



# CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

## OVERSEAS REGULATORY ANNOUNCEMENT

### SELECTIVE CAPITAL REDUCTION PROPOSAL BY CITIC AUSTRALIA TRADING LIMITED

Please refer to the attached announcement of CITIC Australia Trading Limited (“**CATL**”) which is listed on the Australian Securities Exchange (the “**ASX**”) and a 76.35% indirectly owned subsidiary of CITIC Resources Holdings Limited (the “**Company**”). References in the attached announcement to “**A\$**” are to Australian dollars.

The announcement was released by CATL through the ASX website: [www.asx.com.au](http://www.asx.com.au) on 3 November 2008.

Hong Kong, 3 November 2008

*As at the date hereof, the executive directors of the Company are Mr. Kong Dan; Mr. Mi Zengxin; Mr. Shou Xuancheng; Mr. Sun Xinguo; Ms. Li So Mui; Mr. Qiu Yiyong; Mr. Zeng Chen and Mr. Zhang Jijing, the non-executive directors are Mr. Ma Ting Hung and Mr. Wong Kim Yin, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian.*

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**Selective Capital Reduction Proposal**

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CITIC Australia Trading Limited (*CATL*) today announced a proposal to undertake a selective capital reduction of all the shares held by its shareholders other than CITIC Resources Australia Pty Limited (*CRA*) in return for a cash payment of A\$0.75 per CATL share (*Proposed Capital Return*).

If CATL shareholders approve the Proposed Capital Return, CATL will become a wholly owned subsidiary of CRA and will de-list from the ASX in due course.

Broadly, the terms of the Proposed Capital Return are as follows:

- all CATL shareholders other than CRA (*Minority Shareholders*) will receive a total consideration of A\$0.75 per CATL share, part of which will be treated as a return of capital and the other part as a fully franked dividend. At this stage it is not known the proportion of this amount which will comprise a return of capital and dividend. Further details in relation to the capital/dividend split will be provided in the explanatory materials to accompany the notice convening meetings of CATL shareholders; and
- all shares in CATL held by the Minority Shareholders at the record date will be cancelled.

CATL has applied for a Class Ruling from the Australian Taxation Office to confirm this arrangement for the benefit of the Minority Shareholders and anticipates receiving a definitive response in the near future.

CRA currently holds **65,025,000** CATL shares or approximately 76.35% of CATL and the interests of the Minority Shareholders in CATL are therefore valued at approximately A\$15.1 million based on the cash consideration of A\$0.75 per share. The number of CATL shares expected to be cancelled will be **20,139,970** CATL shares.

The total consideration under the Proposed Capital Return of A\$0.75 per CATL share represents a premium of:

<b>Consideration as a Premium over Value Metrics</b>	<b>Cash %</b>
<b>Most Recent Market Price (A\$0.480 per share)</b>	56.3
<b>30 Day VWAP (A\$0.573 per share)</b>	30.9
<b>60 Day VWAP (A\$0.601 per share)</b>	24.8
<b>90 Day VWAP (A\$0.642 per share)</b>	16.8

*Source: IRESS Trading Data. VWAPs are calculated as at close of trade on 31 October 2008.*

CATL's independent directors, Bruce Foy and Roger Marshall, have engaged Deloitte Corporate Finance Pty Ltd to prepare an Independent Expert's Report on whether the Proposed Capital Return is fair and reasonable to Minority Shareholders.

CATL will have sufficient funds to meet its obligations in respect of the Proposed Capital Return whilst retaining adequate funds to pay its creditors. Shareholders will receive further details of the Proposed Capital Return including a report from the Independent Expert with the notice of shareholder meetings, as set out in the timetable below.

The Proposed Capital Return is subject to and conditional upon:

- receipt of the Independent Expert's Report confirming that the Proposed Capital Return is fair and reasonable;
- receipt of a satisfactory Class Ruling from the Australian Taxation Office;
- approval of the Proposed Capital Return at a general meeting as required under section 256C(2)(a) of the Corporations Act 2001 (Cth) (*Corporations Act*); and
- approval of the Proposed Capital Return at a meeting of the Minority Shareholders as required under section 256C(2) of the Corporations Act.

A summary of the key dates in relation to the Proposed Capital Return are detailed below. Please note that this timetable is indicative and may be subject to change.

<b>Event</b>	<b>Expected Date</b>
Announcement of Proposed Capital Return	Monday, 3 November 2008
Dispatch of notices of meetings and documentation to CATL shareholders including the Independent Expert's Report	Wednesday, 19 November 2008
Shareholder Meetings to approve the Proposed Capital Return	Friday, 19 December 2008
Last day of trading of CATL shares on ASX	Tuesday, 6 January 2009
Record date to determine entitlements to consideration	Tuesday, 13 January 2009
CATL shares held by Minority Shareholders are cancelled	Tuesday, 20 January 2009
Payment of the consideration to which Minority Shareholders are entitled	Tuesday, 20 January 2009
Delisting of CATL from ASX	Tuesday, 20 January 2009