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CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

CONNECTED TRANSACTIONS

CAPITALISATION OF SHAREHOLDER LOANS TO CITIC DAMENG HOLDINGS LIMITED

AND

ASSIGNMENT OF 2009 LOANS TO CITIC DAMENG HOLDINGS LIMITED

On 30 June 2010, Highkeen and Apexhill agreed to capitalise certain of their shareholder loans advanced to CITIC Dameng Holdings, in the aggregate principal amount of HK\$235,050,000, by receiving in satisfaction of the repayment of such loans 509,592 Capitalisation Shares and 127,398 Capitalisation Shares respectively at an issue price of HK\$369 per Capitalisation Share.

Also on 30 June 2010, the Company and Apexhill agreed to assign to CITIC Dameng Holdings their interests, rights and benefits in certain loans due from CITIC Dameng Investments pursuant to the 2009 Loan Agreement in consideration for the issue of 650,408 Consideration Shares and 162,602 Consideration Shares respectively at an issue price of HK\$369 per Consideration Share.

The capitalisation of the Highkeen Shareholder Loans and the assignment of the CRH 2009 Loan constitute connected transactions and pursuant to Rule 14A.32 of the Listing Rules are subject to the reporting and announcement (but exempt from the independent shareholders' approval) requirements of Chapter 14A of the Listing Rules.

The capitalisation of the Apexhill Shareholder Loans and the assignment of the Apexhill 2009 Loan constitute connected transactions and pursuant to Rule 14A.31(3)(a) of the Listing Rules are exempt connected transactions as the related CITIC Dameng Holdings Shares are issued to Apexhill on a pro rata basis.

INTRODUCTION

On 30 June 2010, Highkeen and Apexhill agreed with CITIC Dameng Holdings to capitalise the Highkeen Shareholder Loans and the Apexhill Shareholder Loans, together having an aggregate principal amount of HK\$235,050,000, by agreeing to receive 509,592 Capitalisation Shares and 127,398 Capitalisation Shares respectively in satisfaction of the repayment of such loans.

Also on 30 June 2010, the Company and Apexhill agreed to assign their interests, rights and benefits in the CRH 2009 Loan and the Apexhill 2009 Loan, which together have an aggregate principal amount of HK\$300,000,000, to CITIC Dameng Holdings in consideration for the issue of 650,408 Consideration Shares and 162,602 Consideration Shares respectively.

CAPITALISATION OF THE HIGHKEEN SHAREHOLDER LOANS AND THE APEXHILL SHAREHOLDER LOANS

Details of the Highkeen Shareholder Loans and the Apexhill Shareholder Loans

Prior to the Capitalisation as described in this announcement, CITIC Dameng Holdings was indebted to Highkeen in respect of, amongst other amounts, the Highkeen Shareholder Loans and indebted to Apexhill in respect of, amongst other amounts, the Apexhill Shareholder Loans.

The total amount of the Highkeen Shareholder Loans was HK\$188,040,000 and the total amount of the Apexhill Shareholder Loans was HK\$47,010,000.

The Highkeen Shareholder Loans and the Apexhill Shareholder Loans were originally advanced to CITIC Dameng Holdings in 2005 to finance CITIC Dameng Holdings' investment in CITIC Dameng Mining through its wholly-owned subsidiary, CITIC Dameng Investments.

Details of the Capitalisation Agreement

(a) **Date:** 30 June 2010

(b) **Parties:**

- (i) CITIC Dameng Holdings
- (ii) Highkeen
- (iii) Apexhill

(c) **Repayment of the Highkeen Shareholder Loans and the Apexhill Shareholder Loans and Number of Capitalisation Shares**

CITIC Dameng Holdings shall repay the Highkeen Shareholder Loans and the Apexhill Shareholder Loans by issuing 509,592 Capitalisation Shares and 127,398 Capitalisation Shares to Highkeen and Apexhill respectively in satisfaction of the repayment of the Highkeen Shareholder Loans and the Apexhill Shareholder Loans respectively.

(d) **Issue Price**

The issue price deemed to be paid by each of Highkeen and Apexhill in respect of each Capitalisation Share is HK\$369 and was determined by reference to the book value of CITIC Dameng Holdings as at 31 May 2010.

ASSIGNMENT OF THE CRH 2009 LOAN AND THE APEXHILL 2009 LOAN TO CITIC DAMENG HOLDINGS

Details of the 2009 Loans

Pursuant to the 2009 Loan Agreement, the Company and Apexhill advanced to CITIC Dameng Investments the CRH 2009 Loan and the Apexhill 2009 Loan respectively, which together have an aggregate principal amount of HK\$300,000,000. The 2009 Loans were used by CITIC Dameng Investments to finance an increase in its equity interest in CITIC Dameng Mining in 2009. Details of the 2009 Loans are set out in the announcement of the Company dated 4 February 2009.

Pursuant to the CRH Deed of Assignment and the Apexhill Deed of Assignment respectively, the Company and Apexhill shall assign the CRH 2009 Loan and the Apexhill 2009 Loan respectively to CITIC Dameng Holdings.

Details of the CRH Deed of Assignment

(a) **Date:** 30 June 2010

(b) **Parties:**

- (i) the Company
- (ii) CITIC Dameng Holdings
- (iii) CITIC Dameng Investments

(c) **Assignment of the CRH 2009 Loan**

The Company shall assign its interests, rights and benefits in the CRH 2009 Loan to CITIC Dameng Holdings.

(d) **Number of Consideration Shares**

In consideration of the assignment of the CRH 2009 Loan to CITIC Dameng Holdings, CITIC Dameng Holdings shall allot and issue 650,408 Consideration Shares to the Company (or its nominee).

(e) **Issue Price**

The issue price deemed to be paid in respect of each Consideration Share allotted and issued to the Company (or its nominee) is HK\$369 and was determined by reference to the book value of CITIC Dameng Holdings as at 31 May 2010.

Details of the Apexhill Deed of Assignment

(a) **Date:** 30 June 2010

(b) **Parties:**

- (i) Apexhill
- (ii) CITIC Dameng Holdings
- (iii) CITIC Dameng Investments

(c) Assignment of the Apexhill 2009 Loan

Apexhill shall assign its interests, rights and benefits in the Apexhill 2009 Loan to CITIC Dameng Holdings.

(d) Number of Consideration Shares

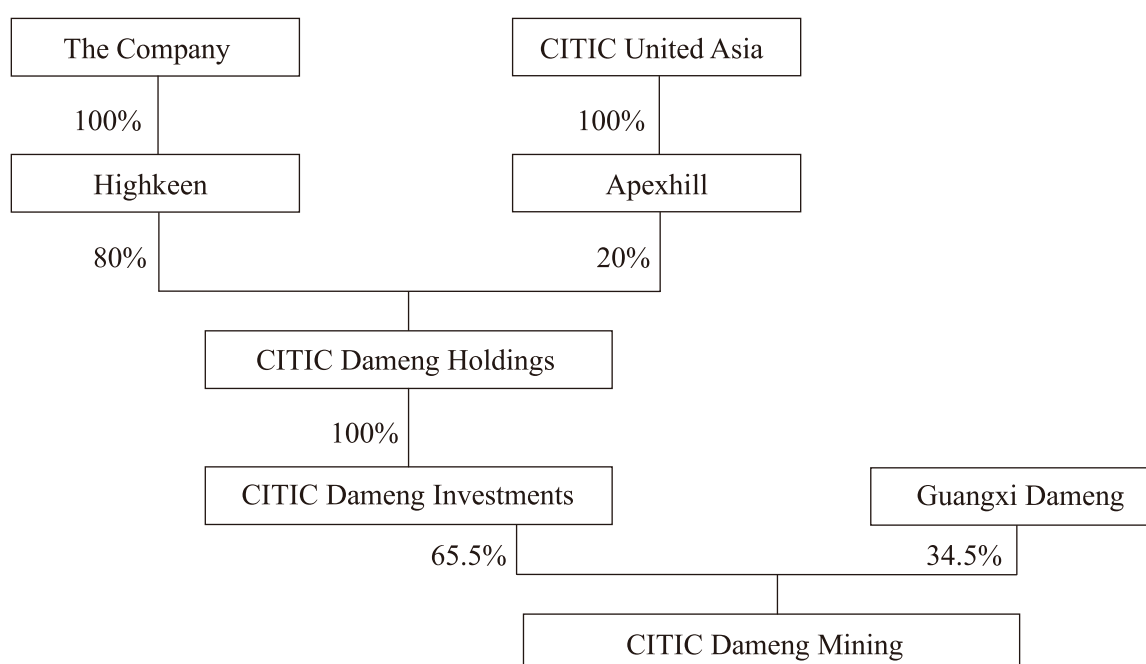
In consideration of the assignment of the Apexhill 2009 Loan to CITIC Dameng Holdings, CITIC Dameng Holdings shall allot and issue 162,602 Consideration Shares to Apexhill.

(e) Issue Price

The issue price deemed to be paid in respect of each Consideration Share allotted and issued to Apexhill is HK\$369 and was determined by reference to the book value of CITIC Dameng Holdings as at 31 May 2010.

SHAREHOLDING STRUCTURE OF CITIC DAMENG HOLDINGS IMMEDIATELY PRIOR TO AND FOLLOWING THE ISSUE OF THE CAPITALISATION SHARES AND THE CONSIDERATION SHARES

The Highkeen Shareholder Loans and the Apexhill Shareholder Loans were advanced by Highkeen and Apexhill to CITIC Dameng Holdings in proportion to their respective shareholding interests in CITIC Dameng Holdings. In addition, the CRH 2009 Loan and the Apexhill 2009 Loan were advanced to CITIC Dameng Investments by the Company and Apexhill in proportion to their respective indirect and direct interests in CITIC Dameng Holdings. The Capitalisation Shares and the Consideration Shares are, therefore, issued on a pro rata basis to Highkeen and Apexhill. Accordingly, no change in the shareholding structure of CITIC Dameng Holdings will occur as a result of the issue of the Capitalisation Shares and the Consideration Shares. The shareholding structure of CITIC Dameng Holdings immediately prior to and following the issue of the Capitalisation Shares and the Consideration Shares is as follows:



INFORMATION ON CITIC DAMENG HOLDINGS, CITIC DAMENG INVESTMENTS, CITIC DAMENG MINING, HIGHKEEN AND APEXHILL

CITIC Dameng Holdings is an investment holding company and an indirect non wholly-owned subsidiary of the Company.

CITIC Dameng Investments is an investment holding company and a wholly-owned subsidiary of CITIC Dameng Holdings.

CITIC Dameng Mining is a sino-foreign equity joint venture established in the PRC and a non wholly-owned subsidiary of CITIC Dameng Investments. It is owned as to 65.5% by CITIC Dameng Investments and as to 34.5% by Guangxi Dameng. CITIC Dameng Mining is principally engaged in the exploration, mining and processing of manganese and the associated production and sale of manganese related products.

Highkeen is an indirect wholly-owned subsidiary of the Company.

Apexhill is a wholly-owned subsidiary of CITIC United Asia which, in turn, is an indirect wholly-owned subsidiary of CITIC Group.

INFORMATION ON THE COMPANY

The Company is a diversified energy and natural resources investment holding company and through its subsidiaries has interests in aluminium smelting, coal, import and export of commodities, manganese mining and processing, and oil exploration, development and production.

For the financial year ended 31 December 2009, the consolidated profits before and after taxation of the Group amounted to HK\$151.3 million and HK\$148.5 million respectively and the consolidated net assets of the Group as at 31 December 2009 were HK\$9,770.0 million.

REASONS FOR AND BENEFITS OF THE CAPITALISATION AND THE ASSIGNMENT OF THE 2009 LOANS

The Capitalisation and the assignment of the 2009 Loans and related issue of the Capitalisation Shares and the Consideration Shares will enlarge the capital base of CITIC Dameng Holdings and reduce its gearing level, thereby strengthening its financial position. It is not expected that the Capitalisation or the assignment of the 2009 Loans will have any material impact to the operation and financial position of the Company or the Group.

The Directors (including the independent non-executive Directors) consider that the Capitalisation and the assignment of the 2009 Loans are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

CITIC Dameng Holdings is an indirect non wholly-owned subsidiary of the Company. It is owned as to 20% by Apexhill, a wholly-owned subsidiary of CITIC United Asia which, in turn, is an indirect wholly-owned subsidiary of CITIC Group. CITIC Group, through its wholly-owned subsidiaries, Keentech and CA, controls 54.01% of the issued share capital of the Company. Consequently, CITIC Dameng Holdings is a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules and Apexhill, being an associate of Keentech and CA, is a connected person of the Company pursuant to Rule 1.01 of the Listing Rules. Accordingly:

- (A) the capitalisation of the Highkeen Shareholder Loans and the assignment of the CRH 2009 Loan are connected transactions of the Company. As the percentage ratios under the applicable size tests in respect of the capitalisation of the Highkeen Shareholder Loans and the assignment of the CRH 2009 Loan, when aggregated, are less than 5%, the capitalisation of the Highkeen Shareholder Loans and the assignment of the CRH 2009 Loan and related issue of the Capitalisation Shares and the Consideration Shares are subject to the reporting and announcement (but exempt from the independent shareholders' approval) requirements of Chapter 14A of the Listing Rules pursuant to Rule 14A.32 of the Listing Rules; and
- (B) the capitalisation of the Apexhill Shareholder Loans and the assignment of the Apexhill 2009 Loan are connected transactions of the Company. However, as the capitalisation of the Apexhill Shareholder Loans and the assignment of the Apexhill 2009 Loan and related issue of the Capitalisation Shares and the Consideration Shares gives rise to a pro rata issue of CITIC Dameng Holdings Shares to Apexhill, the capitalisation of the Apexhill Shareholder Loans, the assignment of the Apexhill 2009 Loan and the issue of the Capitalisation Shares and the Consideration Shares to Apexhill constitute exempt connected transactions by virtue of Rule 14A.31(3)(a) of the Listing Rules.

DEFINITIONS

“Apexhill”	Apexhill Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Apexhill Deed of Assignment”	a deed of assignment dated 30 June 2010 and made among Apexhill, CITIC Dameng Holdings and CITIC Dameng Investments relating to the assignment of the Apexhill 2009 Loan
“Apexhill Shareholder Loans”	an aggregate amount of HK\$47,010,000 shareholder loans owing by CITIC Dameng Holdings to Apexhill
“Apexhill 2009 Loan”	a loan in the principal amount of HK\$60,000,000 owing by CITIC Dameng Investments to Apexhill pursuant to the 2009 Loan Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CA”	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability
“Capitalisation”	the capitalisation of the Highkeen Shareholder Loans and the Apexhill Shareholder Loans, details of which are set out in the section “Capitalisation of the Highkeen Shareholder Loans and the Apexhill Shareholder Loans” of this announcement
“Capitalisation Agreement”	an agreement constituted by a notice of repayment of the Highkeen Shareholder Loans and the Apexhill Shareholder Loans dated 30 June 2010 issued by CITIC Dameng Holdings and an acknowledgement in response to such notice of repayment from Highkeen and Apexhill dated 30 June 2010, details of which are set out in the section “Details of the Capitalisation Agreement” of this announcement

“Capitalisation Shares”	CITIC Dameng Holdings Shares issued to Highkeen and to Apexhill in respect of the Capitalisation
“CITIC Dameng Holdings”	CITIC Dameng Holdings Limited, a company incorporated in Bermuda with limited liability
“CITIC Dameng Holdings Shares”	shares of HK\$0.10 each in the share capital of CITIC Dameng Holdings
“CITIC Dameng Investments”	CITIC Dameng Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“CITIC Dameng Mining”	中信大錳礦業有限責任公司 (CITIC Dameng Mining Industries Limited), a sino-foreign equity joint venture established in the PRC
“CITIC Group”	CITIC Group, a state-owned enterprise incorporated in the PRC
“CITIC United Asia”	CITIC United Asia Investments Limited, a company incorporated in Hong Kong with limited liability
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	CITIC Dameng Holdings Shares issued to the Company (or its nominee) and to Apexhill in relation to the assignment of the 2009 Loans
“CRH Deed of Assignment”	a deed of assignment dated 30 June 2010 and made among the Company, CITIC Dameng Holdings and CITIC Dameng Investments relating to the assignment of the CRH 2009 Loan
“CRH 2009 Loan”	a loan in the principal amount of HK\$240,000,000 owing by CITIC Dameng Investments to the Company pursuant to the 2009 Loan Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangxi Dameng”	廣西大錳錳業有限公司 (Guangxi Dameng Manganese Industry Co., Ltd.), a company established in the PRC with limited liability

“Highkeen”	Highkeen Resources Limited, a company incorporated in the British Virgin Islands with limited liability
“Highkeen Shareholder Loans”	an aggregate amount of HK\$188,040,000 shareholder loans owing by CITIC Dameng Holdings to Highkeen
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China and, except where the context requires and only for the purposes of this announcement, references in this announcement to the PRC or China do not include Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
“Shareholders”	holders of ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning assigned to this expression by section 2 of the Companies Ordinance (Cap.32 of the Laws of Hong Kong)
“2009 Loan Agreement”	a loan agreement dated 4 February 2009 and made among the Company, Apexhill and CITIC Dameng Investments in relation to the 2009 Loans
“2009 Loans”	the CRH 2009 Loan and the Apexhill 2009 Loan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
CITIC Resources Holdings Limited
Sun Xinguo
Chief Executive Officer

Hong Kong, 2 July 2010

As at the date hereof, the executive directors of the Company are Mr. Sun Xinguo; Ms. Li So Mui; Mr. Qiu Yiyong; Mr. Tian Yuchuan and Mr. Zeng Chen, the non-executive directors are Mr. Kong Dan; Mr. Mi Zengxin; Mr. Wong Kim Yin; Mr. Zhang Jijing and Ms. Yap Chwee Mein (alternate to 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.