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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO LEASING OF OFFICE PREMISE AND CAR PARK SPACES AND ENTERING INTO CONNECTED TRANSACTIONS IN RELATION TO LEASING OF OFFICE PREMISE AND CAR PARK SPACES

BACKGROUND

Reference is made to the announcements of the Company dated 5 May 2021, among other things, in relation to continuing connected transactions and non-compliance with the Listing Rules on the Lease Agreement and the Car Park Licence Agreement.

The aggregated amount of both fees paid and payable by CRA for both the Lease Agreement and the Car Park Licence Agreement to CITIC House was higher than 0.1% but less than 5% of the applicable Percentage Ratios. They would subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules; and they constituted non-compliance of the maximum three-year term for the requirement of a continuing connected transaction pursuant to rule 14A.52 of the Listing Rules.

To remedy the non-compliance of the Listing Rules, on 30 June 2021, after trading hours, the Termination Deed to early terminate the Lease Agreement and the Car Park Licence Agreement was executed. At the same time, the New Lease Agreement and the New Car Park Licence Agreement between CRA and CITIC House were entered into, between CRA and CITIC House in order to re comply with the Listing Rules.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Group recognised the execution of the Termination Deed as a disposal of right-of-use of assets in its consolidated statement of financial position; and the execution of the New Lease Agreement and the New Car Park Licence Agreement with CITIC House for a term of two years and three months as acquisitions of right-of-use of assets in its consolidated statement of financial position.

As the applicable percentage ratio (as defined in the Listing Rules) calculated based on the remaining right-of-use of asset was higher than 0.1% but less than 5% upon the execution of Termination Deed, it would subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the aggregate value of acquisitions of a right-of-use of assets from executions of the New Lease Agreement and the New Car Par Licence Agreement were higher than 0.1% but less than 5% of the applicable Percentage Ratios, they would 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 announcement (the “**Announcement**”) of the Company dated 5 May 2021, among other things, in relation to continuing connected transactions and non-compliance with the Listing Rules. Unless otherwise specified, capitalized terms used in the Announcement shall have the same meanings as defined in this announcement.

On 22 December 2016, a 7-year lease agreement (the “**Lease Agreement**”) from 1 October 2016 to 30 September 2023, was entered into between CRA (a subsidiary of the Company and an indirect subsidiary of CITIC Group) as tenant and CITIC House (a subsidiary of CITIC Limited and an indirect subsidiary of CITIC Group) as landlord, for office premises at levels 7 and 8, 99 King Street, Melbourne, Australia and a concurrent 7-year car park licence agreement (“**Car Park Licence Agreement**”) from 1 October 2016 to 30 September 2023, were entered into between CRA as licensee and CITIC House as licensor for 9 car parking spaces at 99 King Street, Melbourne, Australia. The ultimate controlling shareholder of both CRA and CITIC House is CITIC Group, a connected person of the Company and therefore, payments under the Lease Agreement and the Car Park Licence Agreement constitute continuing connected transactions of the Company.

As disclosed in the Announcement, the aggregated amount of fees paid and payable under the Lease Agreement and the Car Park Licence Agreement to CITIC House was higher than 0.1% but less than 5% of the applicable Percentage Ratios, they would subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules; and they constituted non-compliance of the maximum three-year term for the requirement of a continuing connected transaction pursuant to rule 14A.52 of the Listing Rules.

To remedy the non-compliance of the Listing Rules, on 30 June 2021, after trading hours, the Lease Agreement and the Car Park Licence Agreement between CRA and CITIC House, were early terminated by execution of the Termination Deed. At the same time, the New Lease Agreement and the New Car Park Licence Agreement, complying with the Listing Rules, between CRA and CITIC House, were entered into between CRA and CITIC House.

1) EARLY TERMINATION OF THE LEASE AGREEMENT AND THE CAR PARK LICENCE AGREEMENT

To remedy the non-compliance of the Listing Rules, on 30 June 2021, after trading hours, a deed of surrender of lease ("**Termination Deed**") were executed between CRA and CITIC House pursuant to which the Lease Agreement and the Car Park Licence Agreement were early terminated on 30 June 2021, prior to the expiration date on 23 September 2023 of both the Lease Agreement and the Car Park Licence Agreement. CRA had been released from any obligations under the Lease Agreement and the Car Park Licence Agreement, and CRA released CITIC House from all liability, claims, demands, charges, costs and expenses in connection with the Lease Agreement and the Car Park Licence Agreement.

Implications under the Listing Rules and the financial report

Pursuant to HKFRS 16, the Group will recognise a disposal of a right-of-use of assets of an approximately US\$1.274 millions (equivalent to approximately HK\$9.94 millions) as of 30 June 2021 in its consolidated statement of financial position for the period ended 30 June 2021 and for the year ending 31 December 2021, for the execution of the Termination Deed. There would be an estimated unaudited gain on disposal before tax of approximately US\$0.164 millions (equivalent to approximately HK\$1.28 millions) to be recognized upon the execution of the Termination Deed for the period ended 30 June 2021 and the year ending 31 December 2021. The actual amounts of both the disposal of a right-of-use of assets and the gain on disposal before tax arising from the execution of the Termination Deed to be recognised by the Group for the year ending 31 December 2021 will be subject to final audit by the Company's auditors.

The Termination Deed constituted a connected transaction pursuant to chapter 14A of Listing Rules.

As the applicable percentage ratio (as defined in the Listing Rules) calculated based on the remaining right-of-use of assets was higher than 0.1% but less than 5% for the execution of Termination Deed, it would be subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Directors' confirmation

Directors are of the view that the entering into the Termination Deed will not cause any material adverse effect on the operation, business and financial position of the Group, as the New Lease Agreement and the New Car Park Licence Agreement will be entered into between CRA and CITIC House in compliance with chapter 14A of the Listing Rules per below.

The Board confirmed that none of the Directors had any material interest in the Termination Deed. Accordingly, none of such Directors was required to abstain from voting on the resolutions in relation to the execution of the Termination Deed.

2) ENTERING INTO CONNECTED TRANSACTIONS IN RELATION TO LEASING OF OFFICE PREMISE AND CAR PARK SPACES

On 30 June 2021, after trading hours, the following two agreements were executed between CRA and CITIC House.

The New Leasing Agreement

Date: 30 June 2021

Landlord: CITIC House

Tenant: CRA

Premises: Levels 7 and 8, 99 King Street, Melbourne, Australia

Usage: Office premises

Term of the lease: Two (2) years and three (3) months, commencing on 1 July 2021 and expiring on 30 September 2023 (both days inclusive)

Rent: A\$51,287.37 plus GST (equivalent to approximately HK\$307,724) per month with a fixed increment of 3.5% per annum on 1st October of each year

Payment terms: Monthly in advance by cash

The New Car Park Licence Agreement

Date: 30 June 2021

Licensor: CITIC House

Licensee: CRA

Premises: Car parking spaces 22, 23, 24, 25, 26, 27, 28, 39 and 40 at 99 King Street, Melbourne, Australia

Usage: Parking motor vehicles

Term of the lease: Two (2) years and three (3) months, commencing on 1 July 2021 and expiring on 30 September 2023 (both days inclusive)

Rent: A\$4,647.42 plus GST (equivalent to approximately HK\$27,885) per month for nine (9) car parking spaces with a fixed increment of 3.5% per annum on 1st October of each year

Payment terms: Monthly in advance by cash

Reasons for and benefits of the New Lease Agreement and the New Car Park Licence Agreement

In respect of the New Lease Agreement (together with the New Car Park Licence Agreement), the Company considers that the lease and licence arrangements contemplated thereunder can provide CRA and the Group with necessary office and premises to satisfy its daily business operation needs, which will also strengthen its operation and management capacity.

The terms of the New Lease Agreement and the New Car Park Licence Agreement were arrived after arm's length negotiations between CRA and CITIC House, by primarily based on (a) terms of the Lease Agreement and the Car Park Licence Agreement; and (b) a recent transaction entered into with an independent third party tenant of CITIC House.

Directors' confirmation

The Directors (including the independent non-executive Directors) believe that the New Lease Agreement and the New Car Park Licence Agreement were conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the them are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board confirmed that none of the Directors was had any materials interest in the New Lease Agreement and the New Car Park Licence Agreement. Accordingly none of such Directors was required to abstain from voting on the resolutions in relation to the execution of the New Lease Agreement and the New Car Park Licence Agreement.

Implications under the Listing Rules

Pursuant to HKFRS 16, the Group will recognise a right-of-use of assets in its consolidated statement of financial position in respect of (i) the lease of office premises under the New Lease Agreement and (ii) licence of use of car parking spaces under the New Car Park Licence Agreement, with the aggregate value of approximately US\$1.274 millions (equivalent to approximately HK\$9.94 millions), which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

The above-stated right-of-use of assets represents its right to use the underlying leased assets and licenced assets over the terms and the lease liabilities represent its obligation to make lease and licence payments (i.e. the rent). The assets and the liabilities arising are initially measured on present value basis and calculated by discounting the non-cancellable lease and licence payments under the New Lease Agreement and New Car Park License Agreement, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use of assets, and (ii) interest expenses amortised from the lease liabilities over the lease term.

Shareholders should note that the above mentioned figures are unaudited and the actual amount acquisition of the right-of-use of asset arising from the execution of the New Lease Agreement and the New Car Park Licence Agreement to be recognised by the Group for the period ended 30 June 2021, and the year ending 31 December 2021 will be subject to final audit by the Company's auditors.

As the aggregate value of acquisition of the right-of-use of assets from executions of the New Lease Agreement and the New Car Par Licence Agreement were higher than 0.1% but less than 5% of the applicable Percentage Ratios, they would subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 CRA

CRA is a limited company incorporated in the State of Victoria, Australia and is principally engaged in holding and managing the various business operations and investments of the Group in Australia. CRA is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON CITIC HOUSE

CITIC House is a limited company incorporated in the State of Victoria, Australia and is principally engaged in property investment. CITIC House is an indirect wholly-owned subsidiary of CITIC Limited.

DEFINITIONS

“A\$”	Australian dollar, the lawful currency of Australia
“Board”	the board of Directors
“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 House”	CITIC House Pty Ltd, a company incorporated in the State of Victoria, Australia with limited liability.

“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
“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
“CRA”	CITIC Resources Australia Pty Ltd, a subsidiary of the Company
“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
“GST”	Goods and services tax on most goods, services and other items sold or consumed in Melbourne, Australia; As of the date of this announcement, the prevailing rate was 10% of the value of goods and services sold or consumed
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“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
“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

“US\$”

United States dollars, the lawful currency for the United States of America

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

Hong Kong, 30 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.