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**中國鎳資源**

**CHINA NICKEL RESOURCES**

**China Nickel Resources Holdings Company Limited**

**中國鎳資源控股有限公司**

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

**(Stock Code: 02889)**

**PROPOSED AMENDMENTS  
TO THE CONVERSION RIGHTS IN RELATION TO THE  
6.00 PER CENT. SECURED CONVERTIBLE BONDS DUE 2015 WITH  
AN OUTSTANDING AGGREGATE PRINCIPAL AMOUNT OF  
HK\$181,575,000**

A letter from the Board is set out on pages 5 to 22 of this circular.

A notice convening the EGM to be held at 5:30 p.m. (Hong Kong time) on Thursday, 5 June 2014, at Macau Jockey Club Function Room, 1/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong is set out on pages 28 to 29 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). The completion and delivery of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

20 May 2014

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“Announcement”	the announcement of the Company dated 10 January 2014
“Board”	the board of Directors
“Company”	China Nickel Resources Holdings Company Limited
“Consents”	consents from the Holders to vote in favour of the Extraordinary Resolutions approving the Proposed Amendments
“Consent Solicitations”	the solicitations of Consents by the Company
“Consent Solicitation Memorandum”	a memorandum dated on or about the date hereof setting out the detailed terms of the Consent Solicitations prepared by the Company and delivered to the Senior Bondholders and the Convertible Bondholders
“Convertible Bondholders”	holders of the Convertible Bonds
“Convertible Bonds”	the existing Hong Kong dollar denominated 6.00 per cent. secured convertible bonds due March 2015 (XS0776577115) issued by the Company on 12 June 2012
“Convertible Bonds Extraordinary Resolution”	the extraordinary resolution of the Convertible Bondholders to approve the Proposed Amendments to the Convertible Bonds
“Convertible Bonds Trust Deed”	the bond trust deed dated 31 May 2012 between the Company and the Convertible Bonds Trustee and constituting the Convertible Bonds
“Convertible Bonds Trustee” or “Senior Bonds Trustee” or “Security Trustee”	DB Trustees (Hong Kong) Limited
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 5:30 p.m. (Hong Kong time) on Thursday, 5 June 2014, at Macau Jockey Club Function Room, 1/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong or any adjournment thereof, the notice of which is set out on pages 28 to 29 of this circular
“Execution Date”	11 June 2014

## DEFINITIONS

“Existing General Mandate”	508,366,660 Shares, being the maximum number of Shares which the Directors were authorised to allot and issue pursuant to the Existing General Mandate granted by the Shareholders to the Directors at the annual general meeting held on 19 June 2013
“Expiration Time”	5.00 p.m. (London time) on 6 June 2014 (00:00 a.m. (Hong Kong time) on 7 June 2014)
“Extraordinary Resolutions”	the Convertible Bonds Extraordinary Resolution and the Senior Bonds Extraordinary Resolution
“Holders”	the Convertible Bondholders and the Senior Bondholders
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 May 2014
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dong”	Mr. Dong Shutong, a Director and a controlling shareholder (as defined in the Listing Rules) interested in approximately 58.99% of the issued share capital of the Company as at the date of this circular
“New Conversion Shares”	the Shares to be issued by the Company upon the conversion of the Convertible Bonds including any additional Shares to be issued by the Company, if any, on the reset date pursuant to the Proposed Amendments to the Convertible Bonds
“Off-take Agreement”	the exclusive off-take agreement dated 5 March 2007 (as supplemented from time to time) entered into between, among others, S.E.A. Mineral as buyer and Yiwan as seller
“Proposed Amendments”	the Proposed Amendments to the Convertible Bonds and the Proposed Amendments to the Senior Bonds
“Proposed Amendments to the Convertible Bonds”	the proposed amendments to the terms and conditions governing the Convertible Bonds
“Proposed Amendments to the Senior Bonds”	the proposed amendments to the terms and conditions governing the Senior Bonds
“Proposed Conversion Price”	HK\$0.30

## DEFINITIONS

“Proposed Floor Price”	HK\$0.18
“Reserve Account”	the account maintained by the Company and secured in favour of the secured creditors therein and into which the Company will from time to time deposit funds such that the balance of the account exceeds certain thresholds
“Reset Date”	12 December 2014
“S.E.A. Mineral”	S.E.A. Mineral Limited, a company incorporated in British Virgin Islands and wholly-owned by the Company
“Senior Bondholders”	holders of the Senior Bonds
“Senior Bonds”	the existing Hong Kong dollar denominated 10.00 per cent. secured bonds due March 2015 (XS0776577974) issued by the Company on 12 June 2012
“Senior Bonds Extraordinary Resolution”	the extraordinary resolution of the Senior Bondholders to approve the Proposed Amendments to the Senior Bonds
“Senior Bonds Trust Deed”	the bond trust deed dated 31 May 2012 between the Company and the Senior Bonds Trustee and constituting the Senior Bonds
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shareholders”	shareholders of the Company
“Shares”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Specific Mandate”	the specific mandate proposed to be granted by the Shareholders to the Directors at the EGM to permit the issuance and allotment of the New Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Convertible Bonds Trust Deed”	the deed supplemental to the Convertible Bonds Trust Deed to be entered into by the Company and the Convertible Bonds Trustee in the event that the Convertible Bonds Extraordinary Resolution is passed in order to give effect to the Proposed Amendments to the Convertible Bonds

## DEFINITIONS

“Supplemental Senior Bonds Trust Deed”	the deed supplemental to the Senior Bonds Trust Deed to be entered into by the Company and the Senior Bonds Trustee in the event that the Senior Bonds Extraordinary Resolution are passed in order to give effect to the Proposed Amendments to the Senior Bonds
“Supplemental Trust Deeds”	the Supplemental Convertible Bonds Trust Deeds and the Supplemental Senior Bonds Trust Deeds
“HK\$” or “Hong Kong dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of United States of America
“Yiwan”	PT. Yiwan Mining
“%”	per cent.

LETTER FROM THE BOARD



中國鎳資源

CHINA NICKEL RESOURCES

**China Nickel Resources Holdings Company Limited**

中國鎳資源控股有限公司

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

**(Stock Code: 02889)**

*Executive Directors:*

Mr. Dong Shutong  
Mr. Chiang Shyh-yi  
Mr. Dong Chengzhe  
Mr. Song Wenzhou  
Mr. Yang Fei

*Registered office:*

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Non-executive Director:*

Mr. Yang Tianjun

*Principal place of business  
in Hong Kong:*

Room 3501, 35th Floor  
China Merchants Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

*Independent non-executive Directors:*

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

20 May 2014

*To the Shareholders*

Dear Sir/Madam,

**PROPOSED AMENDMENTS  
TO THE CONVERSION RIGHTS IN RELATION TO THE  
6.00 PER CENT. SECURED CONVERTIBLE BONDS DUE 2015 WITH  
AN OUTSTANDING AGGREGATE PRINCIPAL AMOUNT OF  
HK\$181,575,000**

**INTRODUCTION**

As set out in the Announcement, the suspension of the export of unprocessed iron ores (the “**Export Ban**”) by Yiwan to S.E.A. Mineral with effect from 12 January 2014 has led to the interruption of the ore trading business of the Group, which has had a negative impact on

## LETTER FROM THE BOARD

the financial and operating results of the Group. As a result, the Company's ability to perform its obligations under the Senior Bonds and the Convertible Bonds has been adversely affected. Accordingly, the Company is requesting the Holders pursuant to the Consent Solicitations to sanction the Extraordinary Resolutions to approve and to give effect to the relevant Proposed Amendments. If the Proposed Amendments are approved by the Holders, (i) among other Proposed Amendments to the Senior Bonds, the interest rate payable on the Senior Bonds will be increased from 10.00% per annum to 12.00% per annum and the forthcoming principal repayment under the existing repayment schedule, which would fall on 12 June 2014, will be delayed to 12 March 2017 and thereafter amortised on a quarterly basis with its final maturity falling on 12 December 2018 and (ii) among other Proposed Amendments to the Convertible Bonds, the interest rate payable on the Convertible Bonds will be increased from 6.00% per annum to 8.00% per annum and the final maturity date, which would otherwise fall on 12 March 2015, will be extended to 12 March 2018.

As at the Latest Practicable Date, the aggregate outstanding principal amount of the Senior Bonds is HK\$390,990,000 and the aggregate outstanding principal amount of the Convertible Bonds is HK\$181,575,000.

Reference is also made to the announcement of the Company dated 27 March 2014 in relation to the disputes between the Company and two customers relating to contracts for the sale and purchase of iron ores, and contain claims for US\$10,347,698 and RMB70,355,783, respectively. As at the Latest Practicable Date, the Company has engaged a legal adviser to dispute such claims in full within the 21 days of such statutory demand. One of the two customers sent statutory demand on 11 and 15 April 2014 via Hong Kong lawyer, claiming interests plus penalty for a total amount of US\$3,839,000. The Company has disputed most part of such claim within 21 days of such statutory demand. The Company admits a payable of US\$345,000 and is ready to settle this amount.

### THE CONSENT SOLICITATIONS

The following meetings are being convened by the Company:

1. a meeting of the Senior Bondholders to be held at 10:30 a.m. (Hong Kong time) on Tuesday, 10 June 2014, at Macau Jockey Club Function Room, 1/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong to consider and, if thought fit, pass the Senior Bonds Extraordinary Resolution to approve and give effect to the Proposed Amendments to the Senior Bonds; and
2. a meeting of the Convertible Bondholders to be held at 11:30 a.m. (Hong Kong time) on Tuesday, 10 June 2014, at Macau Jockey Club Function Room, 1/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong to consider and, if thought fit, pass the Convertible Bonds Extraordinary Resolution to approve and give effect to the Proposed Amendments to the Convertible Bonds.

As far as the Directors are aware, (i) no Director or substantial shareholder (within the meaning of the Listing Rules) of the Company is a Holder and (ii) none of the Holders is a connected person (within the meaning of the Listing Rules) of the Company which would



## LETTER FROM THE BOARD

result in the Consent Solicitation falling within the requirements of Chapter 14A of the Listing Rules. Accordingly, the Directors are of the view that none of the Holders is required to abstain from voting at the Meeting of the Holders.

### **The meeting of the Senior Bondholders and the meeting of the Convertible Bondholders**

All Senior Bondholders may participate in the Consent Solicitation in respect of the Senior Bonds held by them and all Convertible Bondholders may participate in the Consent Solicitation in respect of the Convertible Bonds held by them.

As far as the Directors and the Company are aware and based on their best knowledge, it is believed that, (a) in relation to the Senior Bonds, (i) five Senior Bondholders together hold in total over 90% of the aggregate outstanding Senior Bonds and (ii) no single investor holds more than 50% of the aggregate outstanding Senior Bonds; and (b) in relation to the Convertible Bonds, (i) three Convertible Bondholders together hold in total over 70% of the aggregate outstanding Convertible Bonds and (ii) no single investor holds more than 50% of the aggregate outstanding Convertible Bonds.

The quorum at each of the meeting of the Senior Bondholders at which the Senior Bonds Extraordinary Resolution is to be considered and the meeting of the Convertible Bondholders at which the Convertible Bonds Extraordinary Resolution is to be considered will be two or more persons or agents present and holding or representing in the aggregate not less than 66% in principal amount of the Senior Bonds or the Convertible Bonds, as the case may be, for the time being outstanding or, at any adjourned such meeting, two or more persons or agents present and holding or representing in aggregate not less than 33% in principal amount of the Senior Bonds or the Convertible Bonds, as the case may be, for the time being outstanding.

Every matter to be decided at the meeting of the Senior Bondholders and the Convertible Bondholders will be decided in the first instance on a show of hands unless a poll is demanded by the chairman, the Company, the Senior Bonds Trustee or by one or more persons holding one or more Senior Bonds or being proxies or representatives and holding or representing in the aggregate not less than two % in principal amount of the Senior Bonds for the time being outstanding. On a show of hands every person who is present in person and who produces a certificate in which it is stated that he is the registered holder of the corresponding Senior Bond or is a proxy or a representative, shall have one vote. On a poll every such person who is so present shall have one vote in respect of HK\$100,000 in principal amount of Senior Bonds (as applicable) held or owned or in respect of which he is a proxy or representative. In case of equality of votes on a show of hands, the chairman shall have a casting vote in addition to any other votes that he may have.

In order for each of the Senior Bonds Extraordinary Resolution and the Convertible Bonds Extraordinary Resolution to be approved, such Extraordinary Resolution requires the approval of a majority consisting of not less than three-quarters of the votes casted at the duly convened and quorate meeting of the Senior Bondholders and the meeting of the Convertible Bondholders, respectively.

## LETTER FROM THE BOARD

The Senior Bonds Extraordinary Resolution duly approved at such duly convened and quorate meeting of the Senior Bondholders will be binding on all Senior Bondholders, whether or not they are present at the meeting. Similarly, the Convertible Bonds Extraordinary Resolution duly approved at such duly convened and quorate meeting of the Convertible Bondholders will be binding on all the Convertible Bondholders, whether or not they are present at the meeting.

Holders who have not submitted or arranged for the submission of one or more electronic voting instruction(s) as provided in the Consent Solicitation Memorandum but wish to attend or vote at the relevant meeting(s) or appoint a proxy or proxies may do so in accordance with the voting and quorum procedures set out in the relevant notice of meeting of the Holders.

The Convertible Bonds Extraordinary Resolution is conditional upon the Senior Bonds Extraordinary Resolution being approved, and vice versa. If either the Convertible Bonds Extraordinary Resolution or the Senior Bonds Extraordinary Resolution is not approved, the Company will not execute the Supplemental Trust Deeds.

Each of the Convertible Bonds Extraordinary Resolution and the Senior Bonds Extraordinary Resolution, if passed, will be brought into effect by the execution of the Supplemental Convertible Bonds Trust Deed and the Supplemental Senior Bonds Trust Deed, respectively, notice of which will be given to the relevant Holders in accordance with the terms and conditions of the Convertible Bonds and the Senior Bonds respectively. The Company currently anticipates that the execution of each Supplemental Trust Deed will take place on the Execution Date, which date shall be extended in the event an adjourned Meeting is required to be held. However, notwithstanding the passing of the Extraordinary Resolution at either Meeting, the Company may, at its sole discretion, elect not to proceed with the Proposed Amendments and not execute the Supplemental Trust Deeds on the Execution Date.

<b>LETTER FROM THE BOARD</b>
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**SUMMARY OF THE EXISTING TERMS AND CONDITIONS OF THE SENIOR BONDS AND CONVERTIBLE BONDS**

**A. Existing terms of the Senior Bonds**

Final Maturity Date	12 March 2015
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Status and Ranking	The Senior Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Company and at all times rank <i>pari passu</i> and without any preference or priority among themselves.
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Instalments	Unless previously redeemed or purchased and cancelled as provided herein, the Company is obliged to redeem the Senior Bonds at 100% of their principal amount in Hong Kong dollars in instalments the following instalments remain:
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<b>Instalment Payment Date</b>	<b>%</b>
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12 June 2014	10.00 of initial principal amount
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12 September 2014	10.00 of initial principal amount
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12 December 2014	10.00 of initial principal amount
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12 March 2015	10.00 of initial principal amount
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The outstanding principal amount of the Senior Bonds is reduced by each repayment of principal in accordance with the above. Each Senior Bond will be finally redeemed on due payment of the final instalment amount.

## LETTER FROM THE BOARD

### B. Existing terms of the Convertible Bonds

Final Maturity Date	12 March 2015
Underlying Shares	Ordinary shares with a par value of HK\$0.10 each of the Company.
Status and Ranking	The Convertible Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Company and at all times rank <i>pari passu</i> and without any preference or priority among themselves.
Principal Repayment	Unless previously redeemed or purchased and cancelled in accordance with their terms, the Convertible Bonds is repayable at 100% of their principal amount on the final maturity date.
Conversion Price	HK\$0.7834 per Share.
Conversion Rights	Convertible Bondholders may convert their Convertible Bonds into Shares during the conversion period at the conversion price in effect on the applicable conversion date.
Conversion Period	From and including the issue date up to the close of business on the 10th day prior to the final maturity date or, if the Convertible Bonds shall have been called for redemption by the Company before the final maturity date, then up to the close of business on a date no later than seventh business days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by such Convertible Bondholder pursuant to such holder's put option rights then up to the close of business on the day prior to the giving of such notice.
Adjustments to Conversion Price	The conversion price will be subject to customary adjustments for events including subdivisions, consolidations or reclassifications of Shares; capitalisation of profits; capital distributions; stock dividends; rights issues and other standard dilutive events.

## LETTER FROM THE BOARD

### Conversion Price Reset

If the volume weighted average price of the Shares for the period of 15 consecutive trading days on the Stock Exchange immediately prior to 12 December 2012 (the “**Prevailing Market Price**”) is less than the then prevailing conversion price, the conversion price shall be adjusted to a price that is equal to such Prevailing Market Price, provided always that the conversion price as so adjusted shall not be less than 75% of the initial conversion price on 12 June 2012 (the “**Floor Price**”). In the event that the Prevailing Market Price is less than the Floor Price, the conversion price shall be adjusted to a price equal to the Floor Price.

### C. Existing common terms for each of the Senior Bonds and the Convertible Bonds

#### Reserve Account

For so long as any of the Senior Bonds and the Convertible Bonds remain outstanding, the Company will maintain a reserve account into which the Company would from time to time deposit funds such that the balance of the account exceeds the required minimum balance. The Company is required to maintain a required minimum balance, being US\$10,000,000.

#### Security

Security was granted in favour of the Security Trustee and held on trust by it for itself and on behalf of the secured creditors (being the Senior Bonds Trustee (on its own behalf and for and on behalf of the holders of the Senior Bondholders) and the Convertible Bonds Trustee (on its own behalf and for and on behalf of the Convertible Bondholders)).

## LETTER FROM THE BOARD

The Security comprises of the following:

- (a) a share charge granted by First Elite Development Limited in favour of the Security Trustee in respect of all of the shares held by First Elite Development Limited in S.E.A. Mining Limited, a private company incorporated in Hong Kong with limited liability which is the holder of certain convertible bonds issued by Yiwan which are convertible into ordinary shares in Yiwan;
- (b) a security assignment agreement in favour of the Security Trustee in respect of all of the rights, interest, title and benefits of the Company's subsidiary S.E.A. Mineral under the Off-take Agreement; and
- (c) an account charge in respect of the Reserve Account.

### SUMMARY OF THE PROPOSED AMENDMENTS TO THE SENIOR BONDS AND CONVERTIBLE BONDS

#### A. Proposed Amendments to the Senior Bonds

Interest Rate	the amendment of the interest rate payable on the Senior Bonds from 10.00% per annum to 12.00% per annum.
Final Maturity Date	the extension of the final maturity date from 12 March 2015 to 12 December 2018.
Amortisation Schedule	In the event that the Proposed Amendments to the Senior Bonds are approved, the current amortisation schedule which applies to the Senior Bonds will be amended. The first scheduled payment of principal on the Senior Bonds under the revised schedule will be delayed until March 2017, with subsequent quarterly payments of principal through to December 2018. In addition, the amortisation schedule will be further accelerated in the event that the Export Ban is lifted and certain threshold levels of exports of ores by Yiwan to S.E.A Mineral are achieved. In those circumstances, the Convertible Bonds will amortise early. See also "Reserve Account" below.

## LETTER FROM THE BOARD

The proposed amortisation schedule is as follows:

Payment Date	(HK\$) Beginning Balance	Amortised Principal
12-Mar-17	390,990,000	48,873,750
12-Jun-17	342,116,250	48,873,750
12-Sep-17	293,242,500	48,873,750
12-Dec-17	244,368,750	48,873,750
12-Mar-18	195,495,000	48,873,750
12-Jun-18	146,621,250	48,873,750
12-Sep-18	97,747,500	48,873,750
12-Dec-18	48,873,750	48,873,750

\* based on existing coupon rate

Reserve Account	the amendment of the Reserve Account arrangements to reduce the required minimum balance from US\$10,000,000 to US\$1,000. See “Reserve Account” under “Existing common terms for each of the Senior Bonds and the Convertible Bonds” for details regarding the existing arrangements in relation to the required minimum balance in the Reserve Account.
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Other additional provision	The Proposed Amendments include the addition of provisions which will require the Company to credit to the balance of the Reserve Account amounts calculated by reference to the volume of dry tonnes of ore exported to S.E.A. Mineral in the event that the Export Ban is lifted (subject to certain monthly volume thresholds being met). In such circumstances the amortisation schedules in respect of both the Senior Bonds and the Convertible Bonds will be accelerated such that amounts reserved in the Reserve Account will be applied, pro rata and pari passu, towards redemption of the Senior Bonds and the Convertible Bonds. The Company will make further announcement in the event that the amortisation schedules in respect of both the Senior Bonds and the Convertible Bonds are accelerated.
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### **B. Proposed Amendments to the Convertible Bonds**

Interest Rate	the amendment of the interest rate payable on the Convertible Bonds from 6.00% per annum to 8.00% per annum.
Final Maturity Date	the extension of the final maturity date from 12 March 2015 to 12 March 2018.

## LETTER FROM THE BOARD

Conversion Price	in consideration of the Convertible Bondholders agreeing to the Proposed Amendments, the existing conversion price will be reduced from HK\$0.7834 to the Proposed Conversion Price from the effective date, subject to adjustment in the manner provided in the Convertible Bonds Trust Deed.
Conversion Price Reset	the existing mechanics allowing for the resetting of the conversion price will be amended to allow for a resetting of the Proposed Conversion Price on 12 December 2014 to the then prevailing market price of the Shares by reference to the volume weighted average price of the Shares over the preceding 15 trading days. If the then prevailing market price of the Shares is higher than the Proposed Conversion Price, no adjustment will be made. Any downward adjustment to the Proposed Conversion Price will be subject to a Proposed Floor Price, being 60% of the Proposed Conversion Price.
Relevant Event	Under the existing terms and conditions of the Convertible Bonds, the Convertible Bondholders have the right to require the Company to redeem their bonds early in the event that there is a Change of Control (as defined under the existing terms and conditions of the Convertible Bonds) or if the Shares cease to be listed or admitted to trading on the Stock Exchange, or if the trading of the Shares on the Stock Exchange is suspended for a period of more than 90 consecutive calendar days. Trading of the Company's Shares on the Stock Exchange was suspended on 28 March 2014. The Company does not expect that the trading of the Shares on the Stock Exchange will be resumed in the short term, but anticipates that such trading of the Shares will be resumed over the coming months. Accordingly, the Proposed Amendments to the Convertible Bonds include an amendment to extend the period over which the suspension of trading must continue, being a period of 120 consecutive calendar days following 12 June 2014, before the Convertible Bondholders have the right to require that such bonds are redeemed early.



## LETTER FROM THE BOARD

Reserve Account	the amendment of the Reserve Account arrangements to reduce the required minimum balance from US\$10,000,000 to US\$1,000. See “Reserve Account” under “Existing common terms for each of the Senior Bonds and the Convertible Bonds” for details regarding the existing arrangements in relation to the required minimum balance in the Reserve Account.
Other additional provision	The Proposed Amendments include the addition of provisions which will require the Company to credit to the balance of the Reserve Account amounts calculated by reference to the volume of dry tonnes of ore exported to S.E.A. Mineral in the event that the Export Ban is lifted (subject to certain monthly volume thresholds being met). In such circumstances the amortisation schedules in respect of both the Senior Bonds and the Convertible Bonds will be accelerated such that amounts reserved in the Reserve Account will be applied, pro rata and pari passu, towards redemption of the Senior Bonds and the Convertible Bonds. The Company will make further announcement in the event that the amortisation schedules in respect of both the Senior Bonds and the Convertible Bonds are accelerated.

### CONDITIONS TO THE CONSENT SOLICITATIONS

The Consent Solicitations are conditional upon:

- the Shareholders approving at the EGM the Specific Mandate to permit the issuance and allotment of the New Conversion Shares;
- the listing committee of the Stock Exchange granting the approval for, among other things, the listing of, and permission to deal in, the New Conversion Shares (the “**Stock Exchange Approvals**”); and
- the Convertible Bondholders and the Senior Bondholders approving the Convertible Bonds Extraordinary Resolution and the Senior Bonds Extraordinary Resolution, respectively.

In the event that the Specific Mandate is not approved by the Shareholders at such EGM, such Stock Exchange Approvals are not obtained by the Company, such Extraordinary Resolutions are not approved by the Holders, the Company will be required to withdraw the Consent Solicitations. The Company will announce the results of such Shareholders’ resolution at or before the Expiration Time.

## **LETTER FROM THE BOARD**

### **SPECIFIC MANDATE**

The number of New Conversion Shares (without taking into account of any additional Shares to be issued by the Company on the reset date) to be issued by the Company on the settlement date, assuming the Proposed Conversion Price, is 605,250,000, representing approximately 23.71% of the issued share capital of the Company as at the Latest Practicable Date. Assuming the Proposed Conversion Price is adjusted in accordance with the terms and conditions of the Convertible Bonds following the Reset Date such that the Conversion Price is equal to the Proposed Floor Price, the additional number of New Conversion Shares to be issued by the Company following such Reset Date will be 403,500,000, representing approximately 15.80% of the issued share capital of the Company as at the Latest Practicable Date. As the aggregate number of the New Conversion Shares (taking into account of any additional Shares to be issued by the Company following the Reset Date) is expected to exceed the existing general mandate granted by the Shareholders to Board on 19 June 2013, the issue of the New Conversion Shares will be issued under the Specific Mandate.

Application will be made by the Company for the listing of, and permission to deal in, the New Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

As far as the Directors are aware, no Director or Shareholder has a material interest in the Consent Solicitations and no Shareholder is required to abstain from voting at the EGM.

### **EFFECT ON THE SHARE CAPITAL**

Assuming the Convertible Bonds are fully converted at the Proposed Conversion Price each and there is no exercise of the outstanding share options, an aggregate of 605,250,000 Shares will be issued, representing (i) approximately 23.71% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 19.16% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares under the Convertible Bonds.

Assuming the Convertible Bonds are fully converted at the Proposed Conversion Price each, and the outstanding share options are exercised in full, an aggregate of 670,325,000 Shares will be issued, representing (i) approximately 26.26% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 20.8% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares under the Convertible Bonds.

# LETTER FROM THE BOARD

The shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company upon the allotment and issue of the New Conversion Shares at the Proposed Conversion Price would be as follows:

Shareholders	As at the date of this circular		Assuming that the entire outstanding principal amount of Convertible Bonds are converted into New Conversion Shares (subject to adjustment) at the Proposed Conversion Price of HK\$0.30 each and no exercise of the outstanding share options (Note 4)		Assuming that the entire outstanding principal amount of Convertible Bonds are converted into New Conversion Shares (subject to adjustment) at the Proposed Conversion Price of HK\$0.30 each, and the outstanding share options are exercised in full (Note 4)	
	Approximately % of issued share capital of the		Approximately % of issued share capital of the		Approximately % of issued share capital of the	
	No. of Shares	Company	No. of Shares	Company	No. of Shares	Company
<b>Directors</b>						
Mr. Dong and his associates (Note 1)	1,505,930,705	58.99%	1,505,930,705	47.68%	1,521,330,705	47.20%
Mr. Dong Chengzhe	1,500,000	0.06%	1,500,000	0.05%	4,275,000	0.13%
Mr. Song Wenzhou	—	—	—	—	2,520,000	0.08%
Mr. Yang Fei	—	—	—	—	2,775,000	0.09%
<b>Convertible Bondholders</b>						
(Note 2)	—	—	605,250,000	19.16%	605,250,000	18.78%
<b>Other Public Shareholders</b>						
(Note 3)	1,045,609,495	40.95%	1,045,609,495	33.11%	1,087,214,495	33.72%
	<u>2,553,040,200</u>	<u>100.00%</u>	<u>3,158,290,200</u>	<u>100.00%</u>	<u>3,223,365,200</u>	<u>100.00%</u>

## LETTER FROM THE BOARD

*Notes:*

1. As at the Latest Practicable Date, the Company has 65,075,000 outstanding share options, amongst which, Mr. Dong and his associates (excluding Mr. Dong Chengzhe) hold 5,000,000 and 10,400,000 share options respectively.
2. In the event the Company becomes aware that it will not be able to maintain the public float requirement under the Listing Rules upon conversion of the Convertible Bonds, the Company confirms that it will take all necessary measures, including but not limited to placing new Shares to independent third parties, procuring its controlling shareholder to place its Shares to independent third parties, etc. The Company will also monitor its public float on a daily basis and ensure its compliance with the Listing Rules by maintaining a minimum public float of 25% upon conversion of the Convertible Bonds at all time.
3. Other public Shareholders refer to the public Shareholders other than the Convertible Bondholders who have converted the Convertible Bonds into Shares.
4. This shareholding structure of the Company is for illustration purposes only.

Assuming the Convertible Bonds are fully converted at the Proposed Floor Price of HK\$0.18 each and there is no exercise of the outstanding share options, an aggregate of 1,008,750,000 Shares will be issued, representing (i) approximately 39.51% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.32% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares under the Convertible Bonds.

Assuming the Convertible Bonds are fully converted at the Proposed Floor Price each, and the outstanding share options are exercised in full, an aggregate of 1,073,825,000 Shares will be issued, representing (i) approximately 42.06% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 29.61% of the issued share capital of the Company as enlarged by the allotment and issue of the New Conversion Shares under the Convertible Bonds.

## LETTER FROM THE BOARD

The shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company upon the allotment and issue of the New Conversion Shares at the Proposed Floor Price would be as follows:

Shareholders	As at the date of this circular		Assuming that the entire outstanding principal amount of Convertible Bonds are converted into New Conversion Shares (subject to adjustment) at the Proposed Floor Price of HK\$0.18 each and no exercise of the outstanding share options (Note 4)		Assuming that the entire outstanding principal amount of Convertible Bonds are converted into New Conversion Shares (subject to adjustment) at the Proposed Floor Price of HK\$0.18 each, and the outstanding share options are exercised in full (Note 4)	
			Approximately % of issued share capital of the		Approximately % of issued share capital of the	
	No. of Shares	Company	No. of Shares	Company	No. of Shares	Company
<b>Directors</b>						
Mr. Dong and his associates (Note 1)	1,505,930,705	58.99%	1,505,930,705	42.28%	1,521,330,705	41.95%
Mr. Dong Chengzhe	1,500,000	0.06%	1,500,000	0.04%	4,275,000	0.12%
Mr. Song Wenzhou	—	—	—	—	2,520,000	0.07%
Mr. Yang Fei	—	—	—	—	2,775,000	0.08%
<b>Convertible Bondholders</b>						
(Note 2)	—	—	1,008,750,000	28.32%	1,008,750,000	27.81%
<b>Other Public Shareholders</b>						
(Note 3)	1,045,609,495	40.95%	1,045,609,495	29.36%	1,087,214,495	29.97%
	<u>2,553,040,200</u>	<u>100.00%</u>	<u>3,561,790,200</u>	<u>100.00%</u>	<u>3,626,865,200</u>	<u>100.00%</u>

Notes:

- As at the Latest Practicable Date, the Company has 65,075,000 outstanding share options, amongst which, Mr. Dong and his associates (excluding Mr. Dong Chengzhe) hold 5,000,000 and 10,400,000 share options respectively.
- In the event the Company becomes aware that it will not be able to maintain the public float requirement under the Listing Rules upon conversion of the Convertible Bonds, the Company confirms that it will take all necessary measures, including but not limited to placing new Shares to independent third parties, procuring its controlling shareholder to place its Shares to independent third parties, etc. The Company will also monitor its public float on a daily basis and ensure its compliance with the Listing Rules by maintaining a minimum public float of 25% upon conversion of the Convertible Bonds at all time.
- Other public Shareholders refer to the public Shareholders other than the Convertible Bondholders who have converted the Convertible Bonds into Shares.
- This shareholding structure of the Company is for illustration purposes only.

## LETTER FROM THE BOARD

Pursuant to the Proposed Amendments to the Convertible Bonds, the Proposed Conversion Price may be adjusted downwards subject to the Proposed Floor Price. Accordingly, the actual conversion price may be adjusted to any price within the range of HK\$0.30 to HK\$0.18 (both inclusive).

Upon issue of the Convertible Bonds in 2012, the initial conversion price was set at HK\$0.7834, which was 25% above the then volume weighted average price of the Shares over a period of 20 consecutive trading days, and the floor price was set at HK\$0.58, which was not less than 75% of the initial conversion price. Taking into account of the suspension in the trading of the Shares on the Stock Exchange, the poor liquidity of the Company and the extension of the final maturity date of the Convertible Bonds for 3 years, the initial Proposed Conversion Price is set at HK\$0.3, which is around 18% above the share price preceding 28 March 2014, being the first date of suspension in the trading of the Shares on the Stock Exchange and the Proposed Floor Price is set at HK\$0.18, which is not less than 60% of the initial Proposed Conversion Price, and the Directors consider that the Proposed Conversion Price and the Proposed Floor Price are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

### REASONS FOR THE CONSENT SOLICITATIONS

As set out in the Announcement, the suspension of the export of unprocessed iron ores by Yiwan to S.E.A. Mineral with effect from 12 January 2014 has led to the interruption of the ore trading business of the Group, which has had a negative impact on the financial and operating results of the Group. As a result, the Company's ability to perform its obligations under the Senior Bonds and the Convertible Bonds has been adversely affected. The Company considers that the extension of the maturity profile of its indebtedness as contemplated by the Proposed Amendments would be in the interests of the Company and its stakeholders as a whole.

If the Proposed Amendments are approved by the Holders, (i) among other Proposed Amendments to the Senior Bonds, the interest rate payable on the Senior Bonds will be increased from 10.00% per annum to 12.00% per annum and the forthcoming principal repayment under the existing repayment schedule, which would fall on 12 June 2014, will be delayed to 12 March 2017 and thereafter amortised on a quarterly basis with its final maturity falling on 12 December 2018 and (ii) among other Proposed Amendments to the Convertible Bonds, the interest rate payable on the Convertible Bonds will be increased from 6.00% per annum to 8.00% per annum and the final maturity date, which would otherwise fall on 12 March 2015, will be extended to 12 March 2018.

Reference is also made to the announcement of the Company dated 27 March 2014 in relation to the disputes between the Company and two customers relating to contracts for the sale and purchase of iron ores, and contain claims for US\$10,347,698 and RMB70,355,783, respectively. As at the Latest Practicable Date, the Company has engaged a legal adviser to dispute such claims in full within the 21 days of such statutory demand. One of the two customers sent statutory demand on 11 and 15 April 2014 via a Hong Kong lawyer, claiming

## LETTER FROM THE BOARD

interests plus penalty for a total amount of US\$3,839,000. The Company has disputed most part of such claim within 21 days of such statutory demand. The Company admits a payable of US\$345,000 and is ready to settle this amount.

The Directors (including the independent non-executive Directors) consider the Consent Solicitations and the Proposed Amendments are in the interest of the Group and the Shareholders as a whole.

### RECOMMENDATION

For the reasons above, the Directors (including the independent non-executive Directors) recommend all Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

### FUND RAISING IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

### GENERAL

There was no significant change in the commitments of the Company as previously disclosed in the latest audited financial statements of the Company. As at the Latest Practicable Date, based on the unaudited management accounts of the Company, the major liabilities of the Company are bank borrowings, bonds and convertible bonds with an aggregate outstanding principal amount of approximately HK\$817 million. The principal activity of the Company is investment holding with funding from operation of its subsidiaries. As the financial position of the Company has been adversely affected by the Export Ban, the Company's ability to perform its obligations under the Senior Bonds and the Convertible Bonds is also adversely affected.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:00 a.m. on 28 March 2014 and will remain suspended until further notice.

An EGM will be held to consider and, if thought fit, passing the resolution to approve and give effect to the Specific Mandate. As far as the Directors are aware of and based on their best knowledge, no Director or Shareholder has a material interest in the Consent Solicitations and no Shareholder is required to abstain from voting at the EGM.

The Shareholders whose names appear on the register of members of the Company on 27 March 2014, being the last trading day immediately preceding the suspension of trading in the Shares on the Stock Exchange, will be entitled to attend and vote at the EGM, either in person or by proxy.

The Company has obtained an undertaking from Mr. Dong that he will exercise his vote, and will procure that his associates to exercise their votes, at the EGM in favour of the resolution approving the Specific Mandate.

## LETTER FROM THE BOARD

Further, given Mr. Dong is the controlling Shareholder holding approximately 58.99% of the issued share capital of the Company, has undertaken to the Company that he will exercise his votes, and will procure that his associates to exercise their votes, in favour of the Specific Mandate at the EGM, it is therefore contemplated that, the Specific Mandate will be approved at the EGM. As far as the Directors are aware, the interests of the minority Shareholders of the Company will not be adversely affected by Mr. Dong's undertaking.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
By order of the Board of  
**China Nickel Resources Holdings Company Limited**  
**Dong Shutong**  
*Chairman*



## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors or chief executive of the Company, save as disclosed below, had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange:

### (a) Long positions in the Shares of the Company

Name of Directors	Capacity in which interest are held	Number of Shares	Approximate percentage to the issued share capital of the Company
Dong Shutong	Held by controlled corporations (Note 1)	1,505,930,705	58.99%
Dong Chengzhe	Beneficial owner	1,500,000	0.06%

*Note:* As at the Latest Practicable Date, 1,481,074,705 Shares and 24,856,000 Shares were held by Easyman and Sino Regent Worldwide Limited (“**Sino Regent**”), respectively. As the entire issued share capital of each of Easyman and Sino Regent is held by Mr. Dong, Mr. Dong is deemed to be beneficial interested in such Shares by virtue of the SFO.

**(b) Long positions in the underlying Shares of the Company attached to the Share Options**

Name of Directors	Capacity in which interest are held	Number of Shares	Approximate percentage to the issued share capital of the Company
Dong Shutong	Beneficial owner	5,000,000	0.20%
	Held by spouse	1,700,000	0.07%
Dong Chengzhe	Beneficial owner	2,775,000	0.11%
Song Wenzhou	Beneficial owner	2,520,000	0.10%
Yang Fei	Beneficial owner	2,775,000	0.11%

*Note:* The share options are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005. Upon exercise of the share options in accordance with such share option scheme, Shares are issuable to the option holder(s) who exercise(s) the rights.

**3. SUBSTANTIAL SHAREHOLDERS**

Save as disclosed below, as at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as is known to the Directors, the following are details of 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% 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 option in respect of such capital:

**(a) Interest in the Shares and the underlying Shares**

Name of Shareholders	Capacity in which interest are held	Number of Shares/ underlying Shares held	Approximate percentage to the issued share capital of the Company
Easyman Assets Management Limited ("Easyman")	Beneficial owner	1,481,074,705	58.01%
Soen Bin Kuan	Beneficial owner	182,734,104	7.16%
Sun Qiaodian ( <i>Note 1</i> )	Beneficial owner	1,700,000 ( <i>Note 2</i> )	0.07%
	Held by spouse	1,510,930,705	59.18%

*Notes:*

- Ms. Sun Qiaodian is the spouse of Mr. Dong Shutong, whose interest was disclosed in previous section.
- The share options are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005. Upon exercise of the share options in accordance with such share option scheme, Shares are issuable to the option holder(s) who exercise(s) the rights.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company or under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital.

#### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### **5. LITIGATION**

Reference is also made to the announcement of the Company dated 27 March 2014 in relation to the disputes between the Company and two customers relating to contracts for the sale and purchase of iron ores, and contain claims for US\$10,347,698 and RMB70,355,783, respectively. As at the Latest Practicable Date, the Company has engaged a legal adviser to dispute such claims in full within the 21 days of such statutory demand. Legal advisers to one of the two customers sent statutory demand on 11 and 15 April 2014, claiming interests plus penalty for a total amount of US\$3,839,000. The Company disputed substantial parts of such claim within 21 days of such statutory demand. The Company admits a payable of US\$345,000 and is ready to settle this amount.

The Directors also wish to announce that on 16 May 2014 the Company was notified by the legal advisers acting for Torm A/S that an application was presented on 15 May 2014 to the High Court of Hong Kong seeking the winding up of the Company in respect of its business within Hong Kong. The application was based on a claim by Torm A/S for US\$332,727.73 and certain costs and interest under an interim final arbitration award dated 29 April 2014 which had been handed down in respect of freight, demurrage and despatch owed under a contract of affreightment entered into by the Company and Torm A/S. The Company has no objection to this arbitration award and is in the process of effecting payment of such amounts. Considering the amounts payable and the fact that payment is expected be completed on or before 23 May 2014, the Directors believe that this claim will be settled in the short term and will have no material adverse effect on the Company.

As at the Latest Practicable Date, save as disclosed, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**6. COMPETING INTEREST**

As at the Latest Practicable Date, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competes or likely to compete with the business of the Group.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save for the Export Ban as disclosed in the Announcement, the Directors were not aware of any material adverse change in the financial or trading position or contingent liabilities of the Group since 30 June 2013, being the date to which the latest published unaudited financial statements of the Company were made up.

**8. INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2013, being the date to which the latest published unaudited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

**9. DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed herein and in this circular, there was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

**10. MISCELLANEOUS**

- (a) As at the date of this circular, the Company has not appointed a company secretary. The Company is currently actively looking for a suitable replacement company secretary.
- (b) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, whose address is 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman, KY1-1110, Cayman Islands.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited whose address is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 3501, 35th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong, up to and including 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the interim report of the Company for the six months ended 30 June 2013;
- (c) the annual reports of the Company for each of the years ended 31 December 2012 and 2011; and
- (d) this circular.



中國鎳資源

CHINA NICKEL RESOURCES

China Nickel Resources Holdings Company Limited

中國鎳資源控股有限公司

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

(Stock Code: 02889)

**PROPOSED AMENDMENTS  
TO THE CONVERSION RIGHTS IN RELATION TO THE  
6.00 PER CENT. SECURED CONVERTIBLE BONDS DUE 2015 WITH  
AN OUTSTANDING AGGREGATE PRINCIPAL AMOUNT OF  
HK\$181,575,000**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the shareholders of China Nickel Resources Holdings Company Limited (the “**Company**”) will be held at 5:30 p.m. (Hong Kong time) on Thursday, 5 June 2014, at Macau Jockey Club Function Room, 1/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT**, conditional upon the listing committee of The Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the ordinary shares of the Company (the “**Shares**”) to be issued upon the exercise of the conversion rights attaching to the 8.00 per cent. secured convertible bonds due 2018 (the “**Amended Convertible Bonds**”) issued by the Company:

- (a) the issue and allotment of such number of Shares to be issued upon the exercise of the conversion rights attached to the Amended Convertible Bonds, including any additional Shares to be issued by the Company pursuant to the terms and conditions of the Amended Convertible Bonds, if any, following 12 December 2014, being the reset date of the conversion price of the Amended Convertible Bonds, be and is hereby 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, be and is/are hereby authorised for and on behalf of the Company to execute all the documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental

## NOTICE OF EGM

to, ancillary to or in connection with the matters contemplated in and for completion of the issue and allotment of such number of Shares to be issued by the Company upon conversion of the Amended Convertible Bonds including any additional Shares to be issued by the Company pursuant to the terms and conditions of the Amended Convertible Bonds, if any, following 12 December 2014, being the reset date of the conversion price of the Amended Convertible Bonds.”

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

Hong Kong, 20 May 2014

*Registered office:*

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

*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 appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any member entitled to attend and vote at the meeting is entitled to appoint one or if he is the holder of two or more Shares more than one proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged at the office of the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
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 Share 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 executive directors of the Company are Mr. Dong Shutong (Chairman), Mr. Chiang Shyh-yi, Mr. Dong Chengzhe, Mr. Song Wenzhou and Mr. Yang Fei; the non-executive director of the Company is Mr. Yang Tianjun; and the independent non-executive directors of the Company are Mr. Bai Baohua, Mr. Huang Changhuai, Mr. Wong Chi Keung and Mr. Fahmi Idris.*