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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02889)

**REVISION OF 2012 ANNUAL CAP
AND RENEWAL OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Announcements and the Circular.

Due to the expansion of the Group's ore trading business, the Group's purchase of Ores under the Exclusive Off-take Agreement has increased significantly. The Company reviewed the existing annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 and having considered the anticipated increase in demand for iron ore and iron and steel products in the PRC, and the commissioning of the new manufacturing plant of the Group in 2012, it is expected that the annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 of HK\$725.7 million as approved by the Independent Shareholders on 28 January 2010 will be exceeded. Further, the current approval from the Independent Shareholders for the annual caps of the Exclusive Off-take Agreement is due to expire on 31 December 2012. As such, the Company is seeking from the Independent Shareholders an approval (i) to revise the annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 to the Revised Ores Supply Annual Cap, and (ii) to renew the annual caps for the Exclusive Off-take Agreement for the two years ending 31 December 2014 to the Renewed Ores Supply Annual Caps.

As the applicable Percentage Ratios for the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps are expected to exceed 5%, the transactions contemplated under the Exclusive Off-take Agreement including the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps.

A circular containing, amongst other things, details of the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps, the recommendation from the Independent Board Committee, the advice of the Independent Financial Adviser and a notice to convene the EGM, will be dispatched to the Shareholders on or before 6 June 2012.

THE EXCLUSIVE OFF-TAKE AGREEMENT

Reference is made to the Announcements and the Circular. On 5 March 2007, S.E.A. Mineral, an indirect wholly-owned subsidiary of the Company, and Yiwang Mining entered into the Exclusive Off-take 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 to 24 January 2036.

Yiwang Mining is a company incorporated in Indonesia and is principally engaged in the mining of iron ores. Under the Exclusive Off-take 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 Off-take Agreement becoming unconditional and three million dry tonnes in each subsequent year till the expiry of the term of the Exclusive Off-take Agreement, at the Ores Unit Purchase Price.

The Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps

On 2 May 2007, the Independent Shareholders approved the Exclusive Off-take Agreement and the annual caps for the three years ended 31 December 2009. Subsequently, on 28 January 2010, the Independent Shareholders approved the renewed annual caps for the three years ending 31 December 2012 at HK\$483.8 million, HK\$483.8 million and HK\$725.7 million, respectively. The Company reviewed the existing annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 and it is expected that the annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 of HK\$725.7 million as approved by the Independent Shareholders on 28 January 2010 will be exceeded. As of the date of this announcement, the annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 has not been exceeded. Further, the current approval from the Independent Shareholders for the annual caps of the Exclusive Off-take Agreement is due to expire on 31 December 2012. As such, the Company is seeking from the Independent Shareholders an approval (i) to revise the annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 to the Revised Ores Supply Annual Cap, and (ii) to renew the annual caps of the Exclusive Off-take Agreement for the two years ending 31 December 2014 to the Renewed Ores Supply Annual Caps.

(i) *Proposed Revised Ores Supply Annual Cap:*

	Year ending 31 December 2012
Annual Cap	HK\$998.4 million

(ii) *Proposed Renewed Ores Supply Annual Caps:*

	Year ending 31 December 2013	Year ending 31 December 2014
Annual Caps	HK\$1,248.0 million	HK\$1,248.0 million

Due to the expansion of the Group's ore trading business, the Group's purchase of Ore under the Exclusive Off-take Agreement has increased significantly. Having considered the anticipated increase in demand for iron ore and iron and steel products in the PRC and the commissioning of the new manufacturing plant of the Group in 2012, the demand for Ores is expected to increase from the existing annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012. The Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps were determined by reference to the historical ore trading transaction amounts with external customers and Yiwang Mining, existing production capacity of the Group and the anticipated growth in demand of Ores by the Group and its customers.

Historical transaction records

For the three years ended on 31 December 2009, 2010 and 2011 and the three months ended 31 March 2012, the aggregate purchase amount (including value added tax) by the Group from Yiwang Mining for the purchase of the Ores amounted to approximately US\$6.7 million, US\$25.8 million, US\$53.4 million and US\$17.2 million, respectively (equivalent to approximately HK\$52.0 million, HK\$200.9 million and HK\$415.4 million and HK\$133.8 million, respectively).

REASONS FOR THE REVISED ORES SUPPLY ANNUAL CAP AND THE RENEWED ORES SUPPLY ANNUAL CAPS

The Group has been purchasing Ores from Yiwang Mining since June 2007 and Yiwang Mining is the primary source of supply of Ores for the Group's trading and manufacturing operations. Given that the expected purchase amount under the Exclusive Off-take Agreement for 2012 will exceed the existing approved annual cap for the year ending 31 December 2012 and the current approval from the Independent Shareholders for the annual caps of the Exclusive Off-take Agreement is due to expire on 31 December 2012, 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 Independent Shareholders) are of the view that it would be in the interest of the Company and its Shareholders to revise the annual cap of the Exclusive Off-take Agreement for the year ending 31 December 2012 to the Revised Ores Supply Annual Cap and to renew the annual caps of the Exclusive Off-take Agreement for the two years ending 31 December 2014 to the Renewed Ores Supply Annual Caps, to enable the Company to continue to procure Ores from Yiwang Mining to cope with the continuously growing trading volume of ores and manufacturing operations of the Group. The Exclusive Off-take 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 Independent Shareholders) are of the view that the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As disclosed in the Announcements, 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 contemplated under the Exclusive Off-take Agreement constitute non-exempt continuing connected transactions for the Company. As the applicable Percentage Ratios for the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps are expected to exceed 5%, the transactions contemplated under the Exclusive Off-take Agreement including the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.35 of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps.

The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps.

By virtue of the convertible bonds issued by Yiwang Mining to Easyman, Mr. Dong is considered to have an indirect interest in the Exclusive Off-take Agreement. Mr. Dong Chengzhe is an associate of Mr. Dong for the purpose of Chapter 14A of the Listing Rules. Accordingly, each of Mr. Dong and Mr. Dong Chengzhe is considered to be interested in the transaction in relation to the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps and had abstained from voting on the board resolutions approving the said transactions. Save as aforesaid mentioned, the Board wishes to confirm that no other Director has any material interests in the said transaction that is required to abstain from voting on the board resolution for approving the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps.

A circular containing, amongst other things, details of the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps, the recommendation from the Independent Board Committee, the advice of the Independent Financial Adviser and a notice to convene the EGM, will be dispatched to the Shareholders on or before 6 June 2012.

GENERAL

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

DEFINITIONS

“Announcements”	the announcements of the Company dated 5 March 2007 and 23 December 2009, respectively
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	the circular of the Company dated 13 January 2010
“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
“Directors”	the directors of the Company
“Easyman”	Easyman Assets Management Limited, a company wholly-owned by Mr. Dong
“EGM”	extraordinary general meeting of the Company to be convened for approving the Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps
“Exclusive Off-take Agreement”	the exclusive off-take agreement dated 5 March 2007 (as amended and supplemented from time to time), 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 Revised Ores Supply Annual Cap and 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 Revised Ores Supply Annual Cap and the Renewed Ores Supply Annual Caps
“Independent Shareholders”	the Shareholders other than Mr. Dong and his associates

“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, Yiwan Mining is authorised to conduct mining activities pursuant to the mining authorisations granted to Yiwan Mining by the Indonesian government to produce the Ores discovered on an area covering 5,766.6 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 60.50% of the issued share capital of the Company as at the date of this announcement
“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 Off-take Agreement
“Percentage Ratios”	the percentage ratios as stipulated under Rule 14.07 of the Listing Rules
“PRC”	the Peoples’ Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewed Ores Supply Annual Caps”	the maximum aggregate annual value for the purchase of Ores from Yiwan Mining under the Exclusive Off-take Agreement for the two years ending 31 December 2014 being HK\$1,248.0 million and HK\$1,248.0 million, respectively
“Revised Ores Supply Annual Cap”	the revised maximum aggregate annual value for the purchase of Ores from Yiwan Mining under the Exclusive Off-take Agreement for the year ending 31 December 2012 being HK\$998.4 million
“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

“Yiwan Mining”	PT. Yiwan Mining, a limited company incorporated in Indonesia
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent.

In this announcement, the exchange rate of US\$1.00 = HK\$7.8 is used for illustrative purpose.

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

Hong Kong, 17 May 2012

As at the date of this announcement, the executive Directors are Mr. Dong Shutong (Chairman), Ms. Ng See Wai Rowena, Mr. Chiang Shyh-yi, Mr. Song Wenzhou, Mr. Dong Chengzhe, Mr. Yang Fei and Mr. Mao Yehong; 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.