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# 中信資源控股有限公司 CITIC Resources Holdings Limited

*(incorporated in Bermuda with limited liability)*

(Stock Code: 1205)

## CONTINUING CONNECTED TRANSACTIONS UNDER THE AGENCY FEE AGREEMENT IN RELATION TO MARKETING SERVICES PROVIDED

### **SOURCING CUSTOMERS FOR PRT**

On 17 January 2020, CACT entered into the Agency Fee Agreement with PRT for the provision of marketing related services for PRT's products.

### **LISTING RULES IMPLICATIONS**

PRT, an indirectly subsidiary of CITIC Group, is a connected person of the Company and the commission fee income earned from provision of marketing related services for PRT's pursuant to the Agency Fee Agreement constitutes continuing connected transactions of the Company.

At the time of entering into the Agency Fee Agreement in 2020, the then applicable Percentage Ratios were less than 0.1% and the entering into of the Agency Fee Agreement constituted de minimis continuing connected transaction for the Company under the Listing Rules and was not subject to announcement, reporting and independent shareholders' approval requirements.

Based on the information currently available to the Company and the preliminary assessment of the unaudited management financial statements of CACT, the Board anticipates that the commission fee income for the financial year ending 31 December 2020 would exceed the above-mentioned exemption threshold. The Company is therefore required to re-comply with the requirements under Chapter 14A of the Listing Rules.

In view of the size of the Caps exceeding 0.1% but less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from the requirement for independent shareholders' approval. Details of the Agency Fee Agreement and the actual amount of the commission fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

### **INTRODUCTION**

On 17 January 2020, CACT, an indirectly wholly owned subsidiary of the Company, entered into the Agency Fee Agreement with PRT for the provision of marketing related services for PRT's products.

At the time of entering into the Agency Fee Agreement in 2020, the then applicable Percentage Ratios were less than 0.1% and the entering into the Agency Fee Agreement constituted de minimis continuing connected transaction for the Company under the Listing Rules and was not subject to announcement, reporting and independent shareholders' approval requirements.

Based on the information currently available to the Company and the preliminary assessment of the unaudited management financial statements of CACT, the Board anticipates that the commission fee income for the financial year ending 31 December 2020 would exceed the above-mentioned exemption threshold. The Company is therefore required to re-comply with the requirements under Chapter 14A of the Listing Rules.

#### **DETAILS OF THE AGENCY FEE AGREEMENT**

The material terms of the Agency Fee Agreement are summarised below:

<b>Date of the agreement:</b>	17 January 2020
<b>Parties:</b>	CACT (as Agent) PRT (as Seller)
<b>Term:</b>	For the 2020 calendar year
<b>Services provided:</b>	Sourcing of customers and negotiation of selling terms on behalf of PRT
<b>Fee income:</b>	Fee income is based on arm's length negotiation of commission rate stated in the Agency Fee Agreement on the amount of products has been marketing by CACT for PRT

The Agency Fee Agreement is expected to be renewed on an annually basis.

#### **HISTORICAL ANNUAL AMOUNT OF COMMISSION FEE INCOME**

For the years ended 31 December 2017, 2018 and 2019, the annual amounts of commission fee income charged on PRT were approximately HK\$3.6 million, HK\$4.0 million and HK\$4.4 million respectively.

#### **EXPECTED MAXIMUM ANNUAL AMOUNT OF COMMISSION FEE INCOME**

Based on the information currently available to the Company and the preliminary assessment of the unaudited management financial statements of CACT, the anticipated commission fee income for year ending 31 December 2020 would amount to approximately HK\$4.8 million, exceeding 0.1% of the applicable Percentage Ratios. The Company will report in its forthcoming annual report the actual amount of the commission fee income for 2020.

Based on the current projection of the level of marketing services to be provided by CACT to PRT, the Board expects that the amount of the commission fee income for each of the following financial years will not exceed the following respective Caps:

<u>Financial years ending</u>	<u>Cap (HK\$)</u>
31 December 2020	5.0 million
31 December 2021	5.0 million
31 December 2022	5.0 million

If any of the Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

The Caps are determined by reference to, among other things,

- (a) historical level of marketing services provided by CACT to PRT during the three years ended 31 December 2019; and
- (b) anticipated level of marketing services to be provided by CACT to PRT during the three years ending 31 December 2022.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGENCY FEE AGREEMENT**

The Directors (excluding the independent non-executive Directors) believe that the cooperation with PRT is important to CACT's business and the Group and should be maintained beyond the expiry of the Agency Fee Agreement. The Agency Fee Agreement sets out a framework to allow CACT to continue providing marketing services to PRT during the three years ending 31 December 2022.

CACT began providing marketing services to PRT since November 2014 and the commission fee income earned have increased over the past several years.

CACT's past experience and success in the trading business has been an instrumental factor in securing customers and negotiating favorable selling terms on behalf of PRT. The cooperation between CACT and PRT has been beneficial for the Group.

The Directors (including the independent non-executive Directors) take the view that the entering into of the Agency Fee Agreement is in the ordinary and usual course of business of the Group and believe that the terms of the Agency Fee Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board confirms that none of the Directors had any material interest in the Agency Fee Agreement, and accordingly none of such Directors was required to abstain from voting on the resolutions in relation to the Agency Fee Agreement.

## **INTERNAL CONTROL PROCEDURES**

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company implements internal control arrangements to ensure that the terms of the transactions under the the Agency Fee Agreement are conducted on normal commercial terms and no less favourable to the Group than the terms available from independent third parties, in particular:

- (a) the finance department of CACT will review each transaction to ensure that the annual caps are not exceeded; and
- (b) the Group will monitor its utilisation of the annual cap amounts on a regular basis.

## **INFORMATION ON THE COMPANY**

The Company is a diversified energy and natural resources investment holding company. Through its subsidiaries, the Company is principally engaged and has interests in aluminium smelting, coal, import and export of commodities, the exploration, development and production of oil and has interests in manganese, and bauxite mining and alumina refining.

## **INFORMATION ON CACT**

CACT is an indirect wholly-owned subsidiary of the Company and operates in Australia. It is an international trading company with an emphasis on trade between Australia and China. It is an exporter of bulk commodities, focusing on base metals and mineral resources, including aluminium ingots, coal, iron ore, alumina and copper and provide marketing services for its trading business.

## **INFORMATION ON PRT**

PRT is an indirect subsidiary of CITIC Group and is based in Singapore. It specialises in the import and export of bulk commodities.

## **IMPLICATIONS UNDER THE LISTING RULES**

CITIC Group, through its interest in CITIC Limited's wholly-owned subsidiaries Keentech, CA and Fortune Class, controls 4,675,605,697 Shares representing 59.50% of all Shares in issue as at the date of this announcement and is a controlling shareholder of the Company. PRT is an indirect subsidiary of CITIC Group and therefore a connected person of the Company. Accordingly, the transactions under the Agency Fee Agreement constitute continuing connection transactions for the Company under Listing Rules.

In view of the size of the Caps exceeding 0.1% but less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from the requirement for independent shareholders' approval. Details of the Agency Fee Agreement and the actual amount of the commission fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

## **DEFINITIONS**

“Agency Fee Agreement”	the Agency Fee Agreement signed between CACT and PRT on 17 January 2020
“Board”	the board of Directors
“CA”	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability
“CACT”	CA Commodity Trading Pty Ltd (previously known as CITIC Australia Commodity Trading Pty Ltd), an indirect wholly-owned subsidiary of the Company
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), a state-owned company established in the PRC in 1979 and the controlling shareholder of CITIC Limited
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability, and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Cap(s)”	the expected maximum annual aggregate amount(s) of the commission fees for particular financial year(s) as described under the heading of “Expected Maximum Annual Amount of Commission Fee Income”

“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda, and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Fortune Class”	Fortune Class Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“PRT”	Pacific Resources Trading Pte. Ltd., an indirect subsidiary of CITIC Group
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**CITIC Resources Holdings Limited**  
**Sun Yufeng**  
*Chairman*

Hong Kong, 15 September 2020

*As at the date hereof, Mr. Sun Yufeng; Mr. Suo Zhengang and Mr. Sun Yang are executive directors of the Company, Mr. Chan Kin is a non-executive director of the Company, and Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Look Andrew are independent non-executive directors of the Company*