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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)

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

**Proposed Amendments to the terms of HK\$2,000,000,000
Zero Coupon Convertible Bonds due 2012 (the “Existing Bonds”)
and
Proposed Offer to exchange the Existing Bonds for
the Exchange Consideration requiring the issue of
new Shares under specific mandate**

Proposed Amendments to the terms of the Existing Bonds

A Meeting of Existing Bondholders is being convened by the Company to be held at 11:00 a.m. (Hong Kong time) on 10 November 2010 to consider an Extraordinary Resolution to approve certain amendments to the trust deed constituting the Existing Bonds.

Each Existing Bondholder has the right under Condition 8(D) of the Existing Bonds to require the Company to redeem all or some only of that Existing Bondholder’s Existing Bonds on 12 December 2010.

If passed, the Extraordinary Resolution will remove the abovementioned right of all the Existing Bondholders under Condition 8(D) of the Existing Bonds.

**Proposed Offer to exchange the Existing Bonds for the Exchange
Consideration**

In conjunction with the Meeting of Existing Bondholders, the Company is also inviting Eligible Holders of the outstanding Existing Bonds to tender their Existing Bonds for exchange by the Company for the Exchange Consideration. The Exchange Consideration will comprise (1) a cash payment of HK\$20,000; and (2) HK\$100,000 in nominal amount of New Bonds for each HK\$100,000 in principal amount of Existing Bonds validly tendered and accepted by the Company for exchange pursuant to the Offer.

Subject to the final determination of the principal aggregate amount of the New Bonds depending on participation on the Offer, the Company expects that the maximum aggregate number of New Bonds Conversion Shares which the Company might be required to issue and allot to the New Bondholders (assuming conversion of all of the New Bonds in accordance with their terms) will be 911,745,619 Shares, representing approximately 40.05% of the issued share capital of the Company as at the date of this announcement; 28.60% of the issued share capital of the Company as enlarged by the issue of the New Bonds Conversion Shares assuming all of the outstanding Existing Bonds are exchanged for the New Bonds pursuant to the terms and conditions of the Offer and no exercise of the outstanding Share Options; and 28.20% of the issued share capital of the Company as enlarged by the issue of the New Bonds Conversion Shares assuming all of the outstanding Existing Bonds are exchanged for the New Bonds pursuant to the terms and conditions of the Offer and the outstanding Share Options are exercised in full.

As the aggregate number of New Bonds Conversion Shares to be issued under the New Bonds will exceed the Existing General Mandate, the New Bonds Conversion Shares to be issued and allotted by the Company upon conversion of the New Bonds will be issued under a specific mandate to be approved by the Shareholders at the EGM, which is expected to be held on or around 5 November 2010. As far as the Directors are aware, no Director or Shareholder has a material interest in the Consent Solicitation and the Offer and no Shareholder is required to abstain from voting at the EGM. The Company has obtained an undertaking from Mr. Dong, the ultimate controlling shareholder of the Company holding an approximately 66.07% interest in the issued share capital as at the date of this announcement that he will, and that he will procure that his associates will, vote at the EGM in favour of the resolution in connection with, among other things, the approval of the issue of the New Bonds Conversion Shares. An application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Bonds Conversion Shares to be issued upon conversion of the New Bonds.

Shareholders, Existing Bondholders and potential investors in the Company should note that completion of the Offer is subject to the terms and conditions of the Offer as set forth in the Offer and Consent Solicitation Memorandum. No assurance can be given that the Offer will be completed. As the Offer may or may not proceed, Shareholders, Existing Bondholders and potential investors in the Company should exercise caution when dealing in the Shares or the Existing Bonds.

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

PROPOSED AMENDMENTS TO THE TERMS OF THE EXISTING BONDS

A meeting (the “**Meeting**”) of the Existing Bondholders is being convened by the Company to be held at 11:00 a.m. (Hong Kong time) on 10 November 2010 for the purpose of considering and, if thought fit, passing an extraordinary resolution (the “**Extraordinary Resolution**”) of the Existing Bondholders, the effect of which will be to approve certain amendments to the trust deed dated 12 December 2007 constituting the Existing Bonds and made between the Company and DB Trustees (Hong Kong) Limited, as trustee. The Meeting of Existing Bondholders is being convened in conjunction with the proposed Offer.

Each Existing Bondholder has the right under Condition 8(D) of the Existing Bonds to require the Company to redeem all or some only of that Existing Bondholder's Existing Bonds on 13 December 2010. If passed, the Extraordinary Resolution will remove the abovementioned right of the Existing Bondholders under Condition 8(D) of the Existing Bonds.

The quorum required at the Meeting in order to approve the Extraordinary Resolution is two or more persons present in person holding Existing Bonds or being proxies or representatives, providing that such persons hold or represent 66 per cent. of the principal amount of the Existing Bonds for the time being outstanding. If the Meeting is adjourned, the quorum required at such adjourned Meeting is two or more persons present in person holding Existing Bonds or being proxies or representatives, providing that such persons hold or represent 33 per cent. of the principal amount of the Existing Bonds for the time being outstanding.

To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast at the Meeting by the Existing Bondholders. If passed, the Extraordinary Resolution will be binding upon all the Existing Bondholders, whether or not they are present at the Meeting, and whether or not they voted in favour of the Resolution.

All Existing Bondholders are entitled to participate in the Meeting and any adjourned Meeting, and to vote in connection with the Extraordinary Resolution. However, only persons who are Eligible Holders (as defined below) may participate in the Offer. "**Eligible Holder**" means (a) an Existing Bondholder who is not a beneficiary of the Existing Deed of Covenant or who was a beneficiary of such Existing Deed of Covenant but who has irrevocably renounced its rights under such Existing Deed of Covenant and who has ceased to be eligible to receive any payment from the Company under the Existing Deed of Covenant, or (b) an Existing Bondholder who has not delivered a put notice (a "**Put Notice**") in exercise of its option under Condition 8(D) of the Existing Bonds to require the Company to redeem all or some only of such Existing Bondholder's Existing Bonds or who has delivered a Put Notice but who has irrevocably withdrawn such Put Notice, subject always to the restrictions set out in the Offer and Consent Solicitation Memorandum. All Existing Bondholders including Existing Bondholders who are (a) beneficiaries of the Existing Deed of Covenant or (b) are persons to whom the Offer is not being made pursuant to the restrictions set out in the Offer and Consent Solicitation Memorandum (such Existing Bondholders, "**Ineligible Holders**") may participate in the Consent Solicitation but such Ineligible Holders may not participate in the Offer.

Any renunciation by an Existing Bondholder of its rights under the Existing Deed of Covenant or withdrawal by an Existing Bondholder of a Put Notice in order to participate in the Offer will, in each case, be irrevocable unless the Company withdraws the Consent Solicitation and terminates the Offer, or elects not to implement the Proposed Amendments notwithstanding that the Extraordinary Resolution is passed at the Meeting (or an adjourned Meeting). In such circumstances the Company will (a) extend the period in which Existing Bondholders may submit a Put Notice in exercise of their put option under Condition 8(D) of the Existing Bonds to 30 November 2010 so that Existing Bondholders may re-submit Put Notices if they wish to do so, and (b) reinstate the rights of any Existing Bondholder who under the Existing Deed of Covenant that had been renounced by an Existing Bondholder in order to participate in the Offer and promptly pay to or to the order of such Existing Bondholder all amounts due and payable under the Existing Deed of Covenant.

The Company will announce the results of the Meeting of the Existing Bondholders once they are available.

In the event that a specific mandate approving the issue and allotment of the New Bonds Conversion Shares by the Company is not approved by the Shareholders at the EGM, the Company will be required to withdraw the Consent Solicitation and terminate the Offer.

Lock-up Undertakings

J.P. Morgan Securities (Asia Pacific) Limited has been appointed by the Company as the Consent Solicitation Agent for the Consent Solicitation. Pursuant to the terms of the Consent Solicitation Agency Agreement, each of the Company and Mr. Dong has agreed to provide an undertaking to the Consent Solicitation Agent on the date, whichever is later, when (i) the supplemental trust deed of the Existing Bonds is executed by all the parties; and (ii) all the conditions precedent set out in the supplemental trust deed of the Existing Bonds are satisfied, that it/he will not and it/he will procure that none of its/his subsidiaries, nominees, trustees or any persons otherwise acting on their behalf or controlled by them will, without the prior written consent of the Consent Solicitation Agent, (a) offer, sell, contract to sell, or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the New Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the New Bonds, the Shares or securities of the same class as the New Bonds, the Shares or other instruments representing interests in the New Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, for the period from the date of the Consent Solicitation Agency Agreement and including 31 December 2010, other than (i) the issue of the New Bonds (and any further bonds issued in accordance with the terms and conditions of the New Bonds) and the performance of the transactions contemplated thereunder; (ii) the creation of any security on the Shares held or controlled by Mr. Dong or any of his associates in favour of any reputable financial institutions for a bona fide commercial loan to be advanced to the Company or any of its subsidiaries; (iii) the issue of new Shares pursuant to the general mandate of the Company approved by the Shareholders on 29 June 2010; and (iv) the grant of options under the Share Option Scheme, the issue of new Shares pursuant to the Share Option Scheme, bonus issue of shares to the Shareholders and scrip dividend which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (such undertakings, the “**Lock-up Undertakings**”).

If for any reason the Offer is terminated or withdrawn by the Company, the Lock-up Undertakings shall likewise be terminated and no rights will accrue or survive for any person in respect of the Lock-up Undertakings.

PROPOSED OFFER TO EXCHANGE THE EXISTING BONDS FOR THE EXCHANGE CONSIDERATION

In conjunction with the Meeting of Bondholders, the Company is also inviting Eligible Holders of the outstanding Existing Bonds to tender their Existing Bonds (subject to a minimum of HK\$100,000 or an integral multiple of HK\$100,000 in excess thereof) for exchange by the Company for the Exchange Consideration, subject to the terms and conditions set out in the Offer and Consent Solicitation Memorandum. The Exchange Consideration will comprise (1) a cash payment of HK\$20,000; and (2) HK\$100,000 in nominal amount of New Bonds for each HK\$100,000 in principal amount of Existing Bonds validly tendered and accepted by the Company for exchange pursuant to the Offer.

Subject to the final determination of, the principal aggregate amount of the New Bonds depending on participation on the Offer, the Company expects that the maximum aggregate number of New Bonds Conversion Shares which the Company might be required to issue and allot to the New Bondholders (assuming conversion of all of the New Bonds in accordance with their terms) will be 911,745,619 Shares, representing approximately 40.05% of the issued share capital of the Company as at the date of this announcement; and 28.60% of the issued share capital of the Company as enlarged by the issue of the New Bonds Conversion Shares, assuming all of the outstanding Existing Bonds are exchanged for the New Bonds pursuant to the terms and conditions of the Offer and no exercise of the outstanding Share Options; and 28.20% of the issued share capital of the Company as enlarged by the issue of the New Bonds Conversion Shares assuming all of the outstanding Existing Bonds are exchanged for the New Bonds pursuant to the terms and conditions of the Offer and the outstanding Share Options are exercised in full.

Only Eligible Holders may participate in the Offer and tender their Existing Bonds for exchange in the Offer, subject always to the restrictions set out in the Offer and Consent Solicitation Memorandum. All Ineligible Holders may participate in the Consent Solicitation but such Ineligible Holders may not participate in the Offer.

Both the Offer and the Consent Solicitation are conditioned upon the Shareholders approving a specific mandate approving the issue and allotment of the New Bonds Conversion Shares by the Company at the EGM and the Listing Committee of the Hong Kong Stock Exchange granting the approval for, among other things, the listing of, and permission to deal in, the New Bonds Conversion Shares to be issued upon conversion of the New Bonds. In the event that such specific mandate is not approved by the shareholders of the Company at such EGM and such listing approval not being obtained by the Company from the Listing Committee of the Hong Kong Stock Exchange, the Company will be required to withdraw the Consent Solicitation and terminate the Offer.

Subject to applicable law and as provided in the Offer and Consent Solicitation Memorandum, the Company may, in its sole discretion, extend, re-open, amend or terminate the Offer, at any time. Details of any such extension, re-opening, amendment or termination will be announced as soon as reasonably practicable after the relevant decision is made.

Only Existing Bondholders whose Existing Bonds are accepted for exchange pursuant to the Offer will be eligible to receive the Exchange Consideration in exchange for such Existing Bonds. Ineligible Holders and Existing Bondholders whose Existing Bonds are not accepted for exchange pursuant to the Offer shall continue to hold such Existing Bonds subject to the terms and conditions thereof (as may be amended by the Extraordinary Resolution).

In the event that the Extraordinary Resolution is passed at the Meeting (or any adjourned Meeting), listing approval from the Listing Committee of the Hong Kong Stock Exchange is obtained and the Company executes a supplemental trust deed in order to give effect to such Extraordinary Resolution, such execution by the Company of the supplemental trust deed will signify the acceptance for exchange by the Company of all Existing Bonds validly tendered (and not validly withdrawn) for exchange in accordance with the terms of the Offer. Until such time as the Company executes such a supplemental trust deed the Company shall have the sole and absolute discretion as to whether it or not it will accept any Existing Bonds so tendered for exchange.

In the event that the Extraordinary Resolution is not passed at the Meeting (or any adjourned Meeting), the listing approval is not obtained from the Listing Committee of the Hong Kong Stock Exchange or if the Company elects not to execute a supplemental trust deed in order to give effect to the Extraordinary Resolution, the Offer will be deemed to terminate, in which event the Company will (a) extend the period in which Existing Bondholders may submit a Put Notice in exercise of their put option under Condition 8(D) of the Existing Bonds to 30 November 2010 so that Existing Bondholders may re-submit Put Notices if they wish to do so, and (b) reinstate the rights of any Existing Bondholders who under the Existing Deed of Covenant that had been renounced by an Existing Bondholder in order to participate in the Offer and promptly pay to or to the order of such Existing Bondholder all amounts due and payable under the Existing Deed of Covenant.

The Company shall notify Existing Bondholders of the execution of such supplemental trust deed in accordance with the provisions set out in the Offer and Consent Solicitation Memorandum.

The Offer will expire at 4.00 p.m. (London time) on 8 November 2010, unless extended, re-opened or terminated as provided in the Offer and Consent Solicitation Memorandum. The relevant deadline set by any intermediary or clearing system may be earlier than these deadlines.

PRINCIPAL TERMS OF THE NEW BONDS

Subject to the final determination of the aggregate principal amount of the New Bonds, the principal terms of the New Bonds are summarised as follows:

- | | |
|-----------------------------------|--|
| Issuer | : The Company. |
| Principal amount of the New Bonds | : Up to HK\$1,405 million. |
| Issue Price | : 100% of the principal amount of the New Bonds. |

- Interest : 10 per cent. per annum on the principal amount of the New Bonds outstanding. The interest will be payable by the Company semi annually in arrear on 12 June and 12 December in each year and interest will accrue from the Issue Date. Each New Bond will cease to bear interest (a) where the conversion right attached to it is exercised by a New Bondholder, from and including the interest payment date last preceding the relevant conversion date, or if such conversion date falls on or before the first interest payment date, the closing date of the New Bonds, or (b) where such New Bond is redeemed or repaid from the due date for redemption or repayment or purchased and cancellation thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or default is outstanding made in respect of any such payment.
- Conversion period : New Bondholder(s) may exercise conversion rights at any time on or after the Issue Date up to the close of business (at the place where the certificate evidencing such New Bond is deposited for conversion) on the 10th day prior to the Maturity Date.
- Ranking of New Bonds
Conversion Shares : The Shares to be issued upon conversion of the New Bonds will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.
- Maturity : Unless previously redeemed, converted or purchased and cancelled as provided in the terms and conditions of the New Bonds, the Company will redeem each New Bond at its principal amount multiplied by 131.1699% on 12 December 2012.
- New Bonds Conversion Price : The initial New Bonds Conversion Price will be HK\$1.541 per Share, representing (i) a premium of approximately 3.4% over the closing price of HK\$1.49 per Share as quoted on the Hong Kong Stock Exchange on 18 October 2010, which is the Last Trading Day; (ii) a premium of approximately 5.3% over the average of the closing price of HK\$1.464 per Share as quoted on the Hong Kong Stock Exchange for the five Trading Days up to and including the Last Trading Day; and (iii) a premium of approximately 4.7% over the average of the closing price of HK\$1.472 per Share as quoted on the Hong Kong Stock Exchange for the 10 Trading Days up to and including the Last Trading Day.

- Adjustments to New Bonds Conversion Price : The New Bonds Conversion Price is subject to adjustment upon the occurrence of the prescribed events including, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price. The New Bonds Conversion Price is also subject to adjustment on the Reset Date so that the New Bonds Conversion Price may be adjusted to a price that is equal to the volume weighted average price of the Shares for the period of 90 consecutive Trading Days immediately prior to the Reset Date provided that, among other things, any such adjustment to the New Bonds Conversion Price shall only be downwards and shall be limited such that the adjusted New Bonds Conversion Price in no event shall be less than 70% of the New Bonds Conversion Price prevailing on the Reset Date. The New Bonds Conversion Price may not be reduced so that, on conversion of the New Bonds, Shares would be issued at a discount to their nominal value.
- Redemption for taxation reasons : The New Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the New Bondholders (which notice shall be irrevocable) in accordance with terms and conditions of the New Bonds at their Early Redemption Amount together with unpaid interest accrued to the date fixed for redemption, if (i) the Company satisfies the trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax amounts as provided or referred to in terms and condition of the New Bonds as a result of any change in, or amendment to, the laws or regulations of PRC, Hong Kong or Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no tax redemption notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the New Bonds then due.
- Redemption at option of the Company : On giving not less than 30 nor more than 90 days' notice to the New Bondholders and the trustee (which notice will be irrevocable), the Company:

- (i) may at any time prior to the Maturity Date redeem all or, some only (being HK\$100,000 in principal amount or an integral multiple thereof) of the New Bonds for the time being outstanding at their Early Redemption Amount together with unpaid accrued interest to the date fixed for redemption on the redemption date, provided that the closing price of the Shares (as derived from the daily quotations sheet of the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange), for each of 20 out of 30 consecutive Trading Days, the last of which occurs not more than 30 days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Early Redemption Amount divided by the conversion ratio; or
- (ii) may at any time prior to the Maturity Date redeem all or, but not some only, of the New Bonds for the time being outstanding at their Early Redemption Amount together with unpaid interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the New Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Redemption upon
the occurrence of
a relevant event

: Following the occurrence of the following events:

- (i) when the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, an Alternative Stock Exchange;
- (ii) when there is a change of control in the Company; or
- (iii) when the raising of any capital or money by the Company through any financing for which security is created over the Company's (or any of its subsidiaries') rights and benefits under the Exclusive Offtake Agreement or there is an assignment of such rights and benefits of the Company or any of its subsidiaries,

the New Bondholder(s) will have the right to require the Company to redeem all or some only of the New Bonds at their Early Redemption Amount together with unpaid interest accrued to the date fixed for redemption on or before 60 days following (i) or (ii) or (iii) above, or, if later, 60 days following the date on which notice of (i) or (ii) or (iii) is given to New Bondholders by the Company; and provided that in the case of (iii), the maximum aggregate amount of New Bonds (which may be increased or waived by the Company in its sole discretion) that the Company shall be required to redeem pursuant the terms and conditions of the New Bonds shall be such amount of New Bonds in respect of which the Early Redemption Amounts payable in relation thereto does not exceed 50 per cent. of the amount of capital or money raised by the Company as mentioned in (iii) above.

- Voting rights : Before conversion of the New Bonds, New Bondholders will not have any right to attend or vote in any meeting of members of the Company by virtue of their being New Bondholders.
- Listing : No application will be made for the listing of the New Bonds.
- An application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Bonds Conversion Shares to be issued upon conversion of the New Bonds.
- Denomination : HK\$100,000 each.
- Transferability : The New Bonds are freely transferable.
- Status : The New Bonds constitute direct unsubordinated and (subject to the terms and conditions of the New Bonds) unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

UNDERTAKINGS

In order to ensure that the Company has available to it on the Payment Date funds sufficient to meet its payment obligations under the Existing Deed of Covenant in the event that the Company accepts any Existing Bonds for exchange pursuant to the Offer, the Company has also undertaken to the Consent Solicitation Agent that it will use its reasonable endeavours to procure that an amount equal to the aggregate Cash Consideration payable by the Company pursuant to the Offer shall, no later than 1 December 2010, be deposited in a segregated account in the name of the Company maintained with a leading financial institution of international repute and that such amount shall remain so deposited in such account until it is applied by the Company in or towards satisfaction of the Company's payment obligations in respect of the Cash Consideration as described herein. Mr. Dong has also confirmed in writing to the Consent Solicitation Agent that in the event that the Company fails to deposit such funds in such account on or before such date, he will use his reasonable endeavours to take such steps as may be available to him to procure that the Company is in a position to meet its obligation to pay the Cash Consideration on the Payment Date.

SPECIFIC MANDATE

As the aggregate number of Shares to be issued under the New Bonds is expected to exceed the Existing General Mandate, the issue of the New Bonds Conversion Shares under the Offer will be issued under a specific mandate to be approved by the Shareholders at the EGM, which is expected to be held on or around 5 November 2010. As far as the Directors are aware, no Director or Shareholder has a material interest in the Consent Solicitation and the Offer and no Shareholder is required to abstain from voting at the EGM.

EFFECT ON THE SHARE CAPITAL

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming that the entire outstanding principal amount of New Bonds are converted into New Bonds Conversion Shares (subject to adjustment) at the initial New Bonds Conversion Price of HK\$1.541 each, and assuming that all Existing Bonds are exchanged for the New Bonds pursuant to the terms of the Offer and no exercise of the outstanding Share Options; (iii) assuming that the entire outstanding principal amount of the New Bonds are converted into New Bonds Conversion Shares (subject to adjustment) at the initial New Bonds Conversion Price of HK\$1.541 each, the Existing Bonds are exchanged for the New Bonds pursuant to the terms of the Offer and the outstanding Share Options are exercised in full:

Shareholders	As at the date of this announcement		Assuming that the entire outstanding principal amount of New Bonds are converted into New Bonds Conversion Shares (subject to adjustment) at the initial New Bonds Conversion Price of HK\$1.541 each and assuming that all Existing Bonds are exchanged for the New Bonds pursuant to the terms of the Offer and no exercise of the outstanding Share Options		Assuming that the entire outstanding principal amount of New Bonds are converted into Shares (subject to adjustment) at the initial New Bonds Conversion Price of HK\$1.541 each, the Existing Bonds are exchanged for the New Bonds pursuant to the terms of the Offer and the outstanding Share Options are exercised in full	
	<i>Approximately % of issued share capital</i>	<i>Approximately % of issued share capital</i>	<i>Approximately % of issued share capital</i>	<i>Approximately % of issued share capital</i>	<i>Approximately % of issued share capital</i>	<i>Approximately % of issued share capital</i>
	<i>No. of Shares</i>	<i>of the Company</i>	<i>No. of Shares</i>	<i>of the Company</i>	<i>No. of Shares</i>	<i>of the Company</i>
Easyman and its associates (Notes 1 & 2)	1,504,106,705	66.1%	1,504,106,705	47.2%	1,509,106,705	46.7%
Directors						
Mr. He Weiquan	—	—	—	—	4,250,000	0.1%
Mr. Lau Hok Yuk	—	—	—	—	3,000,000	0.1%
Mr. Song Wenzhou	—	—	—	—	1,020,000	0%
Mr. Zhao Ping	—	—	—	—	4,250,000	0.1%
Mr. Dong Chengzhe	200,000	0%	200,000	0%	1,475,000	0%
Mr. Yang Fei	30,000	0%	30,000	0%	1,305,000	0%
New Bondholders (Note 3)	—	—	911,745,619	28.6%	911,745,619	28.2%
Other Public Shareholders (Note 4)	772,027,784	33.9%	772,027,784	24.2%	795,632,784	24.6%
Total:	2,276,364,489	100%	3,188,110,108	100%	3,231,785,108	100%

Note 1: 1,481,074,705 Shares and 23,032,000 Shares are directly held by Easyman and Sino Regent Worldwide Limited, respectively. These two companies are wholly-owned by Mr. Dong. By virtue of the Securities and Futures Ordinance, Mr. Dong is deemed to be interested in the above Shares.

Note 2: As at the date of this announcement, the Company has 43,675,000 Share Options, amongst which, Mr. Dong holds 5,000,000 Share Options.

Note 3: It is currently expects that no New Bondholder, on full conversion of the New Bonds, will become a substantial shareholder (as defined in the Listing Rules) of the Company.

Note 4: Other public Shareholders refer to the public Shareholders other than the Existing Bondholders or the New Bondholders (as the case may be) who have converted the Existing Bonds or the New Bonds (as the case may be) into Shares.

REASONS FOR THE PROPOSED AMENDMENTS AND THE OFFER

Pursuant to the terms and conditions of the Existing Bonds, the Existing Bondholders are entitled to require the Company to redeem some or all of the Existing Bonds pursuant to Condition 8(D) of the Existing Bonds (the “**Put Option**”) during the period commencing on 13 October 2010 and ending on 12 November 2010. In the event that such Put Option is exercised, the Company is obliged to pay an early redemption amount, being HK\$117,676.84 per HK\$100,000 in principal amount of the Existing Bonds on 13 December 2010 (the “**Payment Date**”). The total outstanding principal amount of the Existing Bonds (without taking into account any Existing Bonds held by those Existing Bondholders who have agreed with the Company not to exercise the Put Option and assuming all the other Existing Bondholders exercise such Put Option to require the Company to redeem all their outstanding Existing Bonds) is HK\$1,194,300,000 as at the date of this announcement, and the total early redemption amount payable by the Company on the Payment Date is approximately HK\$1.405 billion.

In light of the above circumstances, the Company is launching the Consent Solicitation and the Offer in order to improve the Company’s capital structure by reducing its cash flow burden and restructure the profile of its long-term debt.

The Consent Solicitation and the Offer if successfully implemented will reduce the Company’s current liabilities and conversion of the New Bonds Convertible Shares will increase the Company’s capital base and broaden its Shareholder base.

If the Consent Solicitation and the Offer is not successful and no alternative financing is made available to the Company prior to the Payment Date, the Company may be unable to honour its payment obligations under the Existing Bonds if Put Option is exercised in full by the Existing Bondholders, which would have an adverse impact on the Company’s ability to continue as a going concern.

Taking into account the above, the Directors (including the independent non-executive Directors) consider that the terms of the Consent Solicitation and the Offer, including the terms upon which the New Bonds Convertible Shares are to be issued, are fair and reasonable and the making of the Consent Solicitation and the Offer is in the interests of the Company and its Shareholders as a whole.

FUND RAISING IN THE PAST 12 MONTHS

Apart from the bank loan and trade facilities granted by banks, the Company has not conducted any other fund raising activities of the Company in the past 12 months preceding the date of this announcement.

The proposed issue of the New Bonds pursuant to the Offer will not raise new cash for the Company.

GENERAL

An EGM will be held to consider and, if thought fit, passing the resolutions to approve the issue and allotment of the New Bonds Conversion Shares upon conversion of the New Bonds. A circular containing, among other things, further details of the Consent Solicitation and the Offer together with the notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. As far as the Directors are aware of, no Director or Shareholder has a material interest in the Consent Solicitation and the Offer and no Shareholder is required to abstain from voting at the EGM. The Company has obtained an undertaking from Mr. Dong, the controlling shareholder of the Company holding an approximately 66.07% interest in the issued share capital that he will, and that he will procure that his associates will vote at the EGM in favour of the resolution in connection with, among other things, the approval of the issue of the New Bonds Conversion Shares under the Offer.

Shareholders, Existing Bondholders and potential investors in the Company should note that completion of the Offer is subject to the terms and conditions of the Offer as set forth in the Offer and Consent Solicitation Memorandum and summarised in this announcement. No assurance can be given that the Offer will be completed. As the Offer may or may not proceed, Shareholders, Existing Bondholders and potential investors in the Company should exercise caution when dealing in the Shares or the Existing Bonds.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

- “Alternative Stock Exchange” at any time, in the case of the Shares, if they are not at the time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the shares are then listed or quoted or dealt in;
- “Board” board of directors of the Company;
- “Cash Consideration” the cash portion of the Exchange Consideration payable by the Company pursuant to the Offer, being HK\$20,000 in respect of each HK\$100,000 in principal amount of Existing Bonds validly tendered and accepted for exchange by the Company pursuant to the Offer;

“Company”	China Nickel Resources Holdings Company Limited;
“Consent Solicitation”	the solicitation of consents by the Company for Existing Bondholders to the Proposed Amendments in accordance with the Offer and Consent Solicitation Memorandum;
“Consent Solicitation Agency Agreement”	an agreement dated 19 October 2010 signed between the Company and the Consent Solicitation Agent in relation to the Consent Solicitation;
“Consent Solicitation Agent”	J.P. Morgan Securities (Asia Pacific) Limited;
“Early Redemption Amount”	in respect of each HK\$100,000 principal amount of New Bonds, an amount as calculated pursuant to the New Bonds terms and conditions;
“Easyman”	Easyman Assets Management Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder, whose entire issued share capital is beneficially owned by Mr. Dong;
“EGM”	an extraordinary general meeting of the Shareholders;
“Exchange Consideration”	the consideration of the Offer comprising a combination of the New Bonds and the Cash Consideration;
“Exclusive Offtake Agreement”	the exclusive offtake agreement dated 5 March 2007 (as supplemented and amended from time to time) entered into among S.E.A. Mineral Limited, PT Yiwang Mining, Mr. Tju Bin Kuan and Mr. Suhandi;
“Existing Bondholders”	holders of the Existing Bonds;
“Existing Deed of Covenant”	the deed of covenant dated 23 April 2010 executed by the Company;
“Existing General Mandate”	455,272,897 Shares, being the maximum number of Shares which the Directors were authorised to allot and issue pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 29 June 2010;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region;

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Issue Date”	the date upon which the New Bonds are issued;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Last Trading Day”	18 October 2010, being the last trading day prior to the date of this announcement;
“Maturity Date”	12 December 2012, the maturity date of the New Bonds;
“Mr. Dong”	Mr. Dong Shutong, a Director and the ultimate controlling Shareholder (as defined in the Listing Rules) interested in approximately 66.07% of the issued share capital of the Company as at the date of this announcement;
“New Bondholders”	holders of the New Bonds;
“New Bonds”	the 10.00 per cent convertible bonds due 2012 to be issued pursuant to the terms of the Offer;
“New Bonds Conversion Price”	the price at which Shares will be issued upon conversion of the New Bonds which will initially be HK\$1.541 per Share subject to adjustment in the manner provided in the terms and conditions of the New Bonds;
“New Bonds Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the New Bonds;
“Notice”	the notice of the Meeting issued by the Company to the Existing Bondholders dated 19 October 2010;
“Offer”	the offer by the Company to the Existing Bondholders to exchange their Existing Bonds for a combination of the New Bonds and the Cash Consideration;
“Offer and Consent Solicitation Memorandum”	the Company’s offer and consent solicitation memorandum dated 19 October 2010 in relation to the Consent Solicitation and the Offer;
“PRC” or “China”	the People’s Republic of China for the purpose of this Announcement excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan;

“Proposed Amendments”	the proposed amendments to the terms and conditions governing the Existing Bonds to provide for the removal of the right of each Existing Bondholder to require the Company to redeem such Existing Bondholder’s Existing Bonds pursuant to Condition 8(D) (Redemption at the option of the Holders) and other consequential amendments;
“Reset Date”	12 November 2011, the date on which the New Bonds Conversion Price may be subject to adjustment in accordance with the formula set out in the New Bonds;
“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company;
“Shares Options”	the share options granted or to be granted by the Company pursuant to the Share Option Scheme;
“Share Option Scheme”	the share option scheme of the Company adopted on 2 May 2005;
“Trading Day”	a day when the Hong Kong Stock Exchange is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and
“%”	per cent.

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

Hong Kong, 19 October 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, Mr. Dong Chengzhe and Mr. Yang Fei; the non-executive Director is Mr. Yang Tianjun; and the independent non executive Directors are Mr. Bai Baohua, Mr. Huang Changhuai, Mr. Wong Chi Keung and Mr. Fahmi Idris.