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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 TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH GUANGXI DAMENG AND ITS SUBSIDIARIES

Reference is made to the circular of the Company dated 29 June 2018 in respect of, inter-alia, the 2018 Guangxi Dameng Agreements. Amongst these agreements, (i) transactions contemplated under the 2018 Integrated Services Framework Agreement and 2018 Nanning Battery Plant Agreement will continue to recur in the year ending 31 December 2021 within the respective 2018 Guangxi Dameng Caps set out in the circular; and (ii) 2018 Guangxi Dameng Ore Agreement will expire on 31 December 2020 and it is currently expected that the transactions contemplated under 2018 Guangxi Dameng Ore Agreement will continue to be entered into on a recurring basis thereafter. On 31 December 2020, the Company therefore has entered into the 2021 Guangxi Dameng Ore Agreement with Guangxi Dameng.

LISTING RULES IMPLICATIONS

Guangxi Dameng holds 22.64% equity interest in the Company and therefore is a connected person of the Company. The transaction contemplated under the 2021 Guangxi Dameng Ore Agreement is a continuing connected transaction of the Company.

As the highest applicable Percentage Ratio calculated with reference to 2018 Guangxi Dameng Caps under 2018 Guangxi Dameng Agreements and 2021 Guangxi Dameng Ore Caps under the 2021 Guangxi Dameng Ore Agreement on an aggregate basis for each of the three years ending 31 December 2023 is more than 0.1% but less than 5%, the transactions contemplated under the 2021 Guangxi Dameng Ore Agreement are therefore subject to announcement, reporting and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the circular of the Company dated 29 June 2018 in respect of, inter-alias, the 2018 Guangxi Dameng Agreements. Amongst these agreements, (i) transactions contemplated under the 2018 Integrated Services Framework Agreement and 2018 Nanning Battery Plant Agreement will continue to recur in the year ending 31 December 2021 within the respective 2018 Guangxi Dameng Caps set out in the circular; and (ii) 2018 Guangxi Dameng Ore Agreement will expire on 31 December 2020 and it is currently expected that the transactions contemplated under 2018 Guangxi Dameng Ore Agreement will continue to be entered into on a recurring basis thereafter. On 31 December 2020, the Company therefore has entered into the 2021 Guangxi Dameng Ore Agreement with Guangxi Dameng.

2021 GUANGXI DAMENG ORE AGREEMENT

The principal terms of 2021 Guangxi Dameng Ore Agreement are summarized below:

- Date:** 31 December 2020
- Parties:** (1) the Company (and/or its subsidiaries) (as the purchaser); and
(2) Guangxi Dameng (and/or its subsidiaries) (as the seller)
- Subject:** Pursuant to 2021 Guangxi Dameng Ore Agreement, the Company (and/or its subsidiaries) agreed to purchase and Guangxi Dameng (and/or its subsidiaries) agreed to sell the High Grade Manganese Ore
- Pricing Policy:** Prior to entering into any transactions pursuant to the 2021 Guangxi Dameng Ore Agreement, the Company (and/or its subsidiaries) will negotiate with Guangxi Dameng (and/or its subsidiaries) 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 2021 Guangxi Dameng Ore Agreement are fair and reasonable and no less favorable than the terms offered to the Company (and/or its subsidiaries) from Independent Third Parties and such transactions are on normal commercial terms:
- (i) considering not less than three comparable transactions conducted by Independent Third Parties during the same period on such High Grade Manganese Ore;
 - (ii) communication and exchange of price information with not less than three 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 全球鐵合金網(<http://www.qqthj.com/>), CBC 金屬網(<http://www.cbcie.com/>) and 中國鐵合金在線網(<http://www.cnfeol.com/>), etc (if applicable).

Payment term: The Company (and/or its subsidiaries) shall make advance payment to Guangxi Dameng (and/or its subsidiaries) by way of bank acceptance note with maturity of not more than one year and/or online banking remittance before goods delivery. Final settlement will be based on the inspection certificate and inspection results with value added tax invoices issued by Guangxi Dameng (and/or its subsidiaries).

Term: For the period from 1 January 2021 to 31 December 2023

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 2021 Guangxi Dameng Ore Agreement are fair and reasonable and no less favorable than the terms offered to the Company (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 2021 Guangxi Dameng Ore Agreement with Guangxi Dameng (and/or its subsidiaries) will not exceed the 2021 Guangxi Dameng Ore Caps; and
 - (iii) any offer from Guangxi Dameng needs to be approved by him/her before the offer can be accepted by the Company (and/or its subsidiaries).
- (2) The finance department of the Group will perform monthly check on the transactions entered under the 2021 Guangxi Dameng Ore Agreement to ensure that the 2021 Guangxi Dameng Ore Caps are not exceeded.
- (3) The Company’s external auditors will conduct an annual review of the transactions entered into under the 2021 Guangxi Dameng Ore 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 2021 Guangxi Dameng Ore Agreement.

ANNUAL CAPS FOR THE YEARS 2018 TO 2021 AND HISTORICAL AMOUNTS FOR THE PERIOD BETWEEN 1 JANUARY 2018 AND 30 NOVEMBER 2020 OF THE TRANSACTIONS BETWEEN THE GROUP AND GUANGXI DAMENG AND/OR ITS SUBSIDIARIES IN RESPECT OF THE CONTINUING CONNECTED TRANSACTIONS

Set out below are the annual caps for the years 2018 to 2021 and historical amounts for the period between 1 January 2018 and 30 November 2020 in relation to the continuing connected transactions between the Group and Guangxi Dameng and/or its subsidiaries:

	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	For the eleven months period ended 30 November 2020
	Annual Caps	Historical Amounts	Annual Caps	Historical Amounts	Annual Caps	Historical Amounts
2016 Integrated Services Framework Agreement						
(1) Provision of Integrated Services by Guangxi Dameng	HK\$4,024,000 (equivalent to RMB3,360,000)	HK\$3,985,000 (equivalent to RMB3,360,000)	N/A	N/A	N/A	N/A
(2) Provision of mining drawing services by Guangxi Dameng	HK\$838,000 (equivalent to RMB700,000)	HK\$671,000 (equivalent to RMB566,000)	N/A	N/A	N/A	N/A
(3) Provision of electricity and fuels to Guangxi Dameng	HK\$72,000 (equivalent to RMB60,000)	HK\$59,000 (equivalent to RMB50,000)	N/A	N/A	N/A	N/A
2016 Nanning Battery Plant Agreement						
Purchase of packaging bags from Nanning Battery Plant	HK\$6,012,000 (equivalent to RMB5,020,000)	HK\$5,827,000 (equivalent to RMB4,913,000)	N/A	N/A	N/A	N/A
2016 Guangxi Dameng Tenancy Agreement						
Letting of the Premises to Guangxi Dameng	HK\$1,006,000 (equivalent to RMB840,000)	HK\$948,000 (equivalent to RMB799,000)	N/A	N/A	N/A	N/A

	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	For the eleven months period ended 30 November 2020
	Annual Caps	Historical Amounts	Annual Caps	Historical Amounts	Annual Caps	Historical Amounts
2018 Guangxi Dameng Ore Agreement						
Purchase of High Grade Manganese Ore from Guangxi Dameng (and/or its subsidiaries)	HK\$154,286,000 (equivalent to RMB123,429,000)	HK\$25,411,000 (equivalent to RMB21,424,000)	HK\$330,750,000 (equivalent to RMB264,600,000)	HK\$3,765,000 (equivalent to RMB3,322,000)	HK\$396,900,000 (equivalent to RMB317,520,000)	HK\$37,214,000 (equivalent to RMB33,271,000)
2018 Guangxi Dameng EMM Agreement						
Purchase of EMM from Guangxi Dameng (and/or its subsidiaries)	HK\$115,500,000 (equivalent to RMB92,400,000)	HK\$26,792,000 (equivalent to RMB22,588,000)	HK\$257,250,000 (equivalent to RMB205,800,000)	Nil	HK\$351,146,000 (equivalent to RMB280,917,000)	Nil
2018 Guangxi Dameng Raw Materials Agreement						
Sale of Raw Materials to Guangxi Dameng (and/or its subsidiaries)						
(1) low grade manganese ore	HK\$11,571,000 (equivalent to RMB9,257,000)	Nil	HK\$18,900,000 (equivalent to RMB15,120,000)	HK\$7,294,000 (equivalent to RMB6,436,000)	HK\$19,845,000 (equivalent to RMB15,876,000)	Nil
(2) sulfuric acid	HK\$10,000,000 (equivalent to RMB8,000,000)	Nil	HK\$27,563,000 (equivalent to RMB22,050,000)	Nil	HK\$28,941,000 (equivalent to RMB23,153,000)	Nil
(3) selenium dioxide	HK\$3,834,000 (equivalent to RMB3,067,000)	Nil	HK\$9,975,000 (equivalent to RMB7,980,000)	Nil	HK\$10,474,000 (equivalent to RMB8,379,000)	Nil

	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	For the eleven months period ended 30 November 2020	For the year ending 31 December 2021
	Annual Caps	Historical Amounts	Annual Caps	Historical Amounts	Annual Caps	Historical Amounts	Annual Caps
2018 Integrated Services Framework Agreement							
(1) Provision of Integrated Services by Guangxi Dameng	N/A	N/A	HK\$4,075,000 (equivalent to RMB3,260,000)	Nil	HK\$4,075,000 (equivalent to RMB3,260,000)	Nil	HK\$4,075,000 (equivalent to RMB3,260,000)
(2) Provision of mining drawing services by Guangxi Dameng	N/A	N/A	HK\$875,000 (equivalent to RMB700,000)	Nil	HK\$875,000 (equivalent to RMB700,000)	Nil	HK\$875,000 (equivalent to RMB700,000)
2018 Guangxi Liuzhou Agreement							
Purchase of vertical mill(s) and accessories from Guangxi Liuzhou	N/A	N/A	HK\$32,500,000 (equivalent to RMB26,000,000)	HK\$7,038,000 (equivalent to RMB6,210,000)	Nil	Nil	Nil
2018 Nanning Battery Plant Agreement							
Purchase of packaging bags from Nanning Battery Plant	N/A	N/A	HK\$6,275,000 (equivalent to RMB5,020,000)	HK\$3,163,000 (equivalent to RMB2,791,000)	HK\$6,275,000 (equivalent to RMB5,020,000)	HK\$3,292,000 (equivalent to RMB2,943,000)	HK\$6,275,000 (equivalent to RMB5,020,000)

THE 2021 GUANGXI DAMENG ORE CAPS

The 2021 Guangxi Dameng Ore Caps in respect of the 2021 Guangxi Dameng Ore Agreement are set out as follows:

	The 2021 Guangxi Dameng Ore Caps		
	For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
2021 Guangxi Dameng Ore Agreement			
Purchase of High Grade Manganese Ore from Guangxi Dameng (and/or its subsidiaries)	HK\$59,000,000 (equivalent to RMB50,000,000)	HK\$59,000,000 (equivalent to RMB50,000,000)	HK\$59,000,000 (equivalent to RMB50,000,000)

The proposed annual caps in respect of the purchase of the High Grade Manganese Ore from Guangxi Dameng (and/or its subsidiaries) are determined with reference to, inter alia (i) the projected volume of purchase of High Grade Manganese Ore by the Group under 2021 Guangxi Dameng Ore 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 High Grade Manganese Ore of approximately RMB30.0 (approximately HK\$35.4) per dry metric tonne unit during the period from 1 January 2021 to 31 December 2023.

REASONS FOR AND BENEFITS OF ENTERING INTO 2021 GUANGXI DAMENG ORE AGREEMENT

As disclosed at the website of PMG Mining (Pty) Limited (a subsidiary of Guangxi Dameng) (<http://cn.pmgmining.co.za/About.aspx?ClassID=2>), Guangxi Dameng now operates Bishop Mine and Paling Mine at South Africa. The measured and indicated manganese resources of Bishop Mine is approximately 59,460,000 tonnes with average manganese content of 34% and the manganese resources of Paling Mine is approximately 100,000,000 tonnes with average manganese content of 35%. Guangxi Dameng is one of the key manganese ore suppliers in the PRC and can offer such High Grade Manganese Ore in large quantities at competitive prices. Such High Grade Manganese Ore are essential materials for our manganese ferroalloy production. The use of High Grade Manganese Ore 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 (except Mr. Cheng Zhiwei and Ms. Cui Ling, both of whom are also directors and/or senior management of Guangxi Dameng (and/or its subsidiaries) which are deemed to have material interest in the transaction, have abstained from voting on the board resolution approving 2021 Guangxi Dameng Ore Agreement) are of the view that: (i) 2021 Guangxi Dameng Ore 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 2021 Guangxi Dameng Ore Agreement (including the 2021 Guangxi Dameng Ore Cap) are fair

and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY AND GUANGXI DAMENG

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.

Guangxi Dameng holds 22.64% equity interest in the Company and therefore is a connected person of the Company. Guangxi Dameng together with its subsidiaries is principally engaged in manganese mining and processing, EMM production, battery production, accessories manufacturing and export trade, and other businesses.

LISTING RULES IMPLICATIONS

Guangxi Dameng holds 22.64% equity interest in the Company and therefore is a connected person of the Company. The transaction contemplated under the 2021 Guangxi Dameng Ore Agreement is a continuing connected transaction of the Company.

As the highest applicable Percentage Ratio calculated with reference to 2018 Guangxi Dameng Caps under 2018 Guangxi Dameng Agreements and 2021 Guangxi Dameng Ore Caps under the 2021 Guangxi Dameng Ore Agreement on an aggregate basis for each of the three years ending 31 December 2023 is more than 0.1% but less than 5%, the transactions contemplated under the 2021 Guangxi Dameng Ore Agreement are therefore subject to announcement, reporting 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:

“2016 Integrated Services Framework Agreement”, “2016 Nanning Battery Plant Agreement”, “2016 Guangxi Dameng Tenancy Agreement”, “2018 Guangxi Dameng Agreements”, “2018 Guangxi Dameng Caps”, “2018 Guangxi Dameng EMM Agreement”, “2018 Guangxi Dameng Ore Agreement”, “2018 Guangxi Dameng Raw Materials Agreement”, “2018 Guangxi Liuzhou Agreement”, “2018 Integrated Services	has the meaning ascribed to it under the circular of the Company dated 29 June 2018
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Framework Agreement”,
“2018 Nanning Battery
Plant Agreement”

“2021 Guangxi Dameng
Ore Caps”

the proposed maximum annual value of the transactions under the 2021 Guangxi Dameng Ore Agreement for each of the three years from 2021 to 2023

“2021 Guangxi Dameng
Ore Agreement”

the agreement entered into between the Company and Guangxi Dameng dated 31 December 2020, pursuant to which the Company (and/or its subsidiaries) agreed to purchase and Guangxi Dameng (and/or its subsidiaries) agreed to sell the High Grade Manganese Ore for the period from 1 January 2021 to 31 December 2023

“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

“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

“Guangxi Dameng”

Guangxi Dameng Manganese Industrial Co., Ltd. (廣西大錳錳業集團有限公司), a state-owned limited liability company established under the laws of the PRC on 30 July 2001. Guangxi Dameng is wholly-owned by the government of Guangxi, PRC

“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
“High Grade Manganese Ore”	manganese ore with manganese content of more than 30%
“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
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(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
“%”	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. For the purpose of this announcement, save for the historical amounts for the years ended 31 December 2018, 2019 and the eleven months period ended 30 November 2020 which are converted based on their respective historical rates and the annual caps for the above historical transactions are converted at the rate(s) adopted in their respective announcements previously issued by the Group, the amounts in RMB have been converted into HK\$ or vice versa at the rate of RMB1.00 = HK\$1.18 for illustration purposes only. No representation is made that any amounts in HK\$ or RMB have been or could have been or can be converted at the above rate or at any other rates or at all.*

By order of the Board
CITIC DAMENG HOLDINGS LIMITED*
Li Weijian
Chairman and Chief Executive Officer

Hong Kong, 31 December 2020

As at the date of this announcement, the executive Directors are Mr. Li Weijian, Mr. Zhang He and Mr. Zhang Zongjian; the non-executive Directors are Mr. Lyu Yanzheng, Mr. Cheng Zhiwei and Ms. Cui Ling; and the independent non-executive Directors are Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Wang Zhihong.

**The Company is in the process of changing its name and reference is made to our circular of 6 November 2020 and poll result announcement of 16 December 2020*

***For identification purpose only*