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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**

#### **2020 CITIC METAL NIOBIUM PRODUCTS PURCHASE AGREEMENT**

The Board hereby announces that on 31 August 2020, CITIC Dameng Investments (and/or its subsidiaries) entered into 2020 CITIC Metal Niobium Products Purchase Agreement with CITIC Metal Ningbo, pursuant to which CITIC Dameng Investments (and/or its subsidiaries) agreed to purchase and CITIC Metal Ningbo agreed to sell the Niobium Products for the period from 31 August 2020 to 31 December 2022.

CITIC Metal Ningbo is an indirect non-wholly owned subsidiary of CITIC Group. Therefore, CITIC Metal Ningbo is a connected person of the Company and the transaction contemplated under the 2020 CITIC Metal Niobium Products Purchase Agreement is a continuing connected transaction.

As the highest applicable Percentage Ratio calculated with reference to the Proposed 2020 CITIC Metal Niobium Products Purchase Caps is more than 0.1% but less than 5%, the transaction contemplated under 2020 CITIC Metal Niobium Products Purchase 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.

## INTRODUCTION

The Board hereby announces that on 31 August 2020, CITIC Dameng Investments (and/or its subsidiaries) entered into 2020 CITIC Metal Niobium Products Purchase Agreement with CITIC Metal Ningbo, pursuant to which CITIC Dameng Investments (and/or its subsidiaries) agreed to purchase and CITIC Metal Ningbo agreed to sell the Niobium Products for the period from 31 August 2020 to 31 December 2022.

## 2020 CITIC METAL NIOBIUM PRODUCTS PURCHASE AGREEMENT

The principal terms of 2020 CITIC Metal Niobium Products Purchase Agreement are summarized below:

- Date:** 31 August 2020
- Parties:** (1) CITIC Dameng Investments (and/or its subsidiaries) (as the purchaser); and  
(2) CITIC Metal Ningbo (as the seller)
- Subject:** Pursuant to 2020 CITIC Metal Niobium Products Purchase Agreement, CITIC Dameng Investments (and/or its subsidiaries) agreed to purchase and CITIC Metal Ningbo agreed to sell the Niobium Products
- Pricing Policy:** Prior to entering into any transactions pursuant to the 2020 CITIC Metal Niobium Products Purchase Agreement, CITIC Dameng Investments (and/or its subsidiaries) will negotiate with CITIC Metal Ningbo on arms' length basis and obtain relevant market price information through the following channels, so as to ensure that the terms of any offer for the transactions contemplated under the 2020 CITIC Metal Niobium Products Purchase Agreement are fair and reasonable and no less favorable than the terms offered to CITIC Dameng Investments (and/or its subsidiaries) from Independent Third Parties and such transactions are on normal commercial terms:
- (i) considering not less than five comparable transactions conducted by Independent Third Parties during the same period on such Niobium Products;
  - (ii) communication and exchange of price information with not less than five independent suppliers by various means, including telephone conversations, emails and meetings, with peers and business partners within the same industry; and

- (iii) online information obtained from various websites including 亞洲金屬網(<http://www.asianmetal.cn/>), CBC 金屬網 ([www.cbcie.com/148341/0/list.html](http://www.cbcie.com/148341/0/list.html)), 礦道網 (<https://www.mining120.com/quote/803/>) and 長江有色金屬網(<https://www.ccmn.cn/xiaojinshu/columbium/>), etc (if applicable).

**Payment term:** CITIC Dameng Investments (and/or its subsidiaries) shall pay to CITIC Metal Ningbo by way of bank acceptance note with maturity of not more than one year and/or online banking remittance within 30 days from the receipt of value added tax invoice from CITIC Metal Ningbo and after the receipt and acceptance of goods.

**Term:** For the period from 31 August 2020 to 31 December 2022

## INTERNAL CONTROL MEASURES

The Group has established the following internal control measures to ensure that the pricing policy and the terms of the continuing connected transaction contemplated under the 2020 CITIC Metal Niobium Products Purchase Agreement are fair and reasonable and no less favorable than the terms offered to CITIC Dameng Investments (and/or its subsidiaries) from Independent Third Parties and such transactions are on normal commercial terms:

- (1) The purchasing manager of the Group has been designated to ensure that:
  - (i) proper trail of documents is kept for the price comparison procedure set out in the section headed “Pricing Policy” evidencing compliance with the pricing policy;
  - (ii) with the assistance of the finance department of the Group, the aggregate transaction amount contemplated under the 2020 CITIC Metal Niobium Products Purchase Agreement with CITIC Metal Ningbo will not exceed the Proposed 2020 CITIC Metal Niobium Products Purchase Caps; and
  - (iii) any offer from CITIC Metal Ningbo needs to be approved by him/her before the offer can be accepted by CITIC Dameng Investments (and/or its subsidiaries).
- (2) The finance department of the Group will perform periodic check on the transactions entered under the 2020 CITIC Metal Niobium Products Purchase Agreement to ensure that the Proposed 2020 CITIC Metal Niobium Products Purchase Caps are not exceeded.
- (3) The Company’s external auditors will conduct an annual review of the transactions entered into under the 2020 CITIC Metal Niobium Products Purchase Agreement in accordance with the Listing Rules.
- (4) In accordance with the Listing Rules, the independent non-executive Directors of the Company will also perform an annual review of the transactions entered into pursuant

to the 2020 CITIC Metal Niobium Products Purchase Agreement.

## **HISTORIAL AMOUNTS OF THE TRANSACTIONS BETWEEN THE GROUP AND CITIC METAL NINGBO**

There was no purchase of Niobium Products from CITIC Metal Ningbo by the Group for the period from 1 January 2017 to 31 July 2020.

## **THE PROPOSED 2020 CITIC METAL NIOBIUM PRODUCTS PURCHASE CAPS**

The Proposed 2020 CITIC Metal Niobium Products Purchase Caps in respect of the 2020 CITIC Metal Niobium Products Purchase Agreement are set out as follows:

	<b>The Proposed 2020 CITIC Metal Niobium Products Purchase Caps</b>		
	<b>For the period from 31 August 2020 to 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
Purchase of Niobium Products from CITIC Metal Ningbo	RMB5,642,000 (approximately HK\$6,319,000)	RMB13,274,000 (approximately HK\$14,867,000)	RMB14,159,000 (approximately HK\$15,858,000)

The Proposed 2020 CITIC Metal Niobium Products Purchase Caps are determined with reference to, inter alia (i) the projected volume of purchase of Niobium Products by the Group under 2020 CITIC Metal Niobium Products Purchase Agreement taking into account the operations of the Group and the potential market conditions of our products for business growth and development for the corresponding period; and (ii) estimated average ex-tax unit price of Niobium Products of approximately RMB261,000 (approximately HK\$292,320) per tonne during the period from 31 August 2020 to 31 December 2022.

## **REASONS FOR AND BENEFITS OF ENTERING INTO 2020 CITIC METAL NIOBIUM PRODUCTS PURCHASE AGREEMENT**

The Group is committed to carrying out technological innovation and upgrade in our various downstream products. CITIC Metal Ningbo is the exclusive distributor of CBMM (Companhia Brasileira de Metalurgia e Mineração) (the largest miner and supplier of Niobium Products in the world) in the PRC, which can provide high quality Niobium Products at competitive price with certain other favourable commercial terms. The use of Niobium Products as an additive can enhance the product quality of our various downstream products, thereby enhancing our market leadership in related downstream products, which is beneficial to our continuing operations and business.

In view of pricing policy and internal control measures set out above and the other information set out in this Announcement, the Directors including the independent non-

executive directors (excluding Mr. Guo Aimin, Mr. Suo Zhengang and Mr. Lyu Yanzheng, all of whom are also directors and/or senior management of certain subsidiaries of CITIC Group which are deemed to have material interest in the transaction, have abstained from voting on the board resolution approving 2020 CITIC Metal Niobium Products Purchase Agreement) are of the view that: (i) 2020 CITIC Metal Niobium Products Purchase 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 Metal Niobium Products Purchase Agreement (including the Proposed 2020 CITIC Metal Niobium Products Purchase Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION RELATING TO THE COMPANY, CITIC DAMENG INVESTMENTS AND CITIC METAL NINGBO**

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

CITIC Dameng Investments is a direct wholly-owned subsidiary of the Company and is mainly engaged in investment holding and trading of manganese ore.

CITIC Metal Ningbo is one of the main traders of metal materials (including Niobium Products) in China and is mainly engaged in the trade of metal materials, iron ore, coke, mineral products and other metal products.

## **LISTING RULES IMPLICATIONS**

CITIC Metal Ningbo is an indirect non-wholly owned subsidiary of CITIC Group. Therefore, CITIC Metal Ningbo is a connected person of the Company and the transaction contemplated under the 2020 CITIC Metal Niobium Products Purchase Agreement is a continuing connected transaction of the Company.

As the highest applicable Percentage Ratio calculated with reference to the Proposed 2020 CITIC Metal Niobium Products Purchase Caps is more than 0.1% but less than 5%, the transaction contemplated under 2020 CITIC Metal Niobium Products Purchase 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:

“2020 CITIC Metal Niobium Products Purchase Agreement”	the agreement entered into between CITIC Dameng Investments (and/or its subsidiaries) and CITIC Metal Ningbo dated 31 August 2020, pursuant to which CITIC Dameng Investments (and/or its subsidiaries) agreed to purchase and CITIC Metal Ningbo agreed to sell the Niobium Products for the period from
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31 August 2020 to 31 December 2022

“Associate(s)”, “connected person(s)”, “controlling Shareholder” and “substantial Shareholder”	has the meaning ascribed to it by the Listing Rules
“Board”	the board of directors of the Company
“CITIC Dameng Investments”	CITIC Dameng Investments Limited (中信大錳投資有限公司), a direct wholly-owned subsidiary of the Company
“CITIC Group”	CITIC Group Corporation (中国中信集团有限公司), a state-owned company established in the PRC in 1979, which is a controlling Shareholder of the Company
“CITIC Metal Ningbo”	CITIC Metal (Ningbo) Co., Ltd. (中信金屬寧波能源有限公司), an indirect non-wholly owned subsidiary of CITIC Group
“Company”	CITIC Dameng Holdings Limited (Stock Code: 1091), a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“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
“Listing Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“Niobium Products”	Niobium products (including but not limited to niobium alloy, niobium oxide or any related products with niobium element)
“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 and for the purpose of this announcement, reference to the PRC excludes Hong Kong, the

Macau Special Administrative Region of the PRC and Taiwan

“Proposed 2020 CITIC Metal Niobium Products Purchase Caps”	the proposed maximum annual value of the transactions under the 2020 CITIC Metal Niobium Products Purchase Agreement for the period from 31 August 2020 to 31 December 2020 and the two years ending 31 December 2022
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	holders of the Shares
“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\$1.12 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, 31 August 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*