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DAMENG

CITIC Dameng Holdings Limited

中信大錳控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

In its ordinary and usual course of business on normal commercial terms, the Company entered into 2020 CITIC Finance Deposits Agreement with CITIC Finance on 8 April 2020, pursuant to which the Group will maintain balances and deposits with CITIC Finance and its subsidiaries subject to the Proposed CITIC Finance Deposits Annual Caps for the period from 8 April 2020 to 31 December 2020 and the two years ending 31 December 2022 (“**the Period**”). Details of 2020 CITIC Deposits Agreement are set out below:

Date:	8 April 2020
Parties:	(1) CITIC Finance (2) The Company
Subject:	The Group will maintain balances and deposits with CITIC Finance and its subsidiaries
Pricing basis:	The transactions under 2020 CITIC Finance Deposits Agreement will be conducted in ordinary and usual course of business and on normal commercial terms and conditions and such terms and conditions will be no less favorable than those available from Independent Third Parties.

It is expected that during the Period, the maximum aggregate of the balances and deposits maintained by the Group with CITIC Finance and its subsidiaries on any given day will not exceed RMB30,000,000 (equivalent to HK\$33,000,000).

Term: For the period from 8 April 2020 to 31 December 2020 and the two years ending 31 December 2022

THE HISTORIAL AGGREGATE OF THE BALANCES AND DEPOSITS WITH CITIC FINANCE AND ITS SUBSIDIARIES UP TO THE LATEST PRACTICABLE DATE AND THE ANNUAL CAPS

The historical aggregate of the balances and deposits with CITIC Finance and its subsidiaries placed by the Group were nil as at 31 December 2017, 31 December 2018, 31 December 2019 and the Latest Practicable Date and the maximum aggregate of the balances and deposits with CITIC Finance and its subsidiaries placed by the Group were nil on any given day during each of the three years ended 31 December 2019 and for the period from 1 January 2020 up to the Latest Practicable Date.

THE PROPOSED CITIC FINANCE DEPOSITS ANNUAL CAPS

It is expected that for the Period, the maximum aggregate of the balances and deposits maintained by the Group with CITIC Finance and its subsidiaries on any given day will not exceed RMB30,000,000 (equivalent to HK\$33,000,000).

The basis of the Proposed CITIC Finance Deposits Annual Caps is determined after taking into account the followings:

- (i) diversification of the Group's portfolio of its principal bankers and/or financial institutions during the Period;
- (ii) expected increase in the use of financial services of CITIC Finance including credit line facilities during the Period; and
- (iii) the estimated counterparty risk of the banks and/or financial institutions during the Period.

REASONS FOR ENTERING INTO 2020 CITIC FINANCE DEPOSIT AGREEMENT

The Group expects to maintain balances and deposits with CITIC Finance and its subsidiaries in its ordinary and usual course of business on normal commercial terms and make use of the financial services of CITIC Finance including credit line facilities in the coming years.

The relevant documents executed by the Group with CITIC Finance and its subsidiaries do not require the accounts with CITIC Finance and its subsidiaries to be maintained for any fixed period of time. Interests are accrued on such balances and deposits at prevailing market rates and standard charges are applicable to the accounts and transactions with CITIC Finance and its subsidiaries.

Each of Mr. Guo Aimin, Mr. Suo Zhengang and Mr. Lyu Yanzheng being director and/or senior management of certain subsidiaries of CITIC Group, is considered to have a material interest in the transactions contemplated under 2020 CITIC Finance Deposits Agreement and therefore has abstained from voting on the board resolution approving 2020 CITIC Finance Deposits Agreement. Save as disclosed hereinabove, none of the Directors have any material interest in 2020 CITIC Finance Deposits Agreement nor is any of them required to abstain from voting in

respect of the relevant board resolution.

The Directors (including the independent non-executive Directors but excluding Mr. Guo Aimin, Mr. Suo Zhengang and Mr. Lyu Yanzheng) are of the view that: (i) 2020 CITIC Finance Deposits Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the terms under 2020 CITIC Finance Deposits Agreement (including the Proposed CITIC Finance Deposits Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

CITIC Group is a substantial shareholder of the Company. As CITIC Finance is a subsidiary of CITIC Group, they are therefore connected persons of the Company under Rule 14A.07 of the Listing Rules.

As the highest applicable Percentage Ratio calculated with reference to the Proposed CITIC Finance Deposits Annual Caps exceeds 0.1% but less than 5%, the transactions contemplated under 2020 CITIC Finance Deposits Agreement are subject to reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION RELATING TO THE COMPANY AND CITIC FINANCE

The Company is a vertically integrated manganese producer that produces and sells manganese products. It has manganese mining, ore processing and downstream processing operations in the PRC as well as manganese mining and ore processing operations in Gabon.

CITIC Finance is a non-bank financial institution with the approval of the China Banking Regulatory Commission. CITIC Finance's principal businesses include 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.

DEFINITIONS

“2020 CITIC Deposits Agreement”	the agreement dated 8 April 2020 entered into between the Company and CITIC Finance, pursuant to which the Group agreed to maintain balances and deposits with CITIC Finance and its subsidiaries during the Period
“Board”	the board of Directors
“CITIC Finance”	中信財務有限公司(CITIC Finance Company Limited), an indirect non wholly-owned subsidiary of CITIC Limited
“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), a state-owned company established in the PRC in 1979 and the controlling shareholder of CITIC Limited

“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability with its shares listed on the Main Board of the Stock Exchange (Stock Code: 267), which is a controlling shareholder of the Company
“Company”	CITIC Dameng Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1091)
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	persons or companies which are independent of the Group, the directors, the chief executives, the substantial shareholders of the Company or any of its subsidiaries, and its associates
“Latest Practicable Date”	31 March 2020
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules for determining the classification of a transaction
“PRC”	the 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
“Proposed CITIC Finance Deposits Annual Caps”	the proposed maximum aggregate of the balances and deposits maintained by the Group with CITIC Finance and its subsidiaries during the Period
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

Note:

1. The English names of the PRC entities mentioned hereinabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

2. Unless otherwise specified and for illustration purpose only, the figures in RMB are converted into HK\$ at the rate of RMB1.00 = HK\$1.10 throughout this announcement for indication purposes only. Such conversion should not be construed as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.

By order of the Board
CITIC DAMENG HOLDINGS LIMITED

Guo Aimin

Chairman

Hong Kong, 8 April 2020

As at the date of this announcement, the executive Directors are Mr. Guo Aimin and Mr. Li Weijian; the non-executive Directors are Mr. Suo Zhengang, Mr. Lyu Yanzheng, Mr. Cheng Zhiwei and Ms. Cui Ling; and the independent non-executive Directors are Mr. Lin Zhijun, Mr. Tan Zhuzhong and Mr. Wang Zhihong.

**For identification purpose only*