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If you have sold or transferred all your shares in CVM Minerals Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



CVM Minerals Limited

南亞礦業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 705)

**REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee and the
Independent Shareholders



A letter from the Independent Board Committee (as defined in this circular) is set out on page 10 of this circular. A letter from Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders (as defined in this circular), is set out on pages 11 to 15 of this circular.

A notice convening the EGM (as defined in this circular) to be held at 9:00 a.m. on Friday, 21 January 2011, at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong is set out on pages 16 to 18 of this circular. A form of proxy for the EGM is enclosed. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

5 January 2011

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Access Capital Limited” or “Independent Financial Adviser”	Access Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate;
“associates”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“Company”	CVM Minerals Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Convertible Bonds”	the 15% coupon convertible bonds in the principal amount of HK\$116,000,000 issued by the Company to the Placees pursuant to the placing agreement dated 20 August 2010 entered into between the Company and Cinda International Capital Limited, as amended by the placing supplemental agreement dated 27 August 2010, and announced by the Company on 20 August 2010 and 27 August 2010 respectively;
“Convertible Bondholder(s)”	holder(s) of the Convertible Bonds;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held on Friday, 21 January 2011 to consider and, if thought fit, approve the Refreshment of General Mandate;
“Existing General Mandate”	the general mandate granted to the Directors to allot, issue and deal with 432,800,000 Shares, being 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the annual general meeting held on 19 May 2010;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Independent Board Committee”	comprises all three independent non-executive Directors, namely Ms. Wong Choi Kay; Mr. Chong Lee Chang and Mr. Lam Cheung Shu, to advise the Independent Shareholders in respect of the Refreshment of General Mandate;
“Independent Shareholders”	any Shareholders other than controlling Shareholders and their associates or, if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates;
“Latest Practicable Date”	31 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placees”	the persons procured by Cinda International Capital Limited, as the placing agent or its agent(s), to subscribe for the Convertible Bonds;
“Refreshment of General Mandate”	the proposal, described in this Circular, pursuant to which the Board seeks a new general mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM, the Existing General Mandate having been substantially utilised;
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	the ordinary share(s) of HK\$0.025 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

LETTER FROM THE BOARD



CVM Minerals Limited

南亞礦業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 705)

Executive Directors:

Mr. Goh Sin Huat (*Chairman*)

Mr. Chong Wee Chong

Mr. Lim Ooi Hong

Mr. Leung Wai Kwan

Registered office:

8th Floor, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

Independent Non-executive Directors:

Ms. Wong Choi Kay

Mr. Chong Lee Chang

Mr. Lam Cheung Shu

Head office and principal place

of business in Malaysia:

3rd Floor, Wisma Ho Wah Genting

No. 39, Jalan Maharajalela

50150 Kuala Lumpur

Malaysia

5 January 2011

To the Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with further information relating to: (i) the Refreshment of General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM to be convened and held for the purpose of considering and, if thought fit, approving the resolution to implement the proposal for the Refreshment of General Mandate.

REFRESHMENT OF GENERAL MANDATE

At the annual general meeting of the Company held on 19 May 2010, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue, allot and deal with up to 432,800,000 Shares, which was equivalent to 20% of the then issued share capital of the Company.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Existing General Mandate had been utilised as to approximately 99.27%. As set out in the announcement of the Company dated 22 October 2010, a total of 429,629,628 Shares were utilised under the Existing General Mandate as a result of the completion of the placing of the Convertible Bonds in the aggregate principal amount of HK\$116,000,000. There has not been any refreshment of the Existing General Mandate since the annual general meeting of the Company held on 19 May 2010.

The Board considers that the Refreshment of General Mandate will provide flexibility for the Company to raise funds for its future business development and/or any investment opportunities identified by the Company. Given that equity financing (i) does not incur any interest-paying obligations on the Company as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunities as and when it arises, the Board proposes to refresh the Existing General Mandate to allow the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM.

As the proposed Refreshment of General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, it will be subject to Independent Shareholders' approval by way of poll at the EGM, where any controlling Shareholders and their associates or, where there is no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution regarding the Refreshment of General Mandate to be proposed at the EGM. As at the Latest Practicable Date, the Company had no controlling Shareholder as defined in the Listing Rules, on the basis that the Company's single largest shareholder, Ho Wah Genting Berhad, held less than 30% of the Company's issued share capital. (It actually held approximately 29.53% of the Company's issued share capital as at the Latest Practicable Date). As at the Latest Practicable Date, Mr. Leung Wai Kwan, an executive Director, was interested in 13,398,000 Shares, representing approximately 0.53% of the issued share capital of the Company, of which 13,298,000 Shares were held by his spouse. In this regard, Mr. Leung Wai Kwan and his spouse will be required to abstain from voting in favour of the resolution regarding the Refreshment of General Mandate.

Based on the 2,519,555,556 Shares in issue as at the Latest Practicable Date and assuming that no further Shares will be issued or repurchased by the Company prior to the EGM, subject to the passing of the relevant ordinary resolution to approve the Refreshment of General Mandate at the EGM, the Directors will be authorised to allot, issue and deal with up to a limit of 503,911,111 new Shares under the Refreshment of General Mandate.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the equity fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcements	Description of the equity fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
1 February 2010, 8 February 2010 and 10 February 2010	Top-up placing of 280,000,000 new Shares and placing of 80,000,000 new Shares, each under the then applicable general mandate.	HK\$126.1 million	To be used as the general working capital of the Group.	As to HK\$126.1 million used for the general working capital of the Group.
20 August 2010, 27 August 2010, 9 September 2010, 28 September 2010 and 22 October 2010	Placing of Convertible Bonds in an aggregate principal amount of HK\$116 million convertible, at an initial conversion price of HK\$0.27 per Share, into an aggregate of 429,629,628 new Shares, which Shares would be allotted pursuant to the Existing General Mandate.	HK\$114.1 million	To be used as the general working capital of the Group's project in Indonesia as well as future corporate and acquisition exercises.	As to HK\$69.2 million used for the acquisition of the entire equity interest and working capital of the Group's project in Indonesia as well as other general working capital of the Group. Balance of HK\$44.9 million remains.

Save as and except for the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

OTHER ISSUE OF SHARES IN THE PAST TWELVE MONTHS

Set out below are details of the other issue of Shares by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcements	Description of the issue of Shares	Net proceeds raised (approx.)	Intended use of proceeds	Actual use of proceeds
30 July 2010, 25 August 2010, 8 November 2010 and 9 November 2010	Issue of 355,555,556 new Shares under a specific mandate as consideration shares pursuant to a sale and purchase agreement dated 30 July 2010 between the Company, Lok Beng Huah, Kok Yen Keong (also known as Kwai Yen Keong) and Loo Chooi Ting (as amended by an acquisition supplemental agreement dated 25 August 2010), in relation to the acquisition of an interest in mining concessions in Aceh, Indonesia.	N/A — The Shares were issued as part consideration for an acquisition.	N/A	N/A

Save and except for the above, the Company had not issued new Shares in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

POTENTIAL DILUTION TO SHAREHOLDING OF THE EXISTING PUBLIC SHAREHOLDERS

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon full utilisation of the Refreshment of General Mandate (assuming no other Shares are issued or repurchased by the Company before or after the EGM); and (iii) upon full utilisation of the Refreshment of General Mandate and assuming full conversion of the maximum principal amount of the Convertible Bonds:

	(i)		(ii)		(iii)	
	Shareholding in the Company as at the Latest Practicable Date (Note 1)		Shareholding in the Company upon full utilisation of the Refreshment of General Mandate (assuming no other Shares are issued or repurchased by the Company)		Shareholding in the Company upon full utilisation of the Refreshment of General Mandate and assuming full conversion of the maximum principal amount of the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders (other than Directors) presently reporting an interest in Shares pursuant to the Securities and Futures Ordinance						
Ho Wah Genting Berhad	744,150,000	29.53	744,150,000	24.61	744,150,000	21.55
Perbadanan Kemajuan Negeri Perak	135,300,000	5.37	135,300,000	4.48	135,300,000	3.92
Lok Beng Huah	137,500,000	5.46	137,500,000	4.55	137,500,000	3.98
Director						
Leung Wai Kwan (Note 2)	13,398,000	0.53	13,398,000	0.44	13,398,000	0.39
Convertible Bondholders	N/A	N/A	N/A	N/A	429,629,628	12.44
Other public Shareholders	1,489,207,556	59.11	1,489,207,556	49.25	1,489,207,556	43.13
Shares available for issue pursuant to the Refreshment of General Mandate	N/A	N/A	503,911,111	16.67	503,911,111	14.59
Total	2,519,555,556	100.00	3,023,466,667	100.00	3,453,096,295	100.00

Notes:

- (1) Source: the records from the Company
- (2) Mr. Leung Wai Kwan, being an executive Director, has a direct shareholding of 100,000 Shares and is also deemed to be interested in 13,298,000 Shares held by his spouse for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The table above illustrates that the shareholdings of the existing public Shareholders (excluding, for these purposes, Ho Wah Genting Berhad, Perbadanan Kemajuan Negeri Perak and Lok Beng Huah)

LETTER FROM THE BOARD

would decrease from approximately 59.11% as at the Latest Practicable Date to (a) approximately 49.25% upon full utilisation of the Refreshment of General Mandate (assuming no other Shares are issued or repurchased by the Company before or after the EGM); and (b) approximately 43.13% upon full utilisation of the Refreshment of General Mandate and assuming full conversion of the maximum principal amount of the Convertible Bonds. Such potential dilution to the shareholdings of the existing public Shareholders represents a dilution of approximately (a) 9.86%; and (b) 15.98% respectively.

EGM

A notice of the EGM is set out on pages 16 to 18 of this circular. In accordance with the requirements of the Listing Rules, voting on the resolution at the EGM will be effected by poll. Pursuant to the requirements of Rule 13.36(4) of the Listing Rules, Mr. Leung Wai Kwan, being an executive Director of the Company, and his spouse will abstain from voting for the resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen Road East, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Refreshment of General Mandate and Access Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Access Capital Limited considers that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Your attention is drawn to the letter of advice from Access Capital Limited containing its recommendation in respect of the Refreshment of General Mandate set out on pages 11 to 15 of this circular.

The Independent Board Committee, having taken into account the advice of Access Capital Limited, considers that the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Refreshment of General Mandate. Your attention is drawn to the letter from the Independent Board Committee set out on page 10 of this circular.

LETTER FROM THE BOARD

You are advised to read the letters from the Independent Financial Adviser and the Independent Board Committee carefully before making your voting decision.

PERIOD DURING WHICH THE REFRESHMENT OF GENERAL MANDATE WILL REMAIN EFFECTIVE

The Refreshment of General Mandate will, if approved, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting is required by the articles of association of the Company or the Companies Ordinance or any other applicable law of Hong Kong to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By order of the Board
CVM Minerals Limited
GOH SIN HUAT
Executive Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CVM Minerals Limited

南亞礦業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 705)

5 January 2011

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 5 January 2011 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Access Capital Limited as set out on pages 11 to 15 of the Circular and the letter from the Board as set out on pages 3 to 9 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of Access Capital Limited as stated in its letter of advice, we consider that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
CVM Minerals Limited
Wong Choi Kay
Chong Lee Chang
Lam Cheung Shu
Independent Non-Executive Directors

LETTER FROM ACCESS CAPITAL LIMITED

Set out below is the text of a letter of advice from Access Capital Limited to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

5 January 2011

*To: The Independent Board Committee and
the Independent Shareholders of CVM Minerals Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 5 January 2011 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders for approval of the Refreshment of General Mandate to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The Refreshment of General Mandate will, if approved, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

On the basis of a total of 2,519,555,556 Shares in issue as at the Latest Practicable Date and assuming that no further Shares will be issued or repurchased by the Company between the Latest Practicable Date and the EGM, the Refreshment of General Mandate, if granted, will empower the Directors to allot, issue and deal in up to a maximum of 503,911,111 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

LETTER FROM ACCESS CAPITAL LIMITED

Pursuant to Rule 13.36(4) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting will be subject to Independent Shareholders' approval at a general meeting of the Company. Any controlling Shareholders and their respective associates, or where there are no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate. As at the Latest Practicable Date, the Company had no controlling Shareholder (as defined in the Listing Rules) on the basis that the Company's single largest shareholder, Ho Wah Genting Berhad, held less than 30% of the Company's issued share capital (being interested in 744,150,000 Shares of the Company, or approximately 29.53% of the issued share capital of the Company) as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Leung Wai Kwan, an executive Director, together with his spouse was interested in 13,398,000 Shares, representing approximately 0.53% of the issued share capital of the Company. In this regard, Mr. Leung Wai Kwan and his spouse will be required to abstain from voting in favour of the resolution in connection with the Refreshment of General Mandate.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular.

We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular has been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

LETTER FROM ACCESS CAPITAL LIMITED

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

A. Background to and reasons for the Refreshment of General Mandate

The principal business activities of the Group include the mining of dolomite, the manufacturing of magnesium ingots in the State of Perak, Malaysia and exploration of natural resources.

At the annual general meeting of the Company held on 19 May 2010, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue, allot and deal with up to 432,800,000 Shares, which was equivalent to 20% of the then issued share capital of the Company.

As at the Latest Practicable Date, the Existing General Mandate had been utilised as to approximately 99.27%. As set out in the Circular, a total of 429,629,628 Shares were utilised under the Existing General Mandate as a result of the completion of the placing of the Convertible Bonds in the aggregate principal amount of HK\$116,000,000 on 22 October 2010. There has not been any refreshment of the Existing General Mandate since the annual general meeting of the Company held on 19 May 2010.

As stated in the Letter from the Board, the Refreshment of General Mandate will provide flexibility for the Company to raise funds for its future business development and/or any investment opportunities identified by the Company. Such equity financing does not incur any interest-paying obligations, is less expensive and time-consuming than raising funds by way of rights issue or open offer and provides the Company with the capability to capture any appropriate capital raising or prospective investment or business opportunities as and when they arise. The Company will explore appropriate equity fund raising opportunities which may or may not require the use of the Refreshment of General Mandate.

As at the Latest Practicable Date, the Company does not have any definitive plan which may utilise any part of the Refreshment of General Mandate. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising using the Refreshment of General Mandate, it will make further announcement(s) as and when required. We concur with the management of the Company that funding requirements or appropriate investment opportunities may arise at any time and such funding or investment decisions may have to be made within a short period of time. Should the issuance of new Shares be required and a specific mandate be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or Independent Shareholders, as the case may be, could be obtained in a timely manner. Accordingly, the Refreshment of General Mandate will provide the Group with the flexibility of issuing new Shares to raise capital within a short period of time.

As set out in the Letter from the Board, the net aggregate proceeds of approximately HK\$240.2 million from the top-up placing of 280,000,000 new Shares and placing of 80,000,000 new Shares and the placing of Convertible Bonds (together the “**Placings**”) have been utilised as to (i) HK\$126.1 million for general working capital of the Group; (ii) HK\$69.2 million for the acquisition of the entire

LETTER FROM ACCESS CAPITAL LIMITED

equity interest and working capital of the Group's project in Indonesia as well as other general working capital of the Group; and (iii) HK\$44.9 million in reserve. Aside from the Placings, the Company has not conducted other fund raising activities in the past twelve months prior to the Latest Practicable Date.

Furthermore, we note from the Company's interim report for the six months ended 30 June 2010 (the "**Interim Report**") that the Group had unaudited cash and bank balances of approximately HK\$15.9 million. On the other hand, the Group had interest-bearing bank loans and finance lease creditors of approximately HK\$11.8 million, all repayable within one year.

As there is no certainty that existing cash and facility resources will be adequate for any investment opportunities that may be identified by the Group in the future and as such, additional funding may still be required in a timely manner should suitable investment opportunities arise. Given that the Existing General Mandate has almost been fully utilised, we are of the view that the Refreshment of General Mandate will provide a financial flexibility to the Company to raise capital on an expedited basis to capture investment opportunities and is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

B. Other financing options

We understand from the management of the Company that apart from equity financing, the Directors will also consider other financing alternatives such as debt financing as possible fund raising method for the Group to meet its financial requirements, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition.

As further stated in the Interim Report, the Group's total bank borrowings as at 30 June 2010 was approximately HK\$387.7 million with a gearing ratio of 1.63 (which is calculated on the basis of total bank borrowings over shareholders' funds of the Group). Any additional debt financing will inevitably increase the interest burden to the Group and may also be subject to lengthy due diligence and negotiations between the Group and its financiers. As such, the Directors consider that equity financing such as the issuance of new Shares for cash or equity swaps may be an appropriate means to fund potential investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group, given the Group's financial position, capital structure and cost of funding of the Group as well as the then market condition.

C. Potential dilution to shareholdings of the Independent Shareholders

As mentioned above, assuming that the Refreshment of General Mandate is granted (and also that no Shares will be issued and/or repurchased during the period between the Latest Practicable Date and the date of EGM) the Directors will be authorised to allot, issue and deal in up to a maximum of 503,911,111 new Shares. As further mentioned on the Letter from the Board, upon full utilisation of the Refreshment of General Mandate to independent third parties, the aggregate shareholding of the existing public Shareholders (excluding for these purposes Ho Wah Genting Berhad, Perbadanan Kemajuan Negeri Perak and Lok Beng Huah, all being substantial shareholders) would decrease from approximately 59.11% as at the Latest Practicable Date to (a) approximately 49.25% upon full utilisation of the Refreshment of General Mandate (assuming no other Shares are issued or

LETTER FROM ACCESS CAPITAL LIMITED

repurchased by the Company before or after the EGM); and (b) approximately 43.13% upon full utilisation of the Refreshment of General Mandate and assuming full conversion of the maximum principal amount of the Convertible Bonds. Such potential dilution to the shareholdings of the existing public Shareholders represents a dilution of approximately (a) 9.86%; and (b) 15.98% respectively.

Taking into account the benefits of the Refreshment of General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted to the same extent as long as no new Shares under the Refreshment of General Mandate are issued to existing Shareholders, we consider the potential dilution of shareholdings to be acceptable.

In view of the above and having considered that the approval of the Refreshment of General Mandate shall (i) provide the Company with the flexibility to raise additional funds to readily invest in attractive opportunities should such opportunities arise; (ii) provide the Directors with greater autonomy and more flexibility in their decision making process in responding to the rapidly changing capital markets in a timely manner; and (iii) offer the Group an opportunity to finance its long-term growth with long-term funding in the form of equity, which will strengthen the Group's capital structure and without refinancing risks and additional costs or interest burdens, we concur with the Directors' view that the Refreshment of General Mandate will provide the Company with an additional financing alternative and that it is reasonable for the Company to have such flexibility in deciding the financing methods for its future business development and/or possible investment opportunities should they arise. Accordingly, we consider that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, we concur with the view of the Board that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the Refreshment of General Mandate.

Yours faithfully,
For and on behalf of
Access Capital Limited

Jimmy Chung
Principal Director

NOTICE OF EGM



CVM Minerals Limited **南亞礦業有限公司**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 705)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of CVM Minerals Limited (the “**Company**”) will be held at 9:00 a.m. on Friday, 21 January 2011 at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements, options including warrants to subscribe for shares, and/or rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval given in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options including warrants to subscribe for shares, which may require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period (as hereinafter defined) pursuant to paragraph (a) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined); or (2) on the exercise of any options granted under the share option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company (the “**Articles**”) in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any exercisable convertible notes

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issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the Companies Ordinance or any other applicable law of Hong Kong to be held; and
- (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in a general meeting;

and

“**Rights Issue**” means an offer of shares in the capital of the Company, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors to holders of shares in the capital of the Company or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

By Order of the Board
CVM Minerals Limited
GOH SIN HUAT
Executive Chairman

Hong Kong, 5 January 2011

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the extraordinary general meeting (or at any adjournment thereof) is entitled to appoint another person as his/her/its proxy to attend and vote in his/her/its stead in accordance with the Articles. A proxy needs not be a shareholder of the Company.

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- (2) In the case of joint holders, the vote of the senior who tenders the vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of other joint holder(s), and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

- (3) In order to be valid, a form of proxy must be deposited at the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting or any adjourned meeting thereof, if they so wish.