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CITIC Dameng Holdings Limited

中信大錳控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

DISCLOSEABLE TRANSACTION IN RELATION TO THE FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGMENT

The Board is pleased to announce that, on 22 December 2017, CDM, an indirect wholly owned subsidiary of the Company, entered into the Finance Lease Agreement with Ping An Financial, pursuant to which Ping An Financial has agreed to purchase the Equipment from CDM at an aggregate consideration of RMB157,500,000 (equivalent to approximately HK\$185,850,000) and lease the Equipment back to CDM for aggregate lease payments totaling RMB167,935,537.50 (equivalent to approximately HK\$198,163,934) (lease payments that fall due after 90 days of the adjustment of the benchmark loan interest rate are subject to adjustment to reflect any change in the benchmark loan interest rate for 3 year RMB loan promulgated by the People's Republic Bank of China from time to time during the Lease Period) for a period of 36 months.

Pursuant to the Finance Lease Agreement, CDM agreed to pay Ping An Financial a service fee of RMB110,250 (equivalent to approximately HK\$130,095) in respect of the services provided in connection with the Finance Lease Agreement.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Finance Lease Arrangement are more than 5% but all less than 25%, the transactions under the Finance Lease Arrangement constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from shareholder's approval under Chapter 14 of the Listing Rules.

Background

The Board is pleased to announce that, on 22 December 2017, CDM, an indirect wholly owned subsidiary of the Company, entered into the Finance Lease Agreement with Ping An Financial, pursuant to which Ping An Financial has agreed to purchase the Equipment from CDM at an aggregate consideration of RMB157,500,000 (equivalent to approximately HK\$185,850,000) and lease the Equipment back to CDM for aggregate lease payments totaling RMB167,935,537.50 (equivalent to approximately HK\$198,163,934) for a period of 36 months.

The principal terms of the Finance Lease Agreement are set out below:

Date: 22 December 2017

Parties

1. CDM, as the lessee under the Finance Lease Agreement; and
2. Ping An Financial, as the Lessor under the Finance Lease Agreement.

Sale and Leaseback

Pursuant to the Finance Lease Agreement, Ping An Financial will purchase the Equipment from CDM free from any title defects and encumbrances at a consideration of RMB157,500,000 (equivalent to approximately HK\$185,850,000) (“**Purchase Price**”), which will be paid to CDM (of which (i) RMB126,000,000 (equivalent to approximately HK\$148,680,000) will be paid by way of 360 day electronic bank acceptance notes and (ii) the remaining RMB31,500,000 (equivalent to approximately HK\$37,170,000) after deducting the Security Deposit, by way of telegraphic transfer within 30 business days after the fulfilment of certain conditions including, among others, the receipt of the title documents in respect of the Equipment by Ping An Financial from CDM (“**Lease Commencement Date**”) .

Pursuant to the Finance Lease Agreement, Ping An Financial will lease back the Equipment to CDM for a period of 36 months (the “**Lease Period**”) with effect from the Lease Commencement Date for aggregate lease payments totaling RMB167,935,537.50 (equivalent to approximately HK\$198,163,934), comprising 6 equal instalments payable 3 months, 6 months, 12 months, 18 months, 24 months and 36 months respectively from the Lease Commencement Date. Outstanding instalments that fall due after 90 days of the adjustment of the benchmark loan interest rate are subject to adjustment to reflect any change in the benchmark loan interest rate for 3 year RMB loan promulgated by the People’s Republic Bank of China from time to time during the Lease Period.

Security Deposit

Pursuant to the Finance Lease Agreement, a refundable security deposit (the “**Security Deposit**”) of RMB7,875,000 (equivalent to approximately HK\$9,292,500) is payable by CDM to Ping An Financial and will be deducted from the Purchase Price to be paid by Ping An Financial to CDM. Ping An Financial is entitled to deduct from the Security Deposit if there is any outstanding payment or penalty resulting from any breach caused by CDM. Any

outstanding Security Deposit as at the expiry of the Lease Period will be refunded to CDM on the expiry date of the Lease Period.

The terms of the Finance Lease Agreement, including the lease payments, the Security Deposit and service fee, were determined after arm's length negotiation between the parties and by reference to, among other things, the value of the Equipment, the purchase cost of the Equipment and similar prevailing leasing arrangements.

The Equipment

The equipment consists of certain machinery and equipment for the operation of EMD plants located at Daxin County, Chongzuo City, Guangxi Province, the PRC and owned by CDM. The original cost and net book value of the Equipment as at 30 November 2017, was RMB159,605,878 (equivalent to approximately HK\$188,334,936) and RMB66,599,309 (equivalent to approximately HK\$78,587,185) respectively.

Ownership of the Equipment during the Lease Period

The legal ownership of the Equipment will be transferred to Ping An Financial despite the Equipment will be possessed and used by CDM during the Lease Period.

At the end of the Lease Period and subject to fulfillment of all of its obligations under the Finance Lease Agreement, CDM will be entitled to purchase the Equipment on an "as-is" basis at a nominal consideration of RMB500 (equivalent to approximately HK\$590).

Service Fee

Pursuant to the Finance Lease Agreement, CDM agreed to pay Ping An Financial an one off service fee of RMB110,250 (equivalent to approximately HK\$130,095) in respect of the services provided in connection with the Finance Lease Agreement. The service fee is payable in cash within 5 business days after the Lease Commencement Date.

REASONS FOR THE FINANCE LEASE ARRANGEMENT

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

The Finance Lease Arrangement has been agreed under normal commercial terms and after arm's length negotiations between the parties.

The Directors are of the view that entering into the Finance Lease Agreement will provide the Group with additional working capital to support its business and operational activities and the terms and conditions of the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON CDM

CDM is a company established in the PRC and an indirect wholly owned subsidiary of the Company. It is principally engaged in manganese mining and downstream manganese

operations.

INFORMATION ON PING AN FINANCIAL

Ping An Financial is a company established in the PRC and is principally engaged in finance lease business.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, Ping An Financial and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Finance Lease Arrangement are more than 5% but all less than 25%, the transactions under the Finance Lease Arrangement constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from shareholder's approval under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors of the Company
“CDM”	中信大錳礦業有限責任公司 (CITIC Dameng Mining Industry Co. Limited), an indirect wholly-owned subsidiary 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”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EMD”	Electrolytic Manganese Dioxide
“Finance Lease Arrangement”	the finance lease arrangement in relation to the Finance Lease Agreement
“Finance Lease Agreement”	Finance lease cooperation framework agreement dated 22 December 2017 entered into between CDM and Ping An Financial
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ping An Financial”	平安國際融資租賃有限公司(Ping An International Financial Leasing Co., Ltd.)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Security Deposit”	has the meaning ascribed to it in the section headed “Security Deposit” in this announcement
“Shareholders”	shareholders of the Company
“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\$1.18 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, 22 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*