Group. In this regard, CNNC Overseas may look into investment or business opportunities, particularly those relating to uranium leveraging on the background of its shareholders, to diversify the Group's business for the purpose of broadening its income source. Subject to the result of such review and if suitable investment or business opportunities are identified and materialize, it is the present intention of CNNC Overseas to utilize part of the net proceeds from the issuance of the Subscription Shares and the Convertible Note and, depending on the fund requirements, conduct fund raising exercises, to fund such investments and business development. No such investment or business opportunity has yet been identified as at the Latest Practicable Date. If such acquisition or fund raising exercise materializes, further announcement will be made by the Company in accordance with the Listing Rules.

Notwithstanding the aforesaid, CNNC Overseas intends to continue the Existing Business after Completion. CNNC Overseas has no intention to dispose of or re-deploy the assets of or inject its assets to the Group, other than in the ordinary course of the business of the Group, following Completion.

The net proceeds from the issuance of the Subscription Shares and the Convertible Note to be received by the Company are estimated to amount to approximately HK\$387.9 million. It is the present intention of CNNC Overseas to apply around 10% of the net proceeds as general working capital of the Group, and reserve the remaining around 90% to fund the Group's future investment and business opportunities as referred to above. The Company will make further announcement if there is any change in the proposed use of the net proceeds.

The issue of the Subscription Shares and the Conversion Shares is subject to, amongst other things, obtaining approval from the Independent Shareholders at the EGM in accordance with the requirements of the Listing Rules. Completion of the Share Purchase, the Share Subscription and the CN Subscription shall take place simultaneously. As such, the Vendors and their associates are considered to have a material interest in the Share Subscription and the CN Subscription and therefore will abstain from voting in the EGM in respect of the resolutions for approving the Share Subscription and the CN Subscription.

An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

2. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

As at the Latest Practicable Date, CNNC Overseas and parties acting in concert with it do not hold any Shares. On Completion, CNNC Overseas and the parties acting in concert with it will own in aggregate 284,377,273 Shares, representing (a) approximately 129.26% of the issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 75.00% of the enlarged issued share capital of the Company as at Completion (assuming the Convertible Note is not converted into any Shares).

Assuming CNNC Overseas fully exercises its conversion right under the Convertible Note immediately after Completion, CNNC Overseas and the parties acting in concert with it will own in aggregate 344,377,273 Shares, representing (a) approximately 156.54% of the issued share capital of the Company as at the Latest Practicable Date; (b) approximately 78.42% of the enlarged issued share capital of the Company immediately after Completion. Pursuant to the terms and conditions of the Convertible Note, the Noteholder is prevented from exercising the conversion right under the Convertible Note if, amongst other things, such conversion would lead to less than 25% of the total issued share capital of the Company being held by the public (as defined under the Listing Rules).

Upon Completion, pursuant to Rule 26.1 of the Takeovers Code, CCBIC will, on behalf of CNNC Overseas, make an unconditional mandatory cash offer to acquire all the Disinterested Shares at the Offer Price of HK\$1.82 per Share. The Offer Price is arrived at by adding the Special Benefit to HK\$1.77, being the purchase price for each Sale Share and the subscription price for each Subscription Share under the Agreement. The Special Benefit represents such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK\$2,864,000 divided by a total of 62,563,000 Disinterested Shares (excluding the Retained Shares on the basis that the Vendors and the Ultimate Shareholders have irrevocably and unconditionally undertaken to CNNC Overseas that they will not accept the Possible Offer in respect of the Retained Shares).

Pursuant to the Irrevocable Undertakings, each of the Vendors and the Ultimate Shareholders will not accept the Possible Offer in respect of the Retained Shares.

It is the intention of CNNC Overseas to maintain the listing of the Shares on the Stock Exchange after the close of the Possible Offer.

3. POSSIBLE SPECIAL DEALS AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SERVICE AGREEMENTS

Upon Completion, the Company will enter into the Service Agreements with Mr. Tsang and Mr. Kong (both being existing executive Directors) respectively. Under the Service Agreements, Mr. Tsang and Mr. Kong will be appointed as Chief Operation Officer and President of the Company respectively to manage the Existing Business with effect from the Effective Date of Resignation.

The Service Agreements will constitute special deals under Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. The Executive has indicated that, such consent, if granted, will be conditional upon, *inter alia*, the Independent Financial Adviser stating that in their opinion the terms and conditions of the Service Agreements are fair and reasonable and the Service Agreements having been approved by the Independent Shareholders voting by way of a poll at the EGM.

Although Mr. Tsang and Mr. Kong will resign their directorships with the Company on the Effective Date of Resignation and other directorships with other members of the Group upon Completion, both Mr. Tsang and Mr. Kong will remain to be regarded as connected persons of the Company for a period of 12 months after the Effective Date of Resignation for the purpose of Chapter 14A of the Listing Rules. The Service Agreements although yet to be executed, pursuant to the Agreement, the relevant parties shall execute the Service Agreements in the form which has been agreed upon Completion. As such, the Company considers the terms and conditions of the Service Agreements have been agreed and the compliance obligation of the Company under Rule 14A.47 of the Listing Rules has been triggered. Since the applicable percentage ratios in respect of the Service Agreements, if aggregated under Rule 14A.25 of the Listing Rules, are more than 2.5% (and the total consideration for the initial term of 24 months under the Service Agreements is more than HK\$10,000,000), the entering into of the Service Agreements is subject to approval of the Independent Shareholders.

4. PROPOSED CHANGE OF COMPANY NAME

It is proposed that, conditional upon Completion having duly taken place and subject to the approval of the Registrar of Companies in the Cayman Islands, the name of the Company will be changed to CNNC International Limited to reflect the change in control of the Company. The change of name will also be subject to the passing of a special resolution by the Shareholders at the EGM to approve such change.

5. GENERAL

The Independent Board Committees will appoint an Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Share Subscription, the CN Subscription, the Possible Offer and the Service Agreements (as special deals under Rule 25 of the Takeovers Code and continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules) and the Proposed Caps.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, *inter alia*, the terms of the Possible Offer, together with forms of acceptance and transfer, should be posted to the Shareholders by or on behalf of CNNC Overseas within 21 days of the date of the announcement of the Possible Offer. It is the intention of CNNC Overseas and the Company that a composite offer and response document in connection with the Possible Offer setting out, *inter alia*, details of the Possible Offer (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Possible Offer will be issued and despatched by CNNC Overseas and the Company jointly to the Shareholders in accordance with the Takeovers Code in due course. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of the Possible Offer is subject to prior fulfillment of certain conditions precedent and the conditions precedent cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. Application will be made by CNNC Overseas for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document within seven days of Completion.

The EGM will be convened to consider and approve, *inter alia*, the Share Subscription, the CN Subscription and the Service Agreements. A circular containing particulars of the Agreement (particularly the Share Subscription and the CN Subscription), the Service Agreements, a letter of advice from the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders and the recommendation of the Independent Board Committees in relation to the Share Subscription, the CN Subscription, the Service Agreements and the Proposed Caps and a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

6. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 June 2008 pending the publication of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 24 June 2008.

WARNING: THE POSSIBLE OFFER WILL ONLY BE MADE IF COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT. THEREFORE, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE AND SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

Reference is made to the announcement of the Company dated 16 May 2008 in relation to, amongst other things, a possible change in control of the Company. The Board and the directors of CNNC Overseas are pleased to jointly announce that they together with other parties have entered into the Agreement after market close on 4 June 2008. A summary of the major terms of the Agreement is set out below.

1. THE AGREEMENT

I. Date

4 June 2008

II. Parties

- (i) Vendor 1, Vendor 2 and Vendor 3 as vendors of the Sale Shares
- (ii) CNNC Overseas as purchaser of the Sale Shares and subscriber of the Subscription Shares and the Convertible Note — to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, CNNC Overseas and its ultimate beneficial owner are third parties independent of the Company and its connected persons
- (iii) The Company as issuer of the Subscription Shares and the Convertible Note
- (iv) The Ultimate Shareholders as warrantors

Each of the Ultimate Shareholders also agrees to procure the relevant Vendors which he beneficially owns 100% to duly observe and perform its respective obligations and undertakings under the Agreement.

Prior to the execution of the Agreement, the Company on the one hand and CNNC Overseas and its ultimate beneficial owners on the other hand had not had any relationships with each other and had not entered into any prior transactions with each other which would require to be aggregated under Rule 14.22 of the Listing Rules.

III. Share Purchase

CNNC Overseas has agreed to purchase, and the Vendors have agreed to sell, the Sale Shares at a cash consideration of HK\$1.77 per Share in the following manner:

Vendors	As at the		Share Purchase		Immediately following Completion (issued share capital as enlarged)		
	Latest Practicable Date					Percentage of issued share capital (assuming no exercise of the Convertible Note)	Percentage of issued share capital (assuming full exercise of the Convertible Note)
	Number of Shares held	Percentage of issued share capital	Number of Sale Shares to be sold to CNNC Overseas	Purchase Price payable by CNNC Overseas (HK\$'000)	Number of Shares held		
Vendor 1	69,468,000	31.58%	55,248,378	97,790	14,219,622	3.75%	3.24%
Vendor 2	54,788,000	24.90%	43,572,175	77,123	11,215,825	2.96%	2.55%
Vendor 3	<u>33,181,000</u>	<u>15.08%</u>	<u>26,388,412</u>	<u>46,707</u>	<u>6,792,588</u>	<u>1.79%</u>	<u>1.55%</u>
Total	<u>157,437,000</u>	<u>71.56%</u>	<u>125,208,965</u>	<u>221,620</u>	<u>32,228,035</u>	<u>8.50%</u>	<u>7.34%</u>

A total purchase price of approximately HK\$221.6 million will be paid in cash by CNNC Overseas to the Vendors upon Completion.

Upon Completion, the Vendors (either individually or taken together) will be interested in less than 10% of the enlarged issued share capital of the Company. Further, each of Mr. Tsang and Mr. Kong will resign as Directors upon the Effective Date of Resignation and all directorships with other members of the Group upon Completion. Accordingly, the Vendors will cease to be connected persons pursuant to Chapter 1 of the Listing Rules and the Retained Shares (as retained by the Vendors upon Completion) will be counted towards the public float upon close of the Possible Offer.

IV. Share Subscription

CNNC Overseas agreed to subscribe, and the Company agreed to allot and issue to CNNC Overseas, 159,168,308 new Shares, pursuant to the terms of the Agreement.

The Company shall issue the Subscription Shares at the Subscription Price of HK\$1.77 per Share, which is determined after arm's length negotiations between the Company and CNNC Overseas with reference to the audited net asset value per Share as at 31 December 2007 of approximately HK\$0.86 and the historical market prices of the Shares. The Subscription Price represents:

- (i) a premium of approximately 105.30% to the audited net asset value per Share as at 31 December 2007;

- (ii) a discount of approximately 63.51% to the closing price of HK\$4.850 per Share as quoted on the Stock Exchange on the Pre-Suspension Date;
- (iii) a discount of approximately 62.91% to the average closing price of HK\$4.772 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Pre-Suspension Date;
- (iv) a discount of approximately 56.36% to the average closing price of HK\$4.056 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Pre-Suspension Date;
- (v) a discount of approximately 25.76% over the average closing price of HK\$2.384 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Pre-Suspension Date;
- (vi) a premium of approximately 21.32% to the average closing price of HK\$1.459 per Share as quoted on the Stock Exchange for the trading days since 2 January 2008 up to and including the Pre-Suspension Date; and
- (vii) a premium of approximately 64.80% to the average closing price of HK\$1.074 per Share as quoted on the Stock Exchange for the trading days since 5 June 2007 up to and including the Pre-Suspension Date.

The total subscription price for the Share Subscription of approximately HK\$281,728,000 will be paid by CNNC Overseas in cash at Completion.

The Shares have been trading at a premium to the Subscription Price since 9 May 2008, being the date of suspension of trading of the Shares pending the release of the Company's announcement dated 16 May 2008. In determining the Subscription Price, the Company and CNNC Overseas have not taken into account of such recent upward surge in market prices of the Shares.

It is noted that the historical average closing prices per Share (more particularly since 5 June 2007 up to 8 May 2008, being the day immediately preceding the suspension of trading of the Shares on 9 May 2008 pending the release of the Company's announcement on 16 May 2008) remained constantly at a discount to the Subscription Price and fluctuated in the range between HK\$0.65 and HK\$1.49. Taking into account the premium of the Subscription Price to the net asset value per Share as at 31 December 2007 and the historical performance of the market prices of the Shares, the Board considers the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The total number of Subscription Shares represents:

- (i) approximately 72.35% of the issued share capital of the Company as at the Latest Practicable Date;

- (ii) approximately 41.98% of the enlarged issued share capital of the Company as at Completion (assuming that all the Subscription Shares have been duly issued but the conversion rights attached to the Convertible Note are not exercised); and
- (iii) approximately 36.24% of the enlarged issued share capital of the Company as at Completion (assuming that all the Subscription Shares have been duly issued and the conversion rights attached to the Convertible Note are exercised in full).

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Company will issue the Subscription Shares under specific mandate and hence the issue of the Subscription Shares is subject to obtaining approval from the Independent Shareholders at the EGM.

V. CN Subscription

CNNC Overseas agreed to subscribe, and the Company agreed to allot and issue to CNNC Overseas, a convertible note in the principal amount of HK\$106,200,000 pursuant to the terms of the Agreement and the Convertible Note. The total subscription price for the CN Subscription of HK\$106,200,000 will be paid by CNNC Overseas in cash at Completion. A summary of the major terms of the Convertible Note is set out below.

(i) Maturity date

Subject to the terms of the Convertible Note, the Company shall redeem the Convertible Note on the 3rd anniversary of the issue date of the Convertible Note.

(ii) Interest

The Convertible Note shall bear interest at a rate equal to 2% per annum on the outstanding principal amount from the date of issue.

(iii) Transferability

The Convertible Note or any part(s) thereof may be assigned or transferred at any time provided that the assignee or transferee of the Convertible Note shall be a member of the group of companies comprising the Noteholder, its subsidiaries and the subsidiaries of the holding company of the Noteholder and that such assignment or transfer shall be in compliance with the conditions set out in the Convertible Note, and further subject to (where applicable) the conditions, approvals, requirements and any other provision of or under:

- (A) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and
- (B) the Listing Rules and all applicable laws and regulations.

The Company will undertake to the Stock Exchange that it will notify the Stock Exchange immediately upon becoming aware of any dealings in the Convertible Note by connected persons of the Company.

(iv) *Conversion*

A Noteholder shall have the right to convert, on any Business Day during the period commencing on the issue date of the Convertible Note and expiring on the date which is seven Business Days preceding the maturity date of the Convertible Note, the whole or part of the Convertible Note into Conversion Shares at the Conversion Price pursuant to the terms of the Convertible Note, provided that immediately following the conversion:

- (A) the Company will be able to meet the public float requirement under the Listing Rules; or
- (B) the voting power of the Noteholder together with the parties acting in concert with it at general meetings of the Company will not trigger a mandatory general offer under the Takeovers Code (whether or not a waiver of the mandatory general offer obligation has been granted).

(v) *Conversion Price*

The initial Conversion Price is set at HK\$1.77, which is the same as the Subscription Price. The initial Conversion Price was determined based on the Subscription Price. Please refer to the paragraph headed “VI. Share Subscription” above for the basis for determining the Subscription Price and certain reference values of the Subscription Price.

On the basis given to the fairness and reasonableness of the Subscription Price (which is the same as the initial Conversion Price) as stated in paragraph headed “VI. Share Subscription” above and taking into account the additional cash which will be injected to the Company by the issue of the Convertible Note, the Board considers the issue of the Convertible Note and the Conversion Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(vi) *Redemption*

The Convertible Note will be redeemed by the Company on the maturity date of the Convertible Note at the principal amount outstanding on the maturity date.

The Noteholder may demand the Company to redeem the Convertible Note if the trading of the Shares has been suspended consecutively for more than 20 trading days. In the event that the Noteholder demands such redemption, the Company shall, unless the Convertible Note has been previously converted, redeemed, purchased or cancelled within three Business Days upon receipt of the written notice, redeem the Convertible Note at its principal amount outstanding together with all accrued and unpaid interest.

(vii) *Adjustment to Conversion Price*

The Conversion Price is subject to customary adjustments which includes the followings:

- (A) an alteration of the nominal amount of each Share by reason of any consolidation, sub-division, re-classification or otherwise;
- (B) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (C) a capital contribution being made by the Company, whether on reduction of capital or otherwise (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (D) an offer of new Shares for subscription by way of rights, or a grant of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the market price on the date of the announcement of the terms of offer by the Company to Shareholders (in their capacity as such);
- (E) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 95% of the market price on the date of the announcement of the terms of issue of such securities;
- (F) an issue of Shares wholly for cash at a price per Share which is less than 95% of the market price on the date of the announcement of the terms of such issue;
- (G) an issue of Shares for acquisition of asset at a total effective consideration per Share which is less than 95% of the market price on the date of the announcement of the terms of such issue; and
- (H) an issue by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares for the acquisition of asset at a total effective consideration initially receivable for such securities is less than 95% of the market price on the date of the announcement of the terms of such issue.

As such, there is a possibility that the Conversion Price may be subsequently adjusted to lower than HK\$1.77.

(viii) *Ranking*

The Conversion Shares shall rank in all respects *pari passu* with all the Shares outstanding at the date on which a notice in respect of the exercise of the conversion rights is given and shall be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the said notice.

(ix) *Listing*

The Convertible Note will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

(x) *Conversion Shares*

Based on the initial Conversion Price of HK\$1.77, 60,000,000 Conversion Shares will be issued upon full conversion of the Convertible Note. The 60,000,000 Conversion Shares represents approximately 27.27% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 13.66% of the enlarged issued share capital of the Company as at Completion (assuming full conversion of the Convertible Note). The Company will issue the Conversion Shares under specific mandate and as such the issue of the Conversion Shares is subject to obtaining approval from the Independent Shareholders at the EGM.

VI. Conditions

Completion is conditional upon:

- (i) the current listing of the Shares not having been withdrawn, the Shares continuing to be traded on the Stock Exchange prior to the Completion Date (save for any temporary suspension for no longer than seven trading days or such other period as CNNC Overseas may agree or the temporary suspension in connection with transactions contemplated under the Agreement) and neither the Stock Exchange nor the SFC having indicated that either one of them will object to such continued listing for reasons related to or arising from the transactions contemplated under the Agreement;
- (ii) the passing by the Shareholders (or where appropriate, the Independent Shareholders) in a general meeting of a resolution approving (A) the Share Subscription pursuant to the Agreement and the allotment and issue of the Subscription Shares and; (B) the issue of the Convertible Note pursuant to the Agreement and the issue and allotment of the Conversion Shares under the Convertible Note in accordance with the requirements of the Listing Rules, the articles of association of the Company and as required by law;

- (iii) the granting of the approvals of the Listing Committee of the Stock Exchange for:
 - (A) the issue of the Convertible Note, if required; and
 - (B) the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares;
- (iv) the passing by the Independent Shareholders in a general meeting of an ordinary resolution approving the Service Agreements and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules and the Takeovers Code;
- (v) the consent of the Executive in relation to the Service Agreements and the transactions contemplated thereunder as “special deals” under Rule 25 of the Takeovers Code having been obtained;
- (vi) all necessary consents and approvals being granted by the PRC authorities to CNNC Overseas and/or its immediate and/or ultimate holding company (including, without limitation, National Development and Reform Commission of the People’s Republic of China, and, where applicable, Securities Regulatory Commission of the People’s Republic of China, and other governmental or official authorities), as are considered necessary by CNNC Overseas, for (i) the Share Subscription, (ii) the Share Purchase and (iii) the CN Subscription;
- (vii) all necessary consents and approvals being granted by third parties given in favour of the Company and/or the Subsidiaries (as the case may be) in respect of the unconditional and irrevocable release and discharge of all guarantees, indemnities or securities provided by any member of the Group in favour of any third parties for debts owing by any of the Subsidiaries and such consents and approvals not being subject to the satisfaction of any condition that has not been satisfied or waived by CNNC Overseas and shall remain in full force and effect and no statute, regulation or decision which would prohibit, restrict or materially delay the Share Subscription and the Share Purchase and the CN Subscription or the operation of any member of the Group after Completion having been proposed, enacted or taken by any governmental or official authority;
- (viii) there not having occurred any event or series of events since the date of the Agreement which, individually or collectively, would probably have a material adverse effect on the business or financial positions of the Group, or which would materially adversely affect the Company’s ability to perform its obligations under the Agreement or the transactions contemplated thereby; for this purpose, “a material adverse effect on the business or financial positions of the Group” means any event or series of events which, individually or collectively,
 - (a) caused the Group, taken as a whole, to incur or suffer a liability or loss in value of a sum in excess of HK\$20,000,000;

- (b) affected the existence of any major member of the Group (save and except the voluntary winding up of United Non-Ferrous Sdn. Bhd.);
- (c) adversely affected the ability of the Group to continue operation of the Existing Business;
- (ix) the delivery by each of the Vendors to CNNC Overseas of (i) a certificate of incumbency issued by the registered agent of each Vendor in the British Virgin Islands certifying information of such Vendor as at the Completion Date and (ii) a certificate of good standing issued by the Registrar of Corporate Affairs of the British Virgin Islands dated not earlier than five Business Days from the Completion Date; in each case in respect of each of the Vendors at the cost of such Vendor;
- (x) no order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any governmental or regulatory instrumentality or authority, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated under the Agreement;
- (xi) no suit or other proceeding shall be pending or threatened by any third party before any court or governmental agency seeking to restrain or prohibit or declare illegal, or seeking substantial damages in connection with, the transactions contemplated by the Agreement; and
- (xii) on or before the expiry of a period ending 45 days from the date of the Agreement (or such other period as may be mutually agreed in writing by the Parties), CNNC Overseas issues a notice informing the Vendors and the Company in writing that it is reasonably satisfied with the results of the legal and financial due diligence on the Group in respect of all of the following matters:
 - (a) there being no adverse deviation which exceeds 10% of the value of each of the following items stated on the audited consolidated financial statements of the Company for the financial year ended 31 December 2007; (i) accounts receivable; (ii) accounts payable; (iii) bank loans; and (iv) tax;
 - (b) there being no material litigation or other proceedings instituted or threatened against any member of the Group; and
 - (c) each of the Vendors having good title to all its Sale Shares.

CNNC Overseas may waive all or any of the Conditions Precedent (other than items i, ii, iii, iv, v and vi above) at any time by notice in writing to the Vendors and the Company. Each of the Vendors, the Ultimate Shareholders and the Company shall use their respective best endeavours to procure (so far as it is within their power and capacity to procure) the fulfilment of the Conditions Precedent (save for item (vi) above which shall be the

responsibility of CNNC Overseas) as soon as practicable, and in any event, within three months from the date of the Agreement (or such other date as the Parties may agree in writing) provided that the condition as set out in item xii above must be fulfilled on or before the expiry of a period ending on 45 days from the date of the Agreement).

In the event that any of the Conditions Precedent shall not have been fulfilled (or waived pursuant to the Agreement) within three months from the date of the Agreement, then none of the Party shall be bound to proceed with the Share Subscription and the CN Subscription and the Share Purchase and the Agreement shall cease to be of any effect except certain clauses of the Agreement which shall remain in force and save in respect of claims arising out of any antecedent breach of this Agreement.

VII. Completion

Completion is expected to take place on the 5th Business Days after the fulfilment (or, if applicable, waiver) of the last of the Conditions Precedent.

2. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

I. Possible Offer for the Disinterested Shares

Prior to the execution of the Agreement, CNNC Overseas and parties acting in concert with it do not own any Shares. On Completion, CNNC Overseas and the parties acting in concert with it will own an aggregate of 284,377,273 Shares (assuming no conversion of the Convertible Note), which represent:

- (i) approximately 129.26% of the issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 75.00% of the enlarged issued share capital of the Company as at Completion.

Upon Completion, CNNC Overseas will then be required pursuant to Rule 26.1 of the Takeovers Code to make an unconditional mandatory offer for all the Disinterested Shares.

Accordingly, following Completion, CCBIC will, on behalf of CNNC Overseas, make an unconditional mandatory offer to acquire all the Disinterested Shares on the following basis:

For each Disinterested Share

HK\$1.82 payable in cash

The Offer Price is arrived at by adding the Special Benefit to HK\$1.77, being the purchase price for each Sale Share and the subscription price for each Subscription Share under the Agreement. The Special Benefit represents such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK\$2,864,000 divided by a total of 62,563,000 Disinterested Shares (excluding

the Retained Shares on the basis that the Vendors and the Ultimate Shareholders have irrevocably and unconditionally undertaken to CNNC Overseas that they will not accept the Possible Offer in respect of the Retained Shares).

As at the date of this announcement, the Company had 220,000,000 Shares in issue and the Company has no outstanding warrants, options, derivatives in respect of the Shares or securities convertible into Shares.

The Possible Offer, if and when made, will be unconditional in all respects.

II. Comparisons of value

The Offer Price of HK\$1.82 per Share, which represents:

- (i) a premium of approximately 2.82% over the Purchase Price, the Subscription Price and the Conversion Price;
- (ii) a premium of approximately 111.63% to the audited net asset value per Share as at 31 December 2007;
- (iii) a discount of approximately 62.47% to the closing price of HK\$4.850 per Share as quoted on the Stock Exchange on the Pre-Suspension Date;
- (iv) a discount of approximately 61.86% to the average closing price of HK\$4.772 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Pre-Suspension Date;
- (v) a discount of approximately 55.13% to the average closing price of HK\$4.056 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Pre-Suspension Date;
- (vi) a discount of approximately 23.66% over the average closing price of HK\$2.384 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Pre-Suspension Date;
- (vii) a premium of approximately 24.74% to the average closing price of HK\$1.459 per Share as quoted on the Stock Exchange for the trading days since 2 January 2008 up to and including the Pre-Suspension Date; and
- (viii) a premium of approximately 69.46% to the average closing price of HK\$1.074 per Share as quoted on the Stock Exchange for the trading days since 5 June 2007 up to and including the Pre-Suspension Date.

III. Highest and lowest Share prices

During the six month period up to and including the Pre-Suspension Date, the highest closing price of the Shares was HK\$4.900 per Share as quoted on the Stock Exchange on 30 May 2008 and the lowest closing price of the Shares was HK\$0.650 per Share as quoted on the Stock Exchange on 1 February 2008 and 4 February 2008.

IV. Undertaking by the Vendors for not accepting the Possible Offer

Pursuant to the Irrevocable Undertakings, the Vendors and the Ultimate Shareholders have irrevocably and unconditionally undertaken to CNNC Overseas that they will not accept the Possible Offer in respect of the Retained Shares.

V. Total consideration

On the basis of 220,000,000 Shares in issue as at the Latest Practicable Date, the Possible Offer values the equity value of the Company at HK\$400,400,000. On the basis of 62,563,000 Disinterested Shares (excluding the Retained Shares on the basis that the Vendors and the Ultimate Shareholders have irrevocably and unconditionally undertaken to CNNC Overseas that they will not accept the Possible Offer in respect of the Retained Shares) as at the Latest Practicable Date, the amount of cash required to effect the Possible Offer is HK\$113,864,660.

VI. Confirmation of financial resources

CNNC Overseas intends to finance the Possible Offer from external financing facilities. On 4 June 2008, CNNC Overseas and Challenge Shore Investment Limited, a wholly-owned subsidiary of CCB International Asset Management Limited, entered into the Finance Documents pursuant to which Challenge Shore Investment Limited has agreed to provide a facility of up to HK\$180,000,000 to CNNC Overseas as funding for the Possible Offer. CCBIC, as financial adviser to CNNC Overseas, is satisfied that sufficient resources are available to CNNC Overseas to satisfy full acceptance of the Possible Offer.

VII. Effect of accepting the Possible Offer

By accepting the Possible Offer, Shareholders will sell to CNNC Overseas the Disinterested Shares free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of posting of the offer document for the Possible Offer, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after the date of posting of the offer document for the Possible Offer.

VIII. Payment

Payment in cash in respect of acceptances of the Possible Offer will be made as soon as possible but in any event within 10 days of the receipt of duly completed acceptances.

IX. Stamp Duty

Ad valorem stamp duty of the sellers at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the consideration payable to the Shareholders who accept the Possible Offer will be deducted from the amount payable to such accepting Shareholders. CNNC Overseas will then pay the stamp duty deducted to the stamp duty office on behalf of the accepting Shareholders.

X. Shareholding structure of the Company

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date, on Completion and immediately following the completion of the Possible Offer (assuming that all the Subscription Shares have been duly issued and the Convertible Note is not exercised):

Shareholder	As at the Latest Practicable Date		On Completion		Immediately following the close of the Possible Offer (Assuming there is 100% acceptance of the Possible Offer)		Immediately following the close of the Possible Offer (Assuming no holder of the Disinterested Shares will accept the Offer)	
	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital
CNNC Overseas and parties acting in concert with it	—	—	284,377,273	75.00	346,940,273	91.50	284,377,273	75.00
Vendor 1 ⁽¹⁾	69,468,000	31.58	14,219,622	3.75	14,219,622	3.75	14,219,622	3.75
Vendor 2 ⁽¹⁾	54,788,000	24.90	11,215,825	2.96	11,215,825	2.96	11,215,825	2.96
Vendor 3 ⁽¹⁾	33,181,000	15.08	6,792,588	1.79	6,792,588	1.79	6,792,588	1.79
Other public Shareholders	62,563,000	28.44	62,563,000	16.50	—	—	62,563,000	16.50
Sub-total of shareholding of public Shareholders	<u>62,563,000</u>	<u>28.44</u>	<u>62,563,000</u>	<u>16.50</u>	<u>32,228,035</u>	<u>8.50</u>	<u>94,791,035</u>	<u>25.00</u>
Total	<u>220,000,000</u>	<u>100.00</u>	<u>379,168,308</u>	<u>100.00</u>	<u>379,168,308</u>	<u>100.00</u>	<u>379,168,308</u>	<u>100.00</u>

Note:

- (1) Mr. Lau, Mr. Tsang and Mr. Kong are the ultimate owners of the entire equity interests in Vendor 1, Vendor 2 and Vendor 3 respectively. The Retained Shares (as retained by the Vendors upon Completion) shall be counted towards the public float upon the close of the Possible Offer. See paragraph III headed “Share Purchase” under Section 1 headed “The Agreement” in this announcement.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date, on Completion and immediately following the completion of the Possible Offer (assuming that all the Subscription Shares have been duly issued and the Convertible Note is exercised in full):

Shareholder	As at the Latest Practicable Date		On Completion		Immediately following the close of the Possible Offer (Assuming there is 100% acceptance of the Possible Offer)		Immediately following the close of the Possible Offer (Assuming no holder of the Disinterested Shares will accept the Offer)	
	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital	Number of Shares	% of issued share capital
CNNC Overseas and parties acting in concert with it	—	—	344,377,273	78.42 ⁽²⁾	406,940,273	92.66 ⁽²⁾	344,377,273	78.42 ⁽²⁾
Vendor 1 ⁽¹⁾	69,468,000	31.58	14,219,622	3.24	14,219,622	3.24	14,219,622	3.24
Vendor 2 ⁽¹⁾	54,788,000	24.90	11,215,825	2.55	11,215,825	2.55	11,215,825	2.55
Vendor 3 ⁽¹⁾	33,181,000	15.08	6,792,588	1.55	6,792,588	1.55	6,792,588	1.55
Other public Shareholders	<u>62,563,000</u>	<u>28.44</u>	<u>62,563,000</u>	<u>14.24⁽²⁾</u>	<u>—</u>	<u>—</u>	<u>62,563,000</u>	<u>14.24⁽²⁾</u>
Sub-total of shareholding of public Shareholders	<u>62,563,000</u>	<u>28.44</u>	<u>62,563,000</u>	<u>14.24⁽²⁾</u>	<u>32,228,035</u>	<u>7.34⁽²⁾</u>	<u>94,791,035</u>	<u>21.58⁽²⁾</u>
Total	<u>220,000,000</u>	<u>100.00</u>	<u>439,168,308</u>	<u>100.00</u>	<u>439,168,308</u>	<u>100.00</u>	<u>439,168,308</u>	<u>100.00</u>

Notes:

- (1) Mr. Lau, Mr. Tsang and Mr. Kong, being the ultimate owners of the entire equity interests in Vendor 1, Vendor 2 and Vendor 3 respectively. The Retained Shares (as retained by the Vendors upon Completion) shall be counted towards the public float upon the close of the Possible Offer. See paragraph III headed “Share Purchase” under Section 1 headed “The Agreement” in this announcement.
- (2) This figure is for illustration purpose only. Pursuant to the terms and conditions of the Convertible Note, the Noteholder is prevented from exercising the conversion right under the Convertible Note if, amongst other things, such conversion would lead to less than 25% of the total issued share capital of the Company will be held by the public (as defined under the Listing Rules).

Save for the Subscription Shares, Sale Shares and Convertible Note and other than the granting of the Warrants (which will automatically terminate if Completion does not take place), neither CNNC Overseas nor any party acting in concert with it (including CCBIC) owns or controls any Shares or has options to acquire any outstanding warrants, convertible securities or derivatives in respect of any Shares as at the Latest Practicable Date.

Save for the granting of the Warrants, CNNC Overseas and the parties acting in concert with it have not had any dealings for value in the Shares, or convertible securities, warrants or options (or other outstanding warrants, convertible securities or derivatives) in respect of any Shares, during the six month period up to and including the Latest Practicable Date.

WARNING: THE POSSIBLE OFFER WILL ONLY BE MADE IF COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT. THEREFORE, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE AND SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

3. POSSIBLE SPECIAL DEALS AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS

In order to ensure continuity of management of the Group, the Company will enter into service agreements with each of Mr. Tsang and Mr. Kong at Completion. The Service Agreements although yet to be executed, the terms and conditions of which have been agreed. Pursuant to the Agreement, the relevant parties shall execute the Service Agreements in the form as agreed upon Completion.

I. Date

To be entered into on the Completion Date

II. Parties

(i) The Company and Mr. Tsang (as Chief Operation Officer of the Company)

(ii) The Company and Mr. Kong (as President of the Company)

III. Term

The appointment of Mr. Tsang and Mr. Kong by the Company shall be for an initial fixed term of 24 months commencing from the Effective Date of Resignation provided that such initial fixed term shall end on or before 31 December 2010 (“**Initial Term**”). The appointment may continue after the Initial Term by mutual consent.

In the event either Mr. Tsang or Mr. Kong has become incapacitated by illness, injury or accident or any one of them shall become through mental disorder incapable of performing the inherent requirements of his employment or is summarily dismissed under the terms of the Service Agreement, both Service Agreements will be co-terminated.

IV. Services to be provided

Mr. Tsang will oversee the daily operations of the die-casting business of the Group.

Mr. Kong will oversee the marketing of the die-casting business of the Group.

V. Major terms of the Service Agreements

It is a term of the Service Agreements that both Mr. Tsang and Mr. Kong shall guarantee to the Company that the Consolidated NAV as at the Guaranteed Date shall not be less than the sum of HK\$189,674,000 (the “**Guaranteed Sum**”) (being the expected minimum net asset value of the Group as at the Guaranteed Date as agreed between the parties to the Service Agreements). If the Consolidated NAV as at the Guaranteed Date shall be less than the Guaranteed Sum, each of Mr. Tsang and Mr. Kong shall be liable to pay 50 percent of such shortfall to the Company.

It is also a term of the Service Agreements that both Mr. Tsang and Mr. Kong shall warrant to and with the Company in respect of certain taxation, environmental and litigation matters in respect of the BVI Holdco Group. If there is any direct actual loss or damages suffered by the Company and/or any member of the BVI Holdco Group in respect of any breach of the warranties during his appointment, then the Company (for itself and/or for and on behalf of each of the members of the BVI Holdco Group) shall be entitled to claim from Mr. Tsang and Mr. Kong by written notice setting out in reasonably sufficient detail information regarding the claim together with evidence of such loss or damages given to them provided that such notice of claim is made within six months after the Guaranteed Date and provided that Mr. Tsang and Mr. Kong shall not be liable where BVI Holdco (or any member of the BVI Holdco Group) has recovered damages or obtained payment, reimbursement, restitution or indemnity for the same loss suffered under the Service Agreements or insurance policies, the liabilities of each of Mr. Tsang and Mr. Kong shall be calculated as follows:-

- (i) (1) 50% of \$X, if the Consolidated NAV is less than or equal to the Guaranteed Sum; or
- (2) 50% of \$Y, if the Consolidated NAV is more than the Guaranteed Sum,

as derived from the following formula:

$$\$Y = \$X - (\text{Consolidated NAV} - \text{Guaranteed Sum})$$

where:

\$X = amount of loss or damages suffered by the Company and/or
any member of the Group arising from the breach of warranties

and

- (ii) 50% of all reasonable costs and expenses properly incurred by any member of the Group in connection with or as a result of such claim.

where

“Guaranteed Date” means the earliest of:

- (i) the last day of the Initial Term;
- (ii) the date on which the appointment of Mr. Tsang or Mr. Kong is terminated due to whatsoever reason; or
- (iii) the last working day of the Mr. Tsang or Mr. Kong;

“Consolidated NAV” means the audited consolidated net asset value of BVI Holdco as stated in the Special Accounts, adjusted as follows:

- (i) the Consolidated NAV shall be downward adjusted with any revaluation surplus of intangible assets;
- (ii) the Consolidated NAV shall be upward adjusted with any revaluation deficit of intangible assets;
- (iii) the Consolidated NAV shall be downward adjusted with any expenses incurred, paid and payable by the Company associated with the issuance of announcements and circulars of the Company in connection with the Master Agreement in excess of an agreed amount;
- (iv) the Consolidated NAV shall be upward adjusted with any expenses incurred, paid or payable by the Company and any incentives provided by the Company to directors, officers and employees of the BVI Holdco Group (including but not limited to the granting of share options under the share option scheme of the Company) which are accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts;
- (v) the Consolidated NAV shall be downward adjusted with the salaries and benefits received by Mr. Tsang and/or Mr. Kong under the Service Agreements which are not accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts; and
- (vi) the Consolidated NAV shall be upward adjusted with any asset distribution or dividend declared or paid by any member of the BVI Holdco Group to the Company (or its nominee);

“2008 Accounts” means the audited consolidated financial statements of the BVI Holdco for the financial ending year 31 December 2008 comprising the audited consolidated profit and loss account of the BVI Holdco for the financial year ended 31 December 2008 and the audited consolidated balance sheet of the BVI Holdco as at 31 December 2008 (and all accompanying notes and directors’ and auditors’ report);

“**2009 Accounts**” means the audited consolidated financial statements of the BVI Holdco for the financial ending year 31 December 2009 comprising the audited consolidated profit and loss account of the BVI Holdco for the financial year ended 31 December 2009 and the audited consolidated balance sheet of the BVI Holdco as at 31 December 2009 (and all accompanying notes and directors’ and auditors’ report); and

“**Special Accounts**” means the audited consolidated financial statements of BVI Holdco for the period ending on the Guaranteed Date which comprises the audited consolidated profit and loss account of BVI Holdco for the period ending on the Guaranteed Date and the audited consolidated balance sheet of BVI Holdco as at the Guaranteed Date.

Each of Mr. Tsang and Mr. Kong shall be entitled to a fixed salary of HK\$3,500,000 per annum payable in arrears in 12 monthly instalments during the Initial Term.

In addition, each of Mr. Tsang and Mr. Kong will be entitled to:

- (i) a management bonus for a sum equivalent to 15% of the Consolidated Net Profit; and
- (ii) a discretionary bonus of up to 5% of the Consolidated Net Profit to be determined by the board of directors of the Company for each completed year of service after the commencement date of the appointment;

where

“**Consolidated Net Profit**” means the sum equivalent to the aggregate amount of the audited consolidated net profit after taxation and minority interests of BVI Holdco for the period commencing on the commencement date of the appointment and ending on the Guaranteed Date (both dates inclusive) as stated in:

- (i) the 2008 Accounts, as shall be pro-rated for the period commencing on the commencement date of the appointment and ending on 31 December 2008;
- (ii) the 2009 Accounts; and
- (iii) the Special Accounts,

adjusted as follows:.

- (1) the Consolidated Net Profit shall be downward adjusted with any unrealized profit of property interests or securities investments;
- (2) the Consolidated Net Profit shall be upward adjusted with any unrealized loss of property interests or securities investments;

- (3) the Consolidated Net Profit shall be upward adjusted with any expenses incurred, paid or payable by the Company and any incentives provided by the Company to directors, officers and employees of the Group (including but not limited to the granting of share options under the share option scheme of the Company) which are accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts; and
- (4) the Consolidated Net Profit shall be downward adjusted with the salaries and benefits received by the Executive under the Service Agreements which are not accounted for in the 2008 Accounts, the 2009 Accounts and/or the Special Accounts,

PROVIDED ALWAYS THAT

- (I) in the event the Consolidated Net Profit figure stated in any one or more of the 2008 Accounts, the 2009 Accounts and the Special Accounts shall be a negative figure, or in other words, there is consolidated net loss suffered by BVI Holdco as shown in any one or more of the aforesaid accounts, such negative figure(s) or consolidated net loss(es) shall be set off against the Consolidated Net Profit for the purpose of determining the Consolidated Net Profit; and
- (II) (aa) if the Guaranteed Date shall fall on a date before 31 December 2008, the Consolidated Net Profit shall be by reference to the Special Accounts for the period commencing on the Commencement Date and ending on the Guaranteed Date; and

(bb) if the Guaranteed Date shall fall on a date before 31 December 2009, the Consolidated Net Profit shall be by reference to the 2008 Accounts and the Special Accounts for the period commencing on 1 January 2009 and ending on the Guaranteed Date.

The terms of the Service Agreements were arrived at after arm's length negotiations between each of Mr. Tsang and Mr. Kong and CNNC Overseas (assuming the role as the controlling shareholder of the Company as if Completion has taken place).

VI. Reasons for the Service Agreements

The Service Agreements are intended to ensure management continuity and minimize any negative impact on the management of the Existing Business as a result of the change in control of the ownership of the Company. They serve to provide CNNC Overseas with the opportunity to gradually learn from the existing management and preserve the knowledge and experience accumulated, and with sufficient time to evaluate the Existing Business.

Mr. Tsang and Mr. Kong will be retained under the Service Agreements to manage and supervise the day-to-day operation of the Existing Business in view of their relevant experience in the industry and familiarity with the on-going operations of the Existing Business. More particularly, Mr. Tsang was a co-founder of the Group who joined the Group in 1993 and has over 27 years of experience in the metal working industry in Hong Kong,

while Mr. Kong has over 20 years of manufacturing management experience and was appointed an executive Director and chief operating officer of the Company in September 2002.

In view of the reliance of CNNC Overseas on the expertise and experience of each of Mr. Tsang and Mr. Kong in the Existing Business and with the best of intention and effort to safeguard/ensure further protection on the assets and financial results of the Group following the Completion, a carrot and stick package is structured under the Service Agreements whereby each of Mr. Tsang and Mr. Kong will be required to provide guarantee to the net asset value of the Existing Business and, in return of such liabilities exposure, will be incentivised by a profit sharing scheme. (See the preceding paragraph V headed “Major terms of the Service Agreement” for details.)

On the basis set out above, the Board is of the view that the entering into the Service Agreements in the interest of the Company and the Shareholders as a whole. The Service Agreements will constitute continuing connected transactions of the Company under the Listing Rules and special deals under the Takeovers Code. The Independent Board Committees will advise the Independent Shareholders on the fairness and reasonableness of the terms of the Service Agreements and the Proposed Caps in the circular to be despatched to the Shareholders, together with the opinion of the Independent Financial Adviser.

VII. Proposed Caps

Based on the terms of the Service Agreements, the Directors propose that the maximum aggregate management fees contemplated under the Service Agreements for each of the three financial years of the Company after the Effective Date of Resignation shall be as follows:

	<u>For year ending 31 December</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
	<i>HK\$</i>		
Service Agreement with Mr. Tsang	2,883,600	8,908,340	9,178,757
Service Agreement with Mr. Kong	<u>2,883,600</u>	<u>8,908,340</u>	<u>9,178,757</u>
Total:	<u><u>5,767,200</u></u>	<u><u>17,816,680</u></u>	<u><u>18,357,514</u></u>

VIII. Basis of the Proposed Caps

The caps proposed for the Service Agreements are determined by reference to the agreed remuneration under the Service Agreements (i.e. fixed salary plus potential 15% profit bonus and 5% discretionary bonus).

The term of the Service Agreements will commence at the close of the Possible Offer. The earliest Completion Date will be 9 August 2008 (five Business Days after the date of the EGM, which is expected to be the 52nd day after the date of this Announcement). Given the period between Completion and close of the Possible Offer will be around one month, the earliest date of the close of the Possible Offer and also the earliest commencement date of the Service Agreements will be 9 September 2008. For the purpose of calculation of the Proposed Cap for 2008, the Company assumes that the term of the Service Agreements will commence on 1 September 2008.

Given that the exact date of Completion is not known at the Latest Practicable Date and there is a possibility of an extension of the Completion Date in case the Conditions Precedent regarding PRC regulatory approval cannot not be satisfied within three months from the date of the Agreement (which condition precedent cannot be waived by the Parties), the Proposed Cap in 2010 is provided for the whole year.

For the purpose of calculation of the Proposed Caps, (i) the net profit of the Company for the financial year 2003 (i.e. HK\$25,754,000), being the highest net profit of the Company in the past five financial years, is adopted as a reference figure in respect of the profit-linked portion of the remuneration; (ii) it is assumed that there will be an annual inflation rate of 5% in 2009 and 2010. Such reference and assumption are by no means equivalent to any estimate or forecast of the future profit of the Company. Calculation of the remuneration of each of Mr. Tsang and Mr. Kong per year is as follows:

Proposed Cap for 2008:

$$(\text{HK}\$3,500,000 \times 4/12) + (\text{HK}\$25,754,000 \times 15\% \times 4/12) + (\text{HK}\$25,754,000 \times 5\% \times 4/12) = \text{HK}\$2,883,600$$

Proposed Cap for 2009:

$$\text{HK}\$3,500,000 + (\text{HK}\$25,754,000 \times 1.05 \times 15\%) + (\text{HK}\$25,754,000 \times 1.05 \times 5\%) = \text{HK}\$8,908,340$$

Proposed Cap for 2010:

$$\text{HK}\$3,500,000 + (\text{HK}\$25,754,000 \times 1.052 \times 15\%) + (\text{HK}\$25,754,000 \times 1.052 \times 5\%) = \text{HK}\$9,178,757$$

IX. Computation of Special Benefit

The Offer Price is arrived at by adding the Special Benefit to HK\$1.77, being the purchase price for each Sale Share and the subscription price for each Subscription Share under the Agreement. Computation of the Special Benefit is set out below.

Pursuant to the Service Agreements, the remuneration of each of Mr. Tsang and Mr. Kong will be a fixed salary at the rate of HK\$3,500,000 per annum and a management bonus for a sum equivalent to 15% of the Consolidated Net Profit for the period from the Effective Date of Resignation and up to the Guaranteed Date. The Company may also provide a discretionary bonus of up to 5% of the Consolidated Net Profit. The amount of the management bonus and discretionary bonus cannot be determined as at the Latest Practicable Date.

Pursuant to the current service contracts of Mr. Tsang and Mr. Kong, the remuneration of each of Mr. Tsang and Mr. Kong includes a fixed monthly salary of HK\$168,000 and a fixed sum bonus equal to one month's fixed salary and a monthly housing allowance of up to HK\$50,000 per month and all related outgoings and payments including management fees, rates, government rent and utilities of the premises paid by the Company. The Company may also provide a discretionary bonus of up to 5% of the Consolidated Net Profit. As set out in the latest consolidated audited accounts of the Company for the year ended 31 December 2007, the salary and allowance received by each of Mr. Tsang and Mr. Kong for the year ended 31 December 2007 were HK\$2,465,000 and HK\$2,963,000, respectively.

In order to comply with the Takeovers Code and extend the Special Benefit to all the other shareholders of the Company, CNNC Overseas has agreed to increase its price for the Possible Offer by HK\$0.05 per Share. HK\$0.05 represents a 2-decimal place round up quotient of HK\$2,864,000 and 62,563,000 Disinterested Shares. Where the 62,563,000 Shares represent the total number of Disinterested Shares (excluding the Retained Shares on the basis that the Vendors and the Ultimate Shareholders have irrevocably and unconditionally undertaken to CNNC Overseas that they will not accept the Possible Offer in respect of the Retained Shares) as at the Latest Practicable Date, HK\$2,864,000 represents the additional total quantifiable pecuniary entitlements conferred to Mr. Tsang and Mr. Kong under the Service Agreements which is the difference between the aggregate remunerations payable to Mr. Tsang and Mr. Kong under the Service Agreements during the fixed term of two years and the existing service contracts of Mr. Tsang and Mr. Kong for the same period. Under the Service Agreements, Mr. Tsang and Mr. Kong will receive a total "special benefit" of HK\$2,864,000 (i.e. HK\$3,500,000 x 2 years x 2 persons – (HK\$168,000 x 13 + HK\$50,000 x 12) x 2 years x 2 persons). Further details on the prices of Possible Offer are set out in the section headed "Possible unconditional mandatory cash offer" above.

4. INFORMATION ON THE PARTIES

I. The Company

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 June 2002 and its Shares have been listed on the Stock Exchange since 6 January 2003.

The Group principally engages in the production and trading of metal die-casting products with its principal production facility located in Dongguan, the PRC with an annual production capacity of approximately 3,300 ton in 2007.

II. Vendors

Shine Top Limited is a company incorporated in the British Virgin Islands ultimately owned by Mr. Lau, a controlling shareholder of the Company as defined under the Listing Rules. Shine Top Limited is an investment holding company.

Standard Beyond Limited is a company incorporated in the British Virgin Islands and is beneficially owned by Mr. Tsang Chiu Wai, an executive Director. Standard Beyond Limited is an investment holding company.

Absolute Above Limited is a company incorporated in the British Virgin Islands and is beneficially owned by Mr. Kong Cheuk Luen, Trevor, an executive Director. Absolute Above Limited is an investment holding company.

III. CNNC OVERSEAS

CNNC Overseas is a private investment holding company incorporated in Hong Kong on 27 November 2007 with limited liability. It is a direct wholly-owned subsidiary of China Nuclear International Uranium Corporation (中國國核海外鈾資源開發公司) (“Sino-U”), which is, in turn, a wholly-owned subsidiary company of China National Nuclear Corporation (中國核工業集團公司) (“CNNC”), a large-scale State-owned enterprise which establishment was approved by the State Council of the PRC. CNNC has over 100 subsidiaries and institutes, and its principal businesses cover comprehensive nuclear activities in the PRC from research and development of nuclear related products, nuclear electricity production, nuclear fuel and nuclear technology development and application and construction and operation of nuclear power plant. Sino-U is the platform of CNNC for its uranium reserve and production in foreign countries whose principal business are to carry out evaluation and exploration of overseas uranium resources, to make investment, engineering, construction and management of overseas uranium resources and its related products, to undertake the related research and development activities as and import and export business.

Since its incorporation, CNNC Overseas has made certain investments in Africa involving the exploration and mining of uranium. Save as aforesaid and the transactions contemplated in the Agreement and the financial arrangements for the purpose of the Possible Offer, CNNC Overseas has not carried on any other business.

5. FUTURE INTENTIONS OF CNNC OVERSEAS AND THE INTENDED USE OF PROCEEDS FROM THE SHARE SUBSCRIPTION AND THE CN SUBSCRIPTION

Upon Completion, CNNC Overseas will become the controlling shareholder of the Company expected to be interested in approximately 75% of the enlarged issued share capital of the Company. After Completion, CNNC Overseas will propose to remove all the existing Directors and nominate new Directors to the Board in compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules. Such proposed changes have not yet been finalized at the Latest Practicable Date. A further announcement will be made upon any changes to the directorship of the Company.

Following Completion, CNNC Overseas intends to conduct detail review on the Existing Business and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, CNNC Overseas may look into investment or business opportunities, particularly those relating to uranium leveraging on the background of its shareholders, to diversify the Group's business for the purpose of broadening its income source. Subject to the result of such review and if suitable investment or business opportunities are identified and materialized, it is the present intention of CNNC Overseas to utilize part of the net proceeds from the issuance of the Subscription Shares and the Convertible Note and, depending on the fund requirements, conduct fund raising exercises, to fund such investments and business development. No such investment or business opportunity has yet been identified as at the Latest Practicable Date. However, given the size of funding requirements involved in uranium projects in general, CNNC considers it beneficial to substantially enhance the capital base and cash flow position of the Company at the outset to better prepare for the timely participation in any such business opportunities that may be identified and/or may materialize, particularly having regard to the length of time that is expected to obtain the approvals from relevant PRC Governmental authorities (including the National Development and Reform Commission, the Ministry of Commerce and/or the State Administration of Foreign Exchange, as applicable) that may be required for such capital injections. Accordingly, CNNC Overseas is entering into the Share Subscription in addition to the Share Purchase in order to provide capital to the Company. If the above-mentioned acquisition or fund raising exercise materializes, further announcement will be made by the Company in accordance with the Listing Rules.

Notwithstanding the aforesaid, CNNC Overseas intends to continue the Existing Business after Completion. CNNC Overseas has no intention to dispose of or re-deploy the assets of or inject its assets to the Group, other than in the ordinary course of the business of the Group, following Completion.

The net proceeds from the issuance of the Subscription Shares and the Convertible Note to be received by the Company are estimated to amount to approximately HK\$387.9 million. It is the present intention of CNNC Overseas to apply around 10% of the net proceeds as general working capital of the Group, and reserve the remaining around 90% to fund the Group's future investment and business opportunities as referred to above. The Company will make an announcement if there is any change in the proposed use of the net proceeds.

6. MAINTAINING THE LISTING STATUS OF THE COMPANY

CNNC Overseas intends to maintain the listing of the Shares on the Main Board of the Stock Exchange. The Company and the new Directors to be nominated by CNNC Overseas will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Possible Offer to ensure that not less than 25% of the Shares will be held by the public. More particularly, it is proposed that CNNC Overseas will enter into placing arrangements with CCBIC on or before commencement of the offer period in relation to the Possible Offer, with effect from the close of the Possible Offer, to place down any Shares that are acquired by CNNC Overseas pursuant to acceptances of the Possible Offer for the purpose of restoring the minimum public float of the Shares as required under the Listing Rules.

The Stock Exchange has stated that if, at the close of the Possible Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

7. GENERAL

Share Subscription and CN Subscription

The issue of the Subscription Shares and the Conversion Shares will be subject to, amongst other things, obtaining approval from the Independent Shareholders at the EGM in accordance with the requirements of the Listing Rules. The Share Purchase, the Share Subscription and the CN Subscription are inter-conditional and shall be completed simultaneously. As such, the Vendors and their respective associates are considered to have material interests in the Share Subscription and the CN Subscription and therefore will abstain from voting in the EGM in respect of the resolutions for approving the Share Subscription and the CN Subscription.

Possible Offer

The Independent Board Committee will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Possible Offer and the Service Agreements (as special deals under Rule 25 of the Takeovers Code and continuing connected transactions of the Company under Rule 14A.25 of the Listing Rules) and the Proposed Caps.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, inter alia, the terms of the Possible Offer, together with forms of acceptance and transfer, should normally be posted to the Shareholders by or on behalf of CNNC Overseas within 21 days of the date of the announcement of the Possible Offer. CNNC Overseas and the Company intend to combine the offer document and the Company's response document in a composite offer and response document. Such composite offer and response document in connection with the Possible Offer setting out, inter alia, details of the Possible Offer (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Possible Offer will be issued and despatched by CNNC Overseas and the Company jointly to the Shareholders in accordance with the Takeovers Code. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of the Possible Offer is subject to prior fulfillment of certain conditions precedent and the conditions precedent cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. Application will be made by CNNC Overseas for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document within seven days of Completion.

Service Agreements

The Service Agreements will constitute special deals under Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. The Executive has indicated that, such consent, if granted, will be conditional upon, inter alia, that the Independent Financial Adviser states that in their opinion the terms and conditions of the Service Agreements are fair and reasonable and the Service Agreements are approved by the Independent Shareholders voting by way of a poll at the EGM.

Although Mr. Tsang and Mr. Kong will resign as Directors on the Effective Date of Resignation and all directorships with other members of the Group upon Completion, both Mr. Tsang and Mr. Kong will remain to be regarded as connected persons of the Company for a period of 12 months after the Effective Date of Resignation for the purpose of Chapter 14A of the Listing Rules. The Service Agreements although yet to be executed, pursuant to the Agreement, the relevant parties shall execute the Service Agreements in the form which has been agreed upon Completion. As such, the Company considers the terms and conditions of the Service Agreements have been agreed and the compliance obligation of the Company under Rule 14A.47 of the Listing Rules has been triggered. Since the applicable percentage ratios in respect of the Service Agreements, if aggregated under Rule 14A.25 of the Listing Rules, are more than 2.5% (and the total

consideration for the initial term of 24 months under the Service Agreements is more than HK\$10,000,000), the entering into of the Service Agreements is subject to approval of the Independent Shareholders.

An Independent Board Committee comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam, being all the independent non-executive directors of the Company, has been established for the purpose of advising the Independent Shareholders in relation to the terms and conditions of the Share Subscription, the CN Subscription and the Service Agreements constituting continuing connected transactions as required under the Listing Rules, whilst a separate Independent Board Committee comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam and Mr. Wong Wing Sing, being all the independent non-executive directors and non-executive director of the Company, has been established for the purpose of advising the Independent Shareholders in relation to the terms and conditions of the Possible Offer and the Service Agreements constituting special deals under the Takeovers Code. None of the members of the Independent Board Committee has any material interest in respect of the Possible Offer and the Service Agreements.

EGM

The EGM will be convened to consider and approve, inter alia, the Share Subscription, the CN Subscription and the Service Agreements. A circular containing particulars of the Agreement (particularly the Share Subscription and the CN Subscription) and the Service Agreements, a letter of advice from the Independent Financial Adviser to the Independent Shareholders in relation to the Possible Offer, the Service Agreements and the Proposed Caps and a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

Disclosure Obligations

Other than the Agreement, (a) there are no agreements or arrangements to which CNNC Overseas is a party as at the Latest Practicable Date which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Possible Offer; and (b) there are no arrangements in relation to the Shares or CNNC Overseas which might be material to the Possible Offer. Upon Completion, the Possible Offer will materialize and will be unconditional in all respects.

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and CNNC Overseas are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal

traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant provisions of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to cooperate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.

8. PROPOSED CHANGE OF COMPANY NAME

It is proposed that, conditional upon Completion having duly taken place and subject to the approval of the Registrar of Companies in the Cayman Islands, the name of the Company will be changed to CNNC International Limited to reflect the change in control of the Company and the anticipated future development of the Company. The change of name will also be subject to the passing of a special resolution by the Shareholders at the EGM to approve such change.

9. IMPORTANT NOTE FOR SHAREHOLDERS OUTSIDE HONG KONG

The Possible Offer will be in respect of securities of a company incorporated in the Cayman Islands and will be subject to the procedure and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The ability of Shareholders outside of Hong Kong to participate in the Possible Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

10. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 June 2008 pending the publication of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 24 June 2008.

WARNING: THE POSSIBLE OFFER WILL ONLY BE MADE IF COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT. THEREFORE, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE AND SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

11. DEFINITIONS

In this Announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Agreement”	the agreement in respect of the Share Purchase, the Share Subscription and the CN Subscription dated 4 June 2008
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong and the PRC
“BVI Holdco”	United Non-Ferrous (Overseas) Ltd, a direct wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“BVI Holdco Group”	BVI Holdco and its direct or indirect subsidiaries as at the date of the Agreement and such other future direct or indirect subsidiaries of BVI Holdco as may be approved by its board of directors
“CCBIC”	CCB International Capital Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and the financial adviser to CNNC Overseas
“CN Subscription”	the subscription of the Convertible Note pursuant to the Agreement
“CNNC Overseas”	CNNC Overseas Uranium Holding Limited, a company incorporated in Hong Kong on 27 November 2007 with limited liability, being the purchaser of the Sale Shares and the subscriber of the Subscription Shares and the Convertible Note
“Company”	United Metals Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange
“Completion”	completion of the Share Purchase, Share Subscription and CN Subscription in accordance with the Agreement
“Completion Date”	the 5th Business Day from and excluding the day on which the last of the Conditions Precedent have been fulfilled or waived (as the case may be) (or such other date as the Parties may agree in writing)

“Conditions Precedent”	the conditions precedent to Completion
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	the price at which the Noteholder(s) may exercise the conversion right under Convertible Note
“Conversion Shares”	any Shares to be issued by the Company upon the Noteholder(s) exercising its/their conversion right under and in accordance with the terms and conditions of the Convertible Note
“Convertible Note”	an unsecured, three-year maturity 2% coupon convertible note with a principal amount of HK\$106,200,000 to be issued by the Company to CNNC Overseas
“Director(s)”	the director(s) of the Company
“Disinterested Shares”	all the Shares in issue, other than those Shares which are owned or agreed to be acquired by CNNC Overseas and the parties acting in concert with any one of them as at the date of the offer document to be issued by or on behalf of CNNC Overseas to all Shareholders in accordance with the Takeovers Code containing, inter alia, the terms and conditions of the Possible Offer or, where applicable, the composite offer and response document to be issued by CNNC Overseas and the Company
“EGM”	means the extraordinary general meeting of the Company to be convened to consider and approve, inter alia, the issue of Subscription Shares and the Conversion Shares and the Service Agreements
“Effective Date of Resignation”	the date which is the earliest time permitted under the Takeovers Code in respect of the resignation of Mr. Tsang and Mr. Kong as directors of the Company and (where applicable) the Subsidiaries
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his/her delegate
“Existing Business”	all the businesses carried on by the Group (other than the Company) before the Completion Date

“Finance Documents”	the Note Subscription Agreement, and the documents constituting the Warrants and a share charge granted by CNNC Overseas in favour of Challenge Shore Investment Limited in respect of certain Shares (which will be acquired by CNNC Overseas upon Completion) on 4 June 2008 as security for the Note Subscription Agreement and the Warrants
“Group”	the Company and the Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee(s)”	in relation to the Possible Offer and the Service Agreements being considered as special deals under the Takeovers Code, this means the board committee comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam (being all the independent non-executive directors of the Company) and Mr. Wong Wing Sing (the only non-executive director of the Company); whilst in relation to the Share Subscription, the CN Subscription and the Service Agreements being considered as continuing connected transactions under the Listing Rules, this means the board committee comprising Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam only
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee in relation to the terms and conditions of Share Subscription, the CN Subscription, the Possible Offer, the Service Agreements and the Proposed Caps
“Independent Shareholders”	in relation to the Possible Offer, this means the Shareholders other the Vendors and parties acting in concert with any of them; whilst in relation to the Service Agreements, means the Shareholders other than the Vendors and parties acting in concert with any of them and their respective associates, who are neither involved nor interested in the Agreement and the Service Agreements
“Irrevocable Undertakings”	letters duly executed by the Vendors and the Ultimate Shareholders on 4 June 2008 in favour of CNNC Overseas irrevocably and unconditionally undertaking that they will not accept the Possible Offer in respect of the Retained Shares
“Latest Practicable Date”	23 June 2008, being the latest practicable date for ascertaining certain information contained in this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lau”	Mr. Lau Luen Hung, Thomas, the ultimate beneficial owner of Vendor 1
“Mr. Kong”	Mr. Kong Cheuk Luen, Trevor, the sole legal and beneficial owner of Vendor 3 and an executive Director as at the Latest Practicable Date
“Mr. Tsang”	Mr. Tsang Chiu Wai, the sole legal and beneficial owner of Vendor 2 and an executive Director as at the Latest Practicable Date
“Noteholder(s)”	holder(s) of the Convertible Note
“Note Subscription Agreement”	an agreement entered into between CNNC Overseas and Challenge Shore Investment Limited, a wholly-owned subsidiary of CCB International Asset Management Limited, on 4 June 2008 under which Challenge Shore Investment Limited has agreed to make available up to HK\$180,000,000 to CNNC Overseas as funding for the Possible Offer
“Offer Price”	the amount of HK\$1.82 per Share payable by CNNC Overseas to holders of Disinterested Shares for each Disinterested Share accepted under the Possible Offer
“Parties”	parties to the Agreement
“Possible Offer”	the possible unconditional mandatory cash offer for the Disinterested Shares to be made by CCBIC on behalf of CNNC Overseas
“PRC”	the People’s Republic of China (but excluding Hong Kong and Taiwan)
“Pre-Suspension Date”	4 June 2008, the last full trading day prior to the suspension of trading of the Shares pending publication of this announcement
“Proposed Caps”	the proposed annual caps for the Service Agreements
“Purchase Price”	the amount of HK\$1.77 per Share payable by the CNNC Overseas to the Company for the Sale Shares
“Retained Shares”	an aggregate of 32,228,035 Shares to be retained by the Vendors upon Completion
“Sale Shares”	125,208,965 Shares, being part of the Shares held by the Vendors which together represent 56.91% of the entire issued share capital of the Company immediately before Completion

“Service Agreements”	the contracts to be entered into between the Company and Mr. Tsang and Mr. Kong respectively for the appointment as senior management of the Company at Completion
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	registered holders of Shares
“Share Purchase”	the sale and purchase of the Sale Shares pursuant to the Agreement
“Share Subscription”	the subscription of the Subscription Shares pursuant to the Agreement
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Special Benefit”	HK\$0.05, representing such additional total quantifiable pecuniary entitlements conferred on Mr. Tsang and Mr. Kong under the Service Agreements which amounts to HK\$2,864,000 divided by a total of 62,563,000 Disinterested Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the amount of HK\$1.77 per Share payable by the CNNC Overseas to the Company for the Subscription Shares
“Subscription Shares”	159,168,308 Shares to be issued by the Company to CNNC Overseas pursuant to the Agreement
“Subsidiaries”	the subsidiaries of the Company, details of which are listed in the Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Ultimate Shareholder(s)”	means Mr. Lau, Mr. Tsang and Mr. Kong, being the ultimate owners of the entire equity interests in Vendor 1, Vendor 2 and Vendor 3 respectively
“Vendor 1”	Shine Top Limited, a company incorporated in the British Virgin Islands
“Vendor 2”	Standard Beyond Limited, a company incorporated in the British Virgin Islands

“Vendor 3”	Absolute Above Limited, a company incorporated in the British Virgin Islands
“Vendors”	Vendor 1, Vendor 2 and Vendor 3
“Warrants”	the warrants granted by CNNC Overseas to Challenge Shore Investment Limited, a wholly-owned subsidiary of CCB International Asset Management Limited, to purchase up to 18,000,000 Shares (which will be acquired by CNNC Overseas upon Completion) under an instrument entered into by way of deed poll by CNNC Overseas on 4 June 2008

By Order of the Board of Managers of
CNNC Overseas Uranium Holding Limited
Fei Bantao
Director

By Order of the Board of Directors of
United Metals Holdings Limited
Tsang Chiu Wai
Chairman

Hong Kong, 23 June 2008

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Tsang Chiu Wai and Mr. Kong Cheuk Luen, Trevor, one non-executive Director, namely Mr. Wong Wing Sing and three independent non-executive Directors, namely, Mr. Lee Tho Siem, Mr. Wang Jianguo and Dr. Loke Yu, alias Loke Hoi Lam. The members of the Board jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to CNNC Overseas) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement (other than those expressed by CNNC Overseas) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the Latest Practicable Date, the members of the board of directors of CNNC Overseas are Mr. Fei Bantao, Ms. Liu Xuehong and Mr. Chen Yuehui. The members of the board of directors of CNNC Overseas jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company and the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement (other than those expressed by the Company and the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.