
IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CITIC Resources Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN CONNECTION WITH FINANCIAL ASSISTANCE TO CITIC DAMENG INVESTMENTS LIMITED

AND

ITS CAPITAL INCREASE IN CITIC DAMENG MINING INDUSTRIES LIMITED

**Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders**


Optima Capital Limited

A letter from the Independent Board Committee (as defined in this circular) containing its recommendation to Independent Shareholders (as defined in this circular) is set out on page 18 of this circular.

A letter from the Independent Financial Adviser (as defined in this circular) containing its opinion and advice to the Independent Board Committee and Independent Shareholders is set out on pages 19 to 27 of this circular.

A notice convening a special general meeting of CITIC Resources Holdings Limited to be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 13 March 2009 at 3:00 p.m. is set out on pages 36 to 37 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting (or any adjournment thereof) should you so wish.

25 February 2009

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DEFINITIONS

Unless the context otherwise requires, the following terms and expressions used in this circular shall have the following meanings:

“Apexhill”	Apexhill Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Apexhill Portion”	the amount of HK\$60 million to be advanced by Apexhill to CITIC Dameng Investments pursuant to the Loan Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday and Sunday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
“Bye-laws”	the bye-laws of the Company as amended from time to time
“CA”	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability
“Capital Increase”	the increase of registered capital in CITIC Dameng Mining and the consequential increase of CITIC Dameng Investments’ equity interest in CITIC Dameng Mining from 60% to 65.5% in accordance with the Capital Increase Agreement, details of which are set out in the section “The Capital Increase” of the Letter from the Board in this circular
“Capital Increase Agreement”	an agreement dated 4 February 2009 between CITIC Dameng Investments and Guangxi Dameng in relation to the increase in the registered capital of CITIC Dameng Mining and the consequential increase of CITIC Dameng Investments’ equity interest in CITIC Dameng Mining from 60% to 65.5%, details of which are set out in the section “The Capital Increase” of the Letter from the Board in this circular
“CITIC Dameng Holdings”	CITIC Dameng Holdings Limited, a company incorporated in Bermuda with limited liability

DEFINITIONS

“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 Dameng Mining Group”	CITIC Dameng Mining and the CITIC Dameng Mining Subsidiaries
“CITIC Dameng Mining Subsidiaries”	<p>the following direct or indirect subsidiaries of CITIC Dameng Mining:</p> <ul style="list-style-type: none">– 中信大錳(廣西)礦業投資有限責任公司 (CITIC Dameng (Guangxi) Mining Investment Limited) (100% owned)– 中信大錳田東新材料有限公司 (CITIC Dameng Tiandong New Materials Co., Ltd.) (100% owned)– 中信大錳(天等)新材料有限公司 (CITIC Dameng (Tiandeng) New Materials Co., Ltd.) (100% owned)– 中信大錳(崇左)新材料有限公司 (CITIC Dameng (Chongzuo) New Materials Co., Ltd.) (100% owned)– 中信大錳北部灣(廣西)新材料有限公司 (CITIC Dameng Beibuwan (Guangxi) New Materials Co., Ltd.) (100% owned)– 廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.) (71.17% owned)– 廣西大新縣大寶鐵合金有限公司 (Guangxi Daxin Dabao Ferroalloy Co., Ltd.) (60% owned)– 天等縣大錳鐵合金有限公司 (Tiandeng Dameng Ferroalloy Co., Ltd.) (60% owned)

DEFINITIONS

- 廣西南寧寬廣工貿有限責任公司
(Guangxi Nanning Kuanguang Industry & Trade Co., Ltd.) (77% owned)
- 廣西欽州市桂鑫冶金有限公司
(Guangxi Qinzhou Guixin Ferroalloy Co., Ltd.) (70% owned)
- CITIC Dameng Mining Industries Ireland Branch Limited (100% owned)
- Huazhou Mining Investment Limited (60% owned)
- Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (51% owned)

“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
“CRH Portion”	the amount of HK\$240 million to be advanced by the Company to CITIC Dameng Investments pursuant to the 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all of the independent non-executive Directors

DEFINITIONS

“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the CRH Portion and the Capital Increase
“Independent Shareholders”	Shareholders other than any connected person with a material interest in the relevant transaction(s) and each of their respective associates
“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Latest Practicable Date”	23 February 2009, the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Loan”	the CRH Portion and the Apexhill Portion
“Loan Agreement”	the loan agreement dated 4 February 2009 between the Company, Apexhill and CITIC Dameng Investments
“Manganese Business”	includes exploration, mining and processing of manganese and the associated production and sale of manganese related products
“PRC”	the People’s Republic of China and, except where the context requires and only for the purposes of this circular, references in this circular to the PRC or China do not include Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
“Proposed Spin-off”	the proposed spin-off of the Spin-off Business for a separate listing on the Main Board of the Stock Exchange as detailed in the Company’s announcement dated 5 September 2008
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares

DEFINITIONS

“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Special General Meeting”	a special general meeting of Shareholders to be convened for the purposes of considering and, if thought fit, to approve the CRH Portion, the Loan Agreement, the Capital Increase and the Capital Increase Agreement, notice of which is set out on pages 36 to 37 of this circular
“Spin-off Business”	the businesses carried on by the Spin-off Group including the Manganese Business
“Spin-off Group”	CITIC Dameng Holdings and its subsidiaries including the CITIC Dameng Mining Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning assigned to this expression by section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Tenge”	Tenge, the lawful currency of the Republic of Kazakhstan
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For ease of reference only, the names of the PRC established companies and entities have been included in this circular in both Chinese and English and the English names of these companies and entities are either English translations of their respective official Chinese names or English trade names used by them. In the event of any inconsistency between the English names and their respective Chinese names, the Chinese names shall prevail.

For the purpose of this circular, unless otherwise specified, amounts in RMB, Tenge and US\$ have been converted into HK\$ or vice versa at the rates of RMB1 = HK\$1.13, Tenge 1 = HK\$0.0591 and US\$1 = HK\$7.8 respectively for illustration purposes only. No representation is made that any amounts in HK\$, RMB, Tenge or US\$ have been or could have been or can be converted at the above rates or at any other rates or at all.

LETTER FROM THE BOARD



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

Executive Directors:

Mr. KONG Dan (*Chairman*)
Mr. MI Zengxin (*Vice Chairman*)
Mr. SHOU Xuancheng (*Vice Chairman*)
Mr. SUN Xinguo (*President and Chief Executive Officer*)
Ms. LI So Mui
Mr. QIU Yiyong
Mr. ZENG Chen
Mr. ZHANG Jijing

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. MA Ting Hung
Mr. WONG Kim Yin
Ms. YAP Chwee Mein (*Alternate to Mr. WONG Kim Yin*)

Head Office and

Principal Place of Business:
Suites 3001-3006
30/F, One Pacific Place
88 Queensway
Hong Kong

Independent Non-executive Directors:

Mr. FAN Ren Da, Anthony
Mr. NGAI Man
Mr. TSANG Link Carl, Brian

25 February 2009

To Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN CONNECTION WITH FINANCIAL ASSISTANCE TO
CITIC DAMENG INVESTMENTS LIMITED
AND
ITS CAPITAL INCREASE IN
CITIC DAMENG MINING INDUSTRIES LIMITED**

INTRODUCTION

Reference is made to the announcement of the Company dated 4 February 2009.

The Company and Apexhill have conditionally agreed to advance the Loan to CITIC Dameng Investments to enable CITIC Dameng Investments to provide additional capital to CITIC Dameng Mining by way of the Capital Increase. The Capital Increase will provide CITIC Dameng Mining with additional capital to finance the capital and operating expenses of the CITIC Dameng Mining

LETTER FROM THE BOARD

Group in respect of the Manganese Business so as to maintain, promote and develop the Manganese Business conducted by the CITIC Dameng Mining Group. Completion of the Capital Increase will result in an increase of the Company's effective equity interest in CITIC Dameng Mining from 48% to 52.4%.

This circular serves to:

- (1) seek Independent Shareholders' approval for the CRH Portion and the Capital Increase;
- (2) provide Shareholders with information in relation to, among other things, the background to, the reasons for, and the benefits and effects of, the CRH Portion and the Capital Increase;
- (3) set out the recommendation from the Independent Board Committee to Independent Shareholders as to whether the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole and advise Independent Shareholders on how to vote at the Special General Meeting in relation to the resolutions to approve the CRH Portion and the Capital Increase;
- (4) set out a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders as to whether the terms of the Loan Agreement and Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole;
- (5) give Shareholders notice convening the Special General Meeting at which ordinary resolutions will be proposed to consider and if thought fit, to approve the Loan Agreement and the Capital Increase Agreement, and the transactions contemplated thereby and of the agreement and/or documents necessary for and/or incidental to the performance and completion of the CRH Portion and the Capital Increase.

Shareholders and other investors should note that completion of the CRH Portion and the Capital Increase is subject to a number of conditions which may or may not be fulfilled. Accordingly, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

THE LOAN

(1) Details of the Loan Agreement

- (a) **Date:** 4 February 2009
- (b) **Parties:**
 - (i) the Company
 - (ii) Apexhill
 - (iii) CITIC Dameng Investments

LETTER FROM THE BOARD

(c) Amount of the Loan

The aggregate amount of the Loan is HK\$300 million and shall be lent as follows:

- (i) as to HK\$240 million by the Company; and
- (ii) as to HK\$60 million by Apexhill.

(d) Repayment Date

The Loan is repayable on demand.

(e) Interest

No interest is payable on the Loan.

(f) Conditions

Completion of the Loan is conditional upon satisfaction of the following conditions:

- (i) approval by ordinary resolution of Shareholders (save for such Shareholders required to abstain from voting (if any) under the Listing Rules) at the Special General Meeting of the Loan Agreement and the transactions contemplated thereby and of the agreements and/or documents necessary for and/or incidental to the performance and completion of the Loan being obtained;
- (ii) all necessary consents and approvals from all relevant PRC regulatory authorities required for the Capital Increase (except for completion of capital verification and business administration registration procedures of CITIC Dameng Mining necessary for completion of the Capital Increase) been obtained by CITIC Dameng Investments and certified copies thereof being provided to the Company and Apexhill;
- (iii) all such other necessary approvals and consents (if any) required for the performance and completion of the transactions contemplated by the Loan Agreement being obtained; and
- (iv) receipt of written confirmation by the Company and Apexhill from each of CITIC Dameng Investments, CITIC Dameng Mining and Guangxi Dameng that all conditions to the Capital Increase Agreement (except for (I) completion of the Loan; and (II) completion of capital verification and business administration registration procedures of CITIC Dameng Mining necessary for completion of the Capital Increase) have been satisfied.

LETTER FROM THE BOARD

(g) Immediate Prepayment

In the event that the Capital Increase cannot be completed or does not complete by 29 April 2009, upon demand from the Company and Apexhill, CITIC Dameng Investments shall immediately prepay the Loan to the Company and Apexhill in accordance with the terms of the Loan Agreement.

(2) Information on CITIC Dameng Investments, CITIC Dameng Holdings, Highkeen and Apexhill

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

CITIC Dameng Holdings is an investment holding company and an indirect non wholly-owned subsidiary of the Company. It is owned as to 80% by Highkeen and as to 20% by Apexhill.

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.

THE CAPITAL INCREASE

(1) Details of the Capital Increase Agreement

(a) Date: 4 February 2009

(b) Parties:

(i) CITIC Dameng Investments

(ii) Guangxi Dameng

(c) Subject Matter

As at the Latest Practicable Date, CITIC Dameng Investments and Guangxi Dameng respectively beneficially own 60% and 40% of the equity interests in CITIC Dameng Mining.

Pursuant to the Capital Increase Agreement, the registered capital of CITIC Dameng Mining will be increased from RMB500 million (HK\$565 million) to RMB579.7 million (HK\$655.1 million). In addition, CITIC Dameng Investments and Guangxi Dameng have also agreed to amend the original joint venture contract in connection with the establishment of CITIC Dameng Mining and the articles of association of CITIC Dameng Mining to reflect the Capital Increase.

LETTER FROM THE BOARD

The amount of the Capital Increase is determined with reference to the net asset value of CITIC Dameng Mining as of 30 April 2008 (the “**Appraised Net Asset Value**”), which is RMB1,603.4 million (HK\$1,811.8 million) and which is based on a valuation performed by 中通誠資產評估有限公司 (China Tong Cheng Assets Appraisal Limited Cooperation) in accordance with the applicable valuation principles generally adopted in the PRC. China Tong Cheng Assets Appraisal Limited Cooperation is an independent qualified valuer in the PRC. In order to effect an increase of RMB79.7 million (HK\$90.1 million) in the registered capital of CITIC Dameng Mining with reference to the Appraised Net Asset Value, the amount which must be contributed into CITIC Dameng Mining is calculated based on the formula below:

$$\frac{A}{B} \times C = D$$

- A: the proposed amount of the Capital Increase, being RMB79.7 million (HK\$90.1 million)
- B: the existing registered capital of CITIC Dameng Mining (i.e. registered capital prior to the Capital Increase), being RMB500 million (HK\$565 million)
- C: the Appraised Net Asset Value, being RMB1,603.4 million (HK\$1,811.8 million)
- D: the amount which shall be contributed into CITIC Dameng Mining in order to effect the Capital Increase of RMB79.7 million (HK\$90.1 million)

Based on the above formula, the amount which shall be contributed into CITIC Dameng Mining to effect the Capital Increase is RMB255.6 million (HK\$288.8 million).

CITIC Dameng Investments and Guangxi Dameng have agreed that CITIC Dameng Investments shall be solely responsible for contributing the full amount of the Capital Increase, being RMB255.6 million (HK\$288.8 million), in cash, and upon completion of the Capital Increase, CITIC Dameng Investments’ equity interest in CITIC Dameng Mining will increase from 60% to 65.5%, and Guangxi Dameng’s equity interest in CITIC Dameng Mining will be diluted from 40% to 34.5%. Accordingly, the Company’s effective equity interest in CITIC Dameng Mining will increase from 48% to 52.4%.

CITIC Dameng Investments has confirmed that its contribution to the Capital Increase will be funded from the Loan.

LETTER FROM THE BOARD

(d) Conditions

Completion of the Capital Increase is conditional upon satisfaction of the following conditions:

- (i) approval by ordinary resolution of Shareholders (save for such Shareholders required to abstain from voting (if any) under the Listing Rules) at the Special General Meeting of the Capital Increase Agreement and the transactions contemplated thereby and of the agreements and/or documents necessary for and/or incidental to the performance and completion of the Capital Increase being obtained;
- (ii) all necessary consents and approvals from all relevant PRC regulatory authorities required for the Capital Increase;
- (iii) all such other necessary approvals and consents (if any) required for the execution of the Capital Increase Agreement and the performance and completion of the transactions contemplated thereby being obtained; and
- (iv) completion of the Loan.

(e) Termination

In the event that completion of the transactions contemplated by the Capital Increase Agreement fails to take place before 30 April 2009, the Capital Increase Agreement shall be terminated forthwith, and all the sums paid by CITIC Dameng Investments thereunder (if any) shall become immediately repayable to CITIC Dameng Investments.

(2) Information on CITIC Dameng Mining and Guangxi Dameng

CITIC Dameng Mining is a sino-foreign equity joint venture established in the PRC and an indirect non wholly-owned subsidiary of the Company. It is owned as to 60% by CITIC Dameng Investments and as to 40% by Guangxi Dameng. The CITIC Dameng Mining Group is principally engaged in the mining and processing of manganese and the associated production and sale of manganese related products.

Guangxi Dameng is a limited liability company incorporated in the PRC, wholly-owned and controlled by the People's Government of the Guangxi Zhuang Autonomous Region of the PRC. Guangxi Dameng and its subsidiaries are principally engaged in mining, selection, refining and processing of manganese and the sale of parts for motor vehicles.

LETTER FROM THE BOARD

COMPLETION OF THE LOAN AND THE CAPITAL INCREASE

Unless otherwise agreed amongst the relevant parties, completion of the Loan shall take place on the fifth Business Day after the satisfaction of all of the conditions precedent set forth in the Loan Agreement and completion of the Capital Increase shall take place upon satisfaction of the conditions precedent in the Capital Increase Agreement (including the disbursement of the Loan to CITIC Dameng Investments).

If any of the conditions precedent in respect of the Loan Agreement is not satisfied on or before 29 April 2009, the Loan Agreement shall lapse and all relevant transactions contemplated thereby shall not take place and no party shall, save in respect of any antecedent breach, have any claim of any nature in respect of the Loan Agreement against the other parties.

If completion of the transactions contemplated by the Capital Increase Agreement fails to take place before 30 April 2009, the Capital Increase Agreement shall be terminated forthwith, and all the sums paid by CITIC Dameng Investments thereunder (if any) shall become immediately repayable to CITIC Dameng Investments.

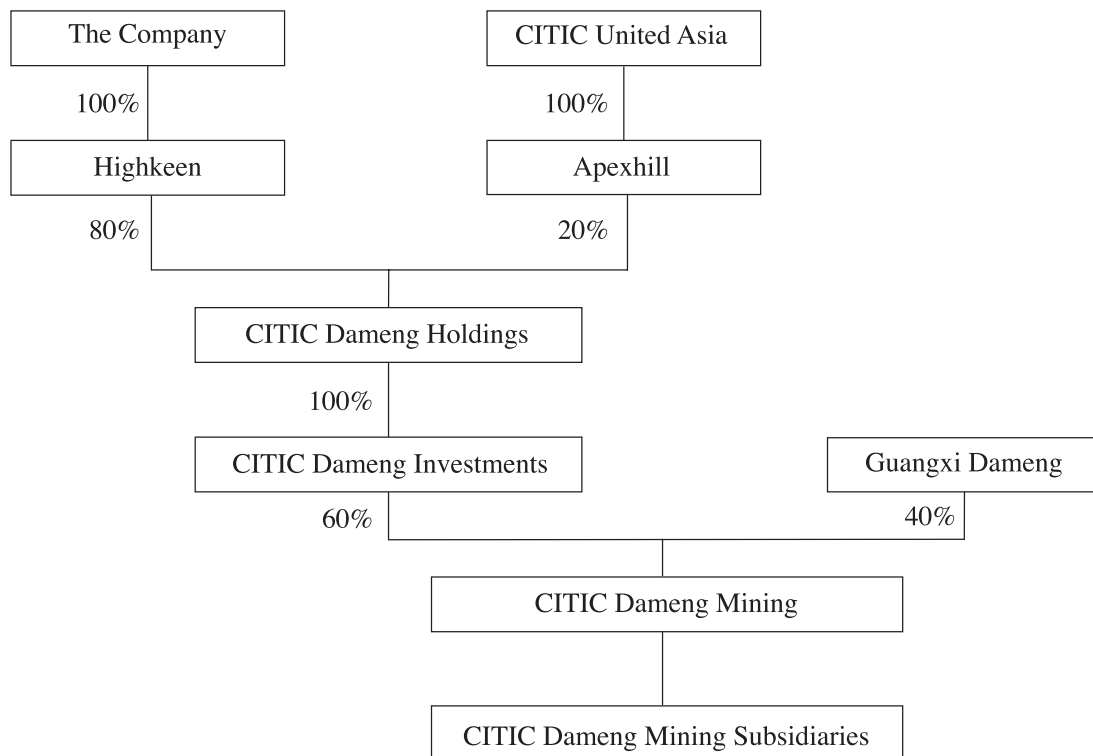
In addition, in the event that the Capital Increase cannot be completed or does not complete by 29 April 2009, upon demand from the Company and Apexhill, CITIC Dameng Investments shall immediately prepay the Loan to the Company and Apexhill in accordance with the terms of the Loan Agreement.

SHAREHOLDING STRUCTURE IMMEDIATELY PRIOR TO AND AFTER THE COMPLETION OF THE CAPITAL INCREASE

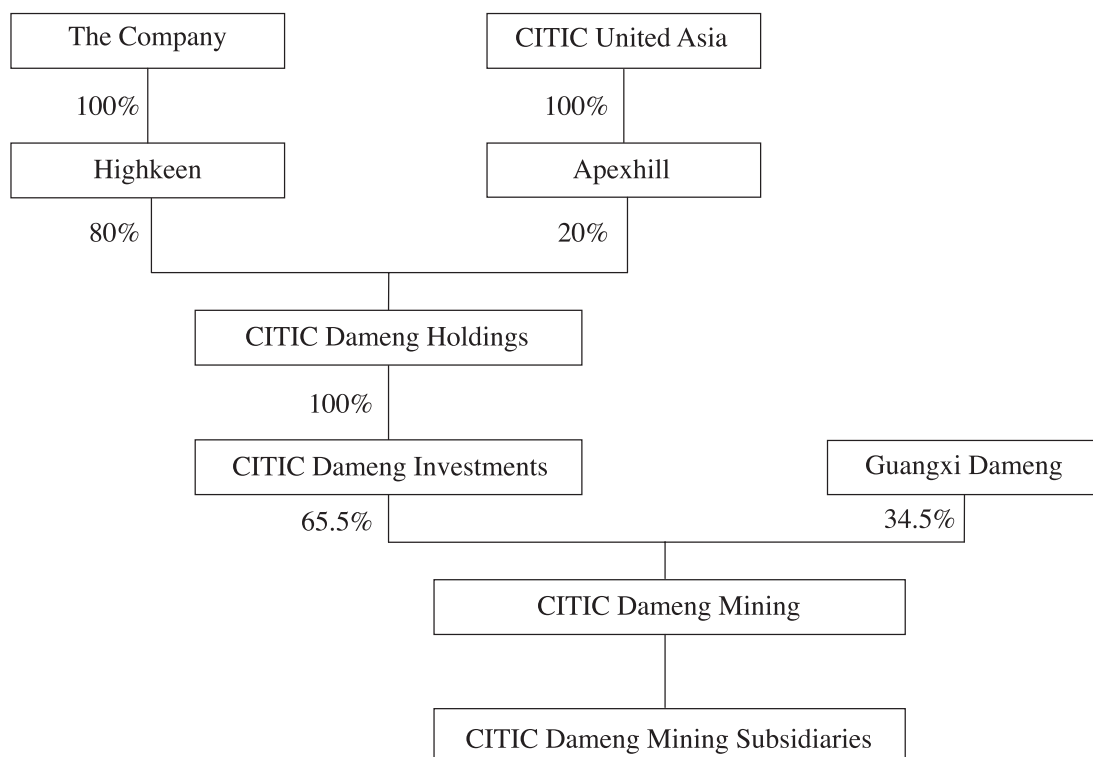
Set forth below is a simplified corporate structure of CITIC Dameng Holdings, CITIC Dameng Investments and CITIC Dameng Mining immediately prior to and after the completion of the Capital Increase:

LETTER FROM THE BOARD

Immediately prior to the completion of the Capital Increase:



Immediately after the completion of the Capital Increase:



LETTER FROM THE BOARD

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 2007, the consolidated profits before and after taxation of the Group amounted to HK\$731 million and HK\$521.4 million respectively and the consolidated net assets of the Group as at 31 December 2007 were HK\$7,159.6 million.

For the six months ended 30 June 2008, the unaudited consolidated profits before and after taxation of the Group amounted to HK\$1,342.7 million and HK\$738.4 million respectively and the unaudited consolidated net assets of the Group as at 30 June 2008 were HK\$8,176.8 million.

FINANCIAL EFFECT OF THE LOAN AND THE CAPITAL INCREASE ON THE GROUP

The Apexhill Portion will result in an increase in the total liabilities of the Group by HK\$60 million.

The Capital Increase will result in an increase in the value of the Group's investment in CITIC Dameng Mining and an increase in the cash position of the Group by the amount of the Apexhill Portion.

These are not expected to have a material impact on the earnings or net asset value of the Group.

REASONS FOR AND BENEFITS OF THE LOAN AND THE CAPITAL INCREASE

Although demand for commodities has been affected as world economies slip into recession and commodities prices have depreciated since the onset of the current global financial crisis, the Company still views the long term performance prospects of the Manganese Business positively. In what is proving to be a difficult financial environment, the Capital Increase will provide CITIC Dameng Mining with additional capital to finance the capital and operating expenses of the CITIC Dameng Mining Group in respect of the Manganese Business so as to maintain, promote and develop the Manganese Business conducted by the CITIC Dameng Mining Group.

In addition, since CITIC Dameng Investments shall be solely responsible for contributing the full amount of the Capital Increase, CITIC Dameng Investments' equity interest in CITIC Dameng Mining will increase from 60% to 65.5%. Accordingly, the Company's effective equity interest in CITIC Dameng Mining will also increase from 48% to 52.4% giving the Company a greater share of earnings from the Manganese Business.

The Directors (including the independent non-executive Directors) consider that the Loan and the Capital Increase are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE PROPOSED SPIN-OFF

On 5 September 2008, the Company issued an announcement in connection with the Proposed Spin-off, which includes, among other things, a proposed reorganisation to rationalise its operation structure for the Spin-off Group. The Loan and the Capital Increase are independent of, and not conditional upon, the Proposed Spin-off. As at the Latest Practicable Date, CITIC Dameng Holdings is still in the process of seeking approval from the Stock Exchange in respect of its application for the listing of, and permission to deal in, the CITIC Dameng Holdings Shares on the Main Board of the Stock Exchange. Shareholders and other investors are reminded that no decision has yet been made by the Company or CITIC Dameng Holdings as to whether and when the Proposed Spin-off will be effected. There is also no assurance that the approval of the Listing Committee of the Stock Exchange to the Proposed Spin-off and listing of, and permission to deal in, the CITIC Dameng Holdings Shares on the Main Board of the Stock Exchange will be granted. The Company will make further announcement(s) in relation to the Proposed Spin-off including, inter alia, details of the reorganisation, as and when appropriate.

LISTING RULES IMPLICATIONS

(1) Connected Transactions

CITIC Dameng Holdings is an indirect non wholly-owned subsidiary of the Company, and 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 54.05% of the issued share capital of the Company. Consequently, CITIC Dameng Holdings and its subsidiaries, CITIC Dameng Investments and CITIC Dameng Mining, are connected persons 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, the CRH Portion and the Capital Increase constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders approval requirements of Chapter 14A of the Listing Rules. The Apexhill Portion is a shareholder's loan provided by Apexhill for the benefit of CITIC Dameng Investments, a subsidiary of the Company, on normal or better commercial terms where no security over the assets of the Group is granted pursuant to the Loan Agreement, and is therefore an exempt connected transaction under Rule 14A.65(4) of the Listing Rules.

Keentech and CA, which are wholly-owned subsidiaries of CITIC Group, are required to abstain from voting under Rule 14A.18 of the Listing Rules in respect of the CRH Portion and the Capital Increase. Keentech and CA have confirmed that they will not vote in relation to the CRH Portion and the Capital Increase at the Special General Meeting to be held for approving such transactions.

(2) Discloseable Transaction

Since the applicable percentage ratios calculated with reference to the Capital Increase are more than 5% but less than 25% under Rule 14.08 of the Listing Rules, the Capital Increase also constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements of Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING AND VOTING BY POLL

The Special General Meeting will be convened for the purpose of asking Independent Shareholders to approve the CRH Portion and the Capital Increase and whether the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. A notice convening the Special General Meeting is set out on pages 36 to 37 of this circular.

A form of proxy for use at the Special General Meeting is enclosed with this circular. Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting (or any adjournment thereof) should you so wish.

Pursuant to the Listing Rules, voting at the Special General Meeting shall be taken by poll. Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the Bye-laws, at any general meeting on a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid Share of which he is the holder (but so that no amount paid or credited as paid on a Share in advance of calls or instalments shall be treated for the foregoing purposes as paid on the Share). A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

CA and Keentech and their respective associates are required to abstain from voting at the Special General Meeting. An announcement will be made by the Company following the Special General Meeting to inform Shareholders of the results of the poll vote in respect of the matters put to Independent Shareholders at the Special General Meeting.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Fan Ren Da, Anthony, Mr. Ngai Man and Mr. Tsang Link Carl, Brian, has been formed to consider and make its recommendation to Independent Shareholders in respect of the resolutions to approve the CRH Portion and the Capital Increase and whether the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

Your attention is drawn to the letter from the Independent Board Committee set out on page 18 of this circular which contains its recommendation to Independent Shareholders as to voting at the Special General Meeting.

LETTER FROM THE BOARD

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders as to whether the CRH Portion and the Capital Increase and the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

Your attention is drawn to the letter from the Independent Financial Adviser set out on pages 19 to 27 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders as to voting at the Special General Meeting.

RECOMMENDATION

The Directors are of the view that the CRH Portion and the Capital Increase and the terms of Loan Agreement and Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole and accordingly recommend Independent Shareholders to vote in favour of the ordinary resolutions to approve the CRH Portion and the Capital Increase as set out in the notice of Special General Meeting on pages 36 to 37 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the CRH Portion and the Capital Increase and the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
CITIC Resources Holdings Limited
Sun Xinguo
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

25 February 2009

To Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN CONNECTION WITH FINANCIAL ASSISTANCE TO
CITIC DAMENG INVESTMENTS LIMITED
AND
ITS CAPITAL INCREASE IN
CITIC DAMENG MINING INDUSTRIES LIMITED**

We have been appointed as members of the Independent Board Committee to advise you in connection with the CRH Portion and the Capital Increase, details of which are set out in the “Letter from the Board” in a circular dated 25 February 2009 to Shareholders (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Optima Capital Limited has been appointed to advise us and Independent Shareholders as to whether the CRH Portion and the Capital Increase and the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. Details of its advice are set out on pages 19 to 27 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 6 to 17 of the Circular.

Having considered the advice and recommendation of Optima Capital Limited, we are of the opinion that the CRH Portion and the Capital Increase and the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. We, therefore, recommend you to vote in favour of the ordinary resolutions to be proposed at the Special General Meeting, which are set out in the notice convening the Special General Meeting, to approve the CRH Portion and the Capital Increase.

Yours faithfully,
For and on behalf of
the Independent Board Committee

FAN Ren Da, Anthony NGAI Man TSANG Link Carl, Brian
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the Capital Increase Agreement and the transactions contemplated thereby for the purpose of inclusion in this circular.



OPTIMA CAPITAL LIMITED
Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

25 February 2009

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sir / Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN CONNECTION WITH FINANCIAL ASSISTANCE TO
CITIC DAMENG INVESTMENTS LIMITED
AND
ITS CAPITAL INCREASE IN
CITIC DAMENG MINING INDUSTRIES LIMITED**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on (i) the CRH Portion; and (ii) the Capital Increase, for which the Independent Shareholders' approval is being sought. Details of the CRH Portion and the Capital Increase are set out in the letter from the Board (the "**Letter**") contained in the circular of the Company to the Shareholders dated 25 February 2009 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

On 4 February 2009, the Company and Apexhill, entered into the Loan Agreement with CITIC Dameng Investments to advance to CITIC Dameng Investments the amount of HK\$240 million and HK\$60 million respectively. On the same date, CITIC Dameng Investments entered into the Capital Increase Agreement with Guangxi Dameng, pursuant to which (i) the registered capital of CITIC Dameng Mining will be increased from RMB500 million (equivalent to HK\$565 million) to approximately RMB579.7 million (equivalent to approximately HK\$655.1 million); and (ii) the original joint venture contract in connection with the establishment of CITIC Dameng Mining and the articles of association of CITIC Dameng Mining will be amended to reflect the Capital Increase. Under the Capital Increase Agreement, CITIC Dameng Investments shall be solely responsible for contributing the full amount

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the contribution of approximately RMB255.6 million (equivalent to approximately HK\$288.8 million) in cash to effect the Capital Increase. Upon completion of the Capital Increase, CITIC Dameng Investments' equity interest in CITIC Dameng Mining will increase from 60% to 65.5%, while Guangxi Dameng's equity interest in CITIC Dameng Mining will be diluted from 40% to 34.5%. Accordingly, the Company's effective equity interest in CITIC Dameng Mining will increase from 48% to 52.4%.

As stated in the Letter, as at the Latest Practicable Date, CITIC Dameng Holdings is beneficially held as to 80% by the Company (being an indirect non wholly-owned subsidiary of the Company) and is held 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 54.05% of the issued share capital of the Company. As such, CITIC Dameng Holdings is a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules. CITIC Dameng Investments and CITIC Dameng Mining are subsidiaries of CITIC Dameng Holdings and therefore, are connected persons of the Company pursuant to Rule 14A.11(6) of the Listing Rules. Accordingly, both the CRH Portion and the Capital Increase constitute connected transactions of the Company and are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As CITIC Group is the ultimate controlling shareholder of the Company, Apexhill and CITIC Dameng Investments, Keentech and CA, which are wholly-owned subsidiaries of CITIC Group, will abstain from voting on the resolutions to be proposed at the Special General Meeting in respect of the CRH Portion and the Capital Increase.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Fan Ren Da, Anthony, Mr. Ngai Man and Mr. Tsang Link Carl, Brian, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the CRH Portion and the Capital Increase are in the interests of the Company and the Shareholders as a whole. Optima Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the Special General Meeting. We have also sought and received confirmation from the Directors and the management of the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background of and reasons for the CRH Portion and the Capital Increase

Background information on the Group, CITIC Dameng Holdings and its subsidiaries

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. Its business of manganese mining and processing and the sale of refined manganese products in the PRC is carried out by CITIC Dameng Holdings and its subsidiaries of which, CITIC Dameng Mining is the principal operating subsidiary. The total revenue generated from the Manganese Business represented approximately 7.9%, 16.8% and 15.2% of the total revenue of the Group for each of the financial years ended 31 December 2006 and 2007 and for the six months ended 30 June 2008 respectively.

CITIC Dameng Mining is a sino-foreign joint venture established in the PRC by CITIC Dameng Investments and Guangxi Dameng on 19 August 2005 to undertake the exploration, mining and processing of manganese and the associated production of manganese-related products. Pursuant to the joint venture contract entered into between CITIC Dameng Investments and Guangxi Dameng on 2 August 2005, Guangxi Dameng contributed RMB200 million to the registered capital of CITIC Dameng Mining for a 40% equity interest in CITIC Dameng Mining by transferring to CITIC Dameng Mining certain business assets, while CITIC Dameng Investments contributed RMB300 million to the registered capital of CITIC Dameng Mining by way of cash in exchange for a 60% equity interest in CITIC Dameng Mining. Since then, no further capital has been injected into CITIC Dameng Mining by the joint venture partners and CITIC Dameng Mining's registered capital has remained unchanged and amounted to RMB500 million (equivalent to HK\$565 million) as at the Latest Practicable Date.

As advised by the Company, CITIC Dameng Holdings, together with its subsidiaries, is one of the largest manganese producer in the PRC with access to abundant manganese resources. CITIC Dameng Mining owns the mining rights to the Guangxi Zhuang Autonomous Region Tiandeng Manganese Mine (the "**Tiandeng Mine**") and the Guangxi Zhuang Autonomous Region Daxin Manganese Mine (the "**Daxin Mine**") which together form one of the largest manganese mines in the PRC. In order to further expand the Manganese Business, CITIC Dameng Mining acquired a 51% indirect equity interest in Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) ("**Compagnie Industrielle**") which holds manganese mining and exploration rights in Gabon (the "**Gabon Mine**") in August 2008. Compagnie Industrielle has become a non wholly-owned subsidiary of CITIC Dameng Mining since then.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance of CITIC Dameng Mining and its business prospects

Pursuant to the audited financial statements of CITIC Dameng Mining for each of the two years ended 31 December 2007 prepared in accordance with accounting principles generally accepted in the PRC (the “**PRC GAAP**”), the audited consolidated net asset value attributable to the equity holders of CITIC Dameng Mining as at 31 December 2006 and 2007 were approximately RMB568.6 million (equivalent to approximately HK\$642.5 million) and approximately RMB799.9 million (equivalent to approximately HK\$903.9 million) respectively, while the audited net profit attributable to equity holders of CITIC Dameng Mining for each of the two financial years ended 31 December 2006 and 2007 were approximately RMB77.5 million (equivalent to approximately HK\$87.6 million) and approximately RMB346.6 million (equivalent to approximately HK\$391.7 million) respectively. According to the unaudited financial statements of CITIC Dameng Mining for the six months ended 30 June 2008 prepared in accordance with PRC GAAP, CITIC Dameng Mining recorded an unaudited net profit attributable to equity holders of CITIC Dameng Mining of approximately RMB280.6 million (equivalent to approximately HK\$317.1 million) for the six months ended 30 June 2008. According to the Company, the improvement in the financial performance of CITIC Dameng Mining from the year 31 December 2006 to 31 December 2007 and from 31 December 2007 to the six months ended 30 June 2008 was mainly due to an increase in demand of the manganese related products in the PRC and overseas and an increase in the price of manganese during the period.

Manganese is one of the principal raw materials in the manufacturing of steel and iron. A significant portion of the manganese exploited is used in the steel and iron industry. Despite the recent financial turmoil affecting the global macro economic conditions and unavoidably the manganese price, the Directors are optimistic of the long term prospects of the manganese mining industry and consider that the Manganese Business continues to have material development potential, given the importance and high demand of steel and iron products which are widely used in building construction and infrastructure.

Reasons for the CRH Portion and the Capital Increase

As stated in the Letter, in order to provide its major manganese mining operating subsidiary, CITIC Dameng Mining, with additional capital to maintain and develop the Manganese Business which the Group considers to have positive prospects in the long term, on 4 February 2009, the Company and Apexhill, as lenders, entered into the Loan Agreement with CITIC Dameng Investments, as borrower, to provide a loan facility to CITIC Dameng Investments of HK\$240 million and HK\$60 million respectively. On the same date, CITIC Dameng Investments and Guangxi Dameng entered into the Capital Increase Agreement pursuant to which CITIC Dameng Investments shall, utilising almost the entire portion of the Loan, inject approximately RMB255.6 million (equivalent to approximately HK\$288.8 million), in cash, into CITIC Dameng Mining to increase the registered capital of CITIC Dameng Mining from RMB500 million (equivalent to HK\$565.0 million) to RMB579.7 million (equivalent to approximately HK\$655.1 million). As a result, the Company’s effective equity interest in CITIC Dameng Mining will increase from 48% to 52.4% assuming completion of the Capital Increase.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Capital Increase allows the Company to indirectly increase its effective beneficial equity interests in CITIC Dameng Mining, and, accordingly, gives the Company a greater share of earnings from the Manganese Business. It is expected that the Group will further benefit from the continued business growth and development of CITIC Dameng Mining and its operating subsidiaries and will generate higher returns to the Company in the future as demand and prices improve.

Having considered that (i) the Manganese Business has been profitable and is considered by the Directors to have promising prospects and growth in the long term; (ii) a significant part of the CRH Portion will be utilised by CITIC Dameng Investments for its capital injection into CITIC Dameng Mining to facilitate the Capital Increase; (iii) the Capital Increase will provide CITIC Dameng Mining with additional cost effective capital to maintain and develop its business during the current global economic downturn and tight credit conditions; and (iv) the Group is expected to benefit from the continued business growth and development of CITIC Dameng Mining and its operating subsidiaries and enjoy higher returns due to the Capital Increase as demand and prices improve, we are of the view that the CRH Portion and the Capital Increase are in the interests of the Company and the Shareholders as a whole.

2. **Principal terms of the Loan Agreement and the Capital Increase Agreement**

As stated in the Letter, the aggregate amount of the Loan shall be HK\$300 million and will be lent as to HK\$240 million and HK\$60 million by the Company and Apexhill respectively in proportion to their respective indirect shareholding interests in CITIC Dameng Investments. The Loan shall be repayable on demand and is interest-free.

Since the Loan is lent to CITIC Dameng Investments by the Company and Apexhill pro rata to their respective indirect shareholding interests in CITIC Dameng Investments and the Loan is mainly utilised by CITIC Dameng Investments to inject additional capital into CITIC Dameng Mining, which is an indirect non-wholly owned subsidiary of the Company, we are of the view that the CRH Portion (repayable on demand and interest-free) is on normal and commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We understand that the total amount of contribution to effect the Capital Increase was calculated with reference to the unaudited net asset value of CITIC Dameng Mining as at 30 April 2008 based on a valuation performed by 中通誠資產評估有限公司 (China Tong Cheng Assets Appraisal Limited Cooperation) of approximately RMB1,603.4 million (equivalent to approximately HK\$1,811.8 million) (the “**Appraised Net Asset Value**”). Based on the Appraised Net Asset Value, the additional 5.5% increase in the equity of CITIC Dameng Mining is worth approximately RMB255.6 million (equivalent to approximately HK\$288.8 million) (please refer to the calculation as set out in the Letter). Given CITIC Dameng Mining is a sino-foreign joint venture established in the PRC with a registered capital of RMB500 million, in order to effect the Capital Increase, CITIC Dameng Investments would need to contribute an additional registered capital of approximately RMB79.7 million (equivalent to approximately HK\$90.1 million).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the Capital Increase Agreement, CITIC Dameng Investments will contribute approximately RMB255.6 million (equivalent to approximately HK\$288.8 million) in cash into CITIC Dameng Mining to effect the Capital Increase, resulting in an increase of its equity interest in CITIC Dameng Mining from 60% to 65.5%.

We have reviewed the valuation report prepared by 中通誠資產評估有限公司 (China Tong Cheng Assets Appraisal Limited Cooperation), an independent qualified valuer in the PRC, and understand that the Appraised Net Asset Value was determined in accordance with the applicable valuation principles generally adopted in the PRC. The Appraised Net Asset Value was principally determined based on the unaudited net asset value of CITIC Dameng Mining of approximately RMB988.9 million (equivalent to approximately HK\$1,117.5 million) as at 30 April 2008 prepared in accordance with PRC GAAP and adjusted by the fair value of the assets (the “**Revalued Assets**”) of CITIC Dameng Mining mainly including its mining rights to the Daxin Mine, the Tiandeng Mine, land use rights, property, plant and equipment and inventories.

Comparison of price-to-earnings ratio

In assessing the fairness and reasonableness of the amount of the Capital Increase in return for an additional 5.5% equity interest in CITIC Dameng Mining, we have conducted a comparison between the price-to-earnings ratio (“**P/E ratio**”) of CITIC Dameng Mining and its subsidiaries based on the Appraised Net Asset Value and the P/E ratio of companies engaged in the manganese industry with shares listed in worldwide stock markets and certain companies engaged in the mining business whose shares are listed on the Stock Exchange.

In identifying suitable market comparables in our analysis, we noted that no company listed on the Stock Exchange is engaged in the mining, production and sale of manganese. In view of this, we have extended our analysis to include companies listed on other stock markets and have identified two overseas listed companies which are engaged in the manganese industry (the “**Direct Comparables**”) and seven companies listed on the Stock Exchange which are engaged in the metal mining business (the “**Other Comparables**”) (collectively referred to as the “**Comparable Companies**”). We have noted that the principal businesses of the Other Comparables may not be the same as that of CITIC Dameng Mining, but the Other Comparables are principally engaged in the metal mining industry and are listed on the Stock Exchange. Therefore, we consider that they are relevant and would reflect the market’s collective valuation for companies conducting businesses similar to that conducted by CITIC Dameng Mining and its subsidiaries.

Based on the Appraised Net Asset Value of approximately RMB1,603.4 million (equivalent to approximately HK\$1,811.8 million) and the audited consolidated net profit attributable to the equity holders of CITIC Dameng Mining for the year ended 31 December 2007 prepared in accordance with PRC GAAP of approximately RMB346.6 million (equivalent to approximately HK\$391.7 million), the Appraised Net Asset Value represented a P/E ratio of approximately 4.63 times.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table illustrates the historical P/E ratio of the Comparable Companies as at the Latest Practicable Date:

Company name	Stock exchange	Principal business	As at the Latest Practicable Date P/E ratio (times)
<i>Direct Comparables</i>			
Eramet (note 1)	Paris	Refines and produces nickel, manganese, and special steels	4.55
Manganese Mineral JSC (note 2)	Vietnam	Mines manganese	4.97
Average P/E ratio for Direct Comparables			4.76
<i>Other Comparables</i>			
China Mining Resources Group Limited	Hong Kong	Mining operations and processing and storage of cord blood	6.54
China Molybdenum Co., Ltd.	Hong Kong	Mining, smelting and renovation of serial products of molybdenum	5.86
CVM Minerals Limited (note 3)	Hong Kong	Mining of dolomite and manufacturing of magnesium ingots in the Sate of Perak, Malaysia	N.A.
Xinjiang Xinxin Mining Industry Co., Ltd.	Hong Kong	Mining, ore processing, smelting and refining of nickel, copper and other non-ferrous metals	3.70
Yue Da Mining Holdings Limited	Hong Kong	Management and operation of toll highways and bridges, refining, exploration, mining and processing of zinc, lead and iron	15.75
Zhaojin Mining Industry Company Limited	Hong Kong	Mining, processing, smelting and sales of gold and other metallic products in the PRC	30.58
Zijin Mining Group Co., Ltd.	Hong Kong	Exploration, mining, production, refining and sale of gold and other mineral resources in the PRC	22.79
Average P/E ratio for Other Comparables			14.20
CITIC Dameng Mining and its subsidiaries			4.63

Source: Bloomberg

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The P/E ratio of Eramet represented the P/E ratio for the shares of Eramet which are traded in the Euronext Paris Stock Exchange, the primary listing stock exchange of the shares of Eramet. The securities of Eramet are also traded in other stock exchanges with a P/E ratio ranging from approximately 4.50 to 5.55 times, calculated based on the latest transacted price as at the Latest Practicable Date on each stock exchange and earnings per share of Eramet for the year ended 31 December 2007.
2. The P/E ratio is calculated based on the audited basic earnings per share of approximately 4,021.16 Viet Nam Dong for the year ended 31 December 2008 and the latest transacted price as at the Latest Practicable Date.
3. No P/E ratio of CVM Minerals Limited was available as CVM Minerals Limited was loss making.

The P/E ratio of CITIC Dameng Mining and its subsidiaries is (i) within the range of the P/E ratios of the Direct Comparables between approximately 4.55 to 4.97 times; (ii) less than the average P/E ratio of Direct Comparables of approximately 4.76 times; (iii) within the range of the P/E ratios of Other Comparables ranging from approximately 3.70 to approximately 30.58 times; and (iv) less than the average P/E ratio of Other Comparables of approximately 14.20 times. Moreover, the P/E ratio of CITIC Dameng Mining and its subsidiaries of approximately 4.63 times is approximately 67.4% lower than the average P/E ratio of the Other Comparables.

Moreover, CITIC Dameng Mining's unaudited net asset value has increased from approximately RMB988.9 million (equivalent to approximately HK\$1,117.5 million) as at 30 April 2008 to approximately RMB1,177.6 million (equivalent to approximately HK\$1,330.7 million) as at 31 October 2008, before taking into account the fair value adjustments of the Revalued Assets of CITIC Dameng Mining and its additional 51% interest in the Gabon Mine acquired in August 2008 (for information of which, please refer to the interim report published by the Company on 26 September 2008). As advised by the Company and based on a valuation report prepared by 北京岳海鑫源礦業諮詢有限公司 (Beijing Yue Hai Xin Yuan Mining Rights Appraisal Co. Ltd.), the Gabon Mine had a fair market value of approximately RMB868.6 million (equivalent to approximately HK\$981.5 million) as at 30 September 2007. The Directors consider that the value of CITIC Dameng Mining has been further enhanced.

Taking into account that (i) the P/E ratio represented by the Appraised Net Asset Value falls within the range of the P/E ratios of the Comparable Companies; and (ii) the increase in the net asset value of CITIC Dameng Mining from approximately RMB799.9 million (equivalent to approximately HK\$903.9 million) as of 31 December 2007 (as per audited financial statements of CITIC Dameng Mining for the year ended 31 December 2007 prepared in accordance with PRC GAAP) to approximately RMB1,177.6 million (equivalent to approximately HK\$1,330.7 million) as of 31 October 2008 (as per management accounts of CITIC Dameng Mining) and the additional 51% interest in the Gabon Mine, we are of the view that the required amount of approximately RMB255.6 million (equivalent to approximately HK\$288.8 million) (which was determined based on the Appraised Net Asset Value) for the additional 5.5% equity interest in CITIC Dameng Mining is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Financial effect of the CRH Portion and the Capital Increase

CITIC Dameng Mining is 60% owned by CITIC Dameng Investments. CITIC Dameng Investments is a wholly-owned subsidiary of CITIC Dameng Holdings which in turn, is owned as to 80% by Highkeen, a wholly-owned subsidiary of the Company and as to 20% by Apexhill, a wholly-owned subsidiary of CITIC United Asia. Therefore, both CITIC Dameng Investments and CITIC Dameng Mining are indirect non wholly-owned subsidiaries of the Company and their respective turnover, assets and liabilities are consolidated into the consolidated accounts of the Group. Upon completion of the Loan and the Capital Increase, CITIC Dameng Investments and CITIC Dameng Mining will remain as non wholly-owned subsidiaries of the Company and therefore, there will be no material impact on the turnover, assets and liabilities and working capital position of the Group save for the increase in both the assets and liabilities as a result of the Apexhill Portion in the amount of HK\$60 million respectively. However, by acquiring an additional equity interest in CITIC Dameng Mining through the Capital Increase, we consider the Group can further capitalise on returns from CITIC Dameng Mining in the future and enhance its net earnings should CITIC Dameng Mining continue to be profit making.

Under the Loan Agreement, the Company shall lend HK\$240 million in cash to CITIC Dameng Investments. CITIC Dameng Investments will utilise almost the entire portion of the Loan to effect the Capital Increase and the rest to serve as general working capital for CITIC Dameng Mining. As advised by the Company, the CRH Portion will be financed by the internal resources of the Group and, as at 30 June 2008, the Company had a total cash and cash equivalent position of approximately HK\$343.5 million and additional net proceed of approximately HK\$2,500 million has been raised from the issue of rights Shares in July 2008. Accordingly, the Directors believe that the Company has sufficient financial resources to satisfy the CRH Portion.

OPINION

Having taken into account the above principal factors, we consider that the terms of the Loan Agreement and the Capital Increase Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the CRH Portion and the Capital Increase are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Special General Meeting to approve the CRH Portion and the Capital Increase.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED

Mei H. Leung
Chairman

April Chan
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular by the Directors have been arrived at after due and careful consideration and that there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

The issue of this circular has been approved by the Directors.

2. FURTHER INFORMATION ABOUT THE COMPANY

The Company was incorporated in Bermuda on 18 July 1997. Its registered office is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business is at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong.

Share capital:

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised share capital: HK\$500,000,000 divided into 10,000,000,000 Shares

Share capital issued as fully paid: HK\$302,328,351.90 divided into 6,046,567,038 Shares

Note: All of the existing issued Shares rank *pari passu* in all respects including as to, among other things, dividends, voting and interests in capital.

3. DISCLOSURE OF INTERESTS

(a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) and which have been notified to the Company and the Stock Exchange are as follows:

Interests in the Shares and underlying Shares

Name of Director	Nature of interest	Number of Shares held	Interests in underlying Shares pursuant to share options	Percentage of the total issued share capital of the Company
Mr. Kong Dan	Directly beneficially owned	—	20,000,000	0.33
Mr. Mi Zengxin	Directly beneficially owned	—	10,000,000	0.17
Mr. Shou Xuancheng	Directly beneficially owned	8,300,000	—	0.14
Mr. Sun Xinguo	Directly beneficially owned	7,325,000	—	0.12
Ms. Li So Mui	Directly beneficially owned	1,150,000	4,000,000	0.09
Mr. Zeng Chen	Directly beneficially owned	—	10,000,000	0.17
Mr. Zhang Jijing	Family	28,000 ⁽¹⁾	—	—
Mr. Zhang Jijing	Directly beneficially owned	—	10,000,000	0.17

Note:

- (1) The Shares disclosed above are held by the spouse of Mr. Zhang Jijing. Accordingly, Mr. Zhang Jijing is deemed to be interested in the 28,000 Shares.

Interests in the ordinary shares and underlying shares of the associated corporations of the Company

Name of Director	Name of associated corporation	Relationship with the Company	Shares/equity derivatives	Number of shares/equity derivatives held	Nature of interest	Percentage of the total issued share capital of the associated corporation
Mr. Tsang Link Carl, Brian	Dah Chong Hong Holdings Limited	Associated corporation	Ordinary Shares	18,000	Directly beneficially owned	—

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date:

- (i) none of the Directors or chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange;

- (ii) none of the Directors was a director or employee of a company which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (iii) none of the Directors or their respective associates was materially interested in any subsisting contract or arrangement which is significant in relation to the businesses of the Group taken as a whole; and
- (iv) none of the Directors or their respective associates had any interest in a business apart from the businesses of the Group which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

(b) Disclosure of interests of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name of Shareholder	Nature of interest	Number of Shares held as long positions	Percentage of the total issued share capital of the Company
CITIC Group	Corporate	3,266,416,123 ⁽¹⁾	54.02
CITIC Projects Management (HK) Limited	Corporate	2,516,002,330 ⁽²⁾	41.61
Keentech	Corporate	2,516,002,330 ⁽³⁾	41.61
CA	Corporate	750,413,793 ⁽⁴⁾	12.41
Temasek Holdings (Private) Limited	Corporate	693,776,341 ⁽⁵⁾	11.47
Temasek Capital (Private) Limited	Corporate	443,267,500 ⁽⁶⁾	7.33
Seletar Investments Pte. Ltd.	Corporate	443,267,500 ⁽⁷⁾	7.33
Baytree Investments (Mauritius) Pte. Ltd.	Corporate	443,267,500 ⁽⁸⁾	7.33

Notes:

- (1) The figure represents an attributable interest of CITIC Group through its interest in CITIC Projects Management (HK) Limited (“**CITIC Projects**”) and CA. CITIC Group is a company established in the PRC.
- (2) The figure represents an attributable interest of CITIC Projects through its interest in Keentech. CITIC Projects, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Group.
- (3) Keentech, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Projects.
- (4) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Group.
- (5) The figure represents an attributable interest of Temasek Holdings (Private) Limited (“**Temasek Holdings**”) through its interest in Temasek Capital (Private) Limited (“**Temasek Capital**”) and an indirect interest in Ellington Investments Pte. Ltd. (“**Ellington**”) which holds 250,508,841 Shares representing 4.14% of the total issued share capital of the Company. Temasek Holdings is a company incorporated in Singapore. Ellington, a company incorporated in Singapore, is an indirect wholly-owned subsidiary of Temasek Holdings.
- (6) The figure represents an attributable interest of Temasek Capital through its interest in Seletar Investments Pte. Ltd. (“**Seletar**”). Temasek Capital, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Temasek Holdings.
- (7) The figure represents an attributable interest of Seletar through its interest in Baytree Investments (Mauritius) Pte. Ltd. (“**Baytree**”). Seletar, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Temasek Capital.
- (8) Baytree, a company incorporated in Mauritius, is a direct wholly-owned subsidiary of Seletar.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or no person was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

(c) Disclosure of substantial shareholding in other members of the Group

Name of shareholder	Name of subsidiary	Percentage of issued share capital
CITIC United Asia ⁽¹⁾	CITIC Dameng Holdings	20

Note:

- (1) CITIC United Asia, a company incorporated in Hong Kong, is an indirect wholly-owned subsidiary of CITIC Group.

4. LITIGATION

Save as disclosed below and so far as is known to the Directors, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries:

- (a) In January 1999, Dongguan Xinlian Wood Products Company Limited (“**Dongguan Xinlian**”), a wholly-owned subsidiary of the Company held through Wing Lam (International) Timber Limited (“**Wing Lam**”), received a writ of summons (the “**Claim**”) from China Foreign Trade Development Company (the “**Plaintiff**”) claiming US\$6,362,000 (HK\$49,624,000) and related interest in respect of six re-export contracts purported to have been entered into by Dongguan Xinlian prior to it becoming a Group subsidiary. A judgment (the “**First Judgment**”) was issued by the Shenzhen Intermediate People’s Court in February 2000 against Dongguan Xinlian for a sum of US\$3,448,000 (HK\$26,894,000). In response, Dongguan Xinlian filed an appeal against the First Judgment with the People’s High Court of Guangdong Province (the “**Guangdong High Court**”).

In August 2003, certain members of the Plaintiff’s management team were sentenced to imprisonment for creating forged documents, including those presented by them in relation to the Claim. Despite this, the Guangdong High Court issued a judgment (the “**Second Judgment**”) in December 2003 against Dongguan Xinlian for US\$4,800,000 (HK\$37,440,000) with related interest. In January 2004, Dongguan Xinlian filed a further appeal to the State Supreme Court requesting the withdrawal of the Second Judgment and a decision that Dongguan Xinlian was not liable to the Plaintiff in respect of the Second Judgment. In December 2004, the Guangdong High Court overturned the Second Judgment and issued a decision that it would re-hear the case.

In December 2005, the Guangdong High Court issued a judgment whereby the validity of the Second Judgment against Dongguan Xinlian was maintained (the “**Third Judgment**”).

As advised by the Group’s legal advisers, there were a number of conflicts and discrepancies with regard to the Second Judgment and the Third Judgment. The Second Judgment and the Third Judgment were not supported by valid evidence. Although the Guangdong High Court acknowledged the criminal liabilities of certain members of the Plaintiff’s management team (including forging the contracts connected to the Claim), the Guangdong High Court did not, contrary to normal legal procedures, take these factors into account when it gave the Third Judgment.

In February 2006, Dongguan Xinlian commenced an appeal process to the State Supreme Court against the Third Judgment. In the meantime, the Shenzhen Intermediate People’s Court has frozen the assets and machinery of Dongguan Xinlian and the Group has also taken steps to apply for a suspension of the auction of the assets and machinery of Dongguan Xinlian.

In November 2006, the Supreme People's Procuratorate of the PRC confirmed the grounds of the petition and filed the protest with the State Supreme Court for retrial. In February 2007, the State Supreme Court issued a written civil ruling to retry the case. The hearing was set for October 2007 but the Plaintiff did not attend. A new date for the hearing has not been fixed as at the Latest Practicable Date.

In March 2007, the Group's legal advisers re-confirmed the conflicts and discrepancies with regard to the Second Judgment and the Third Judgment.

The ex-shareholders of Wing Lam (the "**Ex-shareholders**") have given an undertaking to indemnify the Group against all monetary losses that may arise from the Claim up to HK\$11,862,000, being the outstanding other loans from the Ex-shareholders as at 30 June 2008.

In light of the indemnity from the Ex-shareholders and the advice of the Group's legal advisers, the Directors believe that the outcome of the Claim will not have a material adverse impact on the financial results of the Group.

- (b) (i) During 2007, the books and records of JSC Karazhanbasmunai ("**KBM**") were audited by the Kazakhstan tax authorities with regard to the calculation and accrual of withholding tax from the source of payment for the years 2002-2006. As a result, KBM received a claim from the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan to pay additional tax of 244,790,000 Tenge (HK\$14,467,000) and penalty of 98,032,000 Tenge (HK\$5,794,000).

In May 2008, KBM received a revised claim from Courts of Astana City to pay additional tax of 220,952,000 Tenge (HK\$13,058,000) and penalty of 98,032,000 Tenge (HK\$5,794,000). On 2 June 2008, KBM sent an appeal to the Supreme Court. On 8 July 2008, KBM received the same decision from the Civil Board of the Supreme Court. KBM is planning to send an appeal to the Supervisory Board of the Supreme Court in three months from the Latest Practicable Date.

- (ii) During 2007, the books and records of KBM were also audited by the Kazakhstan tax authorities with regard to the calculation and accrual of excess profit tax for the years 2002-2004. As a result, KBM received a claim from the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan to pay additional tax of 11,781,577,000 Tenge (HK\$696,291,000), fines of 5,890,789,000 Tenge (HK\$348,146,000) and penalty of 6,891,013,000 Tenge (HK\$407,259,000).

On 11 March 2008, KBM appealed to the Courts of Astana City against the excess profit tax claims. On 1 August 2008, KBM received the first instance decision from the Courts of Astana City requiring KBM to pay additional tax of 221,765,000 Tenge (HK\$13,106,000), fines of 747,390,000 Tenge (HK\$44,171,000) and penalty of 1,090,955,000 Tenge (HK\$64,475,000).

On 15 August 2008, KBM appealed to the Supreme Court against the first instance decision of the Courts of Astana City. On 16 September 2008, KBM received the second decision from the Civil Board of the Supreme Court requiring KBM to pay additional tax of 11,493,180,000 Tenge (HK\$679,247,000), fines of 10,271,454,000 Tenge (HK\$607,043,000) and penalty of 5,746,590,000 Tenge (HK\$339,623,000).

On 30 September 2008, KBM appealed to the Supervisory Board of the Supreme Court against the second decision of the Civil Board. No decision by the Supervisory Board has been issued as of the Latest Practicable Date.

5. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

7. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or the Independent Financial Adviser had any interest, direct or indirect, in any asset which has since 31 December 2007, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. EXPERT

The following is the qualification of the expert who has given, or agreed to the inclusion of, its opinions or advice in this circular:

Name	Qualification
Optima Capital Limited	A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

The Independent Financial Adviser has confirmed that it has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The Independent Financial Adviser has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they appear.

9. MISCELLANEOUS

- (a) The share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The secretary of the Company is Ms. Li So Mui. She holds a Master's Degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. Ms. Li has over 30 years' experience in the accounting and banking field.
- (c) All references to times and dates in this circular refer to Hong Kong times and dates.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of the Company at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong for the period of 14 days from the date of this circular:

- (a) the memorandum of association of the Company and the Bye-laws;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 18 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 19 to 27 of this circular;
- (d) the Loan Agreement;
- (e) the Capital Increase Agreement; and
- (f) the written consent from the Independent Financial Adviser referred to under the section headed "Expert" above.

NOTICE OF SPECIAL GENERAL MEETING



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of CITIC Resources Holdings Limited (the “**Company**”) will be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 13 March 2009 at 3:00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTION NO. 1

“**THAT** the entering into of a loan agreement among CITIC Resources Holdings Limited (the “**Company**”), Apexhill Investments Limited (“**Apexhill**”) and CITIC Dameng Investments Limited (“**CITIC Dameng Investments**”) on 4 February 2009 (the “**Loan Agreement**”), pursuant to which the Company and Apexhill shall advance to CITIC Dameng Investments the amounts of HK\$240 million (the “**CRH Portion**”) and HK\$60 million (the “**Apexhill Portion**”) respectively (collectively called the “**Loan**”) on the terms and subject to the conditions of the Loan Agreement, and the transactions contemplated thereby and of the agreements and/or documents necessary for and/or incidental to the performance and completion of the Loan be and are hereby ratified, confirmed and approved; **AND THAT** the Directors be and are hereby authorised on behalf of the Company to approve and implement the transactions contemplated under the Loan Agreement and to do all such acts, to enter into all such agreements, transactions and arrangements and to take all such actions in connection therewith or arising therefrom in relation to the transactions contemplated under the Loan Agreement as the Directors may consider necessary, desirable or expedient in order to give effect to the transactions contemplated under the Loan Agreement.”

ORDINARY RESOLUTION NO. 2

“**THAT** the entering into of a capital increase agreement between CITIC Dameng Investments Limited (“**CITIC Dameng Investments**”) and 廣西大錳錳業有限公司 (Guangxi Dameng Manganese Industry Co., Ltd.) (“**Guangxi Dameng**”) on 4 February 2009 (the “**Capital Increase Agreement**”), pursuant to which CITIC Dameng Investments shall inject a total amount of RMB255.6 million in cash into 中信大錳礦業有限責任公司 (CITIC Dameng Mining Industries Limited) (“**CITIC Dameng Mining**”) for the purpose of increasing the registered capital of CITIC Dameng Mining from RMB500 million to RMB579.7 million (the “**Capital Increase**”) on the terms and subject to the conditions of the Capital Increase Agreement, and the transactions contemplated thereby and of the agreements and/or documents necessary for and/or incidental to the performance and completion of the Capital Increase be and are hereby ratified, confirmed and approved; **AND THAT** the Directors

NOTICE OF SPECIAL GENERAL MEETING

be and are hereby authorised on behalf of the Company to approve and implement the transactions contemplated under the Capital Increase Agreement and to do all such acts, to enter into all such agreements, transactions and arrangements and to take all such actions in connection therewith or arising therefrom in relation to the transactions contemplated under the Capital Increase Agreement as the Directors may consider necessary, desirable or expedient in order to give effect to the transactions contemplated under the Capital Increase Agreement.”

By Order of the Board
CITIC Resources Holdings Limited
Li So Mui
Company Secretary

Dated: 25 February 2009, Hong Kong

*Head Office and
Principal Place of Business in Hong Kong:*
Suites 3001-3006
30/F, One Pacific Place
88 Queensway
Hong Kong

Notes:

- (1) Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) A form of proxy for use at the Meeting is enclosed.
- (3) To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be returned to the head office and principal place of business of the Company at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting if you so wish.
- (4) If there are joint registered holders of a share in the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (5) In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting on the above ordinary resolutions will be taken by poll.

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