

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

2014 COOPERATION AGREEMENT SALE OF COMMODITIES BY CACT TO CITIC METAL

SALE OF COMMODITIES TO CITIC METAL

CACT is an international trading company with an emphasis on trade between Australia and China. In particular, CACT exports iron ore and coal to China through sales to CITIC Metal pursuant to the 2011 Cooperation Agreement which expires on 31 December 2013.

On 11 October 2013, CACT and CITIC Metal entered into the 2014 Cooperation Agreement which will maintain a framework to allow CACT to continue selling iron ore and coal, and to begin selling alumina and other commodities, to CITIC Metal during the three years ending 31 December 2016.

Sales of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement will be transacted subject to the Annual Caps.

LISTING RULES IMPLICATIONS

CITIC Metal, a wholly-owned subsidiary of CITIC Group, is a connected person of the Company and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement will constitute continuing connected transactions of the Company. As one of the applicable percentage ratios in respect of the Annual Caps is more than 5%, the Annual Caps and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

CIRCULAR

A circular containing, among other things, details of the 2014 Cooperation Agreement and the Annual Caps, the letter of recommendation from the Independent Board Committee, the letter of advice from the Independent Financial Adviser and the notice convening the Special General Meeting is expected to be despatched to Shareholders on or before 4 November 2013.

BACKGROUND

CACT is an international trading company with an emphasis on trade between Australia and China. In particular, CACT exports iron ore and coal to China through sales to CITIC Metal pursuant to the 2011 Cooperation Agreement which expires on 31 December 2013.

On 11 October 2013, CACT and CITIC Metal entered into the 2014 Cooperation Agreement which will maintain a framework to allow CACT to continue selling iron ore and coal, and to begin selling alumina and other commodities, to CITIC Metal during the three years ending 31 December 2016.

Sales of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement will be transacted subject to the Annual Caps.

DETAILS OF THE 2014 COOPERATION AGREEMENT

Date

11 October 2013

Parties

- (a) CACT, an indirect wholly-owned subsidiary of the Company
- (b) CITIC Metal, a connected person of the Company

Principal Terms

The 2014 Cooperation Agreement requires that sales of iron ore, coal, alumina and other commodities by CACT to CITIC Metal during the three years ending 31 December 2016 must be conducted on the following basis:

- (a) on the occasion of each individual sale of iron ore, coal, alumina or other commodity, a separate individual sale agreement containing CACT's standard terms and conditions of sale shall be entered into between CACT and CITIC Metal;
- (b) each sale agreement between CACT and CITIC Metal shall be entered into on an arm's length basis; and
- (c) the price at which each individual sale of iron ore, coal, alumina or other commodity is transacted between CACT and CITIC Metal shall be determined by reference to applicable prevailing market prices.

Conditions

The 2014 Cooperation Agreement is conditional upon:

- (a) the approval of Independent Shareholders at the Special General Meeting; and
- (b) there being obtained all such other necessary approvals and consents (if any) required under any applicable laws, rules or regulations in Hong Kong and China for the performance of the 2014 Cooperation Agreement.

Shareholders and other investors should note that these conditions may or may not be satisfied and are reminded to exercise caution when dealing in the Shares and other securities of the Company.

ANNUAL CAPS AND BASIS OF CALCULATION

The sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal during the three years ending 31 December 2016 will be transacted in accordance with the terms of the 2014 Cooperation Agreement and subject to the Annual Caps set out below:

31 December 2014 : US\$150 million (HK\$1,170 million)

31 December 2015 : US\$150 million (HK\$1,170 million)

31 December 2016 : US\$150 million (HK\$1,170 million)

The Annual Caps are determined by reference to, among other things,

- (a) historical sales of iron ore and coal by CACT to CITIC Metal during the three years ending 31 December 2013;
- (b) an assumed sustained demand for iron ore, coal, alumina and other commodities particularly in China during the three years ending 31 December 2016;
- (c) anticipated sales of iron ore, coal, alumina and other commodities by CACT to CITIC Metal during the three years ending 31 December 2016;
- (d) the current and prospective prices of iron ore, coal, alumina and other commodities generally;
- (e) associated costs; and
- (f) the ability of CACT to source and secure supplies of iron ore, coal, alumina and other commodities in the market at competitive prices.

During the three years ending 31 December 2013, the annual caps in respect of the sale of iron ore and coal by CACT to CITIC Metal pursuant to the 2011 Cooperation Agreement as published in the announcement of the Company dated 8 November 2010 were as follows:

	<u>Iron ore</u>	<u>Coal</u>
31 December 2011 :	US\$460 million (HK\$3,588 million)	US\$ 90 million (HK\$ 702 million)
31 December 2012 :	US\$480 million (HK\$3,744 million)	US\$112 million (HK\$ 874 million)
31 December 2013 :	US\$500 million (HK\$3,900 million)	US\$132 million (HK\$1,030 million)

None of the annual caps in respect of the sale of iron ore and coal by CACT to CITIC Metal were exceeded for the two years ended 31 December 2012 and CACT does not expect that the annual caps for the year ending 31 December 2013 will be exceeded.

CACT has not engaged in the sale of alumina or other commodities to CITIC Metal prior to the date of this announcement.

REASONS AND BENEFITS FOR SALE OF IRON ORE, COAL, ALUMINA AND OTHER COMMODITIES TO CITIC METAL

The Directors (excluding the independent non-executive Directors) believe that the cooperation with CITIC Metal is important to CACT's business and the Group and should be maintained beyond the expiry of the 2011 Cooperation Agreement. The 2014 Cooperation Agreement will maintain a framework to allow CACT to continue selling iron ore and coal, and to begin selling alumina and other commodities, to CITIC Metal during the three years ending 31 December 2016.

Iron ore trading is a major business line for CACT. CACT began sales of iron ore to CITIC Metal in 2004 and iron ore sales have since increased year on year. CACT's cooperation with CITIC Metal has been an instrumental factor in the establishment of a successful iron ore trading business by CACT and, in particular, enabling CACT to gain access to the China market.

Demand for coal in China remains strong and CACT has, again principally through its cooperation with CITIC Metal, been able to establish a reliable channel for exporting coal, in particular low volatile pulverized coal injection coal, to China. CACT's export volumes of low volatile pulverized coal injection coal into China have grown since this business line was established, thus generating valuable revenue for the Group.

The cooperation between CACT and CITIC Metal has been beneficial for the Group, significantly helping the Group to expand its iron ore and coal sales in China over the years. The Board believes this cooperation can help the Group to increase iron ore and coal exports to China.

The Directors (excluding the independent non-executive Directors) also believe that the cooperation between CACT and CITIC Metal can help facilitate opportunities for CACT to export other commodities to China which continues to be an important market for commodities generally. In 2012, China was estimated to account for 11.7% of the world's crude oil consumption, 46% of aluminium (with forecasts that China will increase this share to more than 50% by 2025), 50% of coal, 46% of iron ore and 40% of copper. By broadening the types of commodities that CACT and CITIC Metal may promote under the 2014 Cooperation Agreement, CACT will have the flexibility to export a wider range of commodities to China and to adjust and react to changes in demand in China for different commodities. As in the case of iron ore and coal, CACT anticipates that it will be able to access the China commodities market, especially the aluminium sector, more effectively through its established cooperation with CITIC Metal.

The Directors (excluding the independent non-executive Directors whose views will be set out in the letter of recommendation from the Independent Board Committee in the circular to be despatched to Shareholders) consider the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the terms of the 2014 Cooperation Agreement and the Annual Caps to be fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE GROUP

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 exploration, development and production, bauxite and coal mining, import and export of commodities, aluminum smelting and manganese mining and processing.

INFORMATION ON CACT

CACT is an indirect wholly-owned subsidiary of the Company and operates in Australia. It is an international trading company with an emphasis on trade between Australia and China. It is a significant exporter of bulk commodities, focusing on base metals and mineral resources, including aluminium ingots, coal, iron ore, alumina and copper, and imports into Australia other commodities and manufactured goods such as vehicle and industrial batteries, tyres and various metals such as steel and aluminium extrusion products.

INFORMATION ON CITIC METAL

CITIC Metal is a wholly-owned subsidiary of CITIC Group and is based in China. It specialises in the import and export of metallurgical raw materials and products.

LISTING RULES IMPLICATIONS

CITIC Group, through its wholly-owned subsidiaries Keentech, CA and Extra Yield, controls 59.41% of the Shares in issue and is a substantial shareholder of the Company. CITIC Metal, also a wholly-owned subsidiary of CITIC Group, is an associate of CITIC Group and, therefore, a connected person of the Company. The sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement will constitute continuing connected transactions of the Company. As one of the applicable percentage ratios in respect of the Annual Caps is more than 5%, the Annual Caps and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

SPECIAL GENERAL MEETING

The Special General Meeting will be convened for the purpose of allowing Independent Shareholders to consider and, if thought fit, approve the 2014 Cooperation Agreement and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant thereto and the Annual Caps.

Keentech, CA and Extra Yield and their respective associates will be required to abstain from voting at the Special General Meeting under rule 14A.18 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee will be formed to consider and make its recommendation to Independent Shareholders as to whether the 2014 Cooperation Agreement and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant thereto and the Annual Caps are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser has been engaged by the Company to advise the Independent Board Committee and Independent Shareholders as to whether the 2014 Cooperation Agreement and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant thereto and the Annual Caps are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

CIRCULAR

A circular containing, among other things, details of the 2014 Cooperation Agreement and the Annual Caps, the letter of recommendation from the Independent Board Committee, the letter of advice from the Independent Financial Adviser and the notice convening the Special General Meeting is expected to be despatched to Shareholders on or before 4 November 2013.

DEFINITIONS

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

“Annual Caps” the proposed annual caps applicable to the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant to the 2014 Cooperation Agreement as set out in the section “Annual Caps and Basis of Calculation” of this announcement

“associate”	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
“CACT”	CITIC Australia Commodity Trading Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability
“China”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, references in this announcement to China do not include Taiwan, Hong Kong and the Macau Special Administrative Region of the People’s Republic of China
“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), a wholly state-owned company established in China
“CITIC Metal”	中信金屬有限公司 (CITIC Metal Company Limited), a company incorporated in China
“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 under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extra Yield”	Extra Yield International Ltd., a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all of the independent non-executive Directors
“Independent Financial Adviser”	REORIENT Financial Markets Limited, the independent financial adviser engaged by the Company to advise the Independent Board Committee and Independent Shareholders in respect of the 2014 Cooperation Agreement and the Annual Caps
“Independent Shareholders”	Shareholders other than Keentech, CA and Extra Yield and their respective associates
“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)
“Shareholders”	holders of Shares

“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Special General Meeting”	the special general meeting of Shareholders to be convened for the purpose of allowing Independent Shareholders to consider and, if thought fit, approve the 2014 Cooperation Agreement and the sale of iron ore, coal, alumina and other commodities by CACT to CITIC Metal pursuant thereto and the Annual Caps
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“2011 Cooperation Agreement”	a cooperation agreement dated 8 November 2010 and made between CACT and CITIC Metal relating to the promotion, development and sale of iron ore and coal to China
“2014 Cooperation Agreement”	a cooperation agreement dated 11 October 2013 and made between CACT and CITIC Metal relating to the promotion, development and sale of iron ore, coal, alumina and other commodities to China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, amounts in US\$ have been converted into HK\$ or vice versa at the rate of US\$1 = HK\$7.8 for illustration purposes only. No representation is made that any amounts in HK\$ or US\$ have been or could have been or can be converted at the above rate or at any other rates or at all.

By Order of the Board
CITIC Resources Holdings Limited
Kwok Peter Viem
Chairman

Hong Kong, 11 October 2013

As at the date hereof, the executive directors of the Company are Mr. Kwok Peter Viem; Mr. Zeng Chen; Mr. Guo Tinghu and Ms. Li So Mui, the non-executive directors are Mr. Qiu Yiyong; Mr. Tian Yuchuan and Mr. Wong Kim Yin, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji, Mr. Hu Weiping and Mr. Ngai Man.