

The 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.

Unless otherwise defined herein or the context otherwise requires, capitalised expressions used in this announcement shall have the meanings set out in the Solicitation Memorandum referred to herein.



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)
(Shares — Stock Code: 2889; Bonds — Stock Code: 1605)

Proposal to holders of the HK\$2,000,000,000 Zero Coupon Convertible Bonds due 2012 issued on 12 December 2007

The Company is inviting each Bondholder, by way of a Solicitation Memorandum sent to all Holders, to enter into an agreement with the Company to the effect that such Bondholder will not exercise its right to require the Company to redeem the Bonds held by such Bondholder pursuant to Condition 8(D) (*Redemption at the option of the Bondholders*) of the Bonds, in consideration for the payment by the Company to such holder of the Consent Consideration on the Payment Date.

Bondholders who deliver, or arrange to have delivered on their behalf, and who do not revoke valid Instructions to participate in the Proposal shall be deemed to have entered into the Agreement with the Company and shall be eligible to receive the Consent Consideration on 12 November 2010.

Bondholders who do not wish to participate in the Proposal will continue to be entitled to exercise their respective rights under Condition 8(D) (*Redemption at the option of the Bondholders*) of the Bonds.

China Nickel Resources Holdings Company Limited (the “**Company**”) is inviting each holder of the HK\$2,000,000,000 zero coupon convertible bonds due 2012 issued on 12 December 2007 (the “**Bonds**”, such holder of the Bonds, a “**Bondholder**” and together the “**Bondholders**”), by way of a solicitation memorandum, dated 15 April 2010 (the “**Solicitation Memorandum**”) sent to all Bondholders, to enter into an agreement (the “**Agreement**”) with the Company to the effect that such Bondholder will not exercise its right to require the Company to redeem the Bonds held by such Bondholder pursuant to Condition 8(D) (*Redemption at the option of the Bondholders*) of the Bonds, in consideration for the payment by the Company to such holder of the Consent Consideration on the Payment Date (the “**Proposal**”).

The Company's invitation to Bondholders pursuant to the Proposal will expire at 4:00 p.m. (Hong Kong time) on 22 April 2010, unless extended, amended or terminated by the Company as provided in the Solicitation Memorandum (such date and time, as it may be extended, the "**Expiration Time**").

Bondholders who deliver, or arrange to have delivered on their behalf, and who do not revoke valid Instructions (as defined below), to participate in the Proposal prior to the Expiration Time shall be deemed to have entered into the Agreement with the Company and shall be eligible to receive HK\$20,000 per HK\$100,000 in principal amount of the Bonds which are the subject of such Instructions (as defined below) (the "**Consent Consideration**") on 12 November 2010 (the "**Payment Date**"). "**Instructions**" refers to the electronic instructions which must be submitted or delivered through Euroclear Bank SA/NV or Clearstream Banking, *société anonyme* (each a "**Clearing System**"), by each person who is shown in the records of the relevant Clearing System as a holder of an interest in the Bonds, instructing the relevant Clearing System that the Bondholder who is the subject of such electronic instructions irrevocably agrees, subject only to the payment to such Bondholder of the relevant Consent Consideration, not to exercise its right to require the Company to redeem the Bonds held by such Bondholder pursuant to Condition 8(D) (*Redemption at the option of the Bondholders*).

The receipt of such Instruction by the relevant Clearing System will result in the irrevocable blocking of Bonds in the relevant Clearing System such that, subject only to the withdrawal rights described below, no transfers may be effected in relation to such Bonds until the earlier to occur of (a) 12 December 2010; and (b) the Business Day prior to such other date, if any, upon which the Bonds are required to be redeemed in whole, but not in part only, by the Company pursuant to Condition 8(B) (*Redemption for Taxation Reasons*), Condition 8(E) (*Redemption for Delisting or Change of Control*) or Condition 10(A) (*Event of Default*) (the "**Release Date**"). Instructions may be revoked by Bondholders prior to the Expiration Time by submitting an electronic withdrawal instruction to the relevant Clearing System. However, in order to be eligible to receive the Consent Consideration, all Instructions delivered prior to the Expiration Time shall be irrevocable from their date of submission up to and including the Release Date.

A Bondholder who has submitted a valid Instruction prior to the Expiration Time may, subject to the prior written consent of the Company, at any time prior to the Business Day immediately preceding the Payment Date, elect to withdraw its Instruction(s) in respect of any or all Bonds held by it, provided always that such withdrawal shall be for the purpose of effecting a transfer of such Bonds to a person who has agreed with the Company in writing to enter into an Agreement and be bound by the terms of the Proposal. Save as may otherwise be required by applicable law, no other withdrawals of Instructions shall be permitted (or approved by the Company) following the Expiration Time. For the avoidance of doubt, no such withdrawals shall be permitted following the Payment Date.

The Company expects to publish a notice on or around 23 April 2010 (the "**Results Date**") specifying the number of Holders who have agreed to participate in the Proposal and entered into an Agreement with the Company in relation thereto.

Bondholders who do not wish to participate in the Proposal will continue to be entitled to exercise their respective rights under Condition 8(D) (*Redemption at the option of the Bondholders*).

For additional information regarding the Proposal, please refer to further details pertaining to the Proposal in the Solicitation Memorandum.

REASONS FOR THE PROPOSAL

On 12 December 2007, the Company issued the Bonds as part of the strategy of the Company and its subsidiaries (collectively the “**Group**”) to fund capital expenditure in respect of certain steel mills and general working capital.

Since 2008, the Group has capitalised on its overseas resources to further improve its self developed ore processing technology and expand its production capacity in China and Indonesia. However, due to various circumstances that are beyond the Group’s control, the project timeframe for the Group’s steel mill project adjacent to the mine in Indonesia with which the Group has an exclusive off-take agreement to procure ore has had to be extended. Notwithstanding that extension, the project has been identified as one of the major national development projects under the auspices of the Indonesian government. With the imminent completion of a land acquisition and feasibility study and preparations for an environmental assessment, the project is expected to commence construction in 2010. Accordingly, the Group has decided to make adjustments to its original expansion plan in the People’s Republic of China (the “**PRC**”). As disclosed in the Company’s announcement dated 31 January 2008, a wholly-owned subsidiary of the Company entered into an agreement on 6 January 2008 to acquire a plant in Zhengzhou, Henan Province, the PRC to be used for the establishment of a pilot plant and a refinery nickel processing facility. In order to alleviate logistical pressures and reduce land transportation expenses, the Group also assessed various coastal ports in China with a view to establishing an ore processing centre. On 28 October 2009, the Group acquired a project under construction in Lianyungang, Jiangsu province, the PRC. A low-cost ferro-nickel project with an annual capacity of 1,000,000 tonnes is scheduled to be completed in the initial phase around middle of 2010 while an additional processing capacity of 4,500,000 dry tonnes of ores is scheduled to be achieved in the subsequent phase which is expected to commence construction in 2011. In addition, technological upgrades and improvements have been made by the Group to its two existing plants in Zhengzhou and Luoyang, Henan province, the PRC, including the upgrade and improvement of 18 sets of 3-tonne electric slag furnaces, 2 Φ 1.2m vertical casters, a 1,600-tonne fast forging unit, wide slab casting unit and stainless steel wire products, enabling the production of special steel products of higher added values.

As at the date of this announcement, the Group has completed the construction of its pilot plant in Zhengzhou, Henan province, the PRC with an annual processing capacity of 330,000 dry tonnes of ores. Certain new technologies have been proved to be effective within an industrial environment and are ready for large-scale production. The Group’s nickel refinery plant at the same location is scheduled to be completed in the subsequent phase by the end of 2011 with an annual capacity of 30,000 tonnes of nickel and 3,000 tonnes of cobalt. The Group’s project in Lianyungang, Jiangsu province, the PRC commenced construction on 28 October 2009 and is operating as scheduled. The production capacity of 1,000,000 tonnes of ferro-nickel scheduled for the initial phase is expected

to commence in the second half of 2010. The processing capacity of 4,500,000 tonnes of dry ores scheduled for the subsequent phase is expected to commence construction in 2011, whereupon the annual production capacity for such plant of nickel and cobalt, chromic oxide and fine iron powder will be 35,000 tonnes, 120,000 tonnes and 3,000,000 tonnes, respectively. The Group's two existing plants in Henan province of the PRC have maintained normal operations. In view of the recent improvements in global economic conditions and increasing commodity prices, the Group's management is currently optimistic as to the Company's financial performance, and potential return for investors, over the short to medium term.

In order to ensure the smooth construction and operation of existing projects, the Company considers it necessary to maintain sufficient working capital. In order to assist in maintaining such working capital over the medium term, the Company is willing to pay the Consent Consideration to any Bondholder who agrees to forego its right to redeem the Bonds on 12 December 2010.

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

Hong Kong, 15 April 2010

As at the date of this announcement, the executive Directors are Mr. Dong Shutong, Mr. He Weiquan, 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.