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## **CITIC RESOURCES HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

(Stock Code: 1205)

**PROPOSED RIGHTS ISSUE OF 1,815,170,111 RIGHTS SHARES  
AT HK\$1.38 EACH  
ON THE BASIS OF THREE (3) RIGHTS SHARES  
FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE**

**CONNECTED TRANSACTION**

**AND**

**CLOSURE OF BOOKS**

**UNDERWRITER TO THE RIGHTS ISSUE**

**Keentech Group Limited**  
(a wholly-owned subsidiary of CITIC Group)

**FINANCIAL ADVISER TO THE COMPANY**



**CITIC Securities Corporate Finance (HK) Limited**

### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise HK\$2,504.9 million before expenses by way of the Rights Issue of 1,815,170,111 Rights Shares at the Subscription Price of HK\$1.38 per Rights Share on the basis of three (3) Rights Shares for every ten (10) existing Shares held as at the close of business on the Record Date.

Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted three (3) Rights Shares in nil-paid form for every ten (10) existing Shares held as at the close of business on the Record Date. Fractional entitlements to the Rights Shares will not be provisionally allotted but will be aggregated and allotted to satisfy excess applications and/or sold for the benefit of the Company.

The Rights Shares (other than the Rights Shares that will be provisionally allotted to Keentech, CA, Baytree and Ellington) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

Each of Keentech, CA, Baytree and Ellington has irrevocably undertaken to the Company that, among other things, the Shares beneficially owned by it shall remain registered in its name from the date of its Irrevocable Undertaking up to and including the Commencement of Dealings Date (or such later date as may be agreed with the Company in writing) and that it shall subscribe for, or procure to be subscribed for, its entitlement of Rights Shares as to respectively 755,250,699 Rights Shares (in the case of Keentech), 225,124,137 Rights Shares (in the case of CA), 132,980,250 Rights Shares (in the case of Baytree) and 75,152,652 Rights Shares (in the case of Ellington).

The Rights Issue is not available to the Excluded Shareholders.

As at the date of this announcement, the Company has 53,000,000 outstanding vested Share Options entitling the Share Optionholders to subscribe for 53,000,000 Shares. Each of the Share Optionholders has irrevocably undertaken to the Company that he or she will not exercise such Share Options up to and including the Record Date.

The proceeds from the Rights Issue will be HK\$2,504.9 million (before expenses). The net proceeds of the Rights Issue will enhance the financial condition of the Company by improving its gearing ratio. In addition, the net proceeds of the Rights Issue will be applied by the Company towards funding its future investments and as working capital and for general corporate purposes of the Group.

**Completion of the Rights Issue is subject to certain conditions being fulfilled and the Underwriter not exercising its right to terminate the Underwriting Agreement prior to 5:00 p.m. on the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011) (see sub-sections headed “Conditions of the Rights Issue” and “Termination of the Underwriting Agreement” below). If the conditions of the Rights Issue are not fulfilled or the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. As the Rights Issue may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form and, if they are in any doubt about their position, they are advised to consult their professional adviser(s). Moreover, Shareholders’ and potential investors’ attention is drawn to the section headed “Warning of the risks of dealing in Shares and nil-paid Rights Shares” below.**

The last day of dealings in the Shares on a cum-rights basis is Tuesday, 17 May 2011. The Shares will be dealt with on an ex-rights basis from Wednesday, 18 May 2011. The Rights Shares are expected to be dealt with in their nil-paid form from Monday, 30 May 2011 to Tuesday, 7 June 2011, both days inclusive. To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as a member of the Company on the Record Date, any transfer of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company's share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on Thursday, 19 May 2011. The Acceptance Date is expected to be on Friday, 10 June 2011 or such other date as the Company and the Underwriter may agree in writing.

Shareholders and potential investors dealing in the Shares from the date of this announcement and up to 5:00 p.m. on the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011), being the time and date by which all conditions to which the Rights Issue is subject must be satisfied before the Rights Issue becomes unconditional and when the right of the Underwriter to terminate the Underwriting Agreement is to lapse, or in the Rights Shares in nil-paid form during the period in which they may be traded in their nil-paid form, bear the risk that the Rights Issue may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form and, if they are in any doubt about their position, they should consult their professional adviser(s).

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Shareholders' approval is not required for the Rights Issue.

Keentech, the Underwriter, is a substantial shareholder of the Company and a connected person of the Company. The terms of the Underwriting Agreement (including the terms of payment of the underwriting commission) constitute a connected transaction under Chapter 14A of the Listing Rules. As the percentage ratios in respect of the applicable size tests calculated by reference to the underwriting commission payable to the Underwriter pursuant to the Underwriting Agreement exceed 0.1% but are less than 5%, the entering into of the Underwriting Agreement is subject to the reporting and announcement (but exempt from the independent shareholders' approval) requirements of Chapter 14A of the Listing Rules.

The allotment and issue of the Underwritten Rights Shares to the Underwriter in accordance with the Underwriting Agreement is, pursuant to rule 14A.31(3)(c) of the Listing Rules, exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Rights Issue will be conducted in compliance with rule 7.21(1) of the Listing Rules.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As at the date of this announcement, Keentech and CA, both wholly-owned subsidiaries of CITIC Group, are the registered holders of 2,517,502,330 and 750,413,793 Shares respectively, representing 41.61% and 12.40% of the issued share capital and voting rights of the Company respectively. Keentech and CA have held, and CITIC Group has exercised effective control of, 54.01% of the issued share capital and voting rights of the Company during the 12 months preceding the date of this announcement.

In connection with the Rights Issue, it is expected that Keentech will take up CA's full entitlement of Rights Shares in addition to its own entitlement of Rights Shares. Keentech may also be required to take up additional Rights Shares as the Underwriter to the Rights Issue. Keentech's interest in the voting rights of the Company will therefore increase by more than 2% from its lowest percentage holding of voting rights in the Company in the 12 month period immediately preceding the completion of the Rights Issue if:

- (a) Keentech takes up its and CA's entitlement of Rights Shares (but is not required to take up any other Rights Shares). In such circumstances, Keentech's interest in the issued share capital and voting rights of the Company will increase from 41.61% to 44.47% but CITIC Group's control of the voting rights of the Company will remain at 54.01% of the total voting rights of the Company; and
- (b) Keentech takes up its and CA's entitlement of Rights Shares and is required to take up some or all of the Underwritten Rights Shares. In such circumstances, and assuming Keentech is required to subscribe for all of the Underwritten Rights Shares, Keentech's interest in the issued share capital and voting rights of the Company will increase from 41.61% to 52.44% and CITIC Group's control of the voting rights of the Company will increase from 54.01% to 61.98% of the total voting rights of the Company.

Keentech has applied to the Executive for, and has received from the Executive, a waiver from the obligation pursuant to Rule 26.1 of the Takeovers Code (if such an obligation should arise) to make a mandatory offer for all of the voting rights in the Company not held by Keentech as a result of Keentech's interest in the voting rights in the Company increasing by more than 2% from its lowest percentage holding of voting rights in the Company in the 12 month period immediately preceding completion of the Rights Issue from the taking up of CA's entitlement of Rights Shares and subscription for any Underwritten Rights Shares.

## **DESPATCH OF PROSPECTUS**

The Company expects to despatch the Rights Issue Documents containing, among other things, further details of the Rights Issue to the Qualifying Shareholders on Thursday, 26 May 2011.

The Company will, to the extent reasonably practicable, despatch the Prospectus to the Excluded Shareholders, if any, for their information only. No PALs or EAFs will be despatched to the Excluded Shareholders.

## PROPOSED RIGHTS ISSUE

### Issue details

Basis of the Rights Issue:	Three (3) Rights Shares for every ten (10) existing Shares held as at the close of business on the Record Date
Subscription Price:	HK\$1.38 per Rights Share payable in full on acceptance
Latest time for acceptance:	4:00 p.m. on a date which is expected to be Friday, 10 June 2011
Number of existing Shares in issue:	6,050,567,038 Shares as at the date of this announcement
Number of Rights Shares:	1,815,170,111 Rights Shares
Amount to be raised:	HK\$2,504.9 million (before expenses)
Status of the Rights Shares:	The Rights Shares, when allotted, issued and fully-paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares
Right to make excess applications:	Qualifying Shareholders only will have the right to apply for the Rights Shares in excess of their provisional allotments
Excluded Shareholders:	The Rights Issue will not be extended to the Excluded Shareholders, if any. No provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to the Excluded Shareholders. Rights Shares which represent entitlements of the Excluded Shareholders will be sold for their benefit on the Stock Exchange, in nil-paid form, as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium, net of expenses, can be obtained. The proceeds of the sale, less expenses, will be paid to such Excluded Shareholders pro rata to their entitlements to the Rights Shares had they been Qualifying Shareholders as at the close of business on the Record Date in Hong Kong dollars, except that any individual amount of less than HK\$100 will be retained for the benefit of the Company. Any such entitlements not sold in the market will be made available for application by the Qualifying Shareholders under the excess applications
Subscription by Keentech, CA, Baytree and Ellington:	Each of Keentech, CA, Baytree and Ellington has irrevocably undertaken to the Company to subscribe for, or procure to be subscribed for, its entitlement under the Rights Issue as to respectively 755,250,699 Rights Shares, 225,124,137 Rights Shares, 132,980,250 Rights Shares and 75,152,652 Rights Shares
Underwriter:	Keentech, a wholly-owned subsidiary of CITIC Group
Number of Underwritten Rights Shares:	626,662,373 Rights Shares (being all of the Rights Shares other than the Rights Shares to be provisionally allotted to Keentech, CA, Baytree and Ellington)

## **Rights Shares**

Under the Rights Issue, 1,815,170,111 Rights Shares will be provisionally allotted on the basis of three (3) Rights Shares for every ten (10) existing Shares held as at the close of business on the Record Date.

The 1,815,170,111 Rights Shares represent 30.00% of the existing issued share capital of the Company and 23.08% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

As at the date of this announcement, the Company has 53,000,000 outstanding vested Share Options entitling the Share Optionholders to subscribe for 53,000,000 Shares. The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued on or before the Record Date pursuant to the exercise of the Share Options. Each of the Share Optionholders has irrevocably undertaken to the Company that he or she will not exercise such Share Options up to and including the Record Date.

Save for the outstanding Share Options, there are no other convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the new Shares as at the date of this announcement.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be (i) registered as a member of the Company as at the close of business on the Record Date; and (ii) a Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company's branch share registrar by not later than 4:30 p.m. on Thursday, 19 May 2011.

The share registrar of the Company is: Tricor Tengis Limited at 26/F, Tesbury Centre,  
28 Queen's Road East, Wanchai, Hong Kong

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 20 May 2011 to Wednesday, 25 May 2011, both days inclusive, for the purpose of determining the Qualifying Shareholders and their entitlements under the Rights Issue. No transfer of Shares will be registered during this period.

## **TERMS OF THE RIGHTS ISSUE**

### **Subscription Price**

The Subscription Price is HK\$1.38 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of 25.81% to the closing price of HK\$1.860 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 28.79% to the average closing price of HK\$1.938 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 28.76% to the average closing price of HK\$1.937 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of 24.96% to the average closing price of HK\$1.839 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of 21.10% to the theoretical ex-rights price of HK\$1.749 based on the closing price of HK\$1.860 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares and current market conditions.

The Directors consider the terms of the Rights Issue and the Subscription Price to be fair and reasonable and the Rights Issue to be in the interests of the Group and Shareholders as a whole.

### **Basis of Provisional Allotments**

The Company will provisionally allot the Rights Shares to the Qualifying Shareholders on the basis of three (3) Rights Shares in nil-paid form for every ten (10) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu in all respects with all Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

## **Share certificates for the Rights Shares**

Subject to the fulfillment of the conditions to the Rights Issue as described in the section headed “Conditions of the Rights Issue” in this announcement and the Underwriting Agreement not being terminated by the Underwriter in the circumstances described in the section headed “Termination of the Underwriting Agreement” of this announcement, share certificates for all fully-paid Rights Shares are expected to be posted by ordinary mail on or about Monday, 20 June 2011 to those Qualifying Shareholders or their transferees who have accepted and paid for the Rights Shares, at their risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted by ordinary mail on or about Monday, 20 June 2011 at such applicants’ risk.

## **Fractions of Rights Shares and Rights Shares which would have been allotted to Excluded Shareholders had they been Qualifying Shareholders**

The Company will not provisionally allot and issue fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and arrangements will be made by the Company for the sale in the market of any nil-paid Rights Shares created by adding fractions of the Rights Shares, if any, and if the Company does so, it will keep the net proceeds for its own benefit. Any unsold Rights Shares created from aggregating fractional Rights Shares will be available for excess Rights Shares applications.

In the case of the Rights Shares (excluding fractional entitlements) which would have been allotted to the Excluded Shareholders, if any, had they been Qualifying Shareholders, the Company shall use its reasonable endeavours to procure that all or as many as possible of such Rights Shares are sold on the Stock Exchange, in nil-paid form, at such a premium in excess of the expenses of sale as may reasonably be obtained as soon as practicable after the commencement of dealings in the nil-paid Rights Shares but before the latest time for dealings in the nil-paid Rights Shares. The Company will distribute to the Excluded Shareholders the net proceeds of such sale of the Rights Shares (pro rata to their entitlement to the Rights Shares had they been Qualifying Shareholders) except that a sum due to any Excluded Shareholder of less than HK\$100 will not be distributed but will be retained, along with the proceeds of the sale of nil-paid Rights Shares created by adding fractions of the Rights Shares, by the Company for its own use and benefit. In the event that such Rights Shares are not sold on the Stock Exchange, they will become part of the excess Rights Shares available for application by the Qualifying Shareholders.

## **Excluded Shareholders**

The Directors will make enquiries pursuant to rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange in those jurisdictions for the issue of the Rights Shares to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to any of the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders.

Accordingly, the Rights Issue will not be extended to the Excluded Shareholders, if any, and no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to the Excluded Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only. No PALs or EAFs will be despatched to the Excluded Shareholders. The basis of exclusion of the Excluded Shareholders from the Rights Issue will be disclosed in the Prospectus.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Application for excess Rights Shares**

A Qualifying Shareholder shall be entitled to apply for (i) any unsold Rights Shares created by adding together fractions of the Right Shares; and (ii) any Rights Shares provisionally allotted but not accepted by other Qualifying Shareholders.

Application for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate the excess Rights Shares at its discretion on a fair and reasonable basis on the following principles:

- (a) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (b) subject to availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. the Qualifying Shareholders applying for smaller numbers of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas the Qualifying Shareholders applying for larger numbers of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares).

The Directors consider such an allocation basis to be fair and reasonable.

Persons whose Shares are held by a nominee company (or which are held in CCASS) should note that for the purposes of the principles above, the Company will regard the nominee company (including HKSCC) as a single Shareholder according to the register of members of the Company. Accordingly, persons whose Shares are registered in the name of a nominee company (or which are held in CCASS) should note that the arrangements in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they wish to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

Persons whose Shares are held by a nominee company (or which are held in CCASS) and who wish to have their names registered on the register of members of the Company must lodge all necessary documents with the Company's share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by not later than 4:30 p.m. on Thursday, 19 May 2011. The register of members of the Company will be closed from Friday, 20 May 2011 to Wednesday, 25 May 2011, both days inclusive.

### **Application for Listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000). Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, the SFC transaction levy and other applicable fees and charges in Hong Kong.

### **Rights Shares eligible for Admission into CCASS**

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following:

- (a) all necessary approvals, permits, waivers, consents and authorisations having been obtained for the Rights Issue, the provisional allotment and allotment of the Rights Shares;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of, and permission to deal in, all the Rights Shares, in their nil-paid and fully-paid forms, and such listing not being revoked prior to 5:00 p.m. on the day which is the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011);
- (c) the delivery on or before the Posting Date of (i) one signed copy of each of the Rights Issue Documents to the Underwriter and the Stock Exchange and (ii) certified true copies of responsibility letters in respect of the Rights Issue Documents signed by all of the Directors in a form satisfactory to the Underwriter;

- (d) the filing and registration on or prior to the Posting Date of one signed copy of each of the Rights Issue Documents (and all other documents required to be attached) with the Registrar of Companies in Hong Kong, complying with the requirements of the Companies Ordinance;
- (e) the filing on or prior to or as soon as reasonably practicable after the Posting Date of one signed copy of each of the Rights Issue Documents (and all other documents required to be attached thereto) with the Registrar of Companies in Bermuda, complying with the requirements of the Companies Act 1981 of Bermuda (as amended);
- (f) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date (or such later date as the Underwriter may agree with the Company); and
- (g) the Underwriting Agreement becoming unconditional by and not being terminated by the Underwriter prior to 5:00 p.m. on the day which is the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011) (or such later date as the Underwriter may agree with the Company).

In the event that any of the above conditions is not satisfied on or before the time and dates specified in the Underwriting Agreement, the Underwriting Agreement shall, save in respect of certain provisions therein, terminate and the obligations of the Company and the Underwriter shall cease and be null and void upon such termination and none of the Company and the Underwriter shall, save in respect of any right or liability accrued under the Underwriting Agreement before such termination, have any right against or liability towards the other arising out of or in connection with the Underwriting Agreement.

#### **IRREVOCABLE UNDERTAKINGS**

Keentech and CA are wholly-owned subsidiaries of CITIC Group and Baytree and Ellington are wholly-owned subsidiaries of Temasek Holdings (Private) Limited.

As at the date of this announcement, Keentech and CA are the registered holders of 2,517,502,330 Shares and 750,413,793 Shares respectively, representing in aggregate 54.01% of the existing issued share capital of the Company, and Baytree and Ellington are the registered holders of 443,267,500 Shares and 250,508,841 Shares respectively, representing in aggregate 11.47% of the existing issued share capital of the Company.

Pursuant to the Irrevocable Undertakings, each of Keentech, CA, Baytree and Ellington has irrevocably undertaken to the Company that: (i) it shall not transfer or otherwise dispose of its interest (beneficial or otherwise) in, and shall remain the registered holder of, 2,517,502,330 Shares, 750,413,793 Shares, 443,267,500 Shares and 250,508,841 Shares respectively from the date of its Irrevocable Undertaking up to and including the Commencement of Dealings Date, (ii) no later than the Acceptance Date, it shall subscribe for, or procure to be subscribed for, respectively 755,250,699 Rights Shares, 225,124,137 Rights Shares, 132,980,250 Rights Shares and 75,152,652 Rights Shares that are provisionally allotted to it under the Rights Issue by lodging, or procuring the lodging of, the relevant application form together with the remittance for the full amount payable on acceptance of subscription of such Rights Shares in accordance with the acceptance instructions contained in the Rights Issue Documents.

## **UNDERWRITING ARRANGEMENT**

### **Underwriting Agreement**

Date :	3 May 2011
Underwriter :	Keentech. As at the date of this announcement, Keentech is directly interested in 2,517,502,330 Shares representing 41.61% of the issued share capital of the Company. Keentech is an investment holding company and its ordinary business does not include the underwriting of securities
Number of Underwritten Rights Shares :	626,662,373 Rights Shares
Underwriting commission :	about HK\$13.0 million, being 1.5% of the aggregate Subscription Price in respect of the Underwritten Rights Shares, payable by the Company to Keentech upon completion of the Rights Issue

The Underwriter has agreed to subscribe, or procure subscribers, for any Underwritten Rights Shares that are not validly accepted or subscribed for by the Acceptance Date, subject to the terms and conditions set out in the Underwriting Agreement including the conditions set out in the section headed "Conditions of the Rights Issue" of this announcement and the right of the Underwriter to terminate the Underwriting Agreement as set out in the section headed "Termination of the Underwriting Agreement" of this announcement.

The underwriting commission payable to the Underwriter was determined after arm's length negotiation between the Company and the Underwriter by reference to, among other things, the number of Rights Shares to be underwritten by the Underwriter, the subscription price per Rights Shares and the current and expected market conditions.

The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement, including the rate of underwriting commission payable to the Underwriter, to be on normal commercial terms and to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Underwriting Agreement or was required to abstain from voting on the board resolutions in respect of the Underwriting Agreement.

### **Termination of the Underwriting Agreement**

The Underwriter is entitled to terminate the Underwriting Agreement in the circumstances described below.

If, at any time prior to 5.00 p.m. on the third Business Day after the Acceptance Date (which is expected to be Wednesday, 15 June 2011):

- (a) there shall develop, occur, exist or come into effect:
- (i) any new law or regulation or any change or prospective change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Singapore, Bermuda or any other place in which any member of the Group conducts or carries on business; or
  - (ii) any change or prospective change in, or any event or series of events resulting or likely to result in any change in local, national or international financial, political, military, industrial, economic, currency or (whether or not sui generis with any of the foregoing) market conditions; for this purpose but without limiting the generality of the foregoing a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America shall be an event resulting or likely to result in a change in currency conditions; or
  - (iii) any change or prospective change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise); or
  - (iv) any material change in the business or in the financial or trading position or prospects of the Group; or
  - (v) any act of God, war, riot, public disorder, any outbreak or escalation of hostilities, declaration of emergency, calamity, crisis, epidemic, terrorism or any event or a series of events beyond the control of the Underwriter; or
  - (vi) any suspension in the trading of the Shares on the Stock Exchange; or
  - (vii) any litigation against any member of the Group by a third party; or
  - (viii) any moratorium on commercial banking activities having been declared by the PRC, Hong Kong or Singapore authorities;

which, in the reasonable opinion of the Underwriter:

- (x) is likely to have a material adverse effect on the Company or the Group or the Rights Issue; or
- (y) is likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (z) is so material as to make it inadvisable or inexpedient for the Company to proceed with the Rights Issue; or

- (b) there comes to the notice of the Underwriter:
- (i) any matter or event showing any of the representations and warranties or any undertakings of the Company under the Underwriting Agreement to be untrue or misleading or as having been breached in any respect; or
  - (ii) any change or development involving a prospective change in Hong Kong taxation or exchange control which will or may materially and adversely affect the Group or a material proportion of the existing Shareholders in their capacity as such,

then and in any such case the Underwriter may (but shall not be bound to), upon giving notice to the Company, terminate the Underwriting Agreement with immediate effect. If the Underwriting Agreement is terminated, the Rights Issue will not proceed.

In the event the Underwriter exercises its right to terminate the Underwriting Agreement, the Underwriting Agreement shall, save in respect of certain provisions therein, terminate and the obligations of the Company and the Underwriter shall cease and be null and void and none of the Company and the Underwriter shall, save in respect of certain provisions and any right or liability accrued under the Underwriting Agreement before such termination, have any right against or liability towards the other arising out of or in connection with the Underwriting Agreement.

#### **CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE**

Set out below is the shareholding structure of the Company as at the date of this announcement and assuming completion of the Rights Issue occurs:

Name of Shareholder	Existing shareholding		After completion of the Rights Issue (assuming Keentech (for itself and CA), Baytree, Ellington and the Qualifying Shareholders take up all their Rights Shares)		After completion of the Rights Issue (assuming Keentech (for itself and CA), Baytree and Ellington take up all their Rights Shares and no Rights Shares are taken up by the Qualifying Shareholders and Keentech has fully underwritten the Underwritten Rights Shares)	
	Shares	%	Shares	%	Shares	%
Keentech	2,517,502,330	41.61	3,497,877,166	44.47	4,124,539,539	52.44
CA	750,413,793	12.40	750,413,793	9.54	750,413,793	9.54
Baytree	443,267,500	7.33	576,247,750	7.33	576,247,750	7.33
Ellington	250,508,841	4.14	325,661,493	4.14	325,661,493	4.14
Public	<u>2,088,874,574</u>	<u>34.52</u>	<u>2,715,536,947</u>	<u>34.52</u>	<u>2,088,874,574</u>	<u>26.55</u>
Total	<u><u>6,050,567,038</u></u>	<u><u>100.00</u></u>	<u><u>7,865,737,149</u></u>	<u><u>100.00</u></u>	<u><u>7,865,737,149</u></u>	<u><u>100.00</u></u>

## EXPECTED TIMETABLE

2011

Last day of dealings in the Shares on a cum-rights basis .....	Tuesday, 17 May
Commencement of dealings in the Shares on an ex-rights basis .....	Wednesday, 18 May
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue .....	4:30 p.m. on Thursday, 19 May
Register of members of the Company closes .....	Friday, 20 May to Wednesday, 25 May (both days inclusive)
Record Date.....	Wednesday, 25 May
Register of members of the Company re-opens .....	Thursday, 26 May
Despatch of the Rights Issue Documents .....	Thursday, 26 May
First day of dealings in nil-paid Rights Shares .....	Monday, 30 May
Latest time for splitting nil-paid Rights Shares .....	4:30 p.m. on Wednesday, 1 June
Last day of dealings in nil-paid Rights Shares .....	Tuesday, 7 June
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares.....	4:00 p.m. on Friday, 10 June
Latest time for termination of the Underwriting Agreement .....	5:00 p.m. on Wednesday, 15 June
Announcement of results of the Rights Issue to be published in the respective websites of the Stock Exchange and the Company .....	Friday, 17 June
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or about .....	Monday, 20 June
Certificates for the Rights Shares expected to be despatched on or about .....	Monday, 20 June
Dealings in fully-paid Rights Shares commence .....	Wednesday, 22 June

The latest time for acceptance of and payment for the Rights Shares shall not take place at 4:00 p.m. on Friday, 10 June 2011 if there is a tropical cyclone warning signal Number 8 or above, or a "black" rainstorm warning signal: (i) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Friday, 10 June 2011 (in which case the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same day); or (ii) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on Friday, 10 June 2011 (in which case the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day). If the latest time for acceptance of and payment for the Rights Shares does not take place on Friday, 10 June 2011, the dates mentioned above may be affected. In such event, an announcement will be made by the Company as soon as practicable.

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. In such event, an announcement will be made by the Company as soon as practicable.

## **WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES**

Existing Shares will be dealt with on an ex-rights basis from Wednesday, 18 May 2011. The Rights Shares will be dealt with in their nil-paid form from Monday, 30 May 2011 to Tuesday, 7 June 2011, both days inclusive. If prior to 5:00 p.m. on the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011), the conditions of the Rights Issue cannot be fulfilled or the Underwriter terminates the Underwriting Agreement (see sub-sections headed “Conditions of the Rights Issue” and “Termination of the Underwriting Agreement” above), the Rights Issue will not proceed. Any dealings in the Shares from the date of this announcement and up to 5:00 p.m. on the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011), being the time and date by which all the conditions of the Rights Issue are to be fulfilled and when the right of the Underwriter to terminate the Underwriting Agreement is to lapse, and any dealings in the Rights Shares in their nil-paid form between Monday, 30 May 2011 and Tuesday, 7 June 2011, both days inclusive, are accordingly subject to the risk that the Rights Issue may not proceed.

Shareholders and potential investors dealing in the Shares from the date of this announcement and up to 5:00 p.m. on the third Business Day following the Acceptance Date (which is expected to be Wednesday, 15 June 2011), being the time and date by which all conditions to which the Rights Issue is subject must be satisfied before the Rights Issue becomes unconditional and when the right of the Underwriter to terminate the Underwriting Agreement is to lapse, or in the Rights Shares in nil-paid form during the period in which they may be traded in their nil-paid form, bear the risk that the Rights Issue may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares or the Rights Shares in their nil-paid form and, if they are in any doubt about their position, they should consult their professional adviser(s).

## **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The proceeds from the Rights Issue will be HK\$2,504.9 million (before expenses). The net proceeds of the Rights Issue will enhance the financial condition of the Company by improving its gearing ratio. In addition, the net proceeds of the Rights Issue will be applied by the Company towards funding its future investments and as working capital and for general corporate purposes of the Group.

## **ADJUSTMENT TO SHARE OPTIONS**

In accordance with the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to the number of Shares to be issued on the exercise of the Share Options and/or the exercise price payable by each Share Optionholder in respect of each Share to be issued on the exercise of the Share Options. The Company will engage Ernst & Young, the auditors of the Company, pursuant to the terms of the Share Option Scheme to determine if any adjustment is required to be made to the number of Shares to be issued on the exercise of the Share Options and/or the exercise price payable by each Share Optionholder in respect of each Share to be issued on the exercise of the Share Options as a result of the Rights Issue.

## **DESPATCH OF PROSPECTUS**

The Company expects to despatch the Rights Issue Documents containing, among other things, further details of the Rights Issue to the Qualifying Shareholders on Thursday, 26 May 2011.

The Company will, to the extent reasonably practicable, despatch the Prospectus to the Excluded Shareholders, if any, for their information only. No PALs or EAFs will be despatched to the Excluded Shareholders.

## **INFORMATION ON THE GROUP**

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 and the exploration, development and production of oil.

For the financial year ended 31 December 2010, the consolidated profit before and after taxation of the Group amounted to HK\$675.6 million and HK\$1,081.2 million respectively and the consolidated net assets of the Group as at 31 December 2010 were HK\$10,666.4 million.

## **FUNDS RAISED BY THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising exercises involving the issue of any equity securities in the period of twelve months immediately preceding the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

Shareholders' approval is not required for the Rights Issue.

Keentech, the Underwriter, is a substantial shareholder of the Company and a connected person of the Company. The terms of the Underwriting Agreement (including the terms of payment of the underwriting commission) constitute a connected transaction under Chapter 14A of the Listing Rules. As the percentage ratios in respect of the applicable size tests calculated by reference to the underwriting commission payable to the Underwriter pursuant to the Underwriting Agreement exceed 0.1% but are less than 5%, the entering into of the Underwriting Agreement is subject to the reporting and announcement (but exempt from the independent shareholders' approval) requirements of Chapter 14A of the Listing Rules.

The allotment and issue of the Underwritten Rights Shares to the Underwriter in accordance with the Underwriting Agreement is, pursuant to rule 14A.31(3)(c) of the Listing Rules, exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Rights Issue will be conducted in compliance with rule 7.21(1) of the Listing Rules.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

As at the date of this announcement, Keentech and CA, both wholly-owned subsidiaries of CITIC Group, are the registered holders of 2,517,502,330 and 750,413,793 Shares respectively, representing 41.61% and 12.40% of the issued share capital and voting rights of the Company respectively. Keentech and CA have held, and CITIC Group has exercised effective control of, 54.01% of the issued share capital and voting rights of the Company during the 12 months preceding the date of this announcement.

In connection with the Rights Issue, it is expected that Keentech will take up CA's full entitlement of Rights Shares in addition to its own entitlement of Rights Shares. Keentech may also be required to take up additional Rights Shares as the Underwriter to the Rights Issue. Keentech's interest in the voting rights of the Company will therefore increase by more than 2% from its lowest percentage holding of voting rights in the Company in the 12 month period immediately preceding the completion of the Rights Issue if:

- (a) Keentech takes up its and CA's entitlement of Rights Shares (but is not required to take up any other Rights Shares). In such circumstances, Keentech's interest in the issued share capital and voting rights of the Company will increase from 41.61% to 44.47% but CITIC Group's control of the voting rights of the Company will remain at 54.01% of the total voting rights of the Company; and
- (b) Keentech takes up its and CA's entitlement of Rights Shares and is required to take up some or all of the Underwritten Rights Shares. In such circumstances, and assuming Keentech is required to subscribe for all of the Underwritten Rights Shares, Keentech's interest in the issued share capital and voting rights of the Company will increase from 41.61% to 52.44% and CITIC Group's control of the voting rights of the Company will increase from 54.01% to 61.98% of the total voting rights of the Company.

Keentech has applied to the Executive for, and has received from the Executive, a waiver from the obligation pursuant to Rule 26.1 of the Takeovers Code (if such an obligation should arise) to make a mandatory offer for all of the voting rights in the Company not held by Keentech as a result of Keentech's interest in the voting rights in the Company increasing by more than 2% from its lowest percentage holding of voting rights in the Company in the 12 month period immediately preceding completion of the Rights Issue from the taking up of CA's entitlement of Rights Shares and subscription for any Underwritten Rights Shares.

## **FINANCIAL ADVISER**

CITIC Securities Corporate Finance (HK) Limited has been appointed as financial adviser to advise the Company in connection with the Rights Issue.

## **DEFINITIONS**

"Acceptance Date"	Friday, 10 June 2011, being the last day for acceptance of and payment for the Rights Shares, or such other date as the Company and the Underwriter may agree in writing
"Baytree"	Baytree Investments (Mauritius) Pte. Ltd., a company incorporated in Mauritius and an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or public holiday or a day on which either a tropical cyclone warning signal Number 8 or above or a "black" rainstorm warning signal is or remains hoisted between 9:00 a.m. and 4:00 p.m.) on which banks are open in Hong Kong for general commercial business
"CA"	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia and a direct wholly-owned subsidiary of CITIC Group
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CITIC Group"	CITIC Group, a state-owned enterprise incorporated in the PRC

“Commencement of Dealings Date”	Wednesday, 22 June 2011, being the date on which dealings in the fully-paid Rights Shares are expected to commence on the Main Board of the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“EAFs”	application forms for excess Rights Shares
“Ellington”	Ellington Investments Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited
“Excluded Shareholders”	Overseas Shareholders whom the Board, after taking appropriate legal advice in the relevant jurisdiction in which the addresses of the Overseas Shareholders recorded in the register of members of the Company are situated, considers it necessary or expedient not to offer the Rights Shares to on account either of legal restrictions under the laws of that relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that relevant jurisdiction
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertakings”	the irrevocable undertakings dated 3 May 2011 of each of Keentech, CA, Baytree and Ellington in favour of the Company and described in the section headed “Irrevocable Undertakings” of this announcement
“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands, and an indirect wholly-owned subsidiary of CITIC Group, which holds directly 41.61% of the issued share capital of the Company as at the date of this announcement

“Last Trading Day”	Tuesday, 3 May 2011, being the last trading day of the Shares on the Stock Exchange prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong
“PALs”	renounceable provisional allotment letters for the Rights Shares
“Posting Date”	Thursday, 26 May 2011 or such other date as the Company and the Underwriter may agree in writing for the despatch of the Rights Issue Documents
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Wednesday, 25 May 2011, the record date for determining Qualifying Shareholders and their entitlements under the Rights Issue
“Rights Issue”	the issue of 1,815,170,111 Rights Shares at the Subscription Price on the basis of three (3) Rights Shares for every ten (10) existing Shares held as at the close of business on the Record Date payable in full on acceptance
“Rights Issue Documents”	the Prospectus, the PALs and the EAFs
“Rights Shares”	new Shares to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders”	holders of the Shares
“Share Optionholders”	holders of outstanding Share Options
“Share Options”	options issued under the terms of the Share Option Scheme which entitle the holder thereof to subscribe for new Shares

“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 30 June 2004
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$1.38 per Rights Share
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“Underwriter”	Keentech
“Underwriting Agreement”	the underwriting agreement dated 3 May 2011 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Rights Shares”	626,662,373 Rights Shares (being all the Rights Shares other than the Rights Shares that will be provisionally allotted to Keentech, CA, Baytree and Ellington) which are fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**CITIC Resources Holdings Limited**  
**Zeng Chen**  
*President and Chief Executive Officer*

Hong Kong, 3 May 2011

*As at the date hereof, the executive directors of the Company are Mr. Sun Xinguo; Mr. Zeng Chen; Mr. Guo Tinghu and Ms. Li So Mui, the non-executive directors are Mr. Mi Zengxin; Mr. Qiu Yiyong; Mr. Tian Yuchuan; Mr. Wong Kim Yin and Mr. Zhang Jijing, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Ngai Man.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement 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 statements in this announcement misleading.*