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HONG KONG RESOURCES HOLDINGS COMPANY LIMITED

香港資源控股有限公司

*(Incorporated in Bermuda with limited liability
and carrying on business in Hong Kong as HKRH China Limited)*
(Stock code: 2882)

(1) PAST DISCLOSEABLE AND CONNECTED TRANSACTION; AND (2) PAST NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(1) PAST DISCLOSEABLE AND CONNECTED TRANSACTION

It has come to the attention of the Company that, on 13 August 2021, 3DM (being an indirect subsidiary of the Company) and Ultra Power (being an indirect wholly-owned subsidiary of Luk Fook Holdings) entered into the HK Tenancy Agreement in respect of the lease of the HK Premises for a term of three (3) years at the monthly rent of HK\$140,000.

Listing Rules implications

Pursuant to HKFRS 16, the entering into of the HK Tenancy Agreement will require the Group to recognise the HK Premises as the right-of-use assets on its balance sheet, thus the entering into of the HK Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

As one or more of the applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the aggregate value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 is more than 5% but less than 25%, the entering into of the HK Tenancy Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules.

CGS is a subsidiary of the Company, and is owned as to 50% by the Company and 50% by Luk Fook 3DM, being an indirect wholly-owned subsidiary of Luk Fook Holdings. As Ultra Power is an indirectly wholly-owned subsidiary of Luk Fook Holdings, thus Ultra Power is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the HK Tenancy Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Ultra Power is a connected person at the subsidiary level of the Company; (ii) the transactions contemplated under the HK Tenancy Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under HK Tenancy Agreement and confirmed that the terms of the HK Tenancy Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, according to Rule 14A.101 of the Listing Rules, the transactions contemplated under the HK Tenancy Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

(2) PAST NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

It has come to the attention of the Company that some transactions entered into between the CGS Group and the Luk Fook Group constitute continuing connected transactions of the Group for the year ended 30 June 2021. During the year ended 30 June 2021, the CGS Group purchased raw materials and/or finished goods in respect of platinum and gold jewelleryes and gold ornaments, gem-set jewelleryes, jadeites, gemstones and other accessory items from the Luk Fook Group, amounting to approximately HK\$5 million.

Listing Rules implications

As at the date of this announcement, CGS is a subsidiary of the Company and is owned as to 50% by each of the Company and Luk Fook 3DM. As Luk Fook 3DM is wholly-owned by Luk Fook Holdings, Luk Fook 3DM is a connected person of the Company at the subsidiary level. As all of the applicable percentage ratio under Rule 14.07 of the Listing Rules for the transactions is less than 25% and the consideration paid by the Group is less than HK\$10 million, the transactions constitute continuing connected transactions of the Company, and are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) is of the view that the transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and confirmed that the terms of the transactions were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(1) PAST DISCLOSEABLE AND CONNECTED TRANSACTION

It has come to the attention of the Company that, on 13 August 2021, 3DM (being an indirect subsidiary of the Company) and Ultra Power (being an indirect wholly-owned subsidiary of Luk Fook Holdings) entered into the HK Tenancy Agreement in respect of the lease of the HK Premises.

The principal terms of the HK Tenancy Agreement are set out below:

Date:	13 August 2021
Tenant:	3D-Gold Management Services Limited (金至尊管理服務有限公司)
Landlord:	Ultra Power Corporation Limited (越能有限公司)
HK Premises:	Units 1506-1511, Metropole Square, No.2 On Yiu Street, Shatin, New Territories, Hong Kong
Term:	Three (3) years from 1 August 2021 to 31 July 2024 (both dates inclusive)
Rent-free period:	1 August 2021 to 31 August 2021 (both dates inclusive)
Usage:	For use as office
Monthly rent:	HK\$140,000

The negotiation of the terms of the HK Tenancy Agreement was conducted by the parties on an arm's length basis and each of the rent was determined with reference to the open market rental of properties of comparable size, location, facilities and usage.

The rent payable by the Company for the premises is financed by internal resources and loan facilities of the Group.

Management and air-conditioning fees: (approx.)	HK\$20,500
Security deposit: (approx.)	HK\$321,000

Reasons for and ratification of the past discloseable and connected transaction

As the previous tenancy agreement had expired in August 2021, the CGS Group has an imminent need to seek a premises for continuance of its business. In evaluating the options of possible locations, it is considered that the rent for the HK Premises, is a prevailing market price, and the HK Premises is finished with renovation and furniture, which will save renovation and furniture costs of the Group.

During the entering into of the HK Tenancy Agreement, having considered that the annual rent under the HK Tenancy Agreement was less than 5% and less than HK\$3,000,000, it was of the view that the transactions contemplated under the HK Tenancy Agreement shall fall within the de minimis threshold, and be regarded as a fully-exempt connected transaction. During the course of preparing the annual report, it was revealed that the HK Tenancy Agreement was entered into in August 2021 and the Board and company secretary of the Company were not being informed of the same at the material times. The HK Tenancy Agreement and the transactions contemplated thereunder constituted a discloseable and connected transaction of the Company which had not been announced by the Company. The omission by the Company to comply with the requirement of the Listing Rules in respect of the discloseable and connected transaction at the subsidiary level was wholly unintentional. Once the existence of the non-exempt transaction was identified, the Company has taken immediate remedial action by reporting and announcing the transaction. The Company will continue to provide training to the staff of the Group for their better apprehension of the Listing Rules.

The Directors have reviewed the HK Tenancy Agreement was entered into under normal commercial terms at comparable market rents. Having reviewed the connected transaction, the Board (including the independent non-executive Directors) is of the view that the transaction was entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and confirmed that the terms of the transaction were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Listing Rules implications

Pursuant to HKFRS 16, the entering into of the HK Tenancy Agreement will require the Group to recognise the HK Premises as the right-of-use assets on its balance sheet, thus the entering into of the HK Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

As one or more of the applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the aggregate value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 is more than 5% but less than 25%, the entering into of the HK Tenancy Agreement and the transaction contemplated thereunder constitute a discloseable transaction for the Company, and is subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules.

CGS is a subsidiary of the Company, and is owned as to 50% by the Company and 50% by Luk Fook 3DM, being an indirect wholly-owned subsidiary of Luk Fook Holdings. As Ultra Power is an indirectly wholly-owned subsidiary of Luk Fook Holdings, thus Ultra Power is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the HK Tenancy Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Ultra Power is a connected person at the subsidiary level of the Company; (ii) the transactions contemplated under the HK Tenancy Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under HK Tenancy Agreement and confirmed that the terms of the HK Tenancy Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, according to Rule 14A.101 of the Listing Rules, the transactions contemplated under the HK Tenancy Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

(2) PAST NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

It has come to the attention of the Company that some transactions entered into between the CGS Group and the Luk Fook Group constitute continuing connected transactions of the Group for the year ended 30 June 2021. During the year ended 30 June 2021, the CGS Group purchased raw materials and/or finished goods in respect of platinum and gold jewellery and gold ornaments, gem-set jewellery, jadeites, gemstones and other accessory items from the Luk Fook Group, amounting to approximately HK\$5 million.

Reasons for and ratification of the past non-exempt continuing connected transactions

As disclosed in the circular of the Company dated 21 February 2014 and the announcement of the Company dated 29 June 2016, the CGS Group had previously purchased raw materials and/or finished goods in respect of platinum and gold jewellery and gold ornaments, gem-set jewellery, jadeites, gemstones and other accessory items from the Luk Fook Group. Given the longstanding business relationship between the CGS Group and the Luk Fook Group, the CGS Group could obtain a consistent supply of products for its business; hence, the CGS Group had been purchasing products from the Luk Fook Group continuously. For the year ended 30 June 2020, due to the social unrest in Hong Kong during the second half of 2019, followed by the outbreak of COVID-19 in Mainland China in late 2019, and coupled with the trade frictions between China and the United States, business of the Group had been severely affected, as such, the transactions between the CGS Group and the Luk Fook Group for the year ended 30 June 2020 only constituted fully-exempted continuing connected transactions of the Company.

Due to the subsiding of both the social unrest in Hong Kong and the COVID-19 situation in Mainland China since mid-2020, sales of the Group gradually picked up, as such, the CGS Group increased its purchases from the Luk Fook Group and exceeded the de minimis threshold unintentionally. During the course of preparing the annual report, it was revealed that the aggregate of the transactions constituted non-exempted continuing connected transactions of the Company. The transactions had not previously been announced by the Company. The omission by the Company to comply with the requirement of the Listing Rules in respect of the continuing connected transactions for the year ended 30 June 2021 was wholly unintentional. Once the existence of the non-exempt continuing connected transactions was identified, the Company has taken immediate remedial action by reporting and announcing the continuing connected transactions. The Company will adopt more stringent procedure to enhance the internal communication of the Group to prevent any future non-compliance.

The Directors have reviewed the past continuing connected transactions and noted that the transactions were all entered into under normal commercial terms. Prices of goods purchased by the Group were negotiated on an arm's length basis based on existing market prices, with payment terms no less favourable than those available to the Group from independent third party suppliers. Having reviewed the past continuing connected transactions, the Board (including the independent non-executive Directors) is of the view that the transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and confirmed that the terms of the transactions were fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Listing Rules implications

As at the date of this announcement, CGS is a subsidiary of the Company and is owned as to 50% by each of the Company and Luk Fook 3DM. As Luk Fook 3DM is wholly-owned by Luk Fook Holdings, Luk Fook 3DM is a connected person of the Company at the subsidiary level. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the transactions is less than 25% and the consideration paid by the Group is less than HK\$10 million, the transactions constitute continuing connected transactions of the Company, and are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

The Company is an investment holding company. The Group is principally engaged in the retail sales and franchising operations for gold and jewellery products in Hong Kong, Macau and Mainland China and the wholesale and sub-contracting operations of gold and jewellery products in Mainland China.

CGS is a subsidiary of the Company and is owned as to 50% by each of the Company and Luk Fook 3DM. The principal activity of CGS is investment holding. Its subsidiaries are principally engaged in the trading and sale of gold, platinum and jewellery products in Hong Kong, Macau and other region in the PRC through retailing, licensing and e-commerce under the brand or trade names of "3D-GOLD" and "金至尊".

3DM is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CGS. 3DM is principally engaged in the provision of management services.

Ultra Power is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Luk Fook Holdings. Ultra Power is principally engaged in property holding in Hong Kong.

The principal activity of Luk Fook Holdings is investment holding. Its subsidiaries (including Luk Fook 3DM) are principally engaged in the sourcing, designing, wholesaling, trademark licensing and retailing of a variety of gold and platinum jewellery and gem-set jewellery.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“3DM”	3D-Gold Management Services Limited (金至尊管理服務有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of CGS
“Board”	the board of Directors
“CGS”	China Gold Silver Group Company Limited (中國金銀集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Company, which is owned as to 50% by the Company and 50% by Luk Fook 3DM
“CGS Group”	CGS and its subsidiaries
“Company”	Hong Kong Resources Holdings Company Limited (香港資源控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2882)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK Premises”	Units 1506-1511, Metropole Square, No.2 On Yiu Street, Shatin, New Territories, Hong Kong
“HK Tenancy Agreement”	the tenancy agreement dated 13 August 2021 and entered into between Ultra Power and 3DM for the lease of the HK Premises

“HKFRS 16”	the “Hong Kong Financial Reporting Standard 16 – Leases” issued by the Hong Kong Institute of Certified Public Accountants, sets out the principles for the recognition, measurement, presentation and disclosure of leases
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luk Fook 3DM”	Luk Fook 3D Management Company Limited (六福3D 管理有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Luk Fook Holdings
“Luk Fook Group”	Luk Fook Holdings and its subsidiaries
“Luk Fook Holdings”	Luk Fook Holdings (International) Limited (六福集團(國際)有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0590)
“Macau”	the Macau Special Administrative Region of the PRC
“PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ultra Power”	Ultra Power Corporation Limited (越能有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Luk Fook Holdings
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
Hong Kong Resources Holdings Company Limited
Li Ning
Chairman

Hong Kong, 22 October 2021

As at the date of this announcement, the Board comprises Mr. Li Ning (Chairman), Mr. Wang Chaoguang (Co-chairman) and Ms. Dai Wei as executive Directors; Mr. Hu Hongwei as non-executive Director; and Dr. Loke Yu alias Loke Hoi Lam, Mr. Fan, Anthony Ren Da and Mr. Chan Kim Sun as independent non-executive Directors.