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CITIC Dameng Holdings Limited

中信大锰控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 15 July 2015 in respect of Jiangyin Xingcheng Agreement.

As Jiangyin Xingcheng Agreement will expire on 31 December 2017, the Company entered into 2018 CITIC Special Steel Agreement with CITIC Special Steel on 29 December 2017, pursuant to which the Group will continue to sell manganese ferroalloy to CITIC Special Steel and its subsidiaries for the period from 1 January 2018 to 31 December 2020. Details of 2018 CITIC Special Steel Agreement are set out as follows:

- Date: 29 December 2017
- Parties: (1) The Company (as the seller)
(2) CITIC Special Steel (as the purchaser)
- Subject: Pursuant to 2018 CITIC Special Steel Agreement, the Company (for itself and on behalf of its subsidiaries) agreed to sell manganese ferroalloy to CITIC Special Steel and its subsidiaries.
- Pricing basis: The transactions under 2018 CITIC Special Steel Agreement will be conducted in ordinary and usual course of business and on normal commercial terms and such terms and conditions will be no less favorable than those available from Independent Third Parties.

Under 2018 CITIC Special Steel Agreement, the quantity of manganese ferroalloy to be sold by the Group to CITIC Special Steel and its subsidiaries is not fixed and is to be determined and agreed between the parties from time to time. The Group is not required to sell a minimum amount or any pre-defined quantity of manganese ferroalloy to CITIC Special Steel and its subsidiaries during the term of the agreement. In addition, the prices are not fixed and are to be determined in accordance with prevailing market prices and to be agreed between the parties.

The annual cap for the sale of manganese ferroalloy by the Group to CITIC Special Steel and its subsidiaries under 2018 CITIC Special Steel Agreement is calculated by reference to the prevailing market unit price of manganese ferroalloy multiplying the estimated quantity of manganese ferroalloy to be sold by the Group to CITIC Special Steel and its subsidiaries under 2018 CITIC Special Steel Agreement for the three years ending 31 December 2020. The amount will be settled in accordance with the prevailing market practice and to be agreed between the parties.

Term: For the period from 1 January 2018 to 31 December 2020.

HISTORIAL AMOUNTS OF THE TRANSACTIONS BETWEEN THE GROUP AND JIANGYIN XINGCHENG

Set out below are the historical amounts in relation to the transactions between the Group and Jiangyin Xingcheng for the period from 1 January 2015 to 31 October 2017:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the period from 1 January 2017 to 31 October 2017
Sale of silicomanganese alloy to Jiangyin Xingcheng	HK\$21,496,000 (approximately RMB18,064,000)	HK\$48,464,000 (approximately RMB40,726,000)	HK\$69,688,000 (approximately RMB58,561,000)

THE PROPOSED 2018 CITIC SPECIAL STEEL CAPS

The Proposed 2018 CITIC Special Steel Caps under 2018 CITIC Special Steel are as follows:

	Proposed 2018 CITIC Special Steel Caps		
	For the year	For the year	For the year
	ending 31	ending 31	ending 31
	December 2018	December 2019	December 2020
2018 CITIC SPECIAL STEEL AGREEMENT			
Sale of manganese ferroalloy to CITIC Special Steel (for itself and on behalf of its subsidiaries)	HK\$75,000,000 (approximately RMB63,025,000)	HK\$75,000,000 (approximately RMB63,025,000)	HK\$75,000,000 (approximately RMB63,025,000)

REASONS FOR ENTERING INTO 2018 CITIC SPECIAL STEEL AGREEMENT

CITIC Special Steel together with its subsidiaries (including Jiangyin Xingcheng) is one of the market leaders in steel production in China which purchases manganese ferroalloy in large quantities and at competitive price and therefore sales of manganese ferroalloy to CITIC Special Steel can expand our customer portfolio and increase our sales network, which is beneficial to our continuing operations and business.

The Directors (excluding Mr. Suo Zhengang and Mr. Lyu Yanzheng, both of whom are also directors of certain subsidiaries of CITIC Group, have abstained from voting on the board resolution approving 2018 CITIC Special Steel Agreement and the Proposed 2018 CITIC Special Steel Caps) are of the view that: (i) 2018 CITIC Special Steel 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 2018 CITIC Special Steel Agreement (including the Proposed 2018 CITIC Special Steel Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY AND JIANGYIN XINGCHENG

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 Special Steel is an indirect wholly owned subsidiary of CITIC Limited, which is in turn a subsidiary of CITIC Group. Therefore, CITIC Special Steel is a connected person of the Company. CITIC Special Steel is principally engaged in steel and ancillary products manufacturing and processing.

GENERAL

As the highest applicable Percentage Ratio calculated with reference to the Proposed 2018 CITIC Special Steel Caps is more than 0.1% but less than 5%, the transaction contemplated under 2018

CITIC Special Steel Agreement is therefore subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2018 CITIC Special Steel Agreement”	the agreement entered into between the Group and CITIC Special dated 29 December 2017, pursuant to which the Group (for itself and on behalf of its subsidiaries) agreed to sell manganese ferroalloy to CITIC Special Steel (for itself and on behalf of its subsidiaries) for the three years ending 31 December 2020
“Associate(s)”	has the meaning ascribed to it by the Listing Rules
“Board”	the board of directors of the Company
“CITIC Dameng Mining”	中信大錳礦業有限責任公司(CITIC Dameng Mining Industries Co., Limited), an indirect wholly-owned subsidiary of the Company
“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: 00267), formerly known as CITIC Pacific Limited (中信泰富有限公司), which is a controlling Shareholder of the Company
“CITIC Special Steel”	中信泰富特鋼有限公司(CITIC Pacific Steel Co., Ltd.), an indirect wholly owned subsidiary of CITIC Limited
“Company”	CITIC Dameng Holdings Limited (Stock Code: 1091), a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it by the Listing Rules

“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the 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 their respective associates
“Jiangyin Xingcheng”	江陰興澄特種鋼鐵有限公司(Jiangyin Xingcheng Special Steel Limited Company), a company incorporated in the PRC, a subsidiary of CITIC Special Steel. Jiangyin Xingcheng is a connected person of the Company
“Jiangyin Xingcheng Agreement”	the agreement entered into between CITIC Dameng Mining and Jiangyin Xingcheng dated 15 July 2015, pursuant to which CITIC Dameng Mining (for itself and on behalf of its subsidiaries) agreed to sell silicomanganese alloy to Jiangyin Xingcheng for the period from 15 July 2015 to 31 December 2017
“Listing Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“manganese ferroalloy”	high carbon ferromanganese and silicomanganese alloy
“Percentage Ratio”	the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules
“PRC” or “China”	the People’s Republic of China. For the purpose of this announcement, reference to the PRC excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed 2018 CITIC Special Steel Caps”	the proposed maximum annual value of the transaction under 2018 CITIC Special Steel Agreement for each of the three years ending 31 December 2020
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shares(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the meaning ascribed to it by the Listing Rules
“%”	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\$1.19 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

Yin Bo

Chairman

Hong Kong, 29 December 2017

As at the date of this announcement, the executive Directors are Mr. Yin Bo and Mr. Li Weijian; the non-executive Directors are Mr. Suo Zhengang, Mr. Chen Jiqu and Mr. Lyu Yanzheng; and the independent non-executive Directors are Mr. Lin Zhijun, Mr. Mo Shijian and Mr. Tan Zhuzhong.

**For identification purpose only*