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## **CITIC RESOURCES HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

(Stock Code: 1205)

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION AND INCREASE OF INTEREST IN THE COPPABELLA AND MOORVALE JOINT VENTURE**

##### **PURCHASE OF THE SALE INTEREST**

CACL, an indirect wholly-owned subsidiary of the Company, has agreed to purchase the Sale Interest, subject to pro-ration (if any) amongst other Accepting Participants.

The actual portion of the Sale Interest that CACL shall purchase is dependent upon the number of Accepting Participants. If all Non-Selling Participants elect to purchase the Sale Interest pursuant to the Pre-emption Right, each of them shall purchase a portion of the Sale Interest in the same proportion that its interest in the CMJV bears to the total interest of all Accepting Participants in the CMJV. In such circumstances, CACL shall purchase an additional 0.527% interest in the CMJV, thereby increasing its aggregate interest in the CMJV to 7.527%. In the event CACL is the only Accepting Participant, CACL shall purchase the entire Sale Interest, thereby increasing its aggregate interest in the CMJV to 14%.

The aggregate purchase price for the Sale Interest is A\$112.9 million (HK\$913.4 million), subject to adjustment in respect of cash calls and receipts (excluding income from coal sales prior to the Effective Date) between the Effective Date and the date of Completion.

The amount of the purchase price payable by CACL shall be dependent upon, and shall be adjusted according to, the portion of the Sale Interest that CACL ultimately purchases. The amount of the purchase price, before adjustment in respect of cash calls and receipts (excluding income from coal sales prior to the Effective Date) between the Effective Date and the date of Completion, that CACL shall pay ranges from a minimum of A\$8.5 million (HK\$68.8 million) for a 0.527% interest in the CMJV to A\$112.9 million (HK\$913.4 million) for the entire Sale Interest.

##### **LISTING RULES IMPLICATIONS**

The purchase of the entire Sale Interest constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **GENERAL**

**Shareholders and potential investors should note that the purchase of the Sale Interest remains subject to the satisfaction of a number of conditions and, therefore, may or may not complete. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.**

## **INTRODUCTION**

CACL, a Participant and an indirect wholly-owned subsidiary of the Company, currently holds a 7% interest in the CMJV.

In accordance with the Pre-emption Right, Winview has given notice to the Non-Selling Participants that it wishes to sell the Sale Interest for an aggregate purchase price of A\$112.9 million (HK\$913.4 million), subject to certain cash flow adjustments. CACL has elected to exercise its rights under the Pre-emption Right and agreed to purchase the Sale Interest, subject to pro-ratio (if any) amongst other Accepting Participants.

The actual portion of the Sale Interest that CACL shall purchase is dependent upon the number of Accepting Participants. If all Non-Selling Participants elect to purchase the Sale Interest pursuant to the Pre-emption Right, each of them shall purchase a portion of the Sale Interest in the same proportion that its interest in the CMJV bears to the total interest of all Accepting Participants in the CMJV. In such circumstances, CACL shall purchase an additional 0.527% interest in the CMJV, thereby increasing its aggregate interest in the CMJV to 7.527%. In the event CACL is the only Accepting Participant, CACL shall purchase the entire Sale Interest, thereby increasing its aggregate interest in the CMJV to 14%.

## **DETAILS OF THE PURCHASE OF THE SALE INTEREST**

### **Date of the Purchase Agreement**

25 January 2013

### **Parties to the Purchase Agreement**

- (1) Winview
- (2) CACL
- (3) CITIC Coal

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Winview and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### **Percentage of the Sale Interest to be Purchased**

The Sale Interest represents a 7% interest in the CMJV and other related interests held by Winview.

In accordance with the Pre-emption Right, each Accepting Participant shall acquire a portion of the Sale Interest which shall be the same proportion that its interest in the CMJV bears to the total interest of all Accepting Participants in the CMJV.

The actual portion of the Sale Interest that CACL shall purchase is dependent upon the number of Accepting Participants. If all Non-Selling Participants elect to purchase the Sale Interest pursuant to the Pre-emption Right, each of them shall purchase a portion of the Sale Interest in the same proportion that its interest in the CMJV bears to the total interest of all Accepting Participants in the CMJV. In such circumstances, CACL shall purchase an additional 0.527% interest in the CMJV, thereby increasing its aggregate interest in the CMJV to 7.527%. In the event CACL is the only Accepting Participant, CACL shall purchase the entire Sale Interest, thereby increasing its aggregate interest in the CMJV to 14%.

Accepting Participants may agree an alternate apportionment of the Sale Interest. However, CACL has not agreed an alternate apportionment of the Sale Interest as of the date of this announcement.

### **Purchase Price**

The aggregate purchase price for the Sale Interest is A\$112.9 million (HK\$913.4 million), subject to adjustment in respect of cash calls and receipts (excluding income from coal sales prior to the Effective Date) between the Effective Date and the date of Completion, and has been determined by Winview following negotiations with a potential third party purchaser of the Sale Interest.

The amount of the purchase price payable by CACL shall be dependent upon, and shall be adjusted according to, the portion of the Sale Interest that CACL ultimately purchases. The amount of the purchase price, before adjustment in respect of cash calls and receipts (excluding income from coal sales prior to the Effective Date) between the Effective Date and the date of Completion, that CACL shall pay ranges from a minimum of A\$8.5 million (HK\$68.8 million) for a 0.527% interest in the CMJV to A\$112.9 million (HK\$913.4 million) for the entire Sale Interest.

The fair value of the Group's current 7% interest in the CMJV which is similar to the Sale Interest is about A\$94.1 million (HK\$761.3 million).

CACL shall fund the purchase price for the Sale Interest from internal resources.

### **Conditions**

The purchase of the Sale Interest remains subject to the satisfaction of certain conditions, including Winview receiving the following:

- (A) written notice under the Mining Act of the Minister's indicative approval to the transfer of the Tenements, to the extent of the Sale Interest to be transferred, to CACL, and that notice is either free from conditions or subject to conditions that are acceptable to CACL in its absolute discretion;
- (B) written consent for Winview's financiers to the transfer of the Sale Interest and that consent is either free from conditions or subject to conditions that are acceptable to Winview in its absolute discretion;
- (C) AMCI's Written Consent;
- (D) Codrilla Contracts Written Consent and Release; and
- (E) signed IUCD Deed of Assignment.

As at the date of this announcement, none of the above conditions has been satisfied.

### **Completion**

Completion is expected to take place on or before 28 March 2013.

## REASONS FOR THE PURCHASE OF THE SALE INTEREST

Coal mining is a key business of the Group. In particular, the Group has been a long term investor in low volatile PCI coal through its recent shareholding interest in Macarthur Coal Limited (sold 2011) and through its current 7% interest in the CMJV and other direct interests in certain other coal tenements in Australia.

The Directors believe that low volatile PCI coal is an important resource and demand for low volatile PCI coal remains robust notwithstanding the current difficulties affecting the global economy. The Directors also believe that demand in the medium to long term for low volatile PCI coal will continue to be strong.

The purchase of the Sale Interest provides the Group with the opportunity to increase its overall interest in the CMJV and thereby enhance its total investment in coal mining and low volatile PCI coal in particular.

The Directors believe that the terms and conditions of the Purchase Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## INFORMATION ON THE CMJV

The CMJV is an unincorporated joint venture established in December 2003 that operates the Coppabella and Moorvale coal mines and the Codrilla project, all located in the Bowen Basin, Queensland, Australia.

The current Participants are:

Name of Participant	Parent Company	Interest
Peabody Energy Australia PCI Pty Ltd.	Peabody Energy Corporation	73.3%
CACL	the Company	7.0%
Mapella Pty Ltd.	Marubeni Corporation	7.0%
Winview	Sojitz Corporation	7.0%
KC Resources Pty Ltd.	JFE Shoji Trade Corporation	3.7%
NS Coal Pty Ltd.	Nippon Steel Trading Co. Limited	2.0%

The CMJV is one of only five producers of low volatile PCI coal in Australia. This coal is predominately sold to steel mills for use in the production of pig iron from iron ore in the blast furnace process. It is recognised as a cheaper alternative for coking coal which has been used traditionally in the blast furnace process. Low volatile PCI coal is high in carbon and energy but low in ash and sulphur and is more efficient in the blast furnace process and cheaper to prepare for injection.

The profit attributable to the Group's current 7% interest in the CMJV for the two financial years ended 31 December 2011 is as follows:

	Year ended 31 December	
	2011	2010
	A\$ million (HK\$ million)	A\$ million (HK\$ million)
Profit before tax and extraordinary items	17.2 (139.1)	21.6 (174.7)
Profit after tax and extraordinary items	12.0 (97.1)	15.1 (122.2)

## **INFORMATION ON THE COMPANY**

The Company is the listed natural resources flagship of CITIC Group and an integrated provider of strategic natural resources and key commodities.

Through its subsidiaries and associates, the Company has interests in oil, coal mining, import and export of commodities, aluminum smelting and manganese mining and processing.

## **LISTING RULES IMPLICATIONS**

The purchase of the entire Sale Interest constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **GENERAL**

**Shareholders and potential investors should note that the purchase of the Sale Interest remains subject to the satisfaction of a number of conditions and, therefore, may or may not complete. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.**

## **DEFINITIONS**

For the purpose of this announcement, the following words and expressions shall have the following meanings:

“Accepting Participant”	a Non-Selling Participant that elects to acquire the Sale Interest pursuant to the Pre-emption Right
“AMCI’s Written Consent”	the written consent of QCR No. 2 Pty Ltd. and CPB Coal Pty Ltd. in accordance with the terms and conditions of the Purchase Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CACL”	CITIC Australia Coppabella Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“CITIC Coal”	CITIC Australia Coal Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), a wholly state-owned company incorporated in the People's Republic of China
“CMJV”	the Coppabella and Moorvale joint venture
“Codrilla Contracts Written Consent and Release”	the written consents and releases of Peabody BB Interests Pty Ltd., Peabody Energy Australia PCI Pty Ltd., Peabody Energy Australia PCI (C&M Management) Pty Ltd. and CITIC Bowen Basin Pty Limited in accordance with the terms and conditions of the Purchase Agreement

“Completion”	completion of the purchase of the Sale Interest (or such portion thereof as shall be allocated to CACL)
“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”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	30 June 2012
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“IUCD Deed of Assignment”	a deed of assignment, covenant and consent by which CACL accepts assignment of the Infrastructure User Charge Deed dated 23 October 2002 among the State of Queensland, the Participants and QCR No. 2 Pty Ltd. and CPB Coal Pty Ltd., as amended
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mining Act”	the Mineral Resources Act 1989 (Qld) and any regulations made under it
“Minister”	the minister from time to time responsible for the administration of the Mining Act
“Non-Selling Participants”	Participants other than Winview
“Participant”	a participant in the CMJV as described under the section “Information on the CMJV” of this announcement
“PCI”	pulverized coal injection
“Pre-emption Right”	the pre-emption right granted to the Participants under the Coppabella and Moorvale joint venture agreement dated 11 December 2003, as amended
“Purchase Agreement”	the purchase agreement dated 25 January 2013 among Winview, CACL and CITIC Coal relating to the purchase of the Sale Interest
“Sale Interest”	the 7% interest in the CMJV and other related interests held by Winview
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenements”	the tenements described in schedule 4 of the Purchase Agreement
“Winview”	Winview Pty Ltd.
“A\$”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*In this announcement, amounts in A\$ have been converted into HK\$ or vice-versa at the rate of A\$1 = HK\$8.09 for illustration purposes only. No representation is made that any amounts in A\$ or HK\$ have been or could have been or can be converted at the aforementioned rate or at any other rate or at all.*

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

Hong Kong, 25 January 2013

*As at the date hereof, the executive directors of the Company are Mr. Zeng Chen; Mr. Guo Tinghu and Ms. Li So Mui, the non-executive directors are Mr. Ju Weimin; 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; Mr. Hu Weiping and Mr. Ngai Man.*