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中國鎳資源控股有限公司  
CHINA NICKEL RESOURCES  
HOLDINGS COMPANY LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2889)**

## **DISCLOSEABLE TRANSACTION**

On 9 September 2009, the Company and the Target Company entered into the Agreement and on 15 September 2009, the Company, the Transferors and the Target Company entered into the Supplemental Agreement, pursuant to which the Transferors have agreed to sell the entire registered capital of the Target Company to the Company at a consideration of RMB196,000,000 in cash.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

**As Completion is subject to certain conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.**

## **THE AGREEMENT AND THE SUPPLEMENTAL AGREEMENT**

### **Date**

9 September 2009 and 15 September 2009

### **Parties**

Purchaser: the Company

Vendor: the Transferors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Transferors, the Target Company and their respective associates are not connected persons of the Company within the meanings of the Listing Rules and are thus considered to be independent of the Company and the connected persons of the Company.

### **Assets to be acquired**

Under the terms of the Agreements, the Company or its subsidiary(ies) will acquire the entire registered capital of the Target Company from the Transferors. The Target Company is a company incorporated in the PRC and is principally engaged in the business of manufacturing and selling ferro nickel alloys.

### **Consideration**

The consideration for the Acquisition shall be RMB196,000,000, which will be satisfied in full by payment of RMB11,000,000 in cash and by the assumption of the total liabilities of the Target Company amounting to RMB185,000,000 by the Company to the Transferors. A deposit of RMB5,000,000 has been paid by the Company and the remaining amount of the consideration will be settled by the Company on the Completion Date. The Company will finance the consideration for the Acquisition through the proceeds from the issue of the Bonds and internal resources.

### **Conditions Precedent**

Completion of the Agreements is subject to the following conditions precedent:

- (a) completion of due diligence review of the Target Company; and
- (b) finalisation of the detailed terms of the Acquisition.

The parties to the Agreements expect that the above conditions precedent will be completed before 30 September 2009. In the event that any of the above conditions precedent fails to be fulfilled within three months of the date of the Agreement, the Agreements shall be terminated.

## **REASONS FOR ENTERING INTO THE AGREEMENT**

The Group is principally engaged in the business of manufacturing steel products, including nickel and chromium alloy steel products, and stainless steel products. The Target Company is a company incorporated in the PRC on 27 March 2007 and is principally engaged in the business of manufacturing and selling ferro nickel alloys.

The Target Company is currently constructing a plant for the production of ferro nickel products in Linyungang of Jiangsu province of the PRC, which occupies an area of approximately 1,080,000 square metres. The Target Company has already obtained land use rights, environmental approvals and project approvals from the relevant authorities for the construction of the production plant with an annual capacity of up to 1,000,000 tonnes of ferro nickel products. The construction work is currently in progress.

The Directors are of the view that the Acquisition will significantly reduce the production costs of ferro nickel alloys by (i) lowering capital expenditures and fuel costs relating to production of such alloys by using the non-coke reduction iron making technology developed internally by the Group; and (ii) reducing the transportation costs of raw materials and finished products due to the geographic location of the production plant. The Group will complete the construction work of such production plant and use the technologies developed internally by the Group in producing ferro nickel alloys. Based on current market data, the Group's preliminary estimate of the savings in production costs is approximately RMB660 or more per tonne of ferro nickel alloy produced.

The Directors believe that the terms of the Agreements (including the consideration for the Acquisition) are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

## **GENERAL**

As Completion is subject to certain conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.

## **DEFINITIONS**

Unless otherwise stated, the terms in this announcement have the following meanings:

“Acquisition”	the acquisition by the Company of the entire registered capital of the Target Company pursuant to the terms of the Agreements;
“Agreement”	the agreement dated 9 September 2009 entered into between the Company and the Target Company in relation to the Acquisition;
“Agreements”	the Agreement and the Supplemental Agreement;
“Agreement Date”	the date on which the Company and the Target Company entered into the Agreement, being 9 September 2009;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Bonds”	Zero Coupon Convertible Bonds due 2012 with an aggregate principal amount of HK\$2,000,000,000 issued by the Company on 10 December 2007;

“Company”	China Nickel Resources Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the entire registered capital of the Target Company in accordance with the terms and conditions of the Agreements;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the letter agreement dated 15 September 2009 entered into by and among the Company, the Target Company and the Transferors in relation to the Acquisition;
“Target Company”	a company incorporated in the PRC and is not a connected person to the Company; and
“Transferors”	registered shareholders of the Target Company as at the date of this announcement and are not connected persons of the Company.

By Order of the Board  
**China Nickel Resources Holdings Company Limited**  
**Dong Shutong**  
*Chairman*

Hong Kong, 16 September 2009

*As at the date of this announcement, the executive Directors are Mr. Dong Shutong, Mr. He Wei-quan, Mr. Lau Hok Yuk, Mr. Song Wenzhou, Mr. Zhao Ping and Mr. Dong Chengzhe; the non-executive Director is Mr. Yang Tianjun; and the independent non-executive Directors are Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung.*