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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 TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FINANCIAL SERVICES AGREEMENTS

### **CITIC BANK INTERNATIONAL FINANCIAL SERVICES AGREEMENT**

On 16 August 2021, the Company entered into the CITIC Bank International Financial Services Agreement with CITIC Bank International, pursuant to which CITIC Bank International agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time.

### **CITIC FINANCE INTERNATIONAL FINANCIAL SERVICES AGREEMENT**

On 16 August 2021, the Company entered into the CITIC Finance International Financial Services Agreement with CITIC Finance International, pursuant to which CITIC Finance International agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time.

### **LISTING RULES IMPLICATIONS**

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 the Shares in issue as at the date of this announcement. CITIC Group is the controlling shareholder of the Company. CITIC Bank International and CITIC Finance International, being subsidiaries of CITIC Group, are connected persons of the Company. As such, the transactions contemplated under the Financial Services Agreements would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Furthermore, the provision of deposit services by CITIC Finance International to the Group also constitutes the provision of financial assistance by the Group to CITIC Finance International under Rule 14.04(1)(e) of the Listing Rules.

Because CITIC Group is the controlling shareholder of the Company, therefore Keentech, CA and Fortune Class and their respective associates are required to abstain from voting at the SGM. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, save as disclosed herein, no other Shareholder is required to abstain from voting on relevant resolutions at the SGM.

Based on the aggregate maximum daily balance of deposits (including the interests accrued thereon) to be placed and maintained by the Group with CITIC Bank International and CITIC Finance International, as the highest of the applicable Percentage Ratios in respect of the deposit services under the Financial Services Agreements is 25% or more but less than 100%, the deposit services under Financial Services Agreements constitute (i) non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and/or (ii) major transactions subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As all the applicable Percentage Ratios in respect of the service fees expected to be payable to CITIC Bank International and CITIC Finance International, in aggregate, for each of the settlement services, collection and payment services, and other financial services under Financial Services Agreements, on an annual basis are less than 0.1% and therefore fall below the de minimis threshold under Rule 14A.76 of the Listing Rules; and the terms of such services are on normal commercial terms or better, the settlement services, collection and payment services, and other financial services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The credit services under the Financial Services Agreements involve the provision of financial assistance by CITIC Bank International and CITIC Finance International to the Group. As the credit services to be provided under the Financial Services Agreements are on normal commercial terms or better, and no security will be granted by the Group over its assets in respect of such credit services, therefore the credit services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Look Andrew) has been established to advise the Independent Shareholders in connection with the Financial Services Agreements, the transactions contemplated thereunder and the proposed annual caps.

Asian Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the deposit services under the Financial Services Agreements and the proposed annual caps.

## **DESPATCH OF CIRCULAR**

A circular containing, among other matters, (i) further details of the transactions contemplated under the Financial Services Agreements and the proposed annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the terms of the Financial Services Agreements; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of SGM will be despatched to the Shareholders in compliance with the Listing Rules.

As additional time is required by the Company to prepare the information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 9 September 2021. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason(s) for the delay and the new expected date of despatch of the circular.

### **I) CITIC BANK INTERNATIONAL FINANCIAL SERVICES AGREEMENT**

On 16 August 2021, the Company entered into the CITIC Bank International Financial Services Agreement with CITIC Bank International, pursuant to which CITIC Bank International agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time.

The material terms of the CITIC Bank International Financial Services Agreement are set out as follows:

#### **Date**

16 August 2021

#### **Parties**

- (1) the Company; and
- (2) CITIC Bank International

#### **Duration and Effective Date**

The CITIC Bank International Financial Services Agreement shall become effective on the Effective Date, on which the Independent Shareholders grant their approval at the SGM in respect of the CITIC Bank International Financial Services Agreement and the transactions contemplated thereunder. The CITIC Bank International Financial Services Agreement shall remain in force for a term of three years from the Effective Date. Upon expiry of the term of the CITIC Bank International Financial Services Agreement, subject to compliance with applicable requirements under the Listing Rules, the CITIC Bank International Financial Services Agreement may be renewed by the Company and CITIC Bank International in writing on similar terms and conditions, or on other terms and conditions as may be mutually agreed by the parties.

## **Principal terms**

The financial services proposed to be provided by CITIC Bank International to the Service Recipients include deposit services, settlement services, collection and payment services, credit services, and other financial services.

Pursuant to the CITIC Bank International Financial Services Agreement, the cooperation between the Service Recipients and CITIC Bank International shall be on a non-exclusive basis. The Service Recipients have the right to choose the services provided by CITIC Bank International and/or any other financial institutions.

The CITIC Bank International Financial Services Agreement is a framework agreement only and the Service Recipients will separately negotiate and enter into specific agreements with CITIC Bank International in respect of each service referred to in the CITIC Bank International Financial Services Agreement. Both parties may consider and refer to the principles of the CITIC Bank International Financial Services Agreement to negotiate and determine the terms of the final and definitive agreement(s).

### ***Deposit services***

Pursuant to the terms and conditions of the CITIC Bank International Financial Services Agreement, CITIC Bank International shall provide deposit services for any Service Recipients.

The actual interest rate on deposits provided by CITIC Bank International for any Service Recipient shall be agreed by both parties and no Service Recipients shall be obliged to engage CITIC Bank International for deposit services if such interest rate is lower than the interest rate applicable to the same-grade deposit services provided by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

CITIC Bank International shall safeguard the safety of the Service Recipients' deposit, and shall pay the funds in accordance with the instructions of the relevant Service Recipient in full (after deducting all the usual administrative, maintenance, transactional and service fees, charges, commissions, expenses and other costs of CITIC Bank International in relation to the deposit) and at such time in accordance with and subject to all relevant terms and conditions (including the general terms and conditions of CITIC Bank International and any specific or other terms and conditions as applicable to deposit services), procedures, rules and policies provided and/or stipulated by CITIC Bank International for such deposit.

### ***Settlement services***

CITIC Bank International acknowledged and confirmed that, as and when any Service Recipient has applied to open a settlement account at CITIC Bank International, CITIC Bank International shall as soon as practicable process the account opening procedures and open a settlement account for the relevant Service Recipient if such Service Recipient fulfils all the criteria for opening a settlement account to the satisfaction of CITIC Bank International.

CITIC Bank International shall provide any Service Recipient with settlement services in accordance with the relevant Service Recipient's instructions for payment or collection, and ancillary services related to settlement services.

CITIC Bank International shall provide any Service Recipient with the above settlement services for the settlement fee in accordance with the charging standards agreed by both parties, and no Service Recipients shall be obliged to engage or continue to engage CITIC Bank International for settlement services if the fees charged are higher than the similar service fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient. CITIC Bank International reserves the right to charge any Service Recipient the relevant services fees in accordance with the charging standards agreed by both parties, provided that no Service Recipient shall be obliged to engage or continue to engage CITIC Bank International if the service fees charged are higher than the similar service fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

### ***Collection and payment services***

Pursuant to the terms and conditions of the CITIC Bank International Financial Services Agreement, CITIC Bank International shall provide any Service Recipient with collection and payment services, including but not limited to overseas collection and payment services, relevant cash management services, management of the Service Recipient's bank accounts for its regular business operations, trading of foreign exchanges in accordance with such Service Recipient's instructions.

In exchange for the provision of collection and payment services by CITIC Bank International to any Service Recipient, the relevant service fees, commissions, expenses and other costs shall be charged in accordance with the charging standards agreed by both parties, and no Service Recipients shall be obliged to engage or continue to engage CITIC Bank International for collection or payment services if the fees charged are higher than the similar fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

### ***Credit services***

Pursuant to the terms and conditions of the CITIC Bank International Financial Services Agreement, CITIC Bank International shall provide any Service Recipient with comprehensive credit services in accordance with the relevant Service Recipient's operation and development needs, and the relevant Service Recipient may use the comprehensive credit provided by CITIC Bank International to proceed with various financial services, including but not limited to, loans, bill acceptance, bill discounting, guarantee, financial leasing and other forms of financial services.

The interest rate of the credit line provided by CITIC Bank International for any Service Recipient shall be determined by the parties after taking into account the current loan benchmark interest rate and the conditions of the funds market, and no Service Recipient shall be obliged to accept the credit line if such interest rate is higher than the interest rate of similar credit line offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

### ***Other financial services***

Pursuant to the terms and conditions of the CITIC Bank International Financial Services Agreement, CITIC Bank International shall provide any Service Recipient with other financial services within its scope of business. The relevant service fees shall be charged in accordance with the charging standards agreed by both parties, and no Service Recipient shall be obliged to engage or continue to engage CITIC Bank International for other financial services if the fees charged are higher than the similar business fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

### **Other terms**

The prerequisite for the provision of all kinds of financial services by CITIC Bank International to the Service Recipients is that the Company shall continue to be a subsidiary of CITIC Group. If the Company ceases to be a subsidiary of CITIC Group, whether due to issue of new securities, equity transfer, merger or any other reasons, all financial services provided by CITIC Bank International to the Service Recipients thereunder shall, at the same time when the Company ceases to a subsidiary of CITIC Group, be terminated or adjusted pursuant to applicable laws and any relevant procedures, rules and policies provided or stipulated by CITIC Bank International, and the Company should, and should procure the Service Recipients to, consent to and comply with all relevant procedures, rules and policies provided or stipulated by CITIC Bank International necessary, relevant or desirable for the continuation or adjustment of such financial services and (if applicable) should execute necessary and relevant legal documents. Notwithstanding anything under the CITIC Bank International Financial Services Agreement, CITIC Bank International, the Company and the Service Recipients shall each be responsible for their own compliance with the requirements under relevant laws and regulations (including but not limited to the Listing Rules), as applicable, and shall each bear all their own costs arising therefrom. CITIC Bank International shall, under no circumstances, be liable to the Company or any Service Recipients for any actions, demands, claims, proceedings, liabilities, losses, damage, charges, costs (including legal costs on a full indemnity basis), expenses or fees which may be brought or preferred against the Company or such Service Recipients or sustained, suffered or incurred by the Company or such Service Recipients arising out of or in connection with the CITIC Bank International Financial Services Agreement.

## **II) CITIC FINANCE INTERNATIONAL FINANCIAL SERVICES AGREEMENT**

On 16 August 2021, the Company entered into the CITIC Finance International Financial Services Agreement with CITIC Finance International, pursuant to which CITIC Finance International agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time.



The material terms of the CITIC Finance International Financial Services Agreement are set out as follows:

### **Date**

16 August 2021

### **Parties**

- (1) the Company; and
- (2) CITIC Finance International

### **Duration and Effective Date**

Upon the execution by the Company and CITIC Finance International, the CITIC Finance International Finance Financial Services Agreement shall become effective on the Effective Date, on which the Independent Shareholders grant their approval at the SGM in respect of the CITIC Finance International Financial Services Agreement and the transactions contemplated thereunder. The CITIC Finance International Financial Services Agreement shall remain in force for a term of three years from the Effective Date.

Upon expiry of the term of the CITIC Finance International Financial Services Agreement, subject to compliance with applicable requirements under the Listing Rules, the CITIC Finance International Financial Services Agreement may be renewed by the Company and CITIC Finance International in writing on similar terms and conditions, or on other terms and conditions as may be mutually agreed by the parties.

### **Principal terms**

The financial services proposed to be provided by CITIC Finance International to the Service Recipients include deposit services, settlement services, collection and payment services, credit services, and other financial services.

Pursuant to the CITIC Finance International Financial Services Agreement, the cooperation between the Service Recipients and CITIC Finance International shall be on a non-exclusive basis. The Service Recipients have the right to choose the services provided by CITIC Finance International and/or any other financial institutions.

The CITIC Finance International Financial Services Agreement is a framework agreement only and the Service Recipients will separately negotiate and enter into specific agreements with CITIC Finance International, in respect of each service referred to in the CITIC Finance International Financial Services Agreement, provided that such specific agreements shall be consistent with the principles and terms of the CITIC Finance International Financial Services Agreement.

### ***Deposit services***

Pursuant to the terms and conditions of the CITIC Finance International Financial Services Agreement, CITIC Finance International shall provide deposit services for any Service Recipients.

The actual interest rate provided by CITIC Finance International for any Service Recipient shall be agreed by both parties, and such interest rate shall not be lower than the interest rate applicable to the same-grade deposit services provided by the major domestic commercial banks in Hong Kong to the relevant Service Recipient. The final interest rate for conducting business shall be confirmed via email with the authorized email addresses of both parties.

CITIC Finance International shall safeguard the safety of the Service Recipients' deposit, and shall pay the funds in full and on time in accordance with the instructions of the relevant Service Recipient. The Service Recipients will not be penalized for withdrawing/using the funds in the deposit account without giving any notification. If CITIC Finance International has a liquidity crisis, in the process of debt repayment, the Service Recipients' deposits shall take precedence over other general unsecured claims.

### ***Settlement services***

CITIC Finance International acknowledged and confirmed that, as and when any Service Recipient has applied to open a settlement account at CITIC Finance International, CITIC Finance International shall promptly process the account opening procedures and open a settlement account for the relevant Service Recipient if such Service Recipient fulfils all the criteria for opening a settlement account to the satisfaction of CITIC Finance International.

CITIC Finance International shall provide any Service Recipient with settlement services in accordance with the relevant Service Recipient's instructions for payment or collection, and ancillary services related to settlement services.

CITIC Finance International shall provide any Service Recipient with the above settlement services for a settlement fee in accordance with the charging standards agreed by both parties, and the fees charged shall not be higher than the similar service fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient. CITIC Finance International reserves the right to charge any Service Recipient the relevant services fees in accordance with the charging standards agreed by both parties, provided that the service fees charged shall not be higher than the similar service fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

If any Service Recipient cancels the account opened at CITIC Finance International, all services in relation to such account provided by CITIC Finance International to the Service Recipient under the CITIC Finance International Financial Services Agreement shall be automatically terminated.

### ***Collection and payment services***

CITIC Finance International shall provide any Service Recipient with collection and payment services, including but not limited to overseas collection and payment services, relevant cash management services, management of such Service Recipient's bank accounts for its regular business operations, trading of foreign exchanges in accordance with such Service Recipient's instructions.



In exchange for the provision of collection and payment services by CITIC Finance International to any Service Recipient, the relevant service fees, commissions, expenses and other costs shall be charged in accordance with the charging standards agreed by both parties, and the fees charged shall not be higher than the similar fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

### ***Credit services***

CITIC Finance International shall provide any Service Recipient with comprehensive credit services in accordance with the relevant Service Recipient's operation and development needs, and the relevant Service Recipient may use the comprehensive credit provided by CITIC Finance International to proceed with various financial services, including but not limited to, loans, bill acceptance, bill discounting, guarantee, financial leasing and other forms of financial services.

The interest rate of the credit line provided by CITIC Finance International for any Service Recipient shall be negotiated by the parties in accordance with the current loan benchmark interest rate and the conditions of the funds market. Under the same conditions, the interest rate shall not be higher than the interest rate of similar credit line offered by the major domestic commercial banks in Hong Kong. The final interest rate for the credit line shall be confirmed by the loan agreement(s) to be concluded between both parties in writing.

### ***Other financial services***

CITIC Finance International shall provide any Service Recipient with other financial services within its scope of business. The relevant service fees shall be charged in accordance with the charging standards agreed by both parties. Under the same conditions, the fees charged shall not be higher than the similar business fee standards offered by the major domestic commercial banks in Hong Kong to the relevant Service Recipient. The final fee shall be confirmed by the specific service agreement(s) to be concluded between both parties in writing.

### **Other terms**

The prerequisite for the provision of all kinds of financial services by CITIC Finance International to the Service Recipients is that the Company shall continue to be a subsidiary of CITIC Group. If the Company ceases to be a subsidiary of CITIC Group, whether due to issue of new securities, equity transfer, merger or any other reasons, all financial services provided by CITIC Finance International to the Service Recipients thereunder shall, at the same time when the Company ceases to a subsidiary of CITIC Group, be terminated or adjusted pursuant to applicable laws, and the Service Recipients should consent to and comply with all relevant procedures, rules and policies provided or stipulated by CITIC Finance International necessary for the continuation or adjustment of such financial services and (if applicable) should execute necessary and relevant legal documents.

## ANNUAL CAPS

### Deposit services

As the nature of services to be provided by CITIC Bank International and CITIC Finance International under the Financial Services Agreements are similar, the proposed annual caps in respect of the aggregate amount of daily maximum balance of deposits to be placed and maintained by the Group with the CITIC Bank International and CITIC Finance International (including the interests accrued thereon) for the term of the Financial Services Agreements have been aggregated and are as follows:

	<b>From the Effective Date to 31 December 2021</b>	<b>For the year ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the nine months ending 30 September 2024</b>
Aggregate amount of daily maximum balance of deposits to be placed and maintained by the Group with CITIC Bank International and CITIC Finance International (including interests accrued thereon)	Equivalent to HK\$ 1.2 billion (Note 1)	Equivalent to HK\$ 1.2 billion (Note 1)	Equivalent to HK\$ 1.2 billion (Note 1)	Equivalent to HK\$ 1.2 billion (Note 1)

*Note 1: The cash deposits of the Group to be placed with CITIC Bank International and CITIC Finance International may be denominated in multiple currencies.*

In determining the above proposed annual caps of the deposit services, the Company has taken into account:

- (1) the expected aggregate cash and deposits balances of the Group for the term of the Financial Services Agreements by taking into account (i) the actual amount of cash and cash equivalents and deposits balances as at 30 June 2021 of approximately HK\$1,505,671,706; (ii) the expected cash flow to be generated during the term of the Financial Services Agreements; and (iii) the projected interest income of the Group during the term of the Financial Services Agreements;
- (2) the actual aggregate cash and deposits balances that were maintained by the Group with other independent commercial banks as at 30 June 2021 of approximately HK\$1,505,133,125, representing 99.96% of the cash and cash equivalents and deposits balances of the Group as at the same date;
- (3) the strategies for treasury management of the Group, taking into account the business development plans and the financial needs of the Group; and
- (4) the possible favourable interest rate to be obtained by the Group from CITIC Bank International and CITIC Finance International compared with the interest rate that could otherwise be obtained by placing deposits with independent commercial banks or financial institutions.

## Settlement services, collection and payment services, and other financial services

The Company expects that all of the applicable Percentage Ratios in respect of the service fees payable by the Group to CITIC Bank International and CITIC Finance International, in aggregate, for each of the settlement services, collection and payment services, and other financial services under the Financial Services Agreements, on an annual basis, are less than 0.1% and therefore fall below the de minimis threshold under Rule 14A.76 of the Listing Rules. Such services to be provided to the Group shall be on normal commercial terms or on terms that are no less favourable than those offered by the major domestic banks in Hong Kong. Accordingly, each of the settlement services, collection and payment services, and other financial services under the Financial Services Agreements are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the applicable reporting, annual review, announcement and Independent Shareholders' approval requirements of the Listing Rules if the service fees for the settlement services, collection and payment services, and/or other financial services to be provided by CITIC Bank International and/or CITIC Finance International to the Group under the respective Financial Services Agreements may exceed the de minimis threshold under Rule 14.76 of the Listing Rules.

### Credit services

The credit services under the Financial Services Agreements involve the provision of financial assistance by CITIC Bank International and CITIC Finance International to the Group. As the credit services to be provided under the Financial Services Agreements are on normal commercial terms or better, and no security will be granted by the Group over its assets in respect of such credit services, therefore the credit services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules. No annual caps are therefore set for such credit services.

## HISTORICAL TRANSACTION AMOUNTS

### Deposit services

The table below sets forth the historical aggregate amount of the daily maximum balance of deposits placed and maintained by the Group with CITIC Bank International and CITIC Finance International (including the interests accrued thereon) for each of the three years ended 31 December 2020:

	For the year ended 31 December		
	2018	2019	2020
Aggregate amount of daily maximum balance of deposits placed and maintained by the Group with CITIC Bank International and CITIC Finance International (including the interests accrued thereon)	HK\$140,000,000 (Note 2)	HK\$155,000,000 (Note 2)	HK\$93,000,000 (Note 2)

*Note 2: 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 for illustrative purpose only.*

## **Settlement services, collection and payment services, and other financial services**

The historical figures for the aggregate amount of service fees paid by the Group to CITIC Bank International or CITIC Finance International for the provision of settlement services, collection and payment services, and other financial services, in aggregate, for the three years ended 31 December 2020 were HK\$63,688, HK\$49,670 and HK\$54,661, respectively.

## **Credit services**

The Group did not have any outstanding loan amount (including interests accrued thereon) from CITIC Bank International or CITIC Finance International for the three years ended 31 December 2020. Subsequent to the year ended 31 December 2020, the Company and CITIC Finance International entered into an unsecured 3-year term loan facility agreement in a total facility amount of US\$150,000,000 in March 2021. The Company and CITIC Bank International entered into an unsecured 3-year term loan facility agreement in a total facility amount of US\$200,000,000 in June 2021. For the six months ended 30 June 2021, the maximum outstanding loan amount (including interests accrued thereon) provided by CITIC Finance International and CITIC Bank International to the Group, in aggregate, was US\$350,632,117. As these loan transactions entered by CITIC Finance International and by CITIC Bank International to the Group were on normal commercial terms or better, and without granting any security over the Group's assets in respect of the term loan facilities, the loan transactions are fully exempt from reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

The Group did not conduct any bill acceptance, bill discounting, guarantee, financial leasing and other forms of credit services with CITIC Bank International or CITIC Finance International for the three years ended 31 December 2020.

## **INTERNAL CONTROL MEASURES FOR THE FINANCIAL SERVICES AGREEMENTS**

The financial services (including the deposit services) to be provided by CITIC Bank International and CITIC Finance International to the Group under the Financial Services Agreements shall be on a non-exclusive basis. The Company will implement the following internal control measures to ensure that the transactions contemplated under the Financial Services Agreements are on normal commercial terms and do not exceed the annual caps:

- (1) To ensure that the interest rates and other terms offered by CITIC Bank International and CITIC Finance International under the Financial Services Agreements will be fair and reasonable and on normal commercial terms, prior to placing cash deposits at or procuring other types of financial services from CITIC Bank International and CITIC Finance International, the Planning and Finance Department of the Company will obtain at least three quotations from major domestic commercial banks in Hong Kong who are independent third parties to determine the prevailing interest rate(s) and other terms being offered by those institutions in the ordinary course of business for comparable deposits of similar nature during the same period. Such reference interest rate(s) will then be reviewed and approved by the management of the Company in accordance with its internal approval processes and procedures prior to entering into each individual specific agreement for the deposit services. The Company may also take into account factors, including, among other things, quality of services, safety of deposits, reputation of financial institutions, and history of cooperation in making decisions to place deposits with any banks or financial institutions. If the Company is aware that the deposit interest rate offered by CITIC Bank International or CITIC Finance International is less favourable than that offered by major domestic commercial banks in Hong Kong for the deposit of the same type and term, the Group will not maintain deposits with CITIC Bank International or CITIC Finance International, or it will negotiate with CITIC Bank International or CITIC Finance International to re-determine the interest rate.
- (2) To ensure that the transactions contemplated under the Financial Services Agreements do not exceed the annual cap(s), the Planning and Finance Department of the Company shall monitor the aggregate amount of daily maximum deposits balance (including interests accrued thereon) to be maintained by the Group with CITIC Bank International and CITIC Finance International on a daily basis, and prepare continuing connected transaction reports on a monthly basis in respect of the status of compliance with the annual caps and utilisation of the annual caps under the Financial Services Agreements for the consideration of the Company's audit committee. In the event that the amount of transactions incurred or to be incurred under the Financial Services Agreements is expected to reach or exceed the relevant annual cap(s), the Planning and Finance Department of the Company will follow up forthwith by reporting and making a proposal to the management of the Company, and in case any revision of the annual cap(s) is required, it will report the particulars to the Board and a Board meeting will be convened for considering the relevant matters to ensure compliance with the requirements under the Listing Rules.
- (3) The auditors of the Company will conduct annual review on the transactions contemplated under the Financial Services Agreements in relation to the pricing policy and annual caps in accordance with the Listing Rules. The independent non-executive Directors will also provide annual confirmations in the annual reports of the Company in respect of the transactions contemplated under the Financial Services Agreements to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES AGREEMENTS**

The transactions contemplated under the Financial Services Agreements will enable the Company to strengthen its centralized fund management and thereby allows its subsidiaries to allocate funds more efficiently. The Company expects that it is beneficial to utilise the financial services from CITIC Bank International and CITIC Finance International under the Financial Services Agreements for the following reasons:

- (1) CITIC Bank International is regarded as a reputable, well-established, licensed, and legitimate financial institution in Hong Kong that is no different than other third party banks and financial institutions;
- (2) CITIC Finance International is a wholly-owned subsidiary of CITIC Limited established in Hong Kong, which principally engages in the business of accepting deposits, providing loans, internal settlement, and providing other financial services to the members companies of the CITIC Group;
- (3) CITIC Bank International and CITIC Finance International will be able to service the business and financial needs of the Group;
- (4) the terms (including the interest rates and bank charges) offered by or available from CITIC Bank International and CITIC Finance International with respect to the Financial Services Agreements are on normal commercial terms, which are expected to be at prevailing market rates that are not less favourable than the terms offered or available to the Service Recipients from major domestic banks in Hong Kong for similar services;
- (5) the interest rates offered by CITIC Bank International and CITIC Finance International on cash deposits are competitive in the market and are expected to allow the Company to maximise interest return;
- (6) the service fees and charges levied by CITIC Bank International and CITIC Finance International on financial services are competitive and cost-effective;
- (7) the counter-party risks and credit risks arising from cash depository and foreign exchange transactions with CITIC Bank International and CITIC Finance International are relatively lower compared with other third party banks and financial institutions; and
- (8) the diversification of the Group's portfolio of its principal bankers and/or financial institutions during the term of the Financial Services Agreements.

The Board (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser) is of the view that all such transactions are fair and reasonable, concluded on arm's length basis in the ordinary and usual course of business, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, Mr. Suo Zhengang, being an executive Director, is also a non-executive director of CA and, therefore, has abstained from voting at the Board meeting for approving the transactions contemplated under the Financial Services Agreements, and the proposed annual caps. Save as disclosed herein, no other Director has a material interest in the Financial Services Agreements and is therefore required to abstain from voting at the Board meeting.



## LISTING RULES IMPLICATIONS

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 the Shares in issue as at the date of this announcement. CITIC Group is the controlling shareholder of the Company. CITIC Bank International and CITIC Finance International, being subsidiaries of CITIC Group, are connected persons of the Company. As such, the transactions contemplated under the Financial Services Agreements would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Furthermore, the provision of deposit services by CITIC Finance International to the Group also constitutes the provision of financial assistance by the Group to CITIC Finance International under Rule 14.04(1)(e) of the Listing Rules.

Because CITIC Group is the controlling shareholder of the Company, therefore Keentech, CA and Fortune Class and their respective associates are required to abstain from voting at the SGM. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, save as disclosed herein, no other Shareholder is required to abstain from voting on relevant resolutions at the SGM.

Based on the aggregate maximum daily balance of deposits (including the interests accrued thereon) to be placed and maintained by the Group with CITIC Bank International and CITIC Finance International, as the highest of the applicable Percentage Ratios in respect of the deposit services under the Financial Services Agreements is 25% or more but less than 100%, the deposit services under Financial Services Agreements constitute (i) non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and/or (ii) major transactions subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest of the applicable Percentage Ratios in respect of the service fees expected to be payable to CITIC Bank International and CITIC Finance International, in aggregate, for each of the settlement services, collection and payment services, and other financial services under Financial Services Agreements, on an annual basis, are less than 0.1% and therefore fall below the de minimis threshold under Rule 14A.76 of the Listing Rules; and the terms of such services are on normal commercial terms or better, the settlement services, collection and payment services, and other financial services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The credit services under the Financial Services Agreement involve the provision of financial assistance by CITIC Bank International and CITIC Finance International to the Group. As the credit services to be provided under the Financial Services Agreements are on normal commercial terms or better, and no security will be granted by the Group over its assets in respect of such credit services, therefore the credit services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

## **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 and alumina. It is also involved in the import of other commodity products and manufactured goods, such as steel, and vehicle and industrial batteries and tyres in Australia. The coal segment is engaged in the operation of coal mines and the sale of coal in Australia.

### **CITIC Bank International**

CITIC Bank International is a limited company incorporated in Hong Kong and a licensed bank in Hong Kong. CITIC Bank International is owned as to 75% by CITIC International Financial Holdings Limited, which in turn is an indirect non-wholly owned subsidiary of CNCB.

### **CITIC Finance International**

CITIC Finance International is a wholly-owned subsidiary of CITIC Limited established in Hong Kong, which principally engages in the business of accepting deposits, providing loans, internal settlement, and providing other financial services to the members companies of the CITIC Group.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Look Andrew) has been established to advise the Independent Shareholders in connection with the Financial Services Agreements, the transactions contemplated thereunder and the proposed annual caps.

Asian Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the deposit services under the Financial Services Agreements and the proposed annual caps.

## **DESPATCH OF CIRCULAR**

A circular containing, among other matters, (i) further details of the transactions contemplated under the Financial Services Agreements and the proposed annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the terms of the Financial Services Agreements; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of SGM will be despatched to the Shareholders in compliance with the Listing Rules.

As additional time is required by the Company to prepare the information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 9 September 2021. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason(s) for the delay and the new expected date of despatch of the circular.

## DEFINITIONS

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

“Asian Capital” or “Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the Financial Services Agreements (including the relevant proposed annual caps)
“associates”	has the meaning ascribed to it in Chapter 14A of the Listing Rules
“Board”	the board of Directors
“CA”	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability
“CITIC Bank International”	China CITIC Bank International Limited (中信銀行(國際)有限公司), an indirect non-wholly owned subsidiary of CNCB, and therefore a connected person of the Company
“CITIC Bank International Financial Services Agreement”	the financial services agreement dated 16 August 2021 entered into between the Company and CITIC Bank International
“CITIC Finance International”	CITIC Finance International Limited, a wholly-owned subsidiary of CITIC Limited, and therefore a connected person of the company
“CITIC Finance International Financial Services Agreement”	the financial services agreement dated 16 August 2021 entered into between the Company and CITIC Finance International
“CITIC Group”	中國中信集團有限公司(CITIC Group Corporation), 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
“CNCB”	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
“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
“Directors”	the directors of the Company
“Effective Date”	the effective date of the respective Financial Services Agreements, being the date on which the Independent Shareholders grant their approval at the SGM for the respective Financial Services Agreements, the transactions contemplated thereunder and the proposed annual caps
“Financial Services Agreements”	collectively, (i) the CITIC Bank International Financial Services Agreement; and (ii) the CITIC Finance International Financial Services Agreement
“Fortune Class”	Fortune Class Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Group” or “Service Recipients”	the Company and its subsidiaries from time to time
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, and each of them does not have any material interest in the transactions contemplated under the Financial Services Agreements
“Independent Shareholders”	Shareholders other than Keentech, CA and Fortune Class and their associates
“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, as amended from time to time
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve, among others, the Financial Services Agreements, the transactions contemplated thereunder, and the proposed annual caps
“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
“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, 16 August 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.*