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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)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE AGENCY FEE AGREEMENT IN RELATION TO MARKETING SERVICES PROVIDED

REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 15 September 2020 and 21 September 2020, in relation to CACT entered into the Agency Fee Agreement with PRT for the provision of marketing related services for PRT's products.

On 25 January 2021, CACT had renewed its annual agency fee agreement with PRT for the provision of marketing related services to PRT's products. Save for the refreshment of a term of a calendar year of 2021, all other terms and conditions under the Agency Fee Agreement dated 17 January 2020 as stated in the announcement of the Company dated 15 September 2020 remain the same.

Based on the information currently available to the Board, the Board anticipates that the commission fee income to be earned from PRT for both financial years ending 31 December 2021 and 31 December 2022 will exceed the the existing annual caps of HK\$5.0 millions as stated in the announcement of the Company dated 15 September 2020. The Board therefore proposed to revise and increase the Existing Annual Caps for both financial years ending 31 December 2021 and 31 December 2022 from HK\$5.0 millions to HK\$10.0 millions and from HK\$5.0 millions to HK\$15.0 millions, respectively.

LISTING RULES IMPLICATIONS

PRT, an indirectly owned 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.

As the highest of the Percentage Ratios in respect of the Revised Annual Caps for both financial years ending 31 December 2021 and 31 December 2022 exceed 0.1% but are less than 5%, the Revised Annual Caps are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcements (the “**Announcements**”) of the Company dated 15 September 2020 and 21 September 2020, in relation to CACT entered into the Agency Fee Agreement with PRT for the provision of marketing related services for PRT’s products. Unless otherwise specified, capitalized terms used in the Announcements shall have the same meanings as defined in this announcement.

On 25 January 2021, CACT renewed its annual agency fee agreement (the “**2021 Agency Fee Agreement**”) with PRT for provision of marketing related services for PRT’s products. Save for the refreshment of a term of a calendar year of 2021, all other terms and conditions under the Agency Fee Agreement dated 17 January 2020 as stated in the announcement of the Company dated 15 September 2020 remain the same.

Based on the information currently available to the Board, the Board anticipates that the commission fee income for the financial years ending 31 December 2021 and 31 December 2022 will exceed the annual caps disclosed in the announcement of the Company dated 15 September 2020. The Board therefore proposed to revise and increase the existing annual caps for both financial years ending 31 December 2021 and 31 December 2022 under Chapter 14A of the Listing Rules.

THE EXISTING AND REVISED ANNUAL AMOUNTS OF COMMISSION FEE INCOME

Due to the increasing in production capacities of the end users of PRT and the improvement of market conditions leading to higher demands of PRT products, the Board anticipates that the commission fee income charging on PRT for both financial years ending 31 December 2021 and 31 December 2022 will exceed the Existing Annual Caps of HK\$5.0 millions for both financial years as stated in the announcement of the Company dated 15 September 2020. For the year ended 31 December 2020, the amount of commission fee income under the Agency Fee Agreement was US\$599,041 (equivalent to approximately HK\$4.7millions). The unaudited commission fee income under the 2021 Agency Fee Agreement for the first 5 months ended 31 May 2021 was US\$370,109 (equivalent to approximately HK\$2.9 millions).

Based on the preliminary assessment of information currently available to the Board, the Board therefore proposed to revise and increase the Existing Annual Caps of commission fee income for both financial years ending 31 December 2021 and 31 December 2022 as set out below:

<u>Financial years ending</u>	<u>Existing Annual Caps (HK\$)</u>	<u>Revised Annual Caps (HK\$)</u>
31 December 2021	5.0 millions	10.0 millions
31 December 2022	5.0 millions	15.0 millions

The Revised Annual Caps of commission fee income are determined with reference to:

- 1) the historical level of marketing services of products provided by CACT to PRT and commission fee income earned by CACT during the period from 1 January to 31 May 2021;
- 2) the anticipated volume of marketing services of PRT’s products to be provided by CACT to PRT and the corresponding commission fee income expected to be paid by PRT for the rest of the financial year ending 31 December 2021 and the whole calendar year of the financial year ending 31 December 2022;

- 3) increase in demand for PRT's products due to improvement of market conditions in the first 5 months of 2021 and the expectation in continued improvements in market conditions following the recovery of global economies post the COVID-19 pandemic; and
- 4) the increase in production capacities of the end users of PRT's products.

As at the date of this announcement, the transaction amount of the continuing connected transaction under the Agency Fee Agreement has not exceeded the Existing Annual Cap. If any of the Revised Annual Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

The Board has been closely monitoring the demands of PRT's products. Based on the historical commission fee income earned during the period from 1 January to 31 May 2021, the Directors anticipated that there will be an increase in the marketing services volume and therefore the Existing Annual Caps should be revised upward accordingly. The Directors believed that the Revised Annual Caps allow the Group to increase commission income from PRT which will benefit the Group and the Shareholders as a whole.

DIRECTORS' CONFIRMATION

The Directors (including 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 2021 Agency Fee Agreement allows CACT to continue providing marketing services to PRT during the year ending 31 December 2021.

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 2021 Agency Fee Agreement is in the ordinary and usual course of business of the Group and believe that the terms of the 2021 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 2021 Agency Fee Agreement, and accordingly none of such Directors was required to abstain from voting on the resolutions in relation to the 2021 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 2021 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 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 Revised Annual 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 2021 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

"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
“Existing Annual Caps”	the existing annual cap amounts for the financial years ending 31 December 2021 and 31 December 2022, respectively as stated in the section headed “THE EXISTING AND REVISED ANNUAL AMOUNTS OF COMMISSION FEE INCOME” in this announcement and in the announcement dated 15 September 2020
“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
“Revised Annual Caps”	the revised annual cap amounts for the financial years ending 31 December 2021 and 31 December 2022, respectively as stated in the section headed “THE EXISTING AND REVISED ANNUAL AMOUNTS OF COMMISSION FEE INCOME” in this announcement
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) 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, 8 June 2021

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