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

If you have sold or transferred all your shares in China Nickel Resources Holdings Company Limited, you should at once hand this circular accompanying with the 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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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2889)

**CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

 亞洲資產管理
ASIA INVESTMENT MANAGEMENT

A letter from the Board is set out on pages 3 to 6 of this circular and a letter from the Independent Board Committee is set out on page 7 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 8 to 15 of this circular.

A notice convening the EGM of the Company to be held at Unit 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 28 January 2010 at 10.00 a.m is set out on pages 20 to 21 of this circular. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting should you so wish.

Hong Kong, 13 January 2010

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:-

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction”	the transaction contemplated under the Exclusive Offtake Agreement
“Directors”	the directors of the Company
“EGM”	extraordinary general meeting of the Company to be convened at Unit 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 28 January 2010 at 10:00 a.m. for approving the Renewed Ores Supply Annual Caps
“Exclusive Offtake Agreement”	the exclusive offtake agreement dated 5 March 2007 (as supplemented), entered into among S.E.A. Mineral, Yiwang Mining and its shareholders in relation to, among other things, the purchase by S.E.A. Mineral of the Ores produced from the Mine
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, which has been appointed by the Board to advise the Independent Shareholders on the Renewed Ores Supply Annual Caps
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Ores Supply Annual Caps
“Independent Shareholders”	the Shareholders other than Mr. Dong and his associates
“Latest Practicable Date”	8 January 2010, being 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
“Mine”	refers to the mining site located in the District of Batuclicin, Regency of Tanah Bumbu, in the Province of South Kalimantan, Indonesia on which and in relation to which, Yiwang Mining is authorised to conduct mining activities pursuant to the mining authorisations granted to Yiwang Mining by the Indonesian government to produce the Ores discovered on an area covering 4,001 hectares, location of which is detailed in the mining authorisations granted by the government of Indonesia
“Mr. Dong”	Mr. Dong Shutong, a Director and a controlling Shareholder (as defined in the Listing Rules) interested in approximately 71.47% of the issued share capital of the Company as at the date of this circular

DEFINITIONS

“Ores”	the ores derived from the Mine
“Ores Unit Purchase Price”	the purchase price of US\$16.0 per dry tonne by S.E.A. Mineral under the Exclusive Offtake Agreement
“Percentage Ratios”	the percentage ratios as stipulated under Rule 14.07 of the Listing Rules
“Renewed Ores Supply Annual Caps”	the maximum aggregate annual value for the purchase of Ores from Yiwang Mining under the Exclusive Offtake Agreement for the three years ending 31 December 2012
“S.E.A. Mineral”	S.E.A. Mineral Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yiwang Mining”	PT Yiwang Mining, a limited company incorporated in the Indonesia
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent.

In this circular, the exchange rate of US\$1.00 = HK\$7.7534 is used for illustrative purpose.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Dong Shutong
Mr. He Weiquan
Mr. Lau Hok Yuk
Mr. Song Wenzhou
Mr. Zhao Ping
Mr. Dong Chengzhe

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-Executive Directors:

Mr. Yang Tianjun

Independent non-Executive Directors:

Mr. Bai Baohua
Mr. Huang Changhuai
Mr. Wong Chi Keung

13 January 2010

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 5 March 2007 and 23 December 2009 in relation to the Continuing Connected Transaction. On 5 March 2007, S.E.A. Mineral, an indirect wholly-owned subsidiary of the Group, and Yiwan Mining entered into the Exclusive Offtake Agreement pursuant to which Yiwan Mining agreed to supply Ores to S.E.A. Mineral for a term commencing from 5 March 2007 to 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. In view of the current approval from the Independent Shareholders for the annual caps of the Exclusive Offtake Agreement which has expired on 31 December 2009, the Company is seeking from the Independent Shareholders an approval to renew the annual caps for the Exclusive Offtake Agreement for the three years ending 31 December 2012. As the applicable Percentage Ratios for the Renewed Ores Supply Annual Caps are expected to exceed 2.5%, the Renewed Ores Supply Annual Caps will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012.

The Independent Financial Adviser, Asia Investment Management Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012.

LETTER FROM THE BOARD

The purpose of this circular is:

- (i) to provide the Shareholders with details of the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012;
- (ii) to set out the opinion of the Independent Financial Adviser in respect of the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012;
- (iii) to set out the recommendation of the Independent Board Committee in respect of the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012; and
- (iv) to give notice of the EGM to Shareholders to consider and, if thought fit, to approve the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012.

CONTINUING CONNECTED TRANSACTION

THE EXCLUSIVE OFFTAKE AGREEMENT

Reference is made to the announcements of the Company dated 5 March 2007 and 23 December 2009. On 5 March 2007, S.E.A. Mineral, an indirect wholly-owned subsidiary of the Group, and Yiwan Mining entered into the Exclusive Offtake Agreement pursuant to which Yiwan Mining agreed to supply Ores to S.E.A. Mineral for a term commencing from 5 March 2007 to 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. In view of the current approval from the Independent Shareholders for the annual caps of the Exclusive Offtake Agreement which has expired on 31 December 2009, the Company is seeking from the Independent Shareholders an approval to renew the annual caps for the Exclusive Offtake Agreement for the three years ending 31 December 2012. As the applicable Percentage Ratios for the Renewed Ores Supply Annual Caps are expected to exceed 2.5%, the Renewed Ores Supply Annual Caps will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

Yiwan Mining is a company incorporated in Indonesia and is principally engaged in the mining of iron ores. Under the Exclusive Offtake Agreement, Yiwan Mining will supply to S.E.A. Mineral and S.E.A. Mineral will purchase, a minimum of one million dry tonnes of the Ores in the first year after the Exclusive Offtake Agreement becoming unconditional and three million dry tonnes in each subsequent year till the expiry of the term of the Exclusive Offtake Agreement, at the Ores Unit Purchase Price.

The Renewed Ores Supply Annual Caps

On 2 May 2007, the Independent Shareholders approved the Exclusive Offtake Agreement and the annual caps for the three financial years ended 31 December 2009 at HK\$89.7 million, HK\$452.4 million and HK\$491.4 million, respectively. The Company is seeking from the Independent Shareholders an approval for the Renewed Ores Supply Annual Caps of the Exclusive Offtake Agreement for the three years ending 31 December 2012.

Proposed Renewed Ores Supply Annual Caps:

	<u>Year ending 31 December 2010</u>	<u>Year ending 31 December 2011</u>	<u>Year ending 31 December 2012</u>
Annual Caps	HK\$483.8 million	HK\$483.8 million	HK\$725.7 million

Owing to the economic crisis in 2008, global demand in steel products has decreased as well as the timetable of the Group's expansion plan has been revised which in turn has resulted in the Group deferring its purchases of ores for the large part of 2008 and early 2009 to subsequent years. Such deferral has been made with the mutual consent of the parties and does not constitute a breach of the Exclusive Offtake Agreement. With the recovery of the global economy and the commissioning of the new manufacturing plants of the Group in 2010/2011, the production capacity of the Group is expected to increase significantly

LETTER FROM THE BOARD

from the current level. The Renewed Ores Supply Annual Caps were determined by reference to existing production capacity of the Group and the historical transaction amount with Yiwan Mining, and the anticipated growth in demand of Ores by the Group.

Historical transaction records

For the three years ended on 31 December 2009, the aggregate purchase amount (including value added tax) by the Group from Yiwan Mining for the purchase of the Ores amounted to approximately US\$8.9 million, US\$13.8 million and US\$6.7 million (equivalent to approximately HK\$69.0 million, HK\$107.0 million and HK\$51.9 million, respectively).

REASONS FOR THE RENEWED ORES SUPPLY ANNUAL CAPS

The Group has been purchasing Ores from Yiwan Mining since June 2007 and Yiwan Mining is the primary source of supply of Ores for the Group's manufacturing operation. Given the current approval from the Independent Shareholders for the annual caps of the Exclusive Offtake Agreement which has expired on 31 December 2009, the Directors (other than the independent non-executive Directors whose view is reserved pending the advice of the independent financial adviser to the Independent Board Committee and the Shareholders) are of the view that it would be in the interest of the Company and its shareholders to renew the annual caps of the Exclusive Offtake Agreement to enable the Company to continue to procure Ores from Yiwan Mining to cope with the expanding manufacturing operation of the Group. The Exclusive Offtake Agreement has been entered into after arm's length negotiations between the parties, under normal commercial terms and in the ordinary and normal course of the Company, the Directors (other than the independent non-executive Directors whose view is reserved pending the advice of the independent financial adviser to the Independent Board Committee and the Shareholders) are of the view that the Exclusive Offtake Agreement, including the Renewed Ores Supply Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As disclosed in the announcement of the Company dated 5 March 2007, Yiwan Mining was deemed to be a connected person of the Company under Rule 14A.11(4)(a) of the Listing Rules.

As the applicable Percentage Ratios for the Renewed Ores Supply Annual Caps are expected to exceed the 2.5% threshold provided in Rule 14A.34 of the Listing Rules, the Exclusive Offtake Agreement will constitute a non-exempt continuing connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung have been appointed by the Board to form an Independent Board Committee advising the Independent Shareholders the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012. Asia Investment Management Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012 in accordance with the Listing Rules.

GENERAL

The Group is principally engaged in the business of manufacturing steel products, including nickel and chromium alloy steel products, and stainless steel products.

EGM

A notice of the EGM is set out on pages 19 to 20 of this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the EGM will be by poll. Pursuant to the requirements of Rule 13.39(4) of the Listing Rules, Mr. Dong and his associates, who in aggregate held 1,496,326,705 Shares,

LETTER FROM THE BOARD

representing 71.47% interest in the Company as at the Latest Practicable Date, will abstain from voting for the resolutions to be proposed at the EGM to approve the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012.

A form of proxy for the EGM is enclosed herewith. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the form of proxy and return it to the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the EGM. Completion of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 7 of this circular which contains its recommendation to the Independent Shareholders on the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012. Your attention is also drawn to the letter of advice from the Independent Financial Adviser as set out on pages 8 to 15 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012. Based on the advice from the Independent Financial Adviser and the Independent Board Committee, the Directors recommend the Independent Shareholders to approve the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

13 January 2010

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 13 January 2010 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 8 to 15 of the Circular and the letter from the Board as set out on pages 3 to 6 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012 are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the Renewed Ores Supply Annual Caps for each of the three financial years ending 31 December 2012 to be proposed at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee
China Nickel Resources Holdings Company Limited

Bai Baohua
Independent Non-executive director

Huang Changhuai
Independent Non-executive director

Wong Chi Keung
Independent Non-executive director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Asia Investment Management Limited

Room 1203, 12th Floor
Tower 2, Lippo Centre
89 Queensway, Hong Kong

13 January 2010

*To the Independent Board Committee
and the Independent Shareholders of
China Nickel Resources Holdings Company Limited*

Dear Sirs,

**RENEWAL OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the independent board committee (the “Independent Board Committee”) and the independent shareholders (the “Independent Shareholders”) of China Nickel Resources Holdings Company Limited (the “Company”) in relation to the proposed renewal of the maximum aggregate annual value for the purchase of ores (the “Ores”) exploited from the mine located at the District of Batuclicin, Regency of Tanah Bumbu, in the Province of South Kalimantan, Indonesia (the “Mine”) from Yiwang Mining under the Exclusive Offtake Agreement for the three years ending 31 December 2012 (the “Renewed Ores Supply Annual Caps), details of which are contained in an announcement of the Company dated 23 December 2009 (the “Announcement”) and in the letter from the Board (the “Letter from the Board”) as set out on page 3 to page 6 of the circular of the Company dated 13 January 2010 (the “Circular”) to the Shareholders. Capitalised terms used in this letter shall have the same meanings as defined in the Circular of which this letter forms part unless the content otherwise requires.

As announced by the Company on 5 March 2007 and 23 December 2009, on 4 March 2007, S.E.A. Mineral, an indirect wholly-owned subsidiary of the Company, and Yiwang Mining entered into the Exclusive Offtake Agreement pursuant to which Yiwang Mining agreed to supply Ores to S.E.A. Mineral for a term commencing from 5 March 2007 to 24 January 2021, which has subsequently been extended, by a supplemental agreement dated 12 September 2008, to 24 January 2036. In view of the fact that the current approval from the Independent Shareholders for the annual caps of the Exclusive Offtake Agreement was due to expire on 31 December 2009, the Company is seeking from the Independent Shareholders an approval to renew the annual caps for the Exclusive Offtake Agreement for the three years ending 31 December 2012.

As disclosed in the announcement of the Company dated 5 March 2007, Yiwang Mining was deemed to be a connected person of the Company under Rule 14A.11(4)(a) of the Listing Rules. Accordingly, the transactions between the Group and Yiwang Mining constitute continuing connected transactions for the Company (the “Continuing Connected Transactions”).

Pursuant to Rule 14A.36 of the Listing Rules, the Company must re-comply with the relevant reporting and announcement requirements and/or the independent shareholders’ approval requirements if the relevant caps for transactions contemplated under the Exclusive Offtake Agreement are exceeded, or when the relevant Exclusive Offtake Agreement are renewed or there is a material change to the terms of the said agreement. As the applicable Percentage Ratios for the Renewed Ores Supply Annual Caps are expected to exceed 2.5%, the Renewed Ores Supply Annual Caps will be subject to the reporting and announcement requirements and the independent shareholders’ approval requirements pursuant to Rule 14A.35 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Messrs. Bai Baohua, Huang Changhuai and Wong Chi Keung, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Renewed Ores Supply Annual Caps.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) and the technical report on the Mine as set out in the circular of the Company dated 13 April 2007. We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the terms of the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively), the businesses and future outlook of the Group. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, accurate and complete in all material respects as at the date of the Circular and that they may be relied upon in formulating our opinion. We have not, however, conducted any physical site visit to the Mine within the context of the Continuing Connected Transactions. We have relied solely on the Board's representation as to the production and mining capacity of the Mine.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and the reasons for, the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material information, has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation, due diligence or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Renewed Ores Supply Annual Caps, we have considered the following principal factors and reasons:

1. Background to, and reasons for, the Continuing Connected Transactions

The principal activities of the Company are investment holding and trading of ores. The Group is principally engaged in the manufacture and sale of nickel resources and special steel products in the PRC.

Yiwan Mining is a company incorporated in Indonesia and is principally engaged in the mining of iron ores. Yiwan Mining has the exclusive exploration, exploitation and other derivative rights with respect to the Mine granted by the Indonesian government to conduct mining activities for a period of approximately 15 years expiring on 24 January 2021 (subsequently extended to approximately 30 years expiring on 24 January 2036), with a possible renewal upon expiry. The Mine is an iron and nickel deposit located on the coast of Southern Kalimantan on the Island of Kalimantan, Indonesia. With a site area of 4,001 hectares, the Mine has over 150 million tonnes of Ores and is located within a close proximity to suitable port facilities to allow lower shipment costs. One of the key advantages of the Mine is that the Ores are shallow and the topography of the Mine is relatively flat, which allows a simple and efficient mining operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

At the extraordinary general meeting of the Company held on 2 May 2007, the then Independent Shareholders approved, among others, the Exclusive Offtake Agreement and the Continuing Connected Transactions.

As disclosed in the Letter from the Board, Yiwan Mining has been the primary supply source of Ores for the Group's manufacturing operation. As advised by the management of the Company, the principal assets of S.E.A. Mineral are its economic benefits under the Exclusive Offtake Agreement. We understand from the management of the Company that the purpose of entering into of the Exclusive Offtake Agreement is to secure a long-term assured supply of Ores at the fixed Ores Unit Purchase Price. We noted that, currently, according to Mining Law (Law No. 11 of 1967) under the Indonesia Law, there is a regulatory restriction on a foreign party owing equity interest in any enterprise which is in possession of the exploration and exploitation rights of mines in Indonesia. Had the Group acquired the legal and beneficial ownership of Yiwan Mining and the Mine which is currently not permitted under the relevant laws of Indonesia, all the economic benefits to be derived from Yiwan Mining and the Mine during the term of the Exclusive Offtake Agreement would accrue to the Group. The entering into of the Exclusive Offtake Agreement is, in substance, a way to secure the Group's long-term interest in Yiwan Mining and the Mine and therefore the term of the Continuing Connected Transactions has been determined with a view to capturing all the benefits under Yiwan Mining's exclusive exploration, exploitation and certain other derivatives rights of the Mine up to expiry of said rights as stipulated under the Exclusive Offtake Agreement.

The current approval from the Independent Shareholders for the annual caps of the Exclusive Offtake Agreement was due to expire on 31 December 2009. In order not to affect the continuation of the existing businesses of the Group and to secure a stable and assured quality supply of Ores, the executive Directors are of the view that it would be in the interest of the Company and the Shareholders to renew the annual caps of the Exclusive Offtake Agreement as required by the Listing Rules to enable the Company to continue to procure Ores from Yiwan Mining at the fixed Ores Unit Purchase Price to cope with the expanding manufacturing operation of the Group.

Given the principal businesses of the Group include the trading of ores and the manufacture and sale of nickel resources and special steel products in the PRC, we consider that (i) the Continuing Connected Transactions are of the type that are entered into in the ordinary and usual course of business of the Group and on arm's length basis; (ii) the entering into of the Exclusive Offtake Agreement is a way to secure the Group's long-term interest in Yiwan Mining and the Mine and therefore the term of the Continuing Connected Transactions has been determined with a view to capturing all the benefits under Yiwan Mining's exclusive exploration, exploitation and certain other derivatives rights of the Mine up to expiry of said rights as stipulated under the Exclusive Offtake Agreement; and (iii) the Exclusive Offtake Agreement was entered into with the intentions to ensure continuation of the existing businesses of the Group without disruption and to secure a long-term assured supply of Ores at the fixed Ores Unit Purchase Price, is/are in the interest of the Group and has commercial justifications.

2. Terms of the Exclusive Offtake Agreement

As disclosed in the Letter from the Board, the Exclusive Offtake Agreement has been entered into after arm's length negotiations between the parties, under normal commercial terms and in the ordinary and normal course of the Company. The executive Directors are of the view that the Exclusive Offtake Agreement, including the Renewed Ores Supply Annual Caps, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Exclusive Offtake Agreement was for an initial term of approximately 14 years commencing from 5 March 2007 to 24 January 2021 and has subsequently been extended, by a supplemental agreement dated 12 September 2008, to approximately 29 years expiring on 24 January 2036.

We have discussed with the management of the Company and have been given to understand that it is difficult for the Group to find ore suppliers who are willing to enter into long-term contracts with the Group due to the inherent volatility of prices of ores and base metals in recent years. We attempted to research

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

from public domain for the iron ore prices per dry tonne with same ore grades as those purchased by the Group from Yiwang Mining and noted that no such direct information is available. Alternatively, we have researched from public domain and noted that the prices of similar ores per wet tonne (including transportation costs) for the period from June 2008 to October 2009 were trading within the range from approximately RMB230 (equivalent to approximately HK\$261) to approximately RMB420 (equivalent to approximately HK\$477). As advised by the management of the Company, the hypothetical average price of Ores per wet tonne (including transportation costs) since the effective date of the Exclusive Offtake Agreement has been below the aforesaid price range. Accordingly, we consider that the Ores Unit Purchase Price is comparable to the market prices. However, we wish to reiterate that the above comparison analysis is performed solely for illustrative purpose and that the cost of processing from wet ores to dry ores and the that the transportation cost to be incurred by the Group vary from those of other market practitioners.

Under the Exclusive Offtake Agreement, Yiwang Mining will supply to S.E.A. Mineral and S.E.A. Mineral will purchase, a minimum of one million dry tonnes of the Ores in the first year after the Exclusive Offtake Agreement becoming unconditional and three million dry tonnes in each subsequent year till the expiry of the term of the Exclusive Offtake Agreement, at the Ores Unit Purchase Price of US\$16.0 (equivalent to approximately HK\$124.1) per dry tonne. In the event that Yiwang Mining produces more than the minimum of Ores to be supplied in accordance with the above schedule, S.E.A. Mineral is entitled but not obliged to purchase such amount of excess Ores on the same terms and conditions as stated in the Exclusive Offtake Agreement.

As advised by the management of the Company, the minimum amount of annual purchase of Ores from Yiwang Mining as contemplated under the Exclusive Offtake Agreement is determined with reference to the then existing annual production capacity of, the production expansion plan of, and the estimated minimum consumption of Ores by, the Group. Since the Ores produced by Yiwang Mining would be exclusively sold to the Group, the minimum annual amount of purchase from Yiwang Mining also serves as a basis for Yiwang Mining to formulate its production plans. Moreover, it is generally a common market practice to set a minimum procurement amount as one of the terms in normal supplies procurement contracts. Accordingly, we consider it is a common market practice to set a minimum amount of purchase from Yiwang Mining on an annual basis in the Exclusive Offtake Agreement.

In assessing the terms of the Exclusive Offtake Agreement, we have reviewed historical samples of invoices of purchases of similar iron ores between the Group and its suppliers, including both Yiwang Mining and other independent suppliers (i.e. independent of and not connected with the Company, its connected persons and its associates). Based on our review, we noted that the prices charged by the independent suppliers are no more favourable than the Ores Unit Purchase Price of US\$16.0 (equivalent to approximately HK\$124.1) per dry tonne. As advised by the management of the Company, the purchase of ores from independent suppliers accounted for approximately 20% of the total purchase of ores by the Group in 2009.

Based on our discussion with the management and our review of historical transactions between the Group and its suppliers, we concur with the view of the Directors that the entering into the Exclusive Offtake Agreement with Yiwang Mining is in the interest of the Company and the Shareholders as a whole given the inherent volatility of prices of ores and base metals and that the Exclusive Offtake Agreement has been entered into after arm's length negotiations between the parties under normal commercial terms and the terms stipulated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In assessing the reasonableness of the tenure of the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) of 29 years, we have researched from the website of the Stock Exchange (www.hkex.com.hk) and noted that various listed companies in Hong Kong and overseas mine-owners have entered into long-term offtake agreements under which the mine-owners would sell ores from their mines to those listed companies up to the life of the relevant mines. We understand from the management that the Exclusive Offtake Agreement was entered into with the intentions to ensure continuation of the existing businesses of the Group without disruption and to secure a long-term assured supply of Ores at the fixed Ores Unit Purchase Price. We agree with the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

view of the management of the Company that the business nature of the Group requires it to enter into long-term contract given that:

- (i) the long-term nature of the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) will enable the Group to secure long-term assured supply of Ores and prevent unnecessary cost, effort, time and interruption of business caused by sourcing from other suppliers with short-term contracts;
- (ii) the long-term nature of the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) will prevent the recurrence of initial cost of assessment of the ore-grade of ores provided by other new suppliers with short-term contracts;
- (iii) sourcing ores from numerous different suppliers will not guarantee that the price, quality and quantity of ores to be purchased by the Group; and
- (iv) the long-term nature of the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) may enhance customers loyalty and maintain stable sales revenues due to the relatively consistent price and quality of ores provided by the Group.

Based on the above, we are of the view that it is fair and reasonable for the Group to enter into the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) with a long-term basis which is in normal business practice for contract of this type to be of such duration.

Having considered that (i) the inherent volatility of prices of base metals and ores; (ii) the Exclusive Offtake Agreement has been entered into after arm's length negotiations between the parties under normal commercial terms and the terms stipulated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (iii) the terms and conditions of the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) will remain unchanged and the renewal of annual caps for the Continuing Connected Transactions for the three years ending 31 December 2012 serves solely as an extension of the Group's rights under the Exclusive Offtake Agreement as required by the Listing Rules; (iv) the Group's operations will be distorted in the event that the Renewed Ores Supply Annual Caps are not approved by the Independent Shareholders given that Yiwan Mining is the major supplier of Ores for the Group's manufacturing operation; and (v) it is fair and reasonable for the Group to enter into the Exclusive Offtake Agreement (as amended by two separate amending agreements dated 12 April 2007 and 12 September 2008 respectively) with a long-term basis which is in normal business practice for contract of this type to be of such duration, we are of the view that the terms of the Exclusive Offtake Agreement are in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3. Rationale for determining the Renewed Ores Supply Annual Caps

The table below sets forth the approved annual caps of the Continuing Connected Transactions for each of the three years ended 31 December 2009.

	For the year ended 31 December		
	2007	2008	2009
Approved annual caps of the Continuing Connected Transactions			
In US\$ 'million	11.5	58.0	63.0
In HK\$ 'million	89.2	449.7	488.5

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The following are the actual transacted values of the Continuing Connected Transactions for each of the three years ended 31 December 2009:

	For the year ended 31 December		
	2007	2008	2009
Actual transacted amounts of the Continuing Connected Transactions			
In US\$ 'million	8.9	13.8	6.7
In HK\$ 'million	69.0	107.0	51.9

The following are the Renewed Ores Supply Annual Caps for each of the three years ending 31 December 2012:

	For the year ending 31 December		
	2010	2011	2012
Renewed Ores Supply Annual Caps			
In US\$ 'million	62.4	62.4	93.6
In HK\$ 'million	483.8	483.8	725.7

As illustrated in the table above, the Renewed Ores Supply Annual Caps for the three years ending 31 December 2012 in general are substantially higher than the historical transacted amounts of the Continuing Connected Transactions for the three years ended 31 December 2009.

In determining the Renewed Ores Supply Annual Caps, we understand that the Company has primarily taken into consideration factors including, among others, (i) the minimum amount of annual purchase of Ores from Yiwang Mining; (ii) the historical value of the transactions for the three years ended 31 December 2009; (iii) the existing scale and operations of the businesses of the Group; (iv) the expansion of operating capacity as a result of the expansion of production facilities yet to be in operation for the three years ending 31 December 2012; (v) the plans and requirements of the Group, after allowing a buffer for the inherent volatility of business in the base metals industry; and (vi) the possible increase in the business volume as a result of the possible recovery of the overall global economic condition.

In order to assess the fairness and reasonableness of the Renewed Ores Supply Annual Caps, we have discussed with the management of the Company the basis and assumptions underlying the determination of the Renewed Ores Supply Annual Caps and were given to understand that the management of the Company has taken into account, in particular, the following factors which are set out as below:

The historical transacted amounts of the Continuing Connected Transactions

We have reviewed the historical transacted amounts between the Group and Yiwang Mining and have discussed with the management of the Company the relevant historical trends. We understand that due to the slow-down of the growth of global economy in the year of 2008 and the subsequent intensified adverse repercussions, the historical transacted amounts of the Continuing Connected Transactions for the three years ended 31 December 2009 were substantially lower than expected. The timetable of the Group's expansion plan has been revised which in turn has resulted in the Group deferring its purchases of Ores for the large part of 2008 and early 2009 to subsequent years. Nonetheless, we are advised by the management of the Company that possible future growth in the businesses with the Yiwang Mining may likely to happen given the expected recovery of the global economy. It is considered that the economy downturn since 2008 has made the resources business more difficult and resulted in a lower than expected transaction amounts. Accordingly, we concur with the Directors' view that it would be in the interest of the Group to provide reasonable and sufficient buffer as compared with the historical transaction amounts recorded for the three years ended 31 December 2009 in determining the Renewed Ores Supply Annual Caps, so as to allow the Group to cater for any unexpected surge in demand for the Continuing Connected Transactions after recovery of the economy which cannot be ascertained at the moment.

Business plan of the Group

As stated in the 2008 annual report of the Company, 2008 was a challenging year for the Group. In order to deal with the challenges ahead, the Group's focus will remain on maintaining the existing competitiveness in resources, production cost, new products and production technology development. The

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Group will take proactive measures to consolidate its capital strength and risk management capability. By persisting in a prudent expansion and development strategy, the management of the Company is confident that the Company would be able to sustain healthy growth in its operating results to deliver greater value to the Shareholders and the Company will continue to work on the optimization of resource allocation to increase the Group's efficiency in the use of resources.

We have reviewed the budget projection of production of the Group for the three years ending 31 December 2012 and the underlying bases and assumptions. We noted that the management of the Company has taken into consideration, among others, (i) the existing scale and operations of the businesses of the Group; (ii) the anticipated growth and development of businesses and the perceived increase in demand for the Group's products; (iii) the expansion of operating capacity as a result of the commissioning of new manufacturing plants of the Group in 2010/2011.

We have also discussed with the management of the Company as to the forthcoming development/improvement plans of the production facilities. The management of the Company advised us that 2 new production plants, namely Lianyungang East Harvest Minerals Co., Ltd. and Henan Yongtong Nickel Co. Ltd., are expected to commence operation in Lianyungang City of Jiangsu Province and Gongyi city of Henan Province in 2010/2011. Upon commencement of operations of the said additional production facilities, the Group's production capacity is expected to increase significantly. The substantial increase in value of the Renewed Ores Supply Annual Caps reflects the management's expectation of the expansion of operating capacity. We are of the view that it is fair and reasonable for the management of the Company to make reference to the aforesaid information as the bases to determine the Renewed Ores Supply Annual Caps.

Demand for the Continuing Connected Transactions

In spite of the global economic downturn which negatively affected the global market in the second half of 2008, the PRC experienced steady economic growth in the past few years. According to the China Statistical Yearbook 2009 issued by the National Bureau of Statistics of China, the gross domestic products of the PRC has been growing in the past few years and increased from approximately RMB13,582.3 billion in 2003 to approximately RMB30,067 billion in 2009, representing a compound annual growth rate of approximately 17.23%. Moreover, in November 2008, the PRC government announced an economic stimulus project of RMB4,000 billion. Ten stimulus programmes which cover infrastructure construction of railways, highways, airports, villages and environmental protection and the re-establishment of the quake-stricken areas are expected to be launched in two years with an aim to boost the overall economic growth which are considered to directly or indirectly benefit the steel industry. Furthermore, favourable measures were proposed in the adjustment and revival plan of the State Council for ten major industries, namely the steel industry, the non-ferrous metal industry, the automobile industry, the shipbuilding industry, the petrochemical industry, the machine manufacturing industry, the light industry, the logistics industry, the textile industry and the electronic information industry, due to their importance in the economy. The principal businesses of the Group include the trading of ores and the manufacture and sale of nickel resources and special steel products in the PRC. It is expected that the Group would be able to enjoy direct benefits from these measures.

In view of the above, the management of the Company is of the view that despite the downturn of the international economic environment, they continue to be positive about the PRC's economic growth and development given its economic growth momentum in the past few years. Based on the above measures implemented or to be implemented, we consider that it is reasonable for the Company to reserve sufficient buffer to cater for any unexpected surge in demand for the Continuing Connected Transactions from Yiwang Mining as a result of the global recovery of economic conditions in subsequent years.

Conclusion

In the light of the above, we concur with the Directors' view that (i) the Renewed Ores Supply Annual Caps for the three years ending 31 December 2012 are determined based on the reasonable estimation and after due and careful consideration; (ii) it is fair and reasonable for the management of the Company to

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make reference to the aforesaid factors as the basis to determine the Renewed Ores Supply Annual Caps; and (iii) the proposed approval of the Renewed Ores Supply Annual Caps is in the interest of the Company and the Shareholders as a whole.

However, the Shareholders should note that as the Renewed Ores Supply Annual Caps are determined based on various factors relating to future events and assumptions which may or may not remain valid for the entire period up to 31 December 2012, they do not represent forecasts of revenue to be generated from the operations of the Group. Consequently, we express no opinion as to how closely the actual amounts to be received by the Group will correspond with the Renewed Ores Supply Annual Caps.

4. Conditions of the Renewed Ores Supply Annual Caps

The Renewed Ores Supply Annual Caps will be subject to the annual review by the independent non-executive Directors, details of which must be included in the Company's subsequent published annual report and accounts. In addition, pursuant to the Listing Rules, the auditors of the Company must provide a letter to the Board confirming, among others, that the Continuing Connected Transactions are conducted in accordance with the terms of the Exclusive Offtake Agreement and that the Renewed Ores Supply Annual Caps not being exceeded. Moreover, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/ or its auditors will not be able to confirm the terms of the Continuing Connected Transactions or the Renewed Ores Supply Annual Caps not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons referred to in the above, we are of the view that (i) the Continuing Connected Transactions are within the ordinary and usual course of business of the Group; (ii) the terms of the Exclusive Offtake Agreement are normal commercial terms and are fair and reasonable; (iii) the Renewed Ores Supply Annual Caps are determined based on the reasonable estimation and after due and careful consideration and that it is fair and reasonable for the management of the Company to make reference to the aforesaid factors as the bases to determine such annual caps; and (iv) the proposed approval of the Renewed Ores Supply Annual Caps is in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to be convened to approve the Renewed Ores Supply Annual Caps.

Yours faithfully,

For and on behalf of

Asia Investment Management Limited

Alice Kan

Managing Director

Hidulf Kwan

Associate Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries and that to the best of their knowledge and belief there are no other facts the omission of which would make any statement therein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares and underlying shares of the Company which were 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 were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Directors’ interest in Shares and underlying shares

Name of Director	Number of Shares and underlying shares held		Total interests	Percentage of shareholding
	Personal interests	Options to subscribe for Shares		
Mr. Dong Shutong (Note 1 and Note 2)	1,496,326,705	5,000,000(L)	1,501,326,705(L)	71.71%
Mr. He Weiquan (Note 2)	—	4,250,000(L)	4,250,000(L)	0.20%
Mr. Lau Hok Yuk (Note 2)	—	3,000,000(L)	3,000,000(L)	0.14%
Mr. Song Wenzhou (Note 2)	—	1,020,000(L)	1,020,000(L)	0.05%
Mr. Zhao Ping (Note 2)	—	4,250,000(L)	4,250,000(L)	0.20%
Mr. Dong Chengzhe (Note 2)	—	1,275,000(L)	1,275,000(L)	0.06%

* The letter “L” denotes a long position.

Notes:

- 1,481,074,705 shares and 15,252,000 shares are held directly by Easyman Assets Management Limited (“*Easyman*”) and Sino Regent Worldwide Limited (“*Sino Regent*”) respectively, which are wholly-owned by Mr. Dong Shutong (“*Mr. Dong*”). By virtue of the SFO, Mr. Dong is deemed to have beneficial interests in the above shares.
- The above share options are unlisted cash settled options granted pursuant to the Company’s share option scheme adopted on 2 May 2005. Upon exercise of the options in accordance with such share option scheme, the Company’s shares of HK\$0.10 each are issuable.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which were 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 were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO, the persons other than a Director or chief executive of the Company who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

- (i) Long positions in the Shares as at 30 June 2009:

<u>Name of shareholder</u>	<u>Capacity in which interests are held</u>	<u>Number of shares/ underlying shares held</u>		<u>Approximate percentage to the issued share capital of the Company</u>	
		<u>Long positions</u>	<u>Short positions</u>	<u>Long positions</u>	<u>Short Positions</u>
Easyman Assets Management Limited (Note 1)	Beneficial owner	1,481,074,705	Nil	70.74%	Nil

Note:

1. Easyman Assets Management Limited is wholly owned by Mr. Dong Shutong, chairman of the Company.

- (ii) Long positions in the underlying shares of the 2010 convertible notes of the Company as at 30 June 2009:

<u>Name of the holder of the 2010 convertible bonds</u>	<u>Amount of the 2010 convertible bonds HK\$</u>	<u>Number of underlying shares held</u>	<u>Approximate percentage to the issued share capital of the Company</u>
Mr. Soen Bin Kuan (also known as Tju Bin Kuan) (Note 1)	316,130,000	182,736,416	8.73%

Note:

1. As at 30 June 2009, Mr. Soen Bin Kuan was the holder of a convertible notes in the principal amount of HK\$316.13 million which is obliged to convert the principal outstanding amount of convertible notes into shares of the Company at the conversion price of HK\$1.73 per share, upon maturity on 18 May 2010. This constituted a long position in physically settled equity derivatives under the SFO.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company 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 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 meeting of any other member of the Group or had any options in respect of such capital.

(c) Service Contracts

There is no existing or proposed service contract between any of the Directors and the Company or any of its members (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

(d) Interests in other competing business

Each of the Directors has confirmed that he and their respective associates do not have any interests in a business apart from the Group's business which directly competes with and will have material adverse impact on the Group.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. EXPERT'S QUALIFICATION AND CONSENT

Asia Investment Management Limited has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its respective letters and references to its respective name in the form and context in which it respectively appear.

The following are the qualifications of the expert who has given its respective opinion or advice which are contained in this circular:

Name	Qualification
Asia Investment Management Limited	“a licensed corporation under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO”

As at the Latest Practicable Date, Asia Investment Management Limited did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 29 April 2009, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2008, being the date to which the latest audited consolidated financial statements of the Group were made up.

6. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.
- (c) The Company Secretary of the Company is Mr. Lau Hok Yuk. Mr. Lau is a Certified Public Accountant and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He is also a Chartered Financial Analyst in the United States and an associate member of the Taxation Institution of Hong Kong.
- (d) The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office at Rm. 917-918, 9/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2008;
- (c) the interim report of the Company for the six months ended 30 June 2009;
- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 7 of this circular;
- (e) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 8 to 15 of this circular;
- (f) the written consent referred to in the paragraph headed "Expert's Qualification and Consent" in this Appendix;
- (g) the Exclusive Offtake Agreement; and
- (h) this circular.

NOTICE OF EGM

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



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Nickel Resources Holdings Company Limited (the “**Company**”) will be held at Unit 3203, 32/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 28 January 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“**THAT**

- (a) the cap amounts in respect of the Exclusive Offtake Agreement as set out in the circular of the Company dated 13 January 2010 for each of the three financial years ending 31 December 2012 (the “**Renewed Ores Supply Annual Caps**”) be and is hereby confirmed and approved; and
- (b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary and if and where required, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/ them to be incidental to, ancillary to or in connection with the Renewed Ores Supply Annual Caps.”

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

Hong Kong, 13 January 2010

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorised to sign the same.
3. Any shareholder 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 shareholder of the Company.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company’s share registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting or poll (as the case may be).
5. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting thereof or poll concerned (as the case may be) should you so wish, and in such an event, the form of proxy shall be deemed to be revoked.

NOTICE OF EGM

6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

As at the date of this notice, the Board comprises Mr. Dong Shutong (Chairman), Mr. He Weiquan (Executive director), Mr. Lau Hok Yuk (Executive director), Mr. Song Wenzhou (Executive director), Mr. Zhao Ping (Executive director) and Mr. Dong Chengzhe (Executive director), Mr. Yang Tianjun (Non-executive Director), Mr. Bai Baohua (Independent Non executive Director), Mr. Huang Changhuai (Independent Non executive Director) and Mr. Wong Chi Keung (Independent Non executive Director).