



## CITIC RESOURCES HOLDINGS LIMITED

### **CITIC Resources Announces Additional Information on the Proposed Spin-off of CITIC Dameng Holdings Limited**

(Hong Kong, 22 September 2010) – CITIC Resources Holdings Limited (“CITIC Resources” or the “Company”) (HKEx stock code: 1205) announces further information about the proposed spin-off and separate listing of CITIC Dameng Holdings Limited (“CDH”) on the Main Board of the Stock Exchange of Hong Kong Limited.

#### **Intended use of proceeds by CDH**

Approximately 55% of the net proceeds of the global offering will be used to fund the development and construction projects in the PRC and Gabon, West Africa to improve the production capacity of the CDH Group; approximately 20% of the net proceeds will be used for the acquisition of mines and mining rights in relation to mines with identified mining resources; approximately 15% of the net proceeds will be used to partially repay the principal amounts and interest accrued on the CDH Group’s outstanding bank borrowings; and approximately 10% of the net proceeds will be used for working capital and other general corporate purposes of the CDH Group. Further details will be published in the prospectus.

#### **Financial effect of the Proposed Spin-off on the Company**

The Company will not receive any cash inflow from the proposed spin-off. Assuming the Company is to calculate the gain by reference to the market capitalization of CDH and based on the current estimated minimum market capitalization of HK\$6 billion for CDH and the current proposed structure and size of the global offering, the amount of the gain to the Company resulting from the proposed spin-off would be about HK\$1.7 billion, assuming the over-allotment option is not exercised.

#### **Non-competition undertaking**

It is intended that after completion of the proposed spin-off, the CDH Group will continue to be principally engaged in the spin-off business, that is, the business of exploration, mining and processing of manganese and the associated production and sale of manganese related products. In order to clearly separate the businesses of the Company and the CDH Group after completion of the proposed spin-off, the Company proposes to enter into a non-competition undertaking with CDH.

#### **Preferential offer**

Subject to the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the CDH shares on the Main Board of the Stock Exchange, about 10% of the CDH shares available under the global offering, representing the reserved shares, will be available for subscription by qualifying shareholders at the final offer price under the preferential offer. The reserved shares will be offered under the international offering. Qualifying shareholders will be entitled to subscribe for the reserved shares on an assured basis. The final assured entitlement will depend on the number of shares of CITIC Resources held by qualifying shareholders at 5:00 p.m. on 27 October 2010 (Wednesday).

#### **Dilution of the Company’s interest in CDH upon completion of the Proposed Spin-off**

Immediately upon completion of the proposed spin-off (and regardless of whether the over-allotment option is exercised), the Company’s interest in the issued share capital of CDH will be diluted to less than 50% and CDH will cease to be a subsidiary of the Company. On the assumption that the over-allotment option is not exercised, it is currently expected that immediately after completion of the proposed spin-off: (i) 39.3% of the enlarged issued share capital of CDH will be held indirectly by CITIC Resources; (ii) 9.825% of the enlarged issued share capital of CDH

will be held by Apexhill Investments Limited, a direct wholly-owned subsidiary of CITIC United Asia and an existing shareholder of CDH; (iii) 25.875% of the enlarged issued share capital of CDH will be held by Guangxi Dameng BVI, a direct wholly-owned subsidiary of Guangxi Dameng Manganese Industry Co. Ltd.; and (iv) 25% of the enlarged issued share capital of CDH will be held by successful applicants in the global offering. The final number and percentages will be published in the prospectus.

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**About CITIC Resources Holdings Limited**

CITIC Resources Holdings Limited (Stock code: 1205 HK) (“CITIC Resources”) was listed on the Hong Kong Stock Exchange since 1997. CITIC Group is the parent company of CITIC Resources with majority stake of about 54%. CITIC Resources is a provider of diversified energy and natural resources, particularly focusing on the oil business. The principal activities of CITIC Resources and its subsidiaries include oil exploration, development and production, aluminum smelting, coal, import and export of commodities, and manganese mining and processing.

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