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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 AND NON-COMPLIANCE WITH THE LISTING RULES

BACKGROUND

In or around March 2020, in response to a proposal to enhance treasury arrangement between the Company and CITIC Group (the Company's controlling shareholder), the Company explored the feasibility of increasing the amount of deposits to be placed with CITIC Finance to a level which might trigger disclosure requirements under Chapter 14A of the Listing Rules. To prepare for an announcement in respect of the proposed transaction and assess the full extent of deposits placed with entities under the CITIC Group, the Cash Deposits Review was carried out.

During the course of the Cash Deposits Review, the Company noted that companies comprising the Group had maintained various bank accounts with CITIC Bank over a substantial period of time, and that the cash deposits placed in these bank accounts during the relevant times might constitute non-exempt continuing connected transactions for the purposes of Chapter 14A of the Listing Rules. In this regard, the Company has found no record that such transactions were announced by the Company or otherwise approved by the shareholders of the Company, and hence may constitute non-compliance with the Listing Rules.

The Company accordingly began its investigations on the Cash Deposits Transactions with a focus on the immediate antecedent 11-year period from 2010 to 2020 (both inclusive).

In addition, the Company undertook the Full Scale Review to identify any other non-compliance incidents relating to connected or continuing connected transactions between 2016 and 2020.

CONTINUING CONNECTED TRANSACTIONS RELATING TO CASH DEPOSITS MAINTAINED BY THE GROUP WITH THE CITIC FINANCIAL INSTITUTIONS

Based on the preliminary findings of the Company's investigations and the Full Scale Review, it was found that, among other things, members of the Group placed and maintained cash deposits at more than 30 accounts at CITIC Bank and, beginning from December 2019, at an account at CITIC Finance, in their ordinary and usual course of business, which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

OTHER CONTINUING CONNECTED TRANSACTIONS

The Full Scale Review further revealed that there were a number of connected or continuing connected transactions conducted between the Group and CITIC Group and its subsidiaries (other than the Cash Deposits Transactions), which may have contravened certain requirements under Chapter 14A of the Listing Rules, comprising (i) the Term Loan Facility Agreement; (ii) the Lease Agreement (together with the Car Park Licence Agreements); and (iii) the Agency Fee Agreements.

LISTING RULES IMPLICATIONS

CITIC Group, through its interest in CITIC Limited's wholly-owned subsidiaries, controls 4,675,605,697 Shares representing 59.50% of all Shares in issue as at the date of this announcement. CITIC Group is, and was at the relevant time, the controlling shareholder of the Company.

Cash Deposits Transactions

Since both CITIC Finance and CITIC Bank are subsidiaries of CITIC Group, the Cash Deposits Transactions would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the aggregate maximum daily balance of deposits placed and maintained by the Group with the CITIC Financial Institutions, as the highest of the applicable percentage ratios in respect of each of the Cash Deposits Transactions was more than 0.1% but less than 5%, all the Cash Deposits Transactions were subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. For three years during the said 11-year period, namely the years ended 31 December 2010, 2012 and 2015, as the highest of the applicable percentage ratios in respect of certain Cash Deposits Transactions was 5% or more, such Cash Deposits Transactions were also subject to independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the Company has found no record that the Cash Deposits Transactions were announced by the Company or otherwise approved by the shareholders of the Company, therefore the Cash Deposits Transactions constitute non-compliance with the applicable compliance requirements under Chapter 14A of the Listing Rules.

Other Transactions

Since all the counterparties of the Other Transactions are subsidiaries of CITIC Group, the Other Transactions would constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Such transactions constitute non-compliance with the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and/or the maximum three-year term requirement under Rule 14A.52 of the Listing Rules.

BACKGROUND

In or around March 2020, in response to a proposal to enhance treasury arrangement between the Company and CITIC Group (the Company's controlling shareholder), the Company explored the feasibility of increasing the amount of deposits to be placed with CITIC Finance to a level which might trigger disclosure requirements under Chapter 14A of the Listing Rules. To prepare for an announcement in respect of the proposed transaction and assess the full extent of deposits placed with entities under the CITIC Group, an internal review (the "**Cash Deposits Review**") of the historical and prevailing cash deposits transactions conducted between the Group and CITIC Group and its subsidiaries was carried out.

During the course of the Cash Deposits Review, the Company noted that companies comprising the Group had maintained various bank accounts with CITIC Bank over a substantial period of time, and that the cash deposits placed in these bank accounts during the relevant times might constitute non-exempt continuing connected transactions for the purposes of Chapter 14A of the Listing Rules. In this regard, the Company has found no record that such transactions were announced by the Company or otherwise approved by the shareholders of the Company, and hence may constitute non-compliance with the Listing Rules.

At or around the same time of realising the above-mentioned non-compliance incidents, the Company discovered that funds had been transferred between the Group's accounts at CITIC Bank and the Group's accounts at third party banks, with such transfers being executed more frequently and typically at or around half-financial year ends (30 June) and financial year ends (31 December) (the "**Arrangement**"). As a result of the implementation of the Initial Remedial Measures (including but not limited to the closure of bank accounts maintained at CITIC Bank, and the transfer of cash balance from/to the bank accounts maintained at CITIC Bank to/from third party banks), the Arrangement ceased as from December 2020. Further details of the Initial Remedial Measures are disclosed in the paragraph headed "Remedial Measures — Initial Remedial Measures" below.

The Company accordingly began its investigations on the Cash Deposits Transactions. While the placing of deposits with the CITIC Bank by the Group dated as far back as 2001, the Company noted that it would require a substantial amount of time and resources to retrieve all relevant records, in particular where certain earlier records are in paper form only. Accordingly, to avoid delays in making this announcement, the Company focused its investigation on the immediate antecedent 11-year period from 2010 to 2020 (both inclusive).

In addition, the Company undertook a comprehensive, thorough, Group-wide internal compliance review exercise ("**Full Scale Review**") to identify any other non-compliance incidents relating to connected or continuing connected transactions between 2016 and 2020.

CONTINUING CONNECTED TRANSACTIONS RELATING TO CASH DEPOSITS MAINTAINED BY THE GROUP WITH THE CITIC FINANCIAL INSTITUTIONS

Based on the preliminary findings of the Company's investigations and the Full Scale Review, it was found that, among other things, members of the Group placed and maintained cash deposits at more than 30 accounts at CITIC Bank and, beginning from December 2019, at an account at CITIC Finance, in their ordinary and usual course of business (the "**Cash Deposits Transactions**"), which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The aggregate amount of maximum daily balance of cash deposits (including interests accrued thereon) maintained by the Group with the CITIC Financial Institutions for each financial year during the immediate antecedent 11-year period were as follows:

For the financial year ended	Approximate aggregate maximum daily balance of cash deposits (including interests accrued thereon) maintained by the Group with the CITIC Financial Institutions (in HK\$ equivalents) <i>(Note)</i>
1. 31 December 2020	93,000,000
2. 31 December 2019	155,000,000
3. 31 December 2018	140,000,000
4. 31 December 2017	149,000,000
5. 31 December 2016	102,000,000
6. 31 December 2015	1,070,000,000
7. 31 December 2014	407,000,000
8. 31 December 2013	305,000,000
9. 31 December 2012	512,000,000
10. 31 December 2011	334,000,000
11. 31 December 2010	779,000,000

Note: The cash deposits of the Group were denominated in multiple currencies (i.e. HKD, RMB and USD) and the equivalent amount in HKD is calculated based on the prevailing exchange rate (RMB:HKD and USD:HKD) at the relevant time.

OTHER CONNECTED OR CONTINUING CONNECTED TRANSACTIONS

The Full Scale Review further revealed that there were a number of connected or continuing connected transactions conducted between the Group and CITIC Group and its subsidiaries (other than the Cash Deposits Transactions), which may have contravened certain requirements under Chapter 14A of the Listing Rules (the “**Other Transactions**”), with the material terms set out below:

- (a) On 19 June 2017, an unsecured 5-year term loan facility agreement was entered into between Star Choice Venture Limited (a subsidiary of the Company) as borrower, the Company (as guarantor), and CITIC New Horizon Limited (a subsidiary of CITIC Limited) as lender in respect of an unsecured term loan with a tenor of 5 years. Such term loan facility agreement was interest-bearing at LIBOR plus margin and concluded on normal commercial terms and on arm’s length basis (the “**Term Loan Facility Agreement**”);

- (b) On 22 December 2016, a 7-year lease agreement (the “**Lease Agreement**”) was entered into between CRA (a subsidiary of the Company) as tenant and CITIC House Pty Ltd (a subsidiary of CITIC Limited) as landlord, in respect of the leasing of certain office premises. In addition, on 22 December 2016 and 6 June 2011, related car park licence agreements (collectively, the “**Car Park Licence Agreements**”) were entered into between CITIC House Pty Ltd as licensor, and each of CRA and CITIC Autoparts Pty Ltd. (a subsidiary of the Company at the relevant time and was subsequently disposed of by the Company to an independent third party in November 2020) as licensees, respectively, relating to the payment of car-parking expenses in connection with such office premises. The material terms of the agreements are summarised in the table below:

Date and term of agreement	Agreement	Parties to the agreement	Subject matter	Consideration
22 December 2016 (for a term of 7 years from 1 October 2016 to 30 September 2023)	Lease Agreement	(1) CITIC House Pty Ltd (as landlord) (2) CRA (as tenant)	Lease in respect of the office premises at Level 7 and Level 8, 99 King Street, Melbourne, Australia	AUD536,331 per annum, with a fixed review increase of 3.5% per annum on 1 October of each year
22 December 2016 (for a term of 7 years from 1 October 2016 to 30 September 2023)	Car Park Licence Agreement	(1) CITIC House Pty Ltd (as licensor) (2) CRA (as licensee)	Licence in respect of 9 car-parking spaces at 99 King Street, Melbourne, Australia	AUD4,050 per month, with a fixed review increase of 3.5% per annum on 1 October of each year
6 June 2011 (for a term of 9 years and 5 months from 6 June 2011 to 1 November 2020)	Car Park Licence Agreement	(1) CITIC House Pty Ltd (as licensor) (2) CITIC Autoparts Pty Ltd. (as licensee)	Licence in respect of 2 car-parking spaces at 99 King Street, Melbourne, Australia	AUD1,600 per month

- (c) during 2019, agency fee agreements were entered into between CACT (a subsidiary of the Company) and PRT (a subsidiary of CITIC Group) for the provision of marketing-related services from CACT to PRT in relation to the sale of PRT’s products to independent third parties of the Group (collectively, the “**Agency Fee Agreements**”). In January 2019, the parties entered into an agency fee agreement, which constituted a one-off connected transaction. With effect from 1 February 2019, the parties entered into an agency fee agreement of a continuing nature, which constituted continuing connected transactions. The material terms of the agreements are summarised in the table below:

Date and term (if applicable) of agreement	Agreement	Parties to the agreement	Subject matter	Consideration
7 January 2019	Agency Fee Agreement	(1) CACT (as the agent) (2) PRT (as the seller)	CACT shall provide marketing related services for PRT in connection with the sale of PRT’s products to independent third parties in consideration for payment of commission fee income from PRT to CACT.	The commission fee income payment is calculated based on the arm’s length negotiation of the commission rate stated in the Agency Fee Agreement and the amount of products marketed by CACT for PRT. The commission fee income earned for the period is USD50,564.
4 March 2019 (for a term of 11 months from 1 February 2019 to 31 December 2019)	Agency Fee Agreement	(1) CACT (as the agent) (2) PRT (as the seller)	CACT shall provide marketing related services for PRT in connection with the sale of PRT’s products to independent third parties in consideration for payment of commission fee income from PRT to CACT.	The commission fee income payment is calculated based on the arm’s length negotiation of the commission rate stated in the Agency Fee Agreement and the amount of products marketed by CACT for PRT. The commission fee income earned for the year is USD507,348.

LISTING RULES IMPLICATIONS

CITIC Group, through its interest in CITIC Limited’s wholly-owned subsidiaries, controls 4,675,605,697 Shares representing 59.50% of all Shares in issue as at the date of this announcement. CITIC Group is, and was at the relevant time, the controlling shareholder of the Company.

Cash Deposits Transactions

Since both CITIC Finance and CITIC Bank are subsidiaries of CITIC Group, the Cash Deposits Transactions would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

While the cash deposits placed by the Company at CITIC Finance itself may be fully exempt by virtue of falling within the de minimis thresholds under Rule 14A.76 of the Listing Rules, such deposits were required to be aggregated with the amount of cash deposits placed by the Group at CITIC Bank under Rules 14A.81 to 14A.83 of the Listing Rules, as both CITIC Finance and CITIC Bank are subsidiaries of the same connected person of the Company, namely CITIC Group, and the transactions were of a similar nature.

Based on the aggregate maximum daily balance of deposits placed and maintained by the Group with the CITIC Financial Institutions, as the highest of the applicable percentage ratios in respect of each of the Cash Deposits Transactions was more than 0.1% but less than 5%, all the Cash Deposits Transactions were subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. For three years during the said 11-year period, namely the years ended 31 December 2010, 2012 and 2015, as the highest of the applicable percentage ratios in respect of certain Cash Deposits Transactions was 5% or more, such Cash Deposits Transactions were also subject to independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the Company has found no record that such transactions were announced by the Company or otherwise approved by the shareholders of the Company, therefore the Cash Deposits Transactions constitute non-compliance with the applicable compliance requirements under Chapter 14A of the Listing Rules.

Other Transactions

Since all the counterparties of the Other Transactions are subsidiaries of CITIC Group, the Other Transactions would constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Such transactions constitute non-compliance with the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and/or the maximum three-year term requirement under Rule 14A.52 of the Listing Rules.

In respect of the Term Loan Facility Agreement, the transactions contemplated thereunder constitute provision of financial assistance by a connected person to the Group and should, but for having a term of more than 3 years, be fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules, as such transactions were conducted on normal commercial terms and not secured by the assets of the Group.

In respect of the Lease Agreement (as aggregated with the Car Park Licence Agreements) and the Agency Fee Agreements (as aggregated), as the highest of the applicable percentage ratios for such transactions was more than 0.1% but less than 5%, the transactions contemplated under each of the Lease Agreement (as aggregated with the Car Park Licence Agreements) and the Agency Fee Agreements (as aggregated) were subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but were exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In the Company's previous annual reports, the transactions contemplated under the Lease Agreement were mistakenly disclosed as fully exempted continuing connected transactions.

In respect of the Other Transactions that carry a term of more than 3 years, namely the Term Loan Facility Agreement and the Lease Agreement (together with the Car Park Licence Agreements), they constitute non-compliance with Rule 14A.52 of the Listing Rules, as an independent financial adviser should have been appointed by the Company to opine on the duration of such transactions.

REASONS FOR NON-COMPLIANCE WITH THE LISTING RULES

The Company believes that the non-compliance with the Listing Rules is attributable to inadvertent oversight which resulted from the habitual adherence to a long-established historical practice within the Company and misunderstanding of the requirements under the Listing Rules.

The placing and maintaining of cash deposits at the Group's accounts at CITIC Bank originated from the adherence to a prolonged, historical practice adopted by the Company.

As described above, the current management of the Company discovered recently the extent of the historical non-compliant connected or continuing connected transactions and accordingly instructed the Cash Deposits Review and the Full Scale Review to be undertaken and the implementation of the remedial measures set out in the paragraph headed "Remedial Measures" in this announcement. The Board believes it is of utmost importance to and remains committed to satisfactorily addressing, resolving and rectifying all non-compliance incidents of the Company.

The Company also notes that during the relevant periods, the Company did not have adequate policies, procedures or processes in place to effectively manage connected transactions of the Group.

In addition, there was a mistaken or a lack of proper understanding of the Listing Rules requirements with respect to the Cash Deposits Transactions and the Other Transactions. The Company was mistaken in respect of the basis for assessing the de minimis thresholds for placing and maintaining cash deposits with connected persons. Particularly, the de minimis exemption under Rule 14A.76 of the Listing Rules was misunderstood and misinterpreted in such a way that it would be applicable with respect to the amount of cash deposits balance (including interests accrued thereon) maintained with the CITIC Bank as of the half year-end date and the year-end date only (instead of using the aggregate maximum daily balance of the cash deposits (including interests accrued thereon) in the relevant calculations).

Similar issues of misunderstanding of the Listing Rules requirements are also evident in respect of the Other Transactions revealed by the Full Scale Review, for example, a mistaken belief that where the de minimis exemption under Rule 14A.76 of the Listing Rules or other specific exemptions apply, the relevant transaction would no longer be subject to the maximum 3-year term requirement imposed generally on continuing connected transactions under Rule 14A.52 of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CASH DEPOSITS TRANSACTIONS AND THE OTHER TRANSACTIONS

Cash Deposits Transactions

The Company believes that the following factors would have been considered relevant by the previous management in the decision to continuously place and maintain cash deposits at the Group's CITIC Bank accounts over long periods:

- (a) CITIC Bank was regarded as a reputable, well-established, fully licensed, and legitimate financial institution in Hong Kong that is no different than other third party banks and financial institutions;
- (b) CITIC Bank would be able to service the business and financial needs of the Group, and that the members of the Group were treated by CITIC Bank as a general corporate banking customer dealing on an arm's length basis;
- (c) the terms (including the interest rates and bank charges) offered or available to the Group by CITIC Bank with respect to the Cash Deposits Transactions were on normal commercial terms, which were at prevailing market rates that were not less favourable than the terms offered or available to the Group from third party banks for similar services;
- (d) the interests of the Company and its shareholders as whole have not been prejudiced by placing and maintaining deposits with CITIC Bank; and
- (e) the arrangement of placing deposits with CITIC Bank was also beneficial to the Company on the basis that: (i) the counter-party risks and credit risks arising from cash depository and foreign exchange transactions with CITIC Bank were lower; (ii) the interest rates offered by CITIC Bank on cash deposits were competitive in the market and allowed the Company to maximise interest return; and (iii) the fees and charges levied by CITIC Bank on integrated transaction banking services, including cross-border payment services, were competitive and cost-effective.

Other Transactions

In respect of the Term Loan Facility Agreement, the Company is of the view that the term loan is beneficial to the Group as it provided the funds for refinancing its then existing loan facility and satisfying its general corporate funding requirements, which has facilitated the maintenance of liquidity of the Group.

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

In respect of the Agency Fee Agreements, the Company is of the view that the cooperation with PRT in respect of the sale of iron ores is beneficial to CACT's business and the Group as it enables CACT to earn commission fee income over the years by securing customers and negotiating favourable selling terms on behalf of PRT.

Upon review of the Cash Deposits Transactions and the Other Transactions, the Board acknowledges that the applicable Listing Rules requirements were inadvertently not complied with by the Company, however, the Board (including the independent non-executive Directors) is of the view that all such transactions were nevertheless fair and reasonable, concluded on arm's length basis, on normal commercial terms, and in the interest of the Company and its Shareholders as a whole.

The Board, having considered the information currently made available to it, considers that the non-compliance with the Listing Rules in respect of the Cash Deposits Transactions and the Other Transactions does not have a material impact on the integrity of the audited consolidated financial statements of the Group.

REMEDIAL MEASURES

Initial Remedial Measures

Upon identifying the non-compliance incidents, the Company immediately acknowledged that rectifying and preventing further non-compliance was of utmost priority. Accordingly, the Company forthwith formulated and, since April 2020, executed a number of remedial measures which comprised of opening bank accounts with third party banks, closing bank accounts maintained by the Group at CITIC Bank as soon as possible (but also with regard to operational needs of various members of the Group from a practical perspective), and transferring the cash balance in the bank accounts maintained by the Group at CITIC Bank to the bank accounts maintained by the Group at third party banks.

Due to the outbreak of the novel coronavirus disease 2019 (COVID-19) which began in early 2020, as well as the related disease prevention and containment measures implemented continuously thereafter by the government, commercial activities, banking services and transportation were halted, interrupted and/or maintained at limited levels. As a result, the Company's progress in closing the bank accounts at CITIC Bank and transferring cash balance to third party banks was impacted and delayed. In any event, as at the date of this announcement, the number of the Group's bank accounts at CITIC Bank have been reduced from more than 30 to 2 and the aggregate maximum daily balance of cash deposits (including interests accrued thereon) in the bank accounts has been kept at a relatively low level below the de minimis thresholds under Rule 14A.76 of the Listing Rules since 21 December 2020.

Further Remedial Measures

Apart from the Initial Remedial Measures, further remedial actions have been or will be taken by the Company in respect of the non-compliance incidents.

The entire Board was informed by the management on 26 March 2021 of the non-compliance incidents outlined above, and the Company has continued to formulate plans and take further actions to investigate, mitigate and remedy such non-compliance incidents, including:

- (a) seek legal advice and guidance from external legal advisers;
- (b) conduct additional training for the management and staff of the Group on the compliance obligations under Chapter 14A of the Listing Rules;

- (c) in respect of the Other Transactions that are in breach of the duration requirement under Chapter 14A of the Listing Rules with a term exceeding three years, the existing agreements for such transactions have been, or will be, terminated and new agreements will be entered into by the relevant parties in compliance with the Chapter 14A requirements; and
- (d) the Company has commenced monitoring the aggregate daily maximum cash deposits balance (including interests accrued thereon) at the Group's accounts maintained at the CITIC Financial Institutions.

The Company has taken all reasonable steps since April 2020 to rectify the non-compliance incidents in relation to the Cash Deposits Transactions under Chapter 14A of the Listing Rules. The Company has proactively made a formal submission to the Stock Exchange in respect of the non-compliance incidents in connection with the Cash Deposits Transactions and the Other Transactions on the date of this announcement, and will comply with reporting and annual review requirements and make appropriate disclosure in the annual reports to be published by the Company in the future in compliance with applicable requirements of the Listing Rules.

The Company will comply with applicable requirements under Chapter 14A of the Listing Rules for future continuing connected transactions, including the transactions to be conducted as and when cash deposits are to be placed with the CITIC Financial Institutions (or any other connected persons) in the future, or transactions of a similar nature as the Other Transactions.

In order to prevent the recurrence of similar incidents and ensure timely compliance with the relevant requirements of the Listing Rules in the future, the Company will adopt the following remedial measures:

- (a) to appoint compliance advisers and, where required, external legal advisers to advise on ongoing regulatory compliance matters under the Listing Rules, especially the rules on connected transactions;
- (b) to organise more frequent training and circulate compliance guidance and materials on a regular basis to staff responsible for handling connected transactions so as to remind and refresh their knowledge and understanding on the requirements of Listing Rules, especially the rules on connected transactions;
- (c) to enhance its internal control system by, among other things, (i) adopting and implementing internal policies and guidelines on connected transactions and connected persons; (ii) providing the management of the Company with a list of the connected persons of the Company on a regular basis and making timely updates thereto; and (iii) monitoring the daily maximum deposits balance (including interests accrued thereon) of the Group's bank accounts with connected persons as well as the transaction amounts for any other transactions to be conducted with connected persons, to ensure that better coordination and reporting arrangements of connected transactions will be carried out among various departments of the Company responsible for reporting, monitoring and handling connected transactions;
- (d) to engage an internal controls adviser, reporting to the Audit Committee, to conduct a thorough review of the Group's internal controls and to make recommendations to improve the internal controls systems of the Group; and

- (e) to adopt a practice to provide the Audit Committee and/or the Board regularly with reports and updates on connected transactions and related party transactions.

INFORMATION ON THE RELEVANT PARTIES

The Company

The Company is an investment holding company mainly engaged in the exploration and sale of natural resources. Along with subsidiaries, the Company operates its business through four segments. The aluminium smelting segment is engaged in the operation of the Portland Aluminium Smelter (PAS), which sources alumina and produces aluminium ingots in Australia. The crude oil segment is engaged in the operation of oilfields and the sale of oil in Indonesia and the PRC. The import and export of commodities segment is engaged in the export of various commodity products, such as aluminium ingots, coal, iron ore, alumina and copper. It is also involved in the import of other commodity products and manufactured goods, such as steel, and vehicle and industrial batteries and tires in Australia. The coal segment is engaged in the operation of coal mines and the sale of coal in Australia.

CITIC Bank

CITIC Bank is a limited company incorporated in Hong Kong and a fully licensed commercial bank in Hong Kong. CITIC Bank is a subsidiary of China CITIC Bank Corporation Limited.

CITIC Finance

CITIC Finance is a non-bank financial institution with the approval of China Banking Regulatory Commission. CITIC Finance's principal business includes accepting deposits, providing loans and loan agency services, internal transfer and settlement and corresponding planning, finance services and financing consulting for member companies and other businesses. CITIC Finance is an indirect wholly-owned subsidiary of CITIC Limited.

CITIC New Horizon Limited

CITIC New Horizon Limited is a limited company incorporated in the British Virgin Islands and is principally engaged in the provision of finance to members of the CITIC Group. CITIC New Horizon Limited is an indirect wholly-owned subsidiary of CITIC Limited.

CITIC House Pty Limited

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

PRT

PRT is a limited company incorporated in Singapore and is principally engaged in the import and export of bulk commodities. PRT is an indirect wholly-owned subsidiary of CITIC Group.

Star Choice Venture Limited

Star Choice Venture Limited is a limited company incorporated in the British Virgin Islands and is principally engaged in financing. Star Choice Venture Limited is a direct wholly-owned subsidiary of the Company.

CRA

CRA is a limited company incorporated in 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.

CITIC Autoparts Pty Ltd.

CITIC Autoparts Pty Ltd. is a limited company incorporated in Australia and is principally engaged in the distribution of tyres for automotive vehicles. CITIC Autoparts Pty Ltd. was a subsidiary of the Company and was subsequently disposed of by the Company to an independent third party in November 2020.

CACT

CACT is a limited company incorporated in Australia. It is an international trading company with an emphasis on trade between Australia and the PRC. 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. CACT is an indirect wholly-owned subsidiary of the Company.

DEFINITIONS

In this announcement, the following terms and expressions shall, unless the context requires otherwise, have the following meanings:

“Agency Fee Agreements”	has the meaning ascribed to it in the paragraph headed “Other Connected or Continuing Connected Transactions” in this announcement
“Arrangement”	has the meaning ascribed to it in the paragraph headed “Background” in this announcement
“AUD” or “AU\$”	Australian dollars, the lawful currency of Australia
“Audit Committee”	audit committee of the Company
“Board”	the Board of Directors
“CACT”	CITIC Australia Commodity Trading Pty Ltd, a subsidiary of the Company

“Car Park Licence Agreements”	has the meaning ascribed to it in the paragraph headed “Other Connected or Continuing Connected Transactions” in this announcement
“Cash Deposits Review”	has the meaning ascribed to it in the paragraph headed “Background” in this announcement
“Cash Deposits Transactions”	has the meaning ascribed to it in the paragraph headed “Continuing Connected Transactions relating to Cash Deposits Maintained by the Group with the CITIC Financial Institutions” in this announcement
“China CITIC Bank Corporation Limited”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), a joint stock limited company incorporated in the PRC, whose H shares and A shares are listed on the Main Board of the Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998), respectively, and is a subsidiary of CITIC Group
“CITIC Bank”	China CITIC Bank (International) Limited (中信銀行(國際)有限公司), a subsidiary of China CITIC Bank Corporation Limited, and therefore a connected person of the Company
“CITIC Finance”	CITIC Finance International Limited, an indirect wholly-owned subsidiary of CITIC Group
“CITIC Financial Institutions”	collectively, CITIC Bank and CITIC Finance
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), a state-owned enterprise under the PRC Ministry of Finance, and the controlling shareholder of the Company
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 267) and a subsidiary of CITIC Group
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1205)
“connected person”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CRA”	CITIC Resources Australia Pty Ltd, a subsidiary of the Company
“Directors”	the directors of the Company
“Full Scale Review”	has the meaning ascribed to it in the paragraph headed “Background” in this announcement
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Lease Agreement”	has the meaning ascribed to it in the paragraph headed “Other Connected or Continuing Connected Transactions” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	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, a subsidiary of CITIC Group
“Other Transactions”	has the meaning ascribed to it in the paragraph headed “Other Connected or Continuing Connected Transactions” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Loan Facility Agreement”	has the meaning ascribed to it in the paragraph headed “Other Connected or Continuing Connected Transactions” in this announcement

“USD” or “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, 5 May 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.