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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)

MAJOR TRANSACTION DISPOSAL OF LISTED SECURITIES

INTRODUCTION

The Board announces that on 29 October 2020, the Company, through one of its subsidiaries, entered into the SPAs with the Purchasers for the disposal of an aggregate of 1,179,000,000 Target Shares, representing approximately 34.39% of the issued share capital of CITIC Dameng as at the date of this announcement, at a sale price of HK\$0.92 per Target Share for a total consideration of approximately HK\$1,084,680,000.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Disposals under SPA I and SPA II are required to be aggregated. As one or more of the applicable percentage ratios in respect of the Disposals calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposals constitute a major transaction of the Company, and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Disposals. Thus, if the Company were to convene a general meeting to approve the Disposals, no Shareholder is required to abstain from voting on the resolutions in relation to the Disposals.

The Board is pleased to announce that, in relation to written approval in lieu of holding a general meeting in respect of the Disposals, it obtained the shareholders' approval from CITIC Australia Pty Limited and Keentech Group Limited (a closely allied group of shareholders which together hold 4,645,497,697 shares, representing approximately 59.12% of the total issued share capital of the Company as at the date of this announcement).

As the conditions set out in Rule 14.44 of the Listing Rules are satisfied, no general meeting in respect of approving the Disposals will be convened by the Company pursuant to Rule 14.44 of the Listing Rules. A circular in relation to the Disposals and other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders, for information only, on or before 19 November 2020.

INTRODUCTION

The Board announces that on 29 October 2020, the Company, through one of its subsidiaries, entered into the SPAs with the Purchasers for the disposal of an aggregate of 1,179,000,000 Target Shares, representing approximately 34.39% of the issued share capital of CITIC Dameng as at the date of this announcement, at a sale price of HK\$0.92 per Target Share for a total consideration of approximately HK\$1,084,680,000.

The principal terms of the SPAs are set out below:

SPA I

On 29 October 2020 (after trading hours), Highkeen, a subsidiary of the Company, as the Vendor, has entered into the SPA I with the Purchaser I for the sale and purchase of 994,260,000 shares of CITIC Dameng.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both the Purchaser I and its ultimate beneficial owner Mr. Sun Mingwen (孫明文) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

1. Transfer Subject

The transfer subject includes an aggregate of 994,260,000 shares of CITIC Dameng, representing approximately 29.00% of the issued share capital of CITIC Dameng as at the date of this announcement, and all rights attributable to such shares on the date on which the SPA I is executed or thereafter, free from any encumbrances whatsoever.

2. Consideration

Under the terms of the SPA I, the initial purchase price per share of the Target Shares under the SPA I shall be HK\$0.92 per share, with the initial purchase price per share not lower than the net asset value of shares of CITIC Dameng as determined by its financial statements as at 30 September 2019. Accordingly, the initial purchase price of each Target Share under the SPA I shall be HK\$0.92. A mechanism of "purchase price adjustment", in the event that the share price of CITIC Dameng fluctuates on the date of execution of the SPA I, was established between the Vendor and the Purchaser I. As such mechanism was not triggered, the Vendor and the Purchaser I agreed that the final purchase price of each Target Share under the SPA I shall be HK\$0.92.

3. Conditions Precedent

3.1 The prerequisite of the completion of the SPA I (the “**Completion**”) is that each of the following condition precedent has to be satisfied (or waived by both parties upon written consent) during the Completion Period (as defined below):

- (i) the Vendor obtaining the formal approvals from its Board and at the shareholders’ meeting in respect of the transfer of the Target Shares under the SPA I and the execution and performance of the SPA I; and
- (ii) shareholders of CITIC Dameng passing a special resolution to approve the change of name of CITIC Dameng at the extraordinary general meeting.

3.2 Non-fulfilment of the conditions precedent

In the event that any of the conditions precedent has not been fulfilled (or waived by both parties upon written consent) during the Completion Period, the Vendor is entitled to issue a written notice to the Purchaser I in order to terminate the transfer of the Target Shares under the SPA I as well as the SPA I, and such terminations shall take effect immediately.

4. Completion

The Completion Period

The completion period refers to the two (2) months following the date on which the Vendor issues a written notice to the Purchaser I informing an initial internal approval from the Vendor group for the transfer under the SPA I. In view the Purchaser I confirmed its receipt of the abovementioned notice issued by the Vendor on 27 October 2020, the completion period for the transfer under the SPA I shall be between 27 October 2020 and 26 December 2020 (the “**Completion Period**”).

The Completion Date

The date of completion (the “**Completion Date**”) shall be 17 December 2020 or any other date which the Purchaser I and the Vendor otherwise agree in writing on which the shares of CITIC Dameng can be traded on the Stock Exchange (a “**Trading Day**”) within the Completion Period.

5. Post-Completion Undertaking

The Purchaser I agrees and undertakes to the Vendor that:

- (i) the Purchaser I will (and will procure its securities dealer to) take all necessary acts (including all acts reasonably requested by the Vendor and/or its securities dealer) to assist the Vendor and its securities dealer in effecting the registration of the transfer of the Target Shares under the SPA I with the Central Clearing and Settlement System in Hong Kong on the Completion Date and until the completion of the registration.

- (ii) the Purchaser I will (and will procure each Dameng Group Company to) use its best efforts, within three (3) months following the Completion, to complete the change of names of the Dameng Group Companies so that the name of each Dameng Group Company will no longer carries the name or logo of “中信” or “CITIC”, and ensure that each Dameng Group Company no longer uses any CITIC trademark thereafter.
- (iii) During the period from the Completion Date to the date on which the aforementioned name change is effected, the Purchaser I will (and will procure each Dameng Group Company to) use the CITIC trademark only in ways it is accustomed to before the Completion Date, and only for those having commercial purposes before the Completion Date (the “**Permitted Scope of Uses**”), and not use or dispose of the CITIC trademark in any way beyond the Permitted Scope of Uses.
- (iv) If the Purchaser I breaches sections (ii) and/or (iii) of the above post-completion undertakings, it shall (and shall procure each Dameng Group Company), upon request of the Vendor to (a) complete the change of names as soon as possible and cease the relevant trademark infringement immediately, and (b) pay a penalty of HK\$10 million (10,000,000) to the Vendor or, under the terms of the SPA I, compensate the Vendor in accordance with the terms of the SPA I for all economic losses suffered by the Vendor and/or its related parties due to the breach, whichever is the higher. For the avoidance of doubt, (1) the penalty paid by the Purchaser I according to (b) of this section shall, under no circumstance, limit, affect or diminish other compensation to which the Vendor and/or its related parties are entitled according to this section; and (2) the penalty paid by the Purchaser I according to (b) of this section shall, under no circumstances, limit, affect or diminish the obligations the Purchaser I shall perform according to (a) of this section.
- (v) the Purchaser I will (and will procure each Dameng Group Company to) perform its relevant duties as stipulated in its letter of undertaking regarding the arrangement of the business and employees of CITIC Dameng and its controlled subsidiaries in respect of the period of one year from the date of signing of the SPA I.
- (vi) the Purchaser I shall not (and shall procure shareholders and de facto controller of the Purchaser I not to) directly or indirectly, sell, transfer or assign the beneficial title of any Target Shares under the SPA I to the following persons or entities, encumber in favour of the following persons or entities the beneficial title of any Target Shares under the SPA I, or otherwise dispose of the beneficial title of any Target Shares under the SPA I, or agree or undertake to do so:
 - (a) any person who is a director or member of senior management of CITIC Dameng on the Completion Date or during the twelve (12) months before the Completion Date, including his or her close associates (as defined under the Listing Rules); or
 - (b) any of Guangxi Jinmeng Manganese Limited Company (廣西金孟錳業有限公司), Dushan Jinmeng Manganese Limited Company (獨山金孟錳業有限公司), Qinzhou City Jincheng Manganese Limited Company (欽州市金鋇錳業有限公司) or its related parties.

SPA II

On 29 October 2020 (after trading hours), Highkeen, a subsidiary of the Company, as the Vendor, has entered into the SPA II with the Purchaser II for the sale and purchase of 184,740,000 shares of CITIC Dameng.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both the Purchaser II and its ultimate beneficial owner Mr. Ma Xuedong (馬雪東) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

1. Transfer Subject

The transfer subject includes an aggregate of 184,740,000 shares of CITIC Dameng, representing approximately 5.39% of the issued share capital of CITIC Dameng as at the date of this announcement, and all rights attributable to such shares on the date on which the SPA II is executed or thereafter, free from any encumbrances whatsoever.

2. Consideration

Under the terms of the SPA II, the initial purchase price per share of the Target Shares under the SPA II shall be HK\$0.92 per share, with the initial purchase price per share not lower than the net asset value of shares of CITIC Dameng as determined by its financial statements as at 30 September 2019. Accordingly, the initial purchase price of each Target Share under the SPA II shall be HK\$0.92. A mechanism of "purchase price adjustment", in the event that the share price of CITIC Dameng fluctuates on the date of execution of the SPA II, was established between the Vendor and the Purchaser II. As such mechanism was not triggered, the Vendor and the Purchaser II agreed that the final purchase price of each Target Share under the SPA II shall be HK\$0.92.

3. Conditions Precedent

3.1 The prerequisite of the completion of the SPA II (the "**Completion**") is that each of the following condition precedent has to be satisfied (or waived by both parties upon written consent) during the Completion Period (as defined below):

- (i) the Vendor obtaining the formal approvals from its Board and at the shareholders' meeting in respect of the transfer of the Target Shares under the SPA II and the execution and performance of the SPA II; and
- (ii) shareholders of CITIC Dameng passing a special resolution to approve the change of name of CITIC Dameng at the extraordinary general meeting.

3.2 Non-fulfilment of the conditions precedent

In the event that any of the conditions precedent has not been fulfilled (or waived by both parties upon written consent) during the Completion Period, the Vendor is entitled to issue a written notice to the Purchaser II in order to terminate the transfer of the Target Shares under the SPA II as well as the SPA II, and such terminations shall take effect immediately.

4. Completion

The Completion Period

The completion period refers to the two (2) months following the date on which the Vendor issues a written notice to the Purchaser II informing an initial internal approval from the Vendor group for the transfer under the SPA II. In view the Purchaser II confirmed its receipt of the abovementioned notice issued by the Vendor on 27 October 2020, the completion period for the transfer under the SPA II shall be between 27 October 2020 and 26 December 2020 (the “**Completion Period**”).

The Completion Date

The date of completion (the “**Completion Date**”) shall be 17 December 2020 or any other date which the Purchaser II and the Vendor otherwise agree in writing on which the shares of CITIC Dameng can be traded on the Stock Exchange (a “**Trading Day**”) within the Completion Period.

5. Post-Completion Undertaking

The Purchaser II agrees and undertakes to the Vendor that:

- (i) the Purchaser II will (and will procure its securities dealer to) take all necessary acts (including all acts reasonably requested by the Vendor and/or its securities dealer) to assist the Vendor and its securities dealer in effecting the registration of the transfer of the Target Shares under the SPA II with the Central Clearing and Settlement System in Hong Kong on the Completion Date and until the completion of the registration.
- (ii) the Purchaser II will (and will procure each Dameng Group Company to) use its best efforts, within three (3) months following the Completion, to complete the change of names of the Dameng Group Companies so that the name of each Dameng Group Company will no longer carries the name or logo of “中信” or “CITIC”, and ensure that each Dameng Group Company no longer uses any CITIC trademark thereafter .
- (iii) During the period from the Completion Date to the date on which the aforementioned name change is effected, the Purchaser II will (and will procure each Dameng Group Company to) use the CITIC trademark only in ways it is accustomed to before the Completion Date, and only for those having commercial purposes before the Completion Date (the “**Permitted Scope of Uses**”), and not use or dispose of the CITIC trademark in any way beyond the Permitted Scope of Uses.

- (iv) If the Purchaser II breaches sections (ii) and/or (iii) of the above post-completion undertakings, it shall (and shall procure each Dameng Group Company), upon request of the Vendor to (a) complete the change of names as soon as possible and cease the relevant trademark infringement immediately, and (b) pay a penalty of HK\$10 million (10,000,000) to the Vendor or, under the terms of the SPA II, compensate the Vendor in accordance with the terms of the SPA II for all economic losses suffered by the Vendor and/or its related parties due to the breach, whichever is the higher. For the avoidance of doubt, (1) the penalty paid by the Purchaser II according to (b) of this section shall, under no circumstance, limit, affect or diminish other compensation to which the Vendor and/or its related parties are entitled according to this section; and (2) the penalty paid by the Purchaser II according to (b) of this section; shall, under no circumstances, limit, affect or diminish the obligations the Purchaser II shall perform according to (a) of this section.
- (v) the Purchaser II shall not (and shall procure shareholders and de facto controller of the Purchaser II not to) directly or indirectly, sell, transfer or assign the beneficial title of any Target Shares under the SPA II to the following persons or entities, encumber in favour of the following persons or entities the beneficial title of any Target Shares under the SPA II, or otherwise dispose of the beneficial title of any Target Shares under the SPA II, or agree or undertake to do so:
- (a) any person who is a director or member of senior management of CITIC Dameng on the Completion Date or during the twelve (12) months before the Completion Date, including his or her close associates (as defined under the Listing Rules); or
- (b) any of Guangxi Jinmeng Manganese Limited Company (廣西金孟錳業有限公司), Dushan Jinmeng Manganese Limited Company (獨山金孟錳業有限公司), Qinzhou City Jincheng Manganese Limited Company (欽州市金鋇錳業有限公司) or its related parties.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The long-lasting of outbreak of the COVID-19 since end of January 2020 led to a large variety of anti-epidemic measures, including full or partial lockdown such as restriction of road and air travel, suspension of schooling and work from home arrangements, implemented by countries around the globe. Global energy demands including crude oil had plummeted during the Period. The global economy recovery is likely to be uncertain and slow as recent COVID-19 re-emerging threatens to disrupt the operation of businesses and reduce consumer spending.

As per our interim report for the period ended 30 June 2020 (the “**Period**”), in comparing to the same period of last year, the average Dated Brent and Platts Dubai crude oil prices slump by 40% and 38% to US\$39.8 per barrel and US\$40.6 per barrel, respectively. Revenue of the Group dropped by 32% year-on-year and two out of four business segments recorded segment losses in the Period. The Group recorded a loss attributable to shareholders of HK\$430.8 million in the Period as comparing to a net profit attributable to shareholders of HK\$381.1 million in the same period of last year.

Taking into consideration of the aforesaid and the terms of the SPAs were determined after arm's length negotiations among the Company, Purchaser I and Purchaser II thereto, the Directors consider that the terms of the Disposals are in the interest of the Company and the Shareholders as a whole.

Upon completion of the Disposals, an unaudited gain before tax on the Disposals in consolidated income statement of the Company might partially naturalize the negative financial performance of the Company as above stated and the proceeds from the Disposals can replenish the cash flow of the Company.

FINANCIAL EFFECT OF THE DISPOSALS AND INTENDED USE OF PROCEEDS

Upon completion of the Disposals, CITIC Dameng will cease to be an associate of the Vendor and the Vendor will cease to hold directly any interest in CITIC Dameng. Subject to and upon the completion of the Disposals, the Group is expected to recognise an estimated unaudited gain before tax on the Disposals in its consolidated income statement of approximately HK\$102.2 million arising from the Disposals, which is calculated as the difference between (i) the Consideration and (ii) the aggregate of (a) the estimated unaudited net asset value of the Target Company as an investment in associate accounted for using the equity method as at 30 September 2020; (b) written off of net receivable; and (c) the estimated expenses and stamp duty in connection with the Disposals.

The actual amount of gain arising from the Disposals to be recognised by the Group will be subject to final audit by the Company's auditors and will be assessed after the completion of the Disposals.

The Directors expect that a net proceed of approximately HK\$1,060 million from the Disposals after deducting the expenses directly attributable thereto will be used for replenishment of general working capital of the Group.

INFORMATION ON THE COMPANY

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

INFORMATION ON HIGHKEEN

Highkeen is a company incorporated under the laws of the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company and the direct shareholder of CITIC Dameng.

INFORMATION ON CITIC DAMENG

CITIC Dameng is a company incorporated under the laws of Bermuda Islands with limited liability and is listed on the Stock Exchange (Stock Code: HK.01091).

As disclosed in the annual report of CITIC Dameng for the year ended 31 December 2019, CITIC Dameng is an investment holding company, and its principal activities are manganese mining and ore processing in the PRC and Gabon and downstream processing operations in the PRC, as well as trading of manganese ores, manganese alloy and related raw materials.

FINANCIAL INFORMATION OF CITIC DAMENG

Pursuant to the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, the audited consolidated financial results of CITIC Dameng for the years ended 31 December 2019 and 31 December 2018 are as follows:

	For the year ended 31 December 2019 HK\$'000	For the year ended 31 December 2018 HK\$'000
Profit before taxation	(217,166)	343,985
Profit after taxation	(233,998)	336,855

As at 31 December 2019 and 31 December 2018, the audited consolidated net assets of CITIC Dameng were HK\$2,838,426,000 and HK\$3,166,483,000 respectively.

INFORMATION ON PURCHASER I

Purchaser I is a company incorporated under the laws of the British Virgin Islands with limited liability. It is primarily engaged in investment holding business.

INFORMATION ON PURCHASER II

Purchaser II is a company incorporated under the laws of the British Virgin Islands with limited liability. It is primarily engaged in investment business in Hong Kong's stock market.

Based on the information provided by the Purchaser I and the Purchaser II, nothing came to the Directors' attention that caused them to believe that the Purchaser I and the Purchaser II act in a concert party relationship.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Disposals under SPA I and SPA II are required to be aggregated. As one or more of the applicable percentage ratios in respect of the Disposals calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the Disposals constitute a major transaction of the Company, and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Disposals. Thus, if the Company were to convene a general meeting to approve the Disposals, no Shareholder is required to abstain from voting on the resolutions in relation to the Disposals.

The Board is pleased to announce that, in relation to written approval in lieu of holding a general meeting in respect of the Disposals, it obtained the shareholders' approval from CITIC Australia Pty Limited and Keentech Group Limited (a closely allied group of shareholders which together hold 4,645,497,697 shares, representing approximately 59.12% of the total issued share capital of the Company as at the date of this announcement).

As the conditions set out in Rule 14.44 of the Listing Rules are satisfied, no general meeting in respect of approving the Disposals will be convened by the Company pursuant to Rule 14.44 of the Listing Rules. A circular in relation to the Disposals and other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders, for information only, on or before 19 November 2020.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“CITIC Dameng”	CITIC Dameng Holdings Limited, a company incorporated in Bermuda with limited liability and is listed on the Main Board of the Stock Exchange (Stock Code: 1091). CITIC Dameng is an associated company of the Group, and the Group is the single largest shareholder of CITIC Dameng.
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange
“COVID-19”	Coronavirus disease 2019
“Dameng Group Company”	CITIC Dameng and any subsidiary of CITIC Dameng
“Director(s)”	the director(s) of the Company
“Disposals”	the disposal of the Target Shares according to SPA I and the disposal of the Target Shares according to SPA II collectively
“Group”	the Company and its subsidiaries
“Highkeen” or the “Vendor”	Highkeen Resources Limited, a company incorporated in the British Virgin Islands with limited liability and which is wholly owned by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchasers”	Purchaser I and Purchaser II collectively
“Purchaser I”	Youfu Investment Co., Ltd (優福投資有限公司)
“Purchaser II”	Fengxiang Investment Co., Ltd (豐翔投資有限公司)
“SPAs”	SPA I and SPA II collectively
“SPA I”	the sale and purchase agreement entered into between Highkeen Resources Limited and Purchaser I on 29 October 2020 in respect of the sale and purchase of 994,260,000 shares of CITIC Dameng
“SPA II”	the sale and purchase agreement entered into between Highkeen Resources Limited and Purchaser II on 29 October 2020 in respect of the sale and purchase of 184,740,000 shares of CITIC Dameng
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Share(s)”	Target Share(s) under SPA I and Target Shares under SPA II collectively
“Target Shares under SPA I”	a total of 994,260,000 shares of CITIC Dameng, representing approximately 29.00% of the total issued share capital of CITIC Dameng as at the date of the announcement
“Target Shares under SPA II”	a total of 184,740,000 shares of CITIC Dameng, representing approximately 5.39% of the total issued share capital of CITIC Dameng as at the date of the announcement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 29 October 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.