



DAMENG

CITIC DAMENG

Interim Report **2015**

CITIC Dameng Holdings Limited

中信大锰控股有限公司*

(incorporated in Bermuda with limited liability)

Stock Code: 1091

*For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Qiu Yiyong (*Chairman*)
 Mr. Li Weijian (*Vice Chairman*)
 Mr. Tian Yuchuan (*Chief Executive Officer*)
 Mr. Yin Bo (*Vice President*)

Non-executive Directors

Mr. Suo Zhengang
 Mr. Chen Jiqiu

Independent Non-executive Directors

Mr. Yang Zhi Jie
 Mr. Mo Shijian
 Mr. Tan Zhuzhong

AUDIT COMMITTEE

Mr. Yang Zhi Jie (*Chairman*)
 Mr. Mo Shijian
 Mr. Tan Zhuzhong

REMUNERATION COMMITTEE

Mr. Mo Shijian (*Chairman*)
 Mr. Qiu Yiyong
 Mr. Li Weijian
 Mr. Yang Zhi Jie
 Mr. Tan Zhuzhong

NOMINATION COMMITTEE

Mr. Tan Zhuzhong (*Chairman*)
 Mr. Qiu Yiyong
 Mr. Li Weijian
 Mr. Yang Zhi Jie
 Mr. Mo Shijian

COMPANY SECRETARY

Mr. Lau Wai Yip

REGISTERED OFFICE

Clarendon House, 2 Church Street,
 Hamilton HM 11, Bermuda

HEADQUARTERS IN HONG KONG

23/F, 28 Hennessy Road,
 Wanchai, Hong Kong
 Telephone : (852) 2179 1310
 Facsimile : (852) 2537 0168
 E-mail : ir@citicdameng.com.hk

PRINCIPAL PLACE OF BUSINESS IN THE PRC

CITIC Dameng Building, No.18 Zhujin Road,
 Nanning, Guangxi, PRC

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
 Clarendon House, 2 Church Street,
 Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
 Shops 1712-1716, 17th Floor, Hopewell Centre,
 183 Queen's Road East, Wanchai, Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
 22nd Floor, CITIC Tower, 1 Tim Mei Avenue,
 Central, Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Qiu Yiyong
 Mr. Tian Yuchuan

PRINCIPAL BANKERS

China CITIC Bank
 China Construction Bank
 China Guangfa Bank
 Bank of Communications
 Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

1091 (Mainboard of the Hong Kong Stock Exchange)

COMPANY WEBSITE

www.dameng.citic.com

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
REVENUE	4	1,351,568	1,395,848
Cost of sales		(1,309,870)	(1,203,574)
Gross profit		41,698	192,274
Other income and gains	4	43,691	61,132
Gain on bargain purchase		–	8,895
Selling and distribution expenses		(46,399)	(49,675)
Administrative expenses		(221,863)	(215,114)
Other expenses		(8,224)	(28,261)
Finance costs	5	(134,263)	(110,022)
Share of profits and losses of an associate		(1,253)	–
LOSS BEFORE TAX	6	(326,613)	(140,771)
Income tax expense	7	(7,271)	(1,732)
LOSS FOR THE PERIOD		(333,884)	(142,503)
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>			
– Exchange differences on translation of foreign operations		249	(22,956)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(333,635)	(165,459)
Loss attributable to:			
Owners of the parent		(280,913)	(94,325)
Non-controlling interests		(52,971)	(48,178)
		(333,884)	(142,503)
Total comprehensive loss attributable to:			
Owners of the parent		(280,686)	(118,232)
Non-controlling interests		(52,949)	(47,227)
		(333,635)	(165,459)
Loss per share attributable to ordinary equity holders of the parent:	8		
– Basic		(HK cents 9.25)	(HK cents 3.12)
– Diluted		(HK cents 9.25)	(HK cents 3.12)

Interim Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,818,509	3,923,817
Investment properties		92,795	92,758
Prepaid land lease payments	11	529,918	535,665
Intangible assets	12	840,113	847,670
Investment in an associate	13	96,938	98,156
Deferred tax assets	14	64,162	70,864
Prepayments and deposits	17	509,344	190,050
Total non-current assets		5,951,779	5,758,980
CURRENT ASSETS			
Inventories	15	1,055,043	1,106,291
Trade and notes receivables	16	720,049	1,067,019
Prepayments, deposits and other receivables	17	510,709	412,178
Tax recoverable		13,251	–
Pledged deposits	18	424,316	283,433
Cash and cash equivalents	18	1,592,189	1,153,121
Total current assets		4,315,557	4,022,042
CURRENT LIABILITIES			
Trade payables	19	524,368	505,551
Other payables and accruals	20	751,777	885,982
Interest-bearing bank and other borrowings	21	2,696,138	2,559,054
Medium-term notes	22	634,050	–
Due to related companies	28	3,672	6,507
Tax payable		381	8,490
Total current liabilities		4,610,386	3,965,584
(NET CURRENT LIABILITIES)/NET CURRENT ASSETS		(294,829)	56,458
TOTAL ASSETS LESS CURRENT LIABILITIES		5,656,950	5,815,438
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	21	1,675,636	1,248,535
Medium-term notes	22	–	633,800
Deferred tax liabilities	14	217,372	218,380
Other long-term liabilities		10,380	12,658
Deferred income	23	106,242	109,388
Total non-current liabilities		2,009,630	2,222,761
Net assets		3,647,320	3,592,677

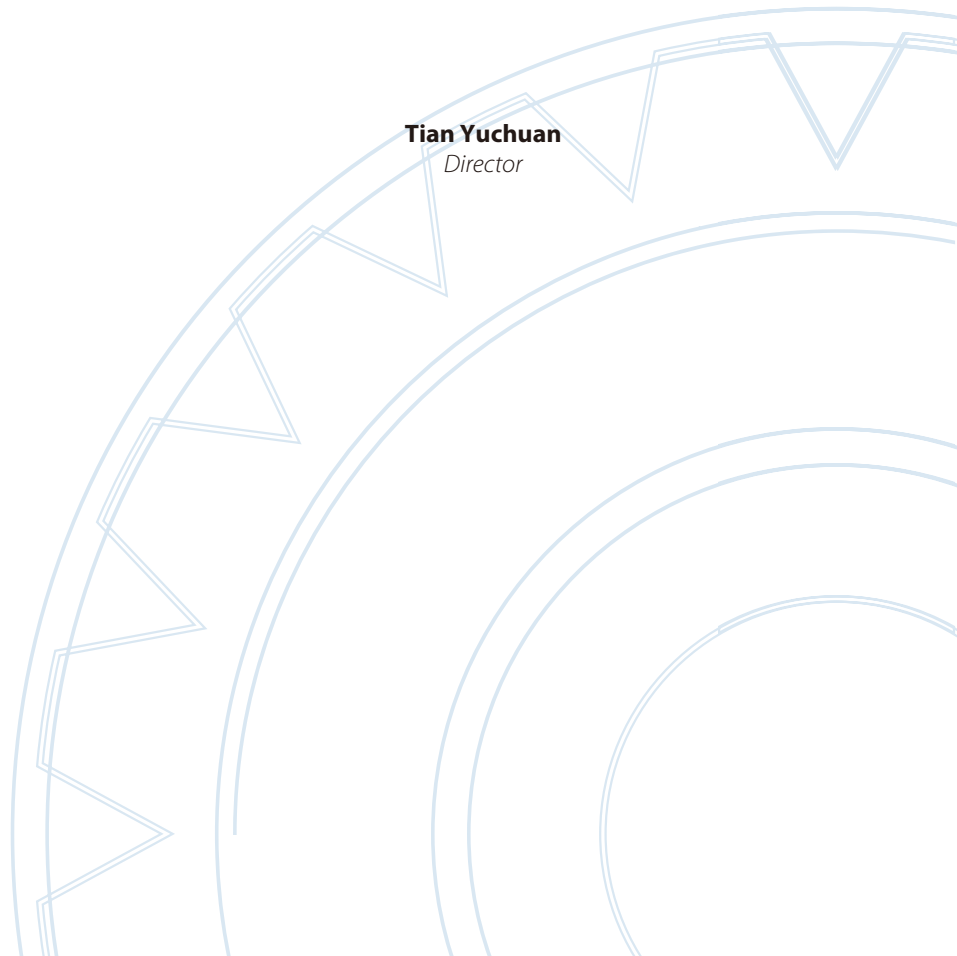
Interim Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	332,728	302,480
Reserves	25	3,238,416	3,161,072
		3,571,144	3,463,552
Non-controlling interests			
		76,176	129,125
Total equity		3,647,320	3,592,677

Qiu Yiyong
Director

Tian Yuchuan
Director



Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2015

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Issued capital	Share premium	Contributed surplus	Share option reserve	Reserve funds	Exchange	Accumulated losses	Total		
						fluctuation reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31 December 2014 and										
1 January 2015 (audited)	302,480	2,872,076 *	(171,859) *	110,540 *	141,902 *	331,821 *	(123,408) *	3,463,552	129,125	3,592,677
Loss for the period	-	-	-	-	-	-	(280,913)	(280,913)	(52,971)	(333,884)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	227	-	227	22	249
Total comprehensive income/(loss) for the period	-	-	-	-	-	227	(280,913)	(280,686)	(52,949)	(333,635)
Provision for special reserve	-	-	-	-	16,723	-	(16,723)	-	-	-
Utilisation of special reserve	-	-	-	-	(10,799)	-	10,799	-	-	-
Share placement	30,248	362,976	-	-	-	-	-	393,224	-	393,224
Placement expense	-	(4,946)	-	-	-	-	-	(4,946)	-	(4,946)
At 30 June 2015 (Unaudited)	332,728	3,230,106 *	(171,859) *	110,540 *	147,826 *	332,048 *	(410,245) *	3,571,144	76,176	3,647,320

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2015

	Attributable to owners of the parent							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000			
At 31 December 2013 and 1 January 2014 (audited)	302,480	2,872,076	(171,859)	118,488	153,887	344,741	(159,468)	3,460,345	218,979	3,679,324
Loss for the period	-	-	-	-	-	-	(94,325)	(94,325)	(48,178)	(142,503)
Other comprehensive (loss)/income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(23,907)	-	(23,907)	951	(22,956)
Total comprehensive loss for the period	-	-	-	-	-	(23,907)	(94,325)	(118,232)	(47,227)	(165,459)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	8,057	8,057
Provision for special reserve	-	-	-	-	18,655	-	(18,655)	-	-	-
Utilisation of special reserve	-	-	-	-	(16,123)	-	16,123	-	-	-
Equity-settled share option arrangements (note 26)	-	-	-	640	-	-	-	640	-	640
At 30 June 2014 (Unaudited)	302,480	2,872,076	(171,859)	119,128	156,419	320,834	(256,325)	3,342,753	179,809	3,522,562

* These reserve accounts comprise the consolidated reserves of HK\$3,238,416,000 in the interim condensed consolidated statement of financial position (31 December 2014: HK\$3,161,072,000).

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash flows generated from operating activities		190,468	177,837
Net cash flows used in investing activities		(435,128)	(284,483)
Net cash flows generated from financing activities		683,150	172,606
NET INCREASE IN CASH AND CASH EQUIVALENTS		438,490	65,960
Cash and cash equivalents at beginning of period		1,153,121	1,301,339
Effect of exchange rate changes, net		578	(7,215)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,592,189	1,360,084
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	2,016,505	1,727,997
Less: Pledged deposits	18	(424,316)	(367,913)
Cash and cash equivalents at end of period		1,592,189	1,360,084

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

1. Corporate information

CITIC Dameng Holdings Limited (the “**Company**”) was incorporated in Bermuda on 18 July 2005 as an exempted company with limited liability under Section 14 of the Companies Act 1981 of Bermuda (as amended). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 23/F, 28 Hennessy Road, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise manganese mining, ore processing and downstream processing operations in Mainland China, as well as manganese mining and ore processing operations in Gabon.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on the Stock Exchange and the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

As at 30 June 2015, the Group recorded net current liabilities of HKD294,829,000. In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company believe that the Group has adequate resources, including a RMB300,000,000 sale and lease back arrangement entered into on 24 July 2015 which effectively is a long-term loan, to continue its operation and fulfill financial responsibility in the foreseeable future. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) as disclosed below. The Group has adopted the following new and revised HKFRSs for the first time for the current period’s interim condensed consolidated financial statements.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contribution</i>
Annual Improvements	<i>Amendments to a number of HKFRSs</i>
2010-2012 Cycle	
Annual Improvements	<i>Amendments to a number of HKFRSs</i>
2011-2013 Cycle	

Other than as further explained below regarding the impact of the Annual Improvements to HKFRSs 2010-2012 Cycle, the adoption of these new and revised HKFRSs has no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. The Group adopts the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

2. Basis of preparation and accounting policies (continued)

Issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these interim condensed consolidated financial statements:

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Ventures</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure initiative</i> ¹
Amendments to HKAS 9 and HKFRS 7	<i>Mandatory effective date of HKFRS 9 and transition disclosures</i> ³
Amendments to HKAS 10, HKFRS 12 and HKAS 28	<i>Investment entities: Applying the consolidation exception</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012-2014 Cycle	<i>Amendment to a number of HKFRSs</i> ¹

1 Effective for annual periods beginning on or after 1 July 2016

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning on or after 1 January 2018

4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not in a position to state whether these new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. Operating segment information

For management purposes, the Group is organised as a mixture of both business products and geographical locations based on their products and services and has four reportable operating segments as follows:

(a) Manganese mining and ore processing segment (PRC and Gabon)

The manganese mining and ore processing segment engages in the mining and production of manganese products including principally, through the Group's integrated processes, the mining, beneficiation, concentrating, grinding and the production of manganese concentrate and natural discharging manganese powder and sand;

(b) Manganese downstream processing segment (PRC)

The manganese downstream processing segment comprises hydrometallurgical processing and pyrometallurgical processing, and the resulting products of which include Electrolytic Manganese Metal ("**EMM**"), Electrolytic Manganese Dioxide ("**EMD**"), manganese sulfate, silicomanganese alloys, manganese briquette and lithium manganese oxide;

(c) Non-manganese processing segment (PRC)

The non-manganese processing segment engages in the production and sale of non-manganese products, including lithium cobalt oxide; and

(d) Others segment (PRC)

The others segment comprises, principally, the trading of various commodities such as manganese ore, EMM, and silicomanganese alloys, sales of scrap, and rental of investment properties and leasehold lands.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

3. Operating segment information (continued)

	Manganese mining and ore processing		Manganese downstream processing	Non-manganese processing	Others	Eliminations	Total
	PRC	Gabon	PRC	PRC	PRC	PRC	PRC
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2014 (Unaudited)							
Segment revenue:							
Sales to external customers	55,836	81,566	1,196,457	53,381	8,608	–	1,395,848
Intersegment sales	58,797	–	–	–	–	(58,797)	–
Other revenue	12,026	(19)	21,933	472	5,351	–	39,763
Total	126,659	81,547	1,218,390	53,853	13,959	(58,797)	1,435,611
Segment results	(20,704)	(16,397)	49,965	(2,088)	(4,386)	–	6,390
<i>Reconciliations:</i>							
Interest income							21,369
Gain on bargain purchase							8,895
Corporate and other unallocated expenses							(67,403)
Finance costs							(110,022)
Loss before tax							(140,771)
Income tax expense							(1,732)
Loss for the period							(142,503)
Assets and liabilities							
Segment assets	1,463,096	856,139	4,557,601	171,913	48,790	–	7,097,539
<i>Reconciliations:</i>							
Corporate and other unallocated assets							2,417,514
Total assets							9,515,053
Segment liabilities	384,597	807,642	984,955	22,418	4,538	–	2,204,150
<i>Reconciliations:</i>							
Corporate and other unallocated liabilities							3,788,341
Total liabilities							5,992,491

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

4. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts during the reporting period.

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	1,351,568	1,395,848
Other income and gains		
Interest income	9,952	21,369
Gain on disposal of items of property, plant and equipment	2,883	8,700
Subsidy income	16,944	13,414
Sale of scraps	4,132	–
Rental income	4,483	3,977
Reversal of impairment of trade and other receivables, net	–	12,799
Others	5,297	873
	43,691	61,132

5. Finance costs

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	117,126	105,390
Finance costs for discounted notes receivable	7,367	4,263
Other finance costs	9,850	12,321
Less: Interest capitalised	(80)	(11,952)
	134,263	110,022

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

6. Loss before tax

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Cost of inventories sold		1,264,612	1,201,038
Write-down of inventories to net realisable value, net [#]		45,258	2,536
Depreciation	10	189,183	173,547
Amortisation of prepaid land lease payments	11	6,514	6,599
Amortisation of intangible assets	12	8,519	8,403
Auditors' remuneration		2,248	1,546
Minimum lease payments under operating leases, land and buildings		4,573	4,238
Equity-settled share option expenses	26	–	640
Employee benefit expense		248,727	242,848
Gain on disposal of items of property, plant and equipment*		(2,883)	(8,700)
Foreign exchange differences, net*		998	23,907
Impairment/(reversal of impairment) of trade and other receivables, net*		4,030	(12,799)
Gain on bargain purchase from the acquisition of a subsidiary		–	(8,895)

[#] Included in "Cost of sales" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

* Included in "Other income and gains" or "Other expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

7. Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group operate.

The major components of income tax expenses for the reporting period are as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current – PRC		
Charge for the period	1,268	2,032
Current – Gabon		
Charge for the period	376	2,280
Deferred (note 14)	5,627	(2,580)
Total tax charge for the period	7,271	1,732

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the reporting period.

PRC corporate income tax

Pursuant to the PRC Income Tax Law and the respective regulations, except for the preferential tax treatment available to CITIC Dameng Mining which is recognised as a High and New Technology Enterprise and is entitled to a preferential CIT rate of 15% to 2015, and Guangxi Start, which is entitled to a preferential CIT rate of 15% for Developing Western China for which the policy will end in 2020 and related benefit will subject to review by tax authorities each year, other companies of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income.

Gabon corporate income tax

Pursuant to the Gabon Income Tax Law, a company which operates in Gabon is subject to CIT at the higher of 35% of its taxable income or 1% of its revenue.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

8. Loss per share attributable to ordinary equity holders of the parent

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)

The calculation of basic and diluted loss per share are based on:

Loss

Loss attributable to ordinary equity holders of the parent,
used in the basic loss per share calculation

280,913 94,325

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	3,038,164,281	3,024,795,000

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2015 nor the six months ended 30 June 2014. No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2015 nor the six months ended 30 June 2014 in respect of dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (2014: Nil).

10. Property, plant and equipment

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
At 1 January 2015/1 January 2014	3,923,817	3,833,679
Additions	85,587	440,696
Acquisition of a subsidiary	–	39,059
Disposals	(2,781)	(15,846)
Depreciation (note 6)	(189,183)	(351,439)
Impairment	–	(11,456)
Exchange realignment	1,069	(10,876)
At 30 June 2015/31 December 2014	3,818,509	3,923,817

Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery which had an aggregate net carrying amounts of approximately HK\$134,801,000 as at 30 June 2015 (31 December 2014: HK\$102,231,000) (note 21(a)).

At 30 June 2015, the Group was in the process of applying for the building ownership certificates of certain of its buildings with an aggregate net carrying amount of approximately HK\$282,498,000 (31 December 2014: HK\$277,590,000) and the Group also had buildings and construction in progress with an aggregate net carrying amount of approximately HK\$84,921,000 (31 December 2014: HK\$84,887,000) situated on certain land parcels which the Group was in the process of applying for land use rights certificates. The Directors are of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2015.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

11. Prepaid land lease payments

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
At 1 January 2015/1 January 2014	549,876	563,824
Additions	613	1,211
Amortisation (note 6)	(6,514)	(13,201)
Exchange realignment	201	(1,958)
At 30 June 2015/31 December 2014	544,176	549,876
Current portion included in prepayments, deposits and other receivables	(14,258)	(14,211)
Non-current portion	529,918	535,665

The leasehold lands are situated in Mainland China and are held under long-term leases.

At 30 June 2015, the Group leases certain of its leasehold lands with a net carrying amount of HK\$107,839,000 (31 December 2014: HK\$108,830,000) under operating lease arrangements with lease negotiated for terms from 1 to 3 years.

12. Intangible assets

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Mining rights and other intangible assets:		
At 1 January 2015/1 January 2014	847,670	865,332
Additions	653	6,438
Amortisation (note 6)	(8,519)	(21,041)
Impairment	–	(124)
Exchange realignment	309	(2,935)
At 30 June 2015/31 December 2014	840,113	847,670

13. Investment in an associate

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Share of net assets	96,938	98,156
At 30 June 2015/31 December 2014	96,938	98,156

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

14. Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities of the Group during the reporting period are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits HK\$'000	Deductible temporary differences HK\$'000	Total HK\$'000
At 1 January 2015 (Audited)	32,841	38,023	70,864
Credited/(charged) to the interim condensed consolidated statement of profit or loss and other comprehensive income during the period (note 7)	(9,937)	3,222	(6,715)
Exchange realignment	(11)	24	13
At 30 June 2015 (Unaudited)	22,893	41,269	64,162

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Withholding taxes HK\$'000	Fair value adjustments of investment properties and others HK\$'000	Total HK\$'000
At 1 January 2015 (Audited)	185,387	11,246	21,747	218,380
Credited to the interim condensed consolidated statement of profit or loss and other comprehensive income during the period (note 7)	(1,088)	-	-	(1,088)
Exchange realignment	70	-	10	80
At 30 June 2015 (Unaudited)	184,369	11,246	21,757	217,372

15. Inventories

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Raw materials	968,041	967,004
Work in progress	2,697	8,546
Finished goods	229,915	255,953
	1,200,653	1,231,503
Less: Inventory provision	(145,610)	(125,212)
	1,055,043	1,106,291

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

16. Trade and notes receivables

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Trade receivables	592,581	772,221
Notes receivable	168,529	332,300
	761,110	1,104,521
Less: Provision for impairment	(41,061)	(37,502)
	720,049	1,067,019

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one month, extended to not more than three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

Notes receivable represent bank acceptance notes issued by banks in Mainland China which are secured and paid by the banks when due.

An ageing analysis of the trade and notes receivables of the Group as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one month	363,582	562,572
One to two months	169,200	245,746
Two to three months	54,526	109,729
Over three months	132,741	148,972
	720,049	1,067,019

As at 30 June 2015, the Group has pledged notes receivable of HK\$76,940,000 (31 December 2014: HK\$147,604,000) to secure bank loans (note 21 (a)).

Transferred financial assets that are derecognised in their entirety

At 30 June 2015, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "Derecognised Notes") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB267,175,000 (equivalent to HK\$338,805,000) (31 December 2014: RMB191,692,000, equivalent to HK\$242,988,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

16. Trade and notes receivables (continued)

Transferred financial assets that are derecognised in their entirety (continued)

During the period ended 30 June 2015, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

The movements in provision for impairment of trade and notes receivables are as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
At 1 January 2015/1 January 2014	37,502	46,109
Impairment losses recognised	4,971	9,449
Impairment losses reversed	(1,379)	(17,631)
Write-off	(57)	(232)
Exchange realignment	24	(193)
At 30 June 2015/31 December 2014	41,061	37,502

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK\$41,061,000 (31 December 2014: HK\$37,502,000) with a carrying amount before provision of approximately HK\$44,724,000 (31 December 2014: HK\$42,033,000) as at 30 June 2015. The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of these receivables is expected to be recovered.

An ageing analysis of the trade and notes receivables that are not considered to be impaired is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Neither past due nor impaired	587,307	918,047
Less than three months past due	80,803	128,979
Over three months past due	51,939	19,993
Total	720,049	1,067,019

Receivables that were neither past due nor impaired relate to a large number of diversified customers in respect of whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Notes to Interim Condensed Consolidated Financial Statements

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17. Prepayments, deposits and other receivables

Non-current portion

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Deposits	127,009	124,693
Prepayments – investment*	315,154	–
Prepayments – others	67,181	65,357
	509,344	190,050

* In June 2015, through a number of acquisitions in the market and from independent third parties, the Group acquired certain equity interests of a Hong Kong listed company, China Polymetallic Company Limited ("CPM") for a total cash consideration of HK\$315,154,000. Subsequent to the reporting period, the Group completed the acquisition of some further interests in CPM at a consideration of HK\$135,590,000 by way of issue of 104,300,000 new shares of the Company to an independent third party. Upon completion of the above series of all the piece meal acquisitions on 23 July 2015, the Company owns 29.81% equity interest in CPM and expects to equity account for this investment as an associated company from the completion date in the second half of this year.

CPM owns and operates a large-scale, high grade lead-zinc-silver polymetallic Shizishan Mine and some other significant polymetallic resources in Yunnan Province, the PRC. Further details of the acquisition have been set out in the announcements of the Company dated 17 June 2015, 26 June 2015 and 23 July 2015.

Current portion

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Prepayments		127,408	33,870
Deposits and other receivables		383,295	378,302
Due from related companies	28(b)	6	6
		510,709	412,178

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

18. Cash and cash equivalents and pledged deposits

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Cash and bank balances		2,016,505	1,436,554
Less: Pledged deposits			
– Pledged for bank and other borrowings	21(a)	(403,163)	(229,282)
– Pledged for bank acceptance notes		(21,153)	(54,151)
Cash and cash equivalents		1,592,189	1,153,121

As at 30 June 2015, cash and bank balances of the Group denominated in RMB amounting to HK\$1,083,360,000 (31 December 2014: HK\$817,846,000) were deposited with banks in Mainland China. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign currency business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances including pledged deposits are deposited with creditworthy banks with no recent history of default.

19. Trade payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one month	193,452	212,201
One to two months	101,957	49,716
Two to three months	34,392	25,240
Over three months	194,567	218,394
	524,368	505,551

Trade payables are non-interest bearing and are normally settled on 60-day terms.

20. Other payables and accruals

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Advances from customers	23,125	33,526
Other payables	491,944	600,270
Accruals	236,708	252,186
	751,777	885,982

Other payables are non-interest bearing and have no fixed terms of repayment.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

21. Interest-bearing bank and other borrowings

	30 June 2015			31 December 2014		
	Effective interest rate (%)	Maturity	HK\$'000 (Unaudited)	Effective interest rate (%)	Maturity	HK\$'000 (Audited)
Current						
Bank loans – secured (note (a))	5.45, LIBOR+2.6	2015-2016	399,834	6.60, LIBOR+2.8	2015	66,805
Bank loans – unsecured	4.15-7.00	2015-2016	1,392,374	6.00-6.60	2015	1,641,542
Current portion of long-term bank loans – secured (note (a))	6.15, LIBOR+2.10	2015-2016	235,322	LIBOR+2.10	2015	108,553
Current portion of long-term bank loans – unsecured	5.54-6.65	2015-2016	472,494	5.76-6.65	2015	599,955
Other loans – secured (note (a), (c))	LIBOR+1.3- LIBOR+1.7	2015	71,602	LIBOR+1.3- LIBOR+1.7	2015	142,199
Other loans – unsecured (note b)	5.04	2016	124,512	–	–	–
			2,696,138			2,559,054
Non-current						
Bank loans – secured (note (a))	LIBOR+2.10	2016-2017	460,796	6.15, LIBOR+2.10	2016-2017	586,848
Bank loans – unsecured	5.64-6.77	2016-2018	1,214,840	5.54-6.77	2016-2017	661,687
			1,675,636			1,248,535
			4,371,774			3,807,589

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	2,500,024	2,416,855
In the second year	768,933	835,992
In the third to fifth years, inclusive	906,703	412,543
	4,175,660	3,665,390
Other loans repayable:		
Within one year or on demand	196,114	142,199
	4,371,774	3,807,589

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

21. Interest-bearing bank and other borrowings (continued)

- (a) The above secured bank loans are secured by certain of the Group's assets with the following carrying values:

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Property, plant and equipment	10	134,801	102,231
Notes receivable	16	76,940	147,604
Pledged deposits	18	403,163	229,282
		614,904	479,117

- (b) The balances as at 30 June 2015 represent loan borrowed from Industrial Bank by way of gold lease arrangement, with the principal of RMB98,188,000 (equivalent to HK\$124,512,000) and bore interest at a fixed rate of 5.04% per annum. The loan is repayable on 12 May 2016.
- (c) Bank advances for discounted bills of HK\$71,602,000 was secured by discounted notes receivables (31 December 2014: HK\$142,199,000).
- (d) Except for bank and other borrowings of HK\$977,339,000 (31 December 2014: HK\$757,363,000) which were denominated in United States dollars, all borrowings were in Renminbi.

22. Medium-term notes

The carrying amount of the Group's medium-term notes are as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Medium-term notes		
The First Tranche Notes – Nominal value of 5.0% fixed rate notes maturing in April 2016 – unsecured		
– Current portion	634,050	–
– Non-current portion	–	633,800
	634,050	633,800

In April 2013, the Group completed the registration with National Association of Financial Market Institutional Investors of a RMB1,000 million unsecured medium-term notes facility issuable in two years from the date of registration. In April 2013, the Group issued the First Tranche Notes of RMB500 million, equivalent to HK\$634,050,000 (31 December 2014: HK\$633,800,000) in the PRC with a tenor of three years, and carrying interest at a fixed rate of 5.0% per annum. The remaining facility of RMB500 million has expired in April 2015.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

23. Deferred income

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
At 1 January 2015/1 January 2014	109,388	131,086
Addition	885	10,657
Amortisation	(4,066)	(31,821)
Exchange realignment	35	(534)
At 30 June 2015/31 December 2014	106,242	109,388

Deferred income represents the receipt of government grants for the construction of certain equipment, which has been credited as a non-current liability on the interim condensed consolidated statement of financial position. Such deferred income is amortised on the straight-line basis to profit or loss over the expected useful lives of the relevant assets acquired.

24. Share capital

The following is a summary of the authorised share capital and the issued share capital of the Company:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Authorised:		
10,000,000,000 (31 December 2014: 10,000,000,000) ordinary shares of HK\$0.10 each	1,000,000	1,000,000
Issued and fully paid:		
3,327,275,000 (31 December 2014: 3,024,795,000) ordinary shares of HK\$0.10 each	332,728	302,480

Pursuant to a subscription agreement, 302,480,000 ordinary shares of HK\$0.10 each in the Company were newly issued to independent third parties for cash at a price of HK\$1.30 per share on 23 June 2015. The proceeds from the share placement were intended to be used for investments when opportunities arise and/or for general working capital of the Group.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

25. Reserves

The amounts of the Group's reserves and the movements therein are presented in the interim condensed consolidated statement of changes in equity.

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Share premium		3,230,106	2,872,076
Contributed surplus		(171,859)	(171,859)
Reserve funds	(a)	147,826	141,902
Exchange fluctuation reserve		332,048	331,821
Share option reserve		110,540	110,540
Accumulated losses		(410,245)	(123,408)
		3,238,416	3,161,072

- (a) In accordance with the Company Law of the PRC, each of the subsidiaries of the Company established in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with PRC GAAP, to the statutory reserve until the balance of the reserve funds reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses, or to increase capital, provided that the remaining balance of the statutory reserve is not less than 25% of the registered capital.

Pursuant to the relevant regulation in the PRC, the Group is required to provide for safety fund based on the volume of ore excavated and turnover of ferroalloy in prior year.

26. Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 11 January 2011, the Company granted 103,000,000 share options to the Directors and other employees of the Group under the Scheme upon payment of a nominal consideration of HK\$1 by each of the grantees. The share options became effective on 11 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during:

	Six months ended 30 June 2015		Year ended 31 December 2014	
	Weighted average exercise Price HK\$ per share	Number of options '000	Weighted average exercise Price HK\$ per share	Number of options '000
At 1 January 2015/1 January 2014	2.81	92,500	2.81	100,000
Granted during the period/year	2.81	-	2.81	-
Forfeited during the period/year	2.81	-	2.81	(7,500)
Expired during the period/year	2.81	-	2.81	-
At 30 June 2015/31 December 2014	2.81	92,500	2.81	92,500

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

26. Share option scheme (continued)

The exercise price and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

At 30 June 2015 and 31 December 2014:

Number of share options outstanding '000	Exercise price HK\$ Per share	Exercise period
23,125	2.81	11-1-2012 to 10-1-2021
23,125	2.81	11-1-2013 to 10-1-2021
46,250	2.81	11-1-2014 to 10-1-2021
92,500		

The fair value of the outstanding share options at the time of grant was estimated, using a binomial model, as HK\$110,075,000 (weighted average fair value of HK\$1.19 each). No share option expense has been recognised during the six months ended 30 June 2015 by the Group as all share option has been vested in 2014 (six months ended 30 June 2014: HK\$640,000).

27. Commitments and contingencies

a) Operating lease commitments

i) As Lessor

The Group leases its investment properties and leasehold lands (note 11) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 20 years (31 December 2014: 2 to 20 years).

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	16,998	16,289
In the second to fifth years, inclusive	17,224	20,731
After five years	553	1,657
	34,775	38,677

During the period, the Group has not recognised any contingent rentals receivable.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

27. Commitments and contingencies (continued)

a) Operating lease commitments (continued)

ii) *As Lessee*

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within one year	8,761	7,346
In the second to fifth years, inclusive	29,406	26,275
After five years	28,135	33,833
	66,302	67,454

b) Capital commitments

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Authorised, but not contracted for:		
Acquisition of plant and machinery	130,741	132,580
	130,741	132,580
Contracted, but not provided for:		
Acquisition of land and buildings	157,830	178,467
Acquisition of plant and machinery	109,125	130,908
	266,955	309,375
Total	397,696	441,955

c) Contingent liabilities

At the end of the reporting period, the Group had no significant contingent liabilities (31 December 2014: Nil).

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

28. Related party balances and transactions

- (a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Purchase of raw materials from subsidiaries of Guangxi Dameng	(i)	2,199	4,711
Mining drawing service provided by Guangxi Dameng	(ii)	379	379
Provision of water and electricity to Guangxi Dameng	(iii)	22	14
Provision of integrated service by Guangxi Dameng	(iv)	1,897	1,820
Rental income received from Guangxi Dameng	(v)	471	455
Interest income on deposits placed with related companies	(vi)	12	31
Maximum balance of bank deposits with related companies during the period	(vi)	20,750	31,870

Notes:

- (i) These purchases were made at prices based on the mutual agreements between the parties.
- (ii) This service was made at prices based on the mutual agreements between the parties.
- (iii) Reimbursement of electricity and water was based on the actual costs incurred.
- (iv) Service fees were charged at a monthly amount of HK\$316,000 (2014: HK\$303,300) as mutually agreed by the parties.
- (v) Rental has been charged at RMB62,000 (HK\$78,000) per month as mutually agreed by the parties.
- (vi) Bank deposits with related companies during the period and related interest income were transacted in the usual and ordinary course of business of the Group.

The related party transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

28. Related party balances and transactions (continued)

(b) Outstanding balances with related parties

	Note	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
i) Due from related companies			
Prepayments and other receivables	17	6	6
		6	6
ii) Due to related companies			
Trade payables		885	839
Other payables		2,787	5,668
		3,672	6,507
iii) Bank balances with related companies		1,731	14,396

The Group's prepayments and other receivables from related companies are unsecured, non-interest-bearing and have no fixed terms of repayment.

Trade payables to the Group's related companies are non-interest-bearing and have no fixed terms of repayment. The Group's other payables to related companies are unsecured, non-interest-bearing and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries, director fees, allowances and benefits in kind	7,667	8,304
Equity-settled share option expenses	–	401
Pension scheme contributions	171	160
Total compensation paid to key management personnel	7,838	8,865

Notes to Interim Condensed Consolidated Financial Statements

30 June 2015

29. Fair value of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial liabilities

	Carrying amounts		Fair values	
	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Interest-bearing bank and other borrowings	4,371,774	3,807,589	4,371,774	3,807,589
Medium-term notes	634,050	633,800	634,050	633,800
	5,005,824	4,441,389	5,005,824	4,441,389

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and notes receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from subsidiaries and amount due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of interest-bearing bank and other borrowings and medium-term notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings and medium-term notes as at 30 June 2015 was assessed to be insignificant.

30. Event after the reporting period

On 23 July 2015, the Company newly issued 104,300,000 ordinary shares at an issue price of HK\$1.30 to an independent third party as consideration to purchase certain equity interests in CPM (note 17), as detailed in the Company's announcements of 26 June 2015 and 23 July 2015.

31. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 July 2015.

Management Discussion and Analysis

Financial Review

	1H 2015 HK\$'000	1H 2014 HK\$'000	Increase/(decrease) HK\$'000	%
Revenue	1,351,568	1,395,848	(44,280)	(3.2%)
Loss before tax	(326,613)	(140,771)	185,842	132.0%
Income tax expense	(7,271)	(1,732)	5,539	319.8%
Loss for the period	(333,884)	(142,503)	191,381	134.3%
Loss attributable to owners of the parent	(280,913)	(94,325)	186,588	197.8%
Loss attributable to non-controlling interests	(52,971)	(48,178)	4,793	9.9%
	(333,884)	(142,503)	191,381	134.3%

Financial Highlights

- Turnover amounted to HK\$1,351.6 million for 1H 2015, representing a decrease of 3.2 % from HK\$1,395.8 million of 1H 2014.
- Loss attributable to owners of the parent increased by 197.8% to HK\$280.9 million for 1H 2015 (1H 2014: HK\$94.3 million).
- Net cash inflows generated from operating activities increased by 7.1% to HK\$190.5 million for 1H 2015 (1H 2014: HK\$177.8 million).
- As at 30 June 2015, cash and bank balances increased by 40.4% to HK\$2,016.5 million (31 December 2014: HK\$1,436.6 million).

Overview

Momentum of global economic recovery seemed to lag behind worldwide expectation during 1H 2015. Although US Federal Reserve remained cautiously optimistic about the interest-rate hikes to be commenced later this year, recent US inclement data might still cause further delays in liftoff. On the other side, the recent Greece debt crisis and the PRC share market turmoil brought further uncertainty and threats to world economy.

Moreover, uneven global economic recovery and divergent monetary policies from different countries continued to create volatility and downward pressure on commodities due to the combination of additional supply and weaker demand growth.

For the PRC steel sector, following the “new normal” theory elaborated by Chinese Government with GDP growth shifted gear from the previous high speed to moderate growth and lower pace of urbanization, steel consumption demand had weakened further. Amid overcapacity and stable yet decreasing demand as well as prolonged downswing in steel prices, steel plants competed for orders with contracted gross margin so as to improve their financial performances and cashflows. These competitions further dampened the steel selling price in the already stagnant market. As a result, the average prices of our manganese products, in particular EMM, were adversely affected.

We continued to strive to maintain our competitiveness in the manganese sector through containing our raw materials and power consumption per unit of production together with increasing production efficiency and attempt to reduce overall production cost. However, achievements in overall cost reductions were not apparent in 1H 2015 after a series of continually stringent cost control measures imposed in past few consecutive years. Accompanied by the weakening average selling price of manganese products, gross profit margin was heavily squeezed.

Management Discussion and Analysis

In summary, we recorded a loss of HK\$333.9 million for the six months ended 30 June 2015 (1H 2014: HK\$142.5 million). The consolidated net loss attributable to owners of the parent was HK\$280.9 million (1H 2014: HK\$94.3 million). Other than the drop in gross profit margin, major reasons for the increase in loss are as follows:

- (1) Inventory provision of HK\$45.3 million (1H 2014: HK\$2.5 million) mainly relating to manganese ores to write down their book value to be in line with general price drop of manganese ores in the market;
- (2) Less capitalization of interest expense amounting to only HK\$0.1 million during the period (1H 2014: HK\$10.9 million), which was attributable to near completion of capacity upgrade of our Daxin underground mine and ore processing facility in 1H 2015 and upon production commencement of expansion phase our Daxin EMM processing plant from the third quarter of 2014 respectively.

Comparison with six months ended 30 June 2015

The following table sets out the revenue, sales volume and average selling prices of our products and services.

	Six months ended 30 June							
	2015				2014			
	Sales Volume (tonnes)	Average Selling Price (HK\$/Tonne)	Revenue (HK\$'000)	% of Total Revenue (%)	Sales Volume (tonnes)	Average Selling Price (HK\$/Tonne)	Revenue (HK\$'000)	% of Total Revenue (%)
Manganese mining and ore processing								
Gabon ore	111,601	766	85,451	6.3	81,656	999	81,566	5.8
Manganese concentrate	67,423	363	24,481	1.8	34,801	684	23,800	1.7
Natural discharging manganese powder and sand	7,725	2,804	21,660	1.6	11,388	2,813	32,036	2.3
Sub-Total	186,749	705	131,592	9.7	127,845	1,075	137,402	9.8
Manganese downstream processing								
EMM	61,994	12,754	790,681	58.5	61,095	13,667	835,002	59.8
Manganese briquette	8,018	13,153	105,461	7.8	4,427	14,704	65,096	4.7
	70,012	12,800	896,142	66.3	65,522	13,737	900,098	64.5
Silicomanganese alloy	15,024	6,277	94,310	7.0	18,709	7,318	136,913	9.8
EMD	12,002	8,976	107,728	8.0	10,910	10,078	109,955	7.9
Manganese sulfate	7,390	4,076	30,122	2.2	9,132	4,012	36,638	2.6
Others	5,155	4,609	23,761	1.8	1,649	7,794	12,853	1.0
Sub-Total	109,583	10,513	1,152,063	85.3	105,922	11,296	1,196,457	85.8
Non-manganese processing								
Lithium cobalt oxide	362	182,514	66,070	4.9	294	181,568	53,381	3.8
Other business								
Trading	30	61,433	1,843	0.1	8,093	1,064	8,608	0.6
Total	296,724	4,555	1,351,568	100.0	242,154	5,764	1,395,848	100.0

Management Discussion and Analysis

Revenue

In 1H 2015, the Group's revenue was HK\$1,351.6 million (1H 2014: HK\$1,395.8 million), representing a decrease of 3.2% as compared with 1H 2014. Average selling prices of our manganese products dropped throughout 1H 2015, especially for manganese ores. Furthermore, overcapacity and weak demand growth of steel sector persisted. Nevertheless, mild increase in sales volume of EMM and manganese briquette upon the commencement of expanded production of Daxin and Guangxi Start processing plants from the third quarter of 2014 substantially set off the effect of price drop. As a result, only a mild decrease of our total revenue was recorded during the period.

Manganese mining and ore processing – Revenue of manganese mining and ore processing segment decreased by 4.2% to HK\$131.6 million (1H 2014: HK\$137.4 million) owing to sluggish market demand and general commodity price drop. Even though we increased our sales efforts and sold more Gabon and PRC ores with an overall increase in quantity by 53.7% to 179,024 tonnes in 1H 2015 (1H 2014: 116,457 tonnes), average selling price of manganese mining and ore processing segment dropped by 34.4% to HK\$705/tonne (1H 2014: HK\$1,075/tonne) as our Hui Xing ore sales used to carry a lower average selling price.

Manganese downstream processing – Revenue from manganese downstream processing decreased by 3.7% from HK\$1,196.5 million to HK\$1,152.1 million and was principally attributable to the price dip of average selling price of manganese downstream processing. Following the commencement of expanded production of Daxin and Guangxi Start EMM processing plant in third quarter 2014, combined sales quantity of EMM and manganese briquette (a compressed form of EMM in regular shape) increased by 6.9% to 70,012 tonnes (1H 2014: 65,522 tonnes). In particular, domestic sales quantities of manganese briquette surged by 168.6%. On the contrary, average selling price of combined sales quantity of EMM and manganese briquette dropped by 6.8% to HK\$12,800/tonne (1H 2014: HK\$13,737/tonne) because of the continual weak market demand and oversupply of our downstream steel sector. Consequently, total revenue of combined sales quantities of EMM and manganese briquette could only maintain at around the same level as 1H 2014.

On the other hand, average selling price of EMD decreased by 10.9% to HK\$8,976/tonne (1H 2014: HK\$10,078/tonne) due to change of sales mix. Demand for the two higher cost new and more-effective high performance EMD was sluggish and hence dragged down total average selling price of EMD.

Non-manganese processing – For 1H 2015, sales volume of lithium cobalt oxide increased by 23.1% to 362 tonnes (1H 2014: 294 tonnes) with its average selling price remaining stable during the period.

Trading – For 1H 2015, trading sales mainly comprised of sales of lithium cobalt oxide and lithium manganese oxide while trading revenue in 1H 2014 was all derived from sale of aged stocks of imported manganese ore.

Management Discussion and Analysis

The following table sets out the cost of sales, unit cost of sales, gross profit/(loss) and gross margins of our products and services.

	Six months ended 30 June							
	2015				2014			
	Cost of Sales (HK\$'000)	Unit Cost of Sales (HK\$/Tonne)	Gross Profit/(Loss) (HK\$'000)	Gross Profit/(Loss) Margin (%)	Cost of Sales (HK\$'000)	Unit Cost of Sales (HK\$/Tonne)	Gross Profit/(Loss) (HK\$'000)	Gross Profit/(Loss) Margin (%)
Manganese mining and ore processing								
Gabon ore	90,564	811	(5,113)	(6.0)	62,965	771	18,601	22.8
Manganese concentrate	34,180	507	(9,699)	(39.6)	7,018	202	16,782	70.5
Natural discharging manganese powder and sand	7,393	957	14,267	65.9	8,538	750	23,498	73.3
Sub-Total	132,137	708	(545)	(0.4)	78,521	614	58,881	42.9
Manganese downstream processing								
EMM	772,324	12,458	18,357	2.3	733,888	12,012	101,114	12.1
Manganese briquette	91,420	11,402	14,041	13.3	56,890	12,851	8,206	12.6
	863,744	12,337	32,398	3.6	790,778	12,069	109,320	12.1
Silicomanganese alloy	98,351	6,546	(4,041)	(4.3)	132,560	7,085	4,353	3.2
EMD	99,142	8,260	8,586	8.0	93,039	8,528	16,916	15.4
Manganese sulfate	23,443	3,172	6,679	22.2	28,588	3,131	8,050	22.0
Others	27,031	5,244	(3,270)	(13.8)	18,138	10,999	(5,285)	(41.1)
Sub-Total	1,111,711	10,145	40,352	3.5	1,063,103	10,037	133,354	11.1
Non-manganese processing								
Lithium cobalt oxide	63,701	175,970	2,369	3.6	51,401	174,833	1,980	3.7
Other business								
Trading	2,321	77,367	(478)	(25.9)	10,549	1,303	(1,941)	(22.5)
Total	1,309,870	4,414	41,698	3.1	1,203,574	4,970	192,274	13.8

Cost of Sales

Total cost of sales increased by HK\$106.3 million or 8.8%, to HK\$1,309.9 million in 1H 2015, as compared to HK\$1,203.6 million in 1H 2014. The cost increase was primarily due to the increase in stock provision amounted to HK\$45.3 million (1H 2014: HK\$2.5 million) together with slight increase of sales volume of our manganese products.

The unit cost of manganese mining and ore processing increased by 15.3% to HK\$708/tonne (1H 2014: HK\$614/tonne) and was mainly attributable to: (1) an inventory provision of HK\$36.9 million (1H 2014: Nil) relating to manganese concentrate and Gabon ores and (2) increased sales volume of Gabon ores sold in 1H 2015 including two shipments to India in 1H 2015.

Management Discussion and Analysis

In 1H 2015, unit cost of EMM increased by 3.7% to HK\$12,458/tonne (1H 2014: HK\$12,012/tonne). This was mainly attributable to: (1) higher unit consumption rate of manganese ore as we tested blending lower grade manganese carbonate ore together with more sulphuric acid; and (2) increase in unit price of electricity during the period.

Gross Profit

In 1H 2015, the Group recorded a gross profit of only HK\$41.7 million (1H 2014: HK\$192.3 million), representing a decrease of HK\$150.6 million or 78.3%. The Group's overall gross margin was 3.1%, representing a decrease of 10.7% from 13.8% of 1H 2014. Erosion of overall gross margin was mainly attributable to: (1) drop of average selling price of EMM; and (2) much larger inventory provision for 1H 2015 of HK\$45.3 million (1H 2014: HK\$2.5 million) were provided for our manganese products, in particular manganese ores, following the drop in global market price.

Other income

Other income decreased by 28.5% to HK\$43.7 million (1H 2014: HK\$61.1 million) and was primarily due to the decrease in interest income and no net reversal of impairment of trade and other receivables as for the comparative period.

Selling and Distribution Expenses

Selling and distribution expenses in 1H 2015 have decreased by 6.6% to HK\$46.4 million (1H 2014: HK\$49.7 million) due to the decrease in unit transportation cost due to the global drop in oil price.

Administrative Expenses

Administrative expenses remained stable at the last year level.

Finance Cost

For 1H 2015, our Group's finance cost was HK\$134.3 million (1H 2014: HK\$110.0 million), representing an increase of 22.1% which was mainly due to: (1) less capitalization of interest expense amounting to only HK\$0.1 million (1H 2014: HK\$10.9 million) following the near completion for our Daxin underground mining and ore processing facility in 2015 and upon production commencement of Daxin EMM processing plant from third quarter of 2014 respectively; (2) the increase in total bank and other borrowings to finance the general working capital and capital expenditure projects and (3) an increase in effective interest rate for bank loan refinancing due to tightening credit policy in China.

Other Expenses

Other expenses decreased by 71.0% to HK\$8.2 million (1H 2014: HK\$28.3 million). RMB depreciated much less than in 1H 2014 and therefore exchange loss on RMB denominated deposits and bills receivable decreased.

Income Tax

Although the Group reported a loss, tax expense of HK\$7.3 million (1H 2014: HK\$1.7 million) was recorded for the period primarily due to the reversal of deferred tax credit upon expiry of the relevant tax loss.

Loss Attributable to Owners of the Parent

For 1H 2015, the Group's loss attributable to owners of the parent was HK\$280.9 million (1H 2014: HK\$94.3 million).

Loss per share

For 1H 2015, loss per share attributable to ordinary equity holders of the Company was 9.25 HK cents (1H 2014: 3.12 HK cents).

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Management Discussion and Analysis

Use of Proceeds from IPO

Up to 30 June 2015, we utilized the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

Description	Amount designated in Prospectus (HK\$ Million)	Amount utilized up to 30.6.2015 (HK\$ Million)	% utilized	Amount utilized up to 31.12.2014 (HK\$ Million)	% utilized
1 Expansion project at Daxin EMD Plant	79	79	100.0%	79	100.0%
2 Expansion project of underground mining and ore processing at Daxin Mine	278	227	81.7%	211	75.9%
3 Expansion and construction projects of our EMM production facilities	516	516	100.0%	516	100.0%
4 Construction project at Chongzuo Base	59	21	35.6%	18	30.5%
5 Development of Bembele manganese mine and associated facilities	119	119	100.0%	119	100.0%
6 Technological improvement and renovation projects at our production facilities	40	40	100.0%	40	100.0%
7 Acquisition of mines and mining right	397	282	71.0%	282	71.0%
8 Repayment on a portion of our bank borrowings	297	297	100.0%	297	100.0%
9 Working capital and other corporate purposes	198	198	100.0%	198	100.0%
Total	1,983	1,779	89.7%	1,760	88.8%

Use of Proceeds from Share Placing completed on 23 June 2015

Up to 30 June 2015, we utilized the net proceeds raised from the share placing in accordance with the designated uses set out in the placing agreement as follows:

Description	Amount designated in the Placing Agreement (HK\$ Million)	Amount utilized up to 30.06.2015 (HK\$ Million)	% utilized
Investment(s) and/or as general working capital of the Group	388	12	3.1%
Total	388	12	3.1%

Liquidity and financial resources

Cash and bank balances

As at 30 June 2015, the currency denomination of the Group's cash and bank balances including pledged deposits are as follow:

Currency denomination	30 June 2015 HK\$ million	31 December 2014 HK\$ million
Denominated in:		
RMB	1,408.4	1,391.9
HKD	383.8	5.9
USD	221.7	30.6
XAF	2.6	8.2
	2,016.5	1,436.6

Management Discussion and Analysis

As at 30 June 2015, our cash and bank balances including pledged deposits were HK\$2,016.5 million (31 December 2014: HK\$1,436.6 million) while the Group's borrowings (inclusive of medium-term notes) amounted to HK\$5,005.8 million (31 December 2014: HK\$4,441.4 million). The Group's borrowings net of cash and bank balances amounted to HK\$2,989.3 million (31 December 2014: HK\$3,004.8 million).

To manage liquidity risk, the Group continues to monitor current and expected liquidity requirements to secure sufficient balance of cash in the short and long terms as well as facilities from banks and financial institutions.

Bank and other Borrowings

As at 30 June 2015, the Group's borrowing structure, maturity profile and currency denomination are as follows:

Borrowing structure	30 June 2015 HK\$ million	31 December 2014 HK\$ million
Secured borrowings	1,167.6	904.4
Unsecured borrowings	3,838.2	3,537.0
	5,005.8	4,441.4

Maturity profile	30 June 2015 HK\$ million	31 December 2014 HK\$ million
Repayable:		
On demand or within one year	3,330.2	2,559.1
After one year and within two years	768.9	1,469.8
After two years and within five years	906.7	412.5
	5,005.8	4,441.4

Currency denomination	30 June 2015 HK\$ million	31 December 2014 HK\$ million
Denominated in:		
RMB	4,028.5	3,684.0
USD	977.3	757.4
	5,005.8	4,441.4

As at 30 June 2015, borrowings as to the amounts of HK\$2,341.2 million (31 December 2014: HK\$2,295.6 million) and HK\$2,664.6 million (31 December 2014: HK\$2,145.8 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 4.15% to 7.00%. The floating rate borrowings carry interest up to a premium of 10% above the Benchmark Borrowing Rates of the People's Bank of China ("PBOC"), except the USD loans which carry interest at rates of LIBOR plus a margin of 1.3% to 2.6%.

Overall, aggregate borrowings were increased to HK\$5,005.8 million (31 December 2014: HK\$4,441.4 million). The Group are now exploring various means including short-term or medium-term notes and sale and lease back arrangements to improve total borrowing structure in terms of interest rate level and repayment periods.

Management Discussion and Analysis

Fund Raising Activity

By way of placing on 23 June 2015, the Company issued 302,480,000 shares at a price of HK\$1.30 per share for cash. The net proceeds from the placing were approximately HK\$388.3 million and were intended to be used for investments when opportunities arise and/or for general working capital of the Group.

Credit risk

The Group endeavoured to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. Since the Group's trade and bills receivables related to a large number of diversified customers, there was no significant concentration of credit risk. The Group did not hold any collateral or other credit enhancements over its trade and bills receivable balances.

Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Floating interest rates are subject to published interest rate changes in PBOC as well as movements in LIBOR. If the PBOC increases interest rates or LIBOR moves up, our finance cost will increase. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, any upward fluctuations in interest rates will increase the cost of new debt obligations. We do not currently use any derivative instruments to modify the nature of our debt for risk management purpose.

Foreign exchange risk

The Group's operations are primarily in the PRC and Gabon. We have not entered into any foreign exchange contract or derivative transactions to hedge against foreign exchange fluctuations for these operations for reasons set out below.

In respect of our operations in the PRC, our products are sold to local customers in RMB and to a less extent to overseas customers in United States dollars. Major expenses of our PRC operations are also denominated in RMB. The functional currencies of our PRC subsidiaries are RMB.

In respect of our Gabon operations, most of its sales are denominated in United States dollars with the remainder in RMB. Major expenses including sea freight are also denominated in United States dollars with those relatively minor expenses incurred locally denominated in EURO or XAF which is pegged to Euro. Gabon operation is substantially financed by United States dollar loans which are expected to be repaid in the long term out of the project's surplus operating cash inflow which is mainly denominated in United States dollars.

Our other major exposures to exchange rate fluctuations relate to our RMB bank deposits maintained in Hong Kong which we intend to invest in the PRC and elsewhere should opportunity arise. We constantly monitor the fluctuation of the currency rate of RMB and the currency denomination of our deposits to ensure that the risk involved is within our expectation.

Charge on group assets

As at 30 June 2015, the Group's property, plant and equipment and notes receivable with an aggregate net carrying amount of HK\$211.7 million (31 December 2014: HK\$249.8 million) were pledged to secure certain of the Group's interest-bearing bank borrowings. Bank balances of HK\$403.2 million (31 December 2014: HK\$229.3 million) were also pledged to secure certain of the Group's bank borrowings.

Contingent liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities.

Management Discussion and Analysis

Key Financial Ratios of the Group

	30 June 2015	31 December 2014
Current ratio	0.94	1.01
Quick ratio	0.71	0.74
Net Gearing ratio	83.7%	86.8%

Current ratio = balance of current assets at the end of the period/balance of current liabilities at the end of the period

Quick ratio = (balance of current assets at the end of the period – balance of inventories at the end of the period)/balance of current liabilities at the end of the period

Net Gearing ratio = Calculated as net debt divided by equity attributable to owners of the parent. Net debt is defined as the sum of interest-bearing bank and other borrowings and medium-term notes less cash and cash equivalents and pledged deposits

Current ratio, quick ratio and net gearing ratio deteriorated as a result of outflow of cash resources into the construction of projects brought forward from prior years including Daxin underground mining capacity, expanded downstream EMM capacity together with the loss suffered during the reporting period.

Acquisition

In June 2015, through a number of acquisitions in the market and from independent third parties, the Group acquired an aggregate of 22.23% of the issued share capital of CPM for a total cash consideration of HK\$315,154,000. Subsequent to the reporting period, the Group completed the acquisition of a further 7.58% interest in CPM at a consideration of HK\$135,590,000 by way of issue of 104,300,000 new shares of the Company to an independent third party. Upon completion of the above series of all the piece meal acquisitions on 23 July 2015, the Company owns 29.81% equity interest in CPM and expects to equity account for this investment as an associated company from the completion date in the second half of this year.

CPM is one of the largest lead and zinc pure mining company in Yunnan Province, the PRC in terms of resources with abundant and high-grade silver reserves. CPM owns and operates a large-scale, high grade lead-zinc-silver polymetallic Shizishan Mine and some other significant polymetallic resources. We expect that this acquisition will provide satisfactory returns to us. Details of the acquisition have been set out in the announcements of the Company dated 17 June 2015, 26 June 2015 and 23 July 2015.

Human Resources

As at 30 June 2015, the Group had approximately 8,222 (30 June 2014: 8,366) full-time employees in HK and the PRC; approximately 273 (30 June 2014: 275) full-time employees in Gabon. The Group offers a competitive remuneration and welfare package to its employees and regularly reviews its remuneration scheme to ensure remuneration packages are market-competitive. Other benefits including comprehensive medical, life and disability insurance plans and retirement schemes are offered to the employees.

Management Discussion and Analysis

Outlook

The general outlook for the commodity market remains subdued for a mix of reasons including slower rate of global economic growth, signs of oversupply of major commodities and negative short-term demand outlook. Inevitably, it is anticipated that strong commodity price recovery including manganese related products will not be imminent in near future according to current economic perspectives. Excess overcapacity adjustment as well as consolidation process still need to undergo for a certain period of time. Meanwhile, in order to maintain our competitive edge including inter alias, our abundant manganese resources, we shall focus on our efforts on further cost reduction and careful screening of capital expenditures for our existing businesses in the manganese sector. Our recent investment of 29.81% equity interests in CPM is our first move into outside manganese and we expect to add substantial synergic value to this investment amidst our strong and extensive expertise in the metal and mining sector particularly in the PRC. Accordingly, we aim that in the foreseeable future, CPM will be able to provide its shareholders, now including us, much larger positive return than it did before our acquisition. The Group will continue to ride on our extensive experience and expertise in the metal and mining sector to seek for investment opportunities both inside and outside the PRC.

Looking forward, we are confident that, following the implementation of “One Belt One Road” strategy, there will be increased overseas market demand for Chinese-built railroads, equipment, and motor vehicles and will definitely help to consume excess steel capacities in medium to long-term. Moreover, it will also likely to bolster PRC as well as other Asian infrastructure sectors in a sustainable way. We continue to be cautiously optimistic that once market equilibrium can be restored, with recovery in both selling prices and consumption demand for our manganese products, we will benefit from our competitiveness in the manganese sector.



Human Resources Report

Employees are the foundation of our business and underpin our success. We treasure our employees as well as encourage and foster the development of talented and motivated individuals on an ongoing basis in order to support the development and growth of our diverse operations. It is one of our aims as an organization to strive to build a sense of responsibilities and achievement amongst all of our people in the work they do.

Our Employees

As at 30 June 2015, we have a total of 8,495 employees (30 June 2014: 8,641), which is mainly located in the Mainland China, representing 96.59% (30 June 2014: 96.62%). Over 47% of our employees are below 40, of which the majority of them are general workers. Therefore, we have a relatively young and equal workforce structure. It is contemplated in the future number of years, our workforce composition will remain relatively the same. We have also maintained a workforce with stable turnover for a number of years. For the six months ended 30 June 2015, our overall turnover rate was 2.41% (30 June 2014: 2.47%).

Set out below is a summary of our employee structure and the turnover analysis:

Headcount by Location	For the six months ended 30 June	
	2015	2014
Hong Kong	17	17
Mainland China	8,205	8,349
Gabon	273	275
Total:	8,495	8,641

Headcount by Age	Hong Kong		Mainland China		Gabon		Group	
	2015	2014	For the six months ended 30 June		2015	2014	2015	2014
60 and above	1	0	10	14	1	0	12	14
51-59	2	3	984	559	6	1	992	563
41-50	3	3	3,407	3,245	52	58	3,462	3,306
31-40	7	8	2,205	2,801	104	116	2,316	2,925
30 and below	4	3	1,599	1,730	110	100	1,713	1,833
Total:	17	17	8,205	8,349	273	275	8,495	8,641

Headcount by Employment Category	Hong Kong		Mainland China		Gabon		Group	
	2015	2014	For the six months ended 30 June		2015	2014	2015	2014
Senior	3	3	7	8	1	1	11	12
Middle	2	2	191	51	7	6	200	59
Professional	6	6	543	523	86	94	635	623
General	6	6	7,464	7,767	179	174	7,649	7,947
Total:	17	17	8,205	8,349	273	275	8,495	8,641

Human Resources Report

Our Employees (continued)

Employee Turnover

	Hong Kong		Mainland China For the six months ended 30 June		Gabon		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Employee Turnover Number	1	0	178	185	26	29	205	214
Employee Turnover Rate	5.88%	0%	2.17%	2.18%	9.52%	9.54%	2.41%	2.47%

Employee Turnover Number by Location	For the six months ended 30 June	
	2015	2014
Hong Kong	1	0
Mainland China	178	185
Gabon	26	29
Total:	205	214

Employee Turnover Number by Age	Hong Kong		Mainland China For the six months ended 30 June		Gabon		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
60 and above	0	0	1	10	0	0	1	10
51-59	0	0	3	33	1	0	4	33
41-50	0	0	23	26	6	9	29	35
31-40	1	0	62	47	9	11	72	58
30 and below	0	0	89	69	10	9	99	78
Total:	1	0	178	185	26	29	205	214

Human Resources Report

Development and Training

We place high importance to the training and development of our employees, so as to elevate their performance in their existing positions and to better prepare for their promotion in the future. All our employees are encouraged to participate sufficient degree of training in order to help maximising their performance and realise their full potential. The importance we place on employee development and training is demonstrated by the significant amount of training our employees undertake during the six months ended 30 June 2015.

Set out below is a summary of statistics for the training to our employees:

Percentage of Employees Trained by Employment Category	Hong Kong		Mainland China For the six months ended 30 June		Gabon		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Senior	100	100	62	60	100	100	76	75
Middle	100	100	58	66	100	100	60	71
Professional	100	100	75	63	90	90	77	67
General	100	100	72	62	80	85	72	63

Average Training Hours per Employee by Employment Category	Hong Kong		Mainland China For the six months ended 30 June		Gabon		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Senior	14	24	10	12	15	15	12	17
Middle	8	15	12	16	15	16	12	16
Professional	6	27	12	18	20	20	13	19
General	3	7	10	12	15	15	10	12
Total:	31	73	44	58	65	66	47	64

Social Responsibilities Report

We are committed to ensure long-term sustainability of our businesses. Now we have over 8,400 employees in Hong Kong, Guangxi, Guizhou, China and Gabon, Africa. In addition to continue our long term goal to provide quality products to our valuable clients, we are also keen to protect the safety and health of our employees and also to provide contribution to the surrounding community in which we have businesses.

1. Safety Production and Labor Protection

Safety production and labour protection is our top priority. We insist on safety production and continue to strengthen the safety awareness of our workers.

Set out below is a summary of the number of injuries and loss of days caused by injuries for the six months ended 30 June 2015:

Number of Injuries (by Location)	For the six months ended 30 June	
	2015	2014
Hong Kong	0	0
Mainland China	5	11
Gabon	4	17
Total:	9	28

Number of Lost Days Caused by injuries (by Location)	For the six months ended 30 June	
	2015	2014
Hong Kong	0	0
Mainland China	26	809
Gabon	81	330
Total:	107	1,139

During the six months ended 30 June 2015, our major measures are as follows:

- (1) Strict Implementation of the establishment and execution of the Safety Responsibilities System:

In China, we continued to strictly implement the "Six Major Safety Systems" in our Daxin Mine, Tiandeng Mine and Changgou Manganese Mine.

In Gabon, we retained Terea Environment Aménagement ("**Terea Company**"), a local environmental consulting company, to provide professional advice in respect of our environmental protection and management operation on a regular basis, so as to evaluate and give recommendations on safety, health and environmental issues of our mining production.

- (2) Strict implementation of safety production responsibilities system:

We strictly implemented the safety production responsibilities system, requiring each of our production units to endorse and implement the production safety responsibilities commitments, which are also part of the appraisals for our employees, and also to implement the production safety deposit system, so as to ensure our safety system are in place.

Social Responsibilities Report

1. Safety Production and Labor Protection (continued)

(3) Establishment of Safety Production Standardisation System:

In China, we reinforced our efforts on production safety standardization for metallurgical and non coal enterprises, including, inter alia, the followings:

- (i) Daxin Mine and Tiandeng Mine have completed the construction works for second level metallurgical safety standardization for non coal mines; including Daxin mine (open pit mine, processing plants and tailing pond), Tiandeng Mine (open pit mine, processing plants, 弄松(Nongsong) tailing pond and slag draining dam) have successfully completed the review for second level safety standardization construction works and obtained the certificate of second level safety standardization works for metallurgical enterprises issued by 廣西壯族自治區生產監督管理局 (Guangxi Safety Supervision Bureau);
- (ii) Daixin Manganese, Tiandeng New Materials and Tiandong New material have commenced the construction works for second level safety standardization works for metallurgical enterprises. They have successfully completed the review for second level safety standardization construction works and obtained the certificate of second level safety standardization work for metallurgical enterprise issued by Guangxi Safety Supervision Bureau.

(4) Periodic Review of Health Accreditation Works:

In China, we cooperated with 廣西安全生產科學研究所 (Guangxi Safety Production Scientific Research) and 廣西德高仕安全技術有限公司 (Guangxi De Gao Shi Safety Technology Limited Company) to jointly carry out the occupational health assessment works and most of our subsidiaries have completed the occupational health assessment check for our employees as well as the establishment of the health assessment reports filing system.

(5) Reinforcement of Production Safety Concept to Our Employees:

- (i) In China,
 - a) We kept requiring the frontline workers of our production units to read "Safety Management System" and "Safety Operation Regulation" every day, requiring them to understand, check and review the safety level of our manufacturing techniques, accessories and facilities, protection and emergency system on a regular basis.
 - b) We continued to carry out a series of safety production activities, including "Safety Production Month" and safety knowledge competition, etc, in order to enhance the awareness of safety production of our workers.
 - c) We regularly carried out a series of emergency rescue activities, including ammonia emergency activities, fire emergency evacuation drills, etc.
- (ii) In Gabon,

We provided safety production training courses to our employees on a monthly basis, disseminating the safety production knowledge to our employees and requiring them to strictly equip with the protection accessories during production on a regular basis.

(6) Continuous Investment to the Safety Measures:

We committed to invest in our safety measures for labor protection, including protection accessories, dust prevention and noise removal facilities. During the period, our employees in Daxin Branch have undergone the body check so as to ensure our employees to have healthy bodies.

We strongly believe that our carefully designed safety production system, thoroughly implemented and continuous reassessment, will protect the health and safety of our employees.

Compliance with safety production rules and regulations

During the six months ended 30 June 2015, we continue to strictly follow all the prevailing laws and regulations regarding safety production in Hong Kong, Mainland China and Gabon. To the best of our information and knowledge, there are no material non-compliance with the prevailing laws and regulations regarding safety production by the Group during the period.

Social Responsibilities Report

2. Energy Savings and Environmental Protection

Energy Savings and Reduction: Continuous Research and Implementation

By strengthening our management method, improving our production facilities and streamlining our production process, we continued our research upon and implement various energy savings and reduction measures. For the six months ended 30 June 2015, we have implemented the following measures:

(1) Mining Business:

Daxin branch has committed to implement various cost reduction measures, adopting refined management, our production costs were thereby reduced, including but not limited to the replacement of the outdated electricity generators which have been used for many years; scientific allocation of the coals to meet our furnace design requirements; strengthening the supervision and management of the melter water supply, thereby reduced the energy consumption; adoption of automatic control system in replacement of the manual control system for ingoing or outgoing air in furnaces; installation of the waste heat utilization equipments to maximize the recovery of the heat output; priority selection of open-type lighting and in accordance with the chosen circumstance thereby improving the lighting output efficiency.

Our Gabon company enhanced the waste management and environmental protection measures in accordance with the advice of Terea Company and in line with the local environmental laws and regulations, e.g. reinstallment the water pipes of the processing plant in order to direct the polluted water into the tailing dam; reinforcement of drainage system in order to prevent the flooding problem.

(2) Downstream Business:

(i) EMM Business:

As a result of our enhancement on our management and improvement of our production technique, our various unit consumption rate for EMM production has significantly decreased and the metal recoveries rate has increased correspondingly. The EMM plant of Tiandeng branch adopted passivation process, so as to eliminate the solid waste and its hazardous effect. Daxin Branch commenced the research project with the topic headed "Removal of Chromium Slag and Slag Anode Treatment and Recycling Technology Renovation Project", by using the pyrometallurgical processing method to extract the chromium slag in order to produce manganese slag and by using the hydrometallurgical processing method to obtain manganese liquid concentrate and manganese slag, achieving full utilization of chromium slag and slag anode. Such researches have recorded significant improvement and have been adopted in our production.

We have also carried out research with 廣西大學 (Guangxi University) on the antioxidants of selenium dioxide, thereby increasing the consumption rate of selenium dioxide and reduced their usage and our production cost was reduced accordingly.

Daxin Manganese have completed the second phrase of the waste dam construction work, so as to increase the waste storage capacity, effectively reducing the waste emission volume as well as the construction of waste diverting system and the environment monitoring system.

Our Tiandeng branch maintained and implemented the environmental protection system and carried out the facilities maintenance works, including optimization of the tailings, the waste water storage pool and the waster monitoring system, prohibiting illegal emission.

(ii) EMD Business:

With the implementation of "Development and Application of Electrolytic Manganese Dioxide with Novel Surface Alloying of Titanium Anodes" industrial research project, our electricity consumption for EMD was reduced, and such project has won the Guangxi Science and Technology progress Award.

Social Responsibilities Report

2. Energy Savings and Environmental Protection (continued)

Energy Savings and Reduction: Continuous Research and Implementation (continued)

(2) Downstream Business: (continued)

(iii) Manganese Sulfate Business:

We used the pyrite leaching production technique to produce manganese sulfate, our recoveries rate has increased, thus reducing the consumption rate of ore powder.

(iv) Manganese Sulfate, Lithium Manganese Oxide and Lithium Cobalt Oxide Business:

Chongzuo Branch continued to invest in waste treatment, environmental monitoring system and the establishment of environmental emergency plans work, etc.

Environmental Regulation: Compliance and Beyond

During the six months ended 30 June 2015, we have not breached any environmental rules or regulations which resulted in fines or prosecutions. We believe that rule compliance is only the minimum standard – we treat it as the floor to our environmental performance. We are committed to the responsible management of both the short and long-term impacts of our business on the environment. This commitment goes beyond compliance and applies to all stages of our business – from planning, building, operation, maintenance to the decommissioning of our facilities and equipment.

3. Employment Training and Growth

We arranged trainings at all levels of our employees through multi-channels, multi-formats and multi-levels. The key statistics in respect of our training for our employees are set out in the Human Resources Report. In summary, various training courses were held throughout the six months ended 30 June 2015, effectively improving the quality of staff, and promoting development of our employees.

During the six months ended 30 June 2015, our major training activities and projects are as follows:

(1) In China,

- (i) “Employees PPI Course” designated for our branch facilities leaders, facilities management managers and technology team for enhancing their integrated and management skills;
- (ii) The four stage “Gold Group Leaders’ Training Courses” designated for general management for enhancing their management skills;
- (iii) We organized the first Guaxngxi Technique Competition with 廣西人力資源與社會保障廳 (Guangxi Human Resources and Social Safety Bureau), in order to increase the knowledge and knowhow of different job specialties.

(2) In Gabon,

We provided occupational technique enhancement courses to our employees on a monthly basis, including oil tank management, safety production knowledge, the vehicle repairment safety rules, road safety laws and regulation, and French language enhancement course, etc.

Social Responsibilities Report

4. Social Contribution, Living Environment and Culture Development

Our community investment activities complement the way in which our core business contributes to society, by improving the quality of life for communities through donation of our skills, expertise and resources. The three focus areas of our community investment initiatives are: social contribution, living environment and cultural development, details of which are as follows:

- (1) In China, we treasured our social contribution in particular the surrounding community of our mines and the improvement of the living environment of our employees as well as the cultural development, including the followings:

In Daxin Mine,

- i) We supported the peripheral villages to build the flood stop; financed a secondary school to construct filter tank of water pump room; financed the villages to build public facilities; organized various cultural activities and volleyball and basket ball competitions with the local government and their units, etc., thereby enhancing the harmonious relationship with the community;
- ii) We built the waste and sewage treatment systems, lighting and irrigation systems and other ancillary facilities, so as to improve the living conditions of our workers and attract talent candidates, thereby creating a stable workforce.

In Tiandeng Mine,

- i) We financed the peripheral villages to construct water pipes as well as ancillary facilities;
- ii) We provided food and water subsidies to the peripheral villages and financed them to organize the Chinese new year celebration activities.

- (2) In Gabon, we continued to focus on the local community development and actively participate in various activities in Gabon, including world vehicles competition; national festival; Mother's Day, activities etc. and subsidized the 80 years anniversary celebration organized by the Gabon National Commercial Association.

Given the geographical diversity of our business, we take a site-specific or tailored approach to our various social engagements or construction works. As with any investment that the Company makes, we need to be careful that our resources are allocated to community initiatives in a disciplined and systematic way and that this leads to positive, sustainable outcomes as opposed to having a disruptive effect on a community or the local environment. We are confident that selected community initiatives, carefully chosen, thoroughly implemented and carefully monitored, do enhance the Company's reputation and relationships and do enjoy the support of our shareholders and other stakeholders.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Below is the information on our mineral resources and ore reserves as of 30 June 2015:

Summary of our manganese mineral resources

Mining Block	Ownership Percentage	JORC Resource Category	Average Manganese Grade		Million Tonnes	Average Manganese Grade (%)
			Million Tonnes	As of 30.6.2015		
Daxin Mine	100%	Measured	5.04	24.49	5.22	24.12
		Indicated	65.50	21.21	66.86	21.18
		Subtotal	70.54	21.44	72.08	21.40
		Inferred	0.43	21.23	0.43	21.23
		Total	70.97	21.44	72.51	21.40
Tiandeng Mine	100%	Measured	0.54	18.36	0.58	17.84
		Indicated	2.89	16.64	2.93	16.60
		Subtotal	3.43	16.91	3.51	16.81
		Inferred	3.51	14.24	3.52	14.23
Total	6.94	15.56	7.03	15.52		
Waifu Manganese Mine	100%	Measured	-	-	-	-
		Indicated	-	-	-	-
		Subtotal	-	-	-	-
Inferred	1.54	17.52	1.54	17.52		
Total	1.54	17.52	1.54	17.52		
Changgou Manganese Mine	64%	Measured	3.08	20.45	3.08	20.45
		Indicated	14.67	20.32	14.67	20.32
		Subtotal	17.75	20.34	17.75	20.34
		Inferred	4.22	20.50	4.22	20.50
Total	21.97	20.37	21.97	20.37		
Bembélé Manganese Mine	51%	Measured	-	-	-	-
		Indicated	16.40	32.03	16.73	31.95
		Subtotal	16.40	32.03	16.73	31.95
		Inferred	12.37	32.74	12.37	32.74
Total	28.77	32.34	29.10	32.29		
Total			130.19		132.15	

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Summary of our manganese ore reserves

Mine	Ownership Percentage	JORC Resource Category	Average Manganese		Million tonnes	Average Manganese Grade (%)
			Million tonnes	Grade (%)		
			As of 30.6.2015		As of 31.12.2014	
Daxin Mine	100%	Proved	4.82	20.99	5.00	20.72
		Probable	62.97	18.82	64.33	18.85
		Total	67.79	18.97	69.33	18.98
Tiandeng Mine	100%	Proved	0.50	15.79	0.54	15.42
		Probable	2.77	15.55	2.81	15.53
		Total	3.27	15.59	3.35	15.51
Waifu Manganese Mine	100%	Proved	-	-	-	-
		Probable	-	-	-	-
		Total	-	-	-	-
Changgou Manganese Mine	64%	Proved	3.06	20.45	3.06	20.45
		Probable	14.67	20.32	14.67	20.32
		Total	17.73	20.34	17.73	20.34
Bembélé Manganese Mine	51%	Proved	-	-	-	-
		Probable	16.39	31.41	16.72	31.34
		Total	16.39	31.41	16.72	31.34
Total			105.18		107.13	

Assumptions:

The figures of the aforesaid manganese resources and manganese ores reserves are based on the following assumptions:

- (1) (a) The manganese resources and manganese ore reserves for Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine were based on the estimates per the independent technical review report as shown in the Company's Prospectus dated 8 November 2010. The decreases of the amounts of manganese resources and manganese ore reserves with the increases of average manganese grade in the aforesaid mines during the period were largely due to mining depletion and the decreases of manganese grade of manganese ores mined during the period as compared with the estimates of average manganese grade as per independent technical review report, therefore it is expected that there will be an increase in the average manganese grade of our remaining manganese resources and reserves. The period end amounts have been confirmed by internal experts.
 - (b) The manganese resources and manganese ore reserves for Changgou Manganese Mine are based on the estimate in accordance with 《錳礦礦產資源儲量核實報告》(Manganese Resources Verification Report) dated November 2009 prepared by 中國冶金地質總局中南局南寧地質調查所 (ChinaYe Jin Di Zhi Zong Ju Zhong Nan Ju Nanning Di Zhi Diao Cha Suo). The period end amounts have been confirmed by our internal experts.
 - (c) The manganese resources and manganese ore reserves for Waifu Manganese Mine are based on the estimate in accordance with 《靖西縣湖潤外伏錳礦礦產資源量核實地質報告審意見書》(Accreditation Opinion of the Verified Geographical Resources Report of Waifu Manganese Mine, Jinxi) dated 17th July 2004 prepared by 南寧儲偉資源有限責任公司 (Nanning Qu Wei Resources Limited Company). The period end amounts have been confirmed by our internal experts.
- (2) All material assumptions and technical parameters underpinning the estimates in the aforesaid independent technical reports continue to apply and have not materially changed.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities

I) Exploration

Overview

During the six months ended 30 June 2015, we continued our exploration works on Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine and our exploration drilling works continued to focus on Tiandeng Mine and Bembélé Manganese Mine. Exploration drilling totalled 3,637.43 metres approximately. Details are set out below:

Project	Drilling type	Average Drilling Diameter (mm)	Number of holes	Average Length (meter)
Daxin Mine	–	–	–	–
Tiandeng Mine	Core	73	9	268
	Hydrogeological	130	3	254.8
Waifu Manganese Mine	–	–	–	–
Changgou Manganese Mine	–	–	–	–
Bembélé Manganese Mine	Core	75	5	92.1

Daxin Mine

A review of the geology and structural architecture of Daxin Mine was continued during the six months ended 30 June 2015 with the purpose of obtaining a better analysis and understanding of the components of the northern and central mining blocks within the mining area of Daxin Mine. During the period, 中國冶金地質總局中南局廣西地勘院 (Central southern Bureau of China Metallurgical Geology Bureau), which we retained, has completed the mining exploration plan and applied to the Land and Resources Department of Guangxi for accreditation and recordal.

Save as disclosed herein above, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Daxin Mine.

Tiandeng Mine

During the six months ended 30 June 2015, 中國冶金地質總局中南局廣西地勘院 (Central southern Bureau of China Metallurgical Geology Bureau), which we retained, continued the exploration infrastructure construction work at location 440 meters depth below the mining block of Tiandeng Mine. We have completed 12 drilling holes, totaling approximately 3,176.6 meters in length.

Save as disclosed herein above, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Tiandeng Mine.

Waifu Manganese Mine

During the six months ended 30 June 2015, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2015, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Changgou Manganese Mine.

Bembélé Manganese Mine

Mining Area

During the six months ended 30 June 2015, we continued to carry out production exploration within the existing mining areas of Bembélé Manganese Mine in order to increase and extend our manganese resources. We have completed 5 drilling holes, totalling approximately 132 meters in length. Our production exploration has recorded some success. In location ZK43-5 at depth of 50.9 meters, we recorded drilling samples of 2.8 meters long containing 33% manganese content/per tonne, the majority of them are oxide manganese. In addition, 中國冶金地質總局第一地質勘查院所 (The First Exploration Centre of Bureau of China Metallurgical Geology Bureau), which we retained, has submitted the exploration report to 北京中礦聯諮詢中心 (Beijing CMA Consultancy Center) which has carried out the accreditation process and such report is in the progress of amendments in accordance with the experts' opinion in order to enhance our analysis and understanding in respect of the geological component of the mining area, thereby increasing the efficiency of our mining works.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

I) Exploration (continued)

Bembélé Manganese Mine (continued)

Exploration Area

We identified 300 meters cross section at working platform which located between line 43 to 59 at depth above 500 metres along the ore vein in the peripheral areas of Bembélé Manganese Mine in order to locate and delineate manganese ores with manganese grade more than 30%. In addition, we carried out the selection work of prospecting targets for manganese in order to prepare the exploration work in the next stage.

Save as disclosed herein above, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Bembélé Manganese Mine.

II) Development

Daxin Mine

During the six months ended 30 June 2015, our out sourced contractors, 溫州建設集團公司 (Wenzhou Construction Group Co.) and 廣西錫山礦業有限公司 (Guangxi Xishan Mining Limited Company) continued the phase A and phase B 600,000 tonnes/year expansion project for the underground mining at Daxin Mine. As at 30 June 2015, the construction works in phase A and phase B amounted to 41,962.4 m³ and 378,373 m³ respectively.

Save as disclosed herein above, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipments) or conducted any infrastructure or development work at Daxin Mine.

Tiandeng Mine

During the six months ended 30 June 2015, we purchased certain mining equipments such as crusher, bulldozer, feeders, etc.

Save as disclosed herein, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipments) or conducted any infrastructure or development work at Tiandeng Mine.

Waifu Manganese Mine

During the six months ended 30 June 2015, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipments) or conducted any infrastructure or development work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2015, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipments) or conducted any infrastructure or development work at Changgou Manganese Mine.

Bembélé Manganese Mine

During the six months ended 30 June 2015, we continued the expansion and maintenance works for the roads between Bembélé Manganese Mine and Ndjole transit station, in order to further complete the logistic transportation system between Bembélé Manganese Mine and Owendo port, Gabon.

Furthermore, two shipments totalling about 63,720 tonnes manganese ores were shipped to the India ports.

Save as disclosed herein above, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipments) or conducted any infrastructure development work at Bembélé Manganese Mine.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities

(1) Mining Operations

Daxin Mine

	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Open pit mining		
Mine production (thousand tonnes)	329	515
Underground mining		
Mine production (thousand tonnes)	263	204
Total mine production (thousand tonnes)	592	719
Average manganese grade		
Manganese carbonate ore	15.2%	15.6%
Manganese oxide ore	28.6%	29.9%

Tiandeng Mine

	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Open pit mining		
Mine production (thousand tonnes)		
Manganese oxide	72	76
Average manganese grade		
Manganese oxide	13.8%	17.0%

Waifu Manganese Mine

During the six months ended 30 June 2015, there were no mining production.

Changgou Manganese Mine

	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Underground mining		
Mine production (thousand tonnes)	5	0
Average manganese carbonate grade	17%	N/A

Bembélé Manganese Mine

	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Open pit mining		
Mine production (thousand tonnes)	316	296
Average manganese oxide grade	30.7%	31.0%

Note: Figures for mining production are rounded to nearest whole number and figures for manganese grade are rounded to one decimal place and these figures may show apparent addition errors

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities (continued)

(2) Ore processing operations

• Concentrating

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Daxin Concentration Plant		
Concentrate production		
Manganese carbonate ore	467	425
Manganese oxide ore	45	34
Total	512	459
Average manganese grade of concentrate		
Manganese carbonate ore	17.7%	18.6%
Manganese oxide ore	29.8%	22.2%
Tiandeng Concentration Plant		
Manganese concentrate production		
Manganese carbonate of concentrate	96	33
Manganese oxide of concentrate	33	42
Total	129	75
Average manganese grade of concentrate		
Manganese carbonate of concentrate	9.6%	21.3%
Manganese oxide of concentrate	20.6%	22.7%
Bembélé Concentration Plant		
Concentrate production	174	157
Average manganese grade of concentrate	34.2%	33.9%

• Grinding

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Daxin Grinding Plant		
Powder produced	482	413

Note: Figures for concentrating and grinding are rounded to nearest whole number and the figures for manganese grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

IV) Downstream processing operations

(1) Manganese downstream processing operations

• EMM

Our existing EMM production facilities include Daxin EMM Plant, Daxin Manganese EMM Plant, Tiandeng EMM Plant, Start EMM Plant and Tiandong EMM Plant. EMM facilities under construction include the additional production line of Start EMM Plant. Details of EMM production are set out below:

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Daxin EMM Plant	42.3	33.5
Daxin Manganese EMM Plant	9.8	12.3
Tiandeng EMM Plant	10.6	10.3
Start EMM Plant	6.3	5.9
Tiandong EMM Plant	0	3.2
Total	69.0	65.2

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

IV) Downstream processing operations (continued)

(1) Manganese downstream processing operations (continued)

- Manganese briquette

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Chongzuo Branch	9.8	4.30
Total	9.8	4.30

- Manganese sulfate

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Daxin Manganese Sulfate Plant	7.1	9.1

- EMD

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Daxin EMD Plant	8.2	12.8

- Silicomanganese alloy

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Qinzhou Ferroalloy Plant <i>(Production ceased from 27 May 2015)</i>	17.9	16.5
Total	17.9	16.5

- Lithium manganese oxide

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Chongzuo Branch	0.01	0.05

(2) Non-manganese processing operations

- Lithium cobalt oxide

Production (thousand tonnes)	1.1.2015-30.6.2015	1.1.2014-30.6.2014
Chongzuo Branch	0.44	0.27

Note: Except figures for lithium manganese oxide and lithium cobalt oxide are rounded to nearest two decimal place, all our other manganese downstream processing products are rounded to nearest one decimal place and these figures may show apparent addition errors.

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

V) Exploration, development and mining cost of the Group

Expenses of exploration, development, and mining activities of the Group for the six months ended 30 June 2015 are set out below:

(HK\$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Drilling and analysis	–	–	–	–	56	56
Transportation	–	–	–	–	–	–
Others	–	–	–	–	411	411
	–	–	–	–	467	467
Development activities (including mine construction)						
Purchases of assets and equipment	–	1,877	–	–	209	2,086
Construction of mines, tunnels and roads	13,244	–	–	–	382	13,626
Staff cost	–	–	–	–	–	–
Sub-contracting fee	9,194	–	–	–	–	9,194
Others	365	–	–	–	–	365
	22,803	1,877	–	–	591	25,271
Mining activities*						
Staff cost	8,794	2,073	–	–	963	11,830
Consumables	5,540	2,257	–	–	5,080	12,877
Fuel, electricity, water and other services	6,929	1,386	–	–	1,019	9,334
Transportation	–	33	–	–	2,369	2,402
Sub-contracting fee	46,398	–	–	–	–	46,398
Depreciation	5,583	1,071	–	–	2,459	9,113
Others	–	2,567	–	–	1,348	3,915
	73,244	9,387	–	–	13,238	95,869

(*Concentrating not included)

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2015, the Company has applied the principles, complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealings in securities of the Company by its Directors (the “**Securities Dealings Code**”) that is based on the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules (or on terms no less stringent than the Model Code).

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the six months ended 30 June 2015.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code and which have been notified to the Company and the Stock Exchange are as follows:

Name of director	Nature of interest	Number of ordinary shares	Number of underlying shares pursuant to share options	Approximate percentage of the total issued share capital of the Company
Mr. Qiu Yiyong	Directly beneficially owned	–	15,000,000	0.45%
Mr. Li Weijian	Directly beneficially owned	–	15,000,000	0.45%
Mr. Tian Yuchuan	Directly beneficially owned	–	12,000,000	0.36%
Mr. Chen Jiqiu	Directly beneficially owned	–	9,000,000	0.27%
Mr. Yang Zhi Jie	Directly beneficially owned	–	1,000,000	0.03%
Mr. Mo Shijian	Directly beneficially owned	–	1,000,000	0.03%
Mr. Tan Zhuzhong	Directly beneficially owned	–	1,000,000	0.03%

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Details of the Company's share options are set out as follows:

Name and category of participant	Number of share options					At 30 June 2015	Date of grant	Exercise period ⁽²⁾	Exercise price per share HK\$
	At 1 January 2015	Granted during the period	Exercised during the period ⁽¹⁾	Cancelled during the period	At 30 June 2015				
Directors of the Company									
Mr. Qiu Yiyong	15,000,000	–	–	–	15,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
Mr. Li Weijian	15,000,000	–	–	–	15,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
Mr. Tian Yuchuan	12,000,000	–	–	–	12,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
Mr. Chen Jiqui	9,000,000	–	–	–	9,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
Mr. Yang Zhi Jie	1,000,000	–	–	–	1,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
Mr. Mo Shijian	1,000,000	–	–	–	1,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
Mr. Tan Zhuzhong	1,000,000	–	–	–	1,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
	54,000,000	–	–	–	54,000,000				
Non-directors	38,500,000	–	–	–	38,500,000	11.1.2011	11.1.2012 to 10.1.2021	2.81	
	92,500,000	–	–	–	92,500,000				

Note:

- (1) No share option was lapsed or cancelled during the six months ended 30 June 2015.
- (2) The vesting period of the share options is from the date of grant until the respective dates of commencement of the exercise periods. The exercise period is divided into three tranches, i.e. 25% after 10 January 2012, an additional 25% after 10 January 2013 and the remaining 50% after 10 January 2014.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held (a)	Percentage of the Company's issued share capital	Number of share options held
CITIC Group Corporation	(b)	Through a controlled corporation	1,490,026,000 (L)	44.78	–
CITIC Corporation Limited (formerly known as CITIC Limited)	(b)	Through a controlled corporation	1,490,026,000 (L)	44.78	–
CITIC Projects Management (HK) Limited	(b)	Through a controlled corporation	1,490,026,000 (L)	44.78	–
CITIC Pacific Limited	(b)	Other	1,490,026,000 (L)	44.78	–
Keentech Group Limited	(c)	Through a controlled corporation	1,179,000,000 (L)	35.43	–
CITIC Resources Holdings Limited	(c)	Through a controlled corporation	1,179,000,000 (L)	35.43	–
Starbest Venture Limited	(c)	Through a controlled corporation	1,179,000,000 (L)	35.43	–
Group Smart Resources Limited	(c)	Through a controlled corporation	1,179,000,000 (L)	35.43	–
Highkeen Resources Limited	(c)	Directly beneficially interested	1,179,000,000 (L)	35.43	–
CITIC United Asia Investments Limited	(d)	Through a controlled corporation	311,026,000 (L)	9.35	–
Apexhill Investments Limited	(d)	Directly beneficially interested	311,026,000 (L)	9.35	–
Guangxi Dameng Manganese Industrial Co., Ltd	(e)	Through a controlled corporation	776,250,000 (L)	23.33	–
			776,250,000 (S)	23.33	–
Huanan Dameng Investments Limited	(e)	Through a controlled corporation	776,250,000 (L)	23.33	–
			776,250,000 (S)	23.33	–
Guinan Dameng International Resources Limited	(e)	Directly beneficially interested	776,250,000 (L)	23.33	–
			776,250,000 (S)	23.33	–
China Minsheng Banking Corporation Limited		Directly beneficially interested	776,250,000 (L)	23.33	–
Gaoling Fund, L.P.	(f)	Through a controlled corporation	225,794,000 (L)	6.79	–
Hillhouse Capital Management, Ltd.	(f)	Directly beneficially interested	225,794,000 (L)	6.79	–

Notes:

- (a) The letter "L" denotes the long position in such Shares and the letter "S" denotes the short position in such Shares.
- (b) CITIC Projects Management (HK) Limited ("**CITIC Projects**") is wholly owned by CITIC Corporation Limited (formerly known as CITIC Limited) ("**CITIC Corporation**"). CITIC Corporation is wholly owned by CITIC Limited (formerly known as CITIC Pacific Limited) (Stock Code: 267), which is owned as to 29.9% by CITIC Glory Limited and as to 38% by CITIC Polaris Limited. CITIC Glory Limited and CITIC Polaris Limited are wholly owned by CITIC Group Corporation. CITIC Group Corporation is a company established in the PRC.
- (c) Highkeen Resources Limited is wholly owned by Group Smart Resources Limited ("**Group Smart**"), which is in turn wholly owned by Starbest Venture Limited ("**Starbest Venture**"). Starbest Venture is wholly owned by CITIC Resources, which is in turn owned as to 49.5% by Keentech Group Limited ("**Keentech**"). Keentech is wholly owned by CITIC Projects.
- (d) Apexhill Investments Limited is wholly owned by CITIC UA, which is in turn wholly owned by CITIC Projects.
- (e) Guinan Dameng International Resources Limited is wholly owned by Huanan Dameng Investments Limited ("**Huanan Dameng**"), which is in turn wholly owned by Guangxi Dameng.
- (f) Hillhouse Capital Management, Ltd. is wholly owned by Gaoling Fund, L.P. Gaoling Fund, L.P. is a company incorporated under the laws of Cayman Islands.

Save as disclosed above, as at 30 June 2015, the Company has not been notified by any persons (other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests in shares and underlying shares" above), who had interests or short positions in the shares or underlying shares of the Company which would fall to be discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save for the followings, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015:

1. On 23 June 2015, the Company, by way of placing, issued 302,480,000 shares to independent third parties, details of the placing were disclosed in the announcements of the Company dated 15 June 2015 and 23 June 2015.
2. On 26 June 2015, CITIC Dameng Investments Limited ("**CDI**"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement ("**SP Agreement**") with Challenger Mining 8 Limited ("**Challenger Mining**"). Pursuant to the SP Agreement, CDI agreed to procure the Company to issue 104,300,000 consideration shares to Challenger Mining in order to purchase its 7.58% equity interest in CPM and the transaction has been completed on 23 July 2015 (Details of the SP Agreement were disclosed in the announcements of the Company dated 26 June 2015 and 23 July 2015).

REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2015 with the management of the Company.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the change of information of Directors of the Company are set out below:

1. On 15 January 2015, Mr. Suo Zhengang was granted the title of senior economist by CITIC Senior Specialized Technique Qualification Evaluation Committee.
2. On 18 March 2015, Mr. Li Weijian was granted the title of part time professor by 廣西經濟管理幹部學院 (Guangxi Economic Management Cadre Institute).

FORWARD LOOKING STATEMENTS

This interim report contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

On behalf of the Board

Qiu Yiyong
Chairman

Hong Kong, 29 July 2015

Glossary of Terms

associate	has the meaning ascribed thereto in the Listing Rules
Bembélé Concentration Plant	the concentration plant associated with Bembélé Manganese Mine
Bembélé Manganese Mine	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by La Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (華州礦業(加蓬)工貿有限公司), a company in which we indirectly hold 51% equity interest
Board or Board of Directors	our board of Directors
Bye-laws	the bye-laws of our Company, as amended from time to time
Changgou Manganese Mine	貴州遵義匯興鐵合金有限責任公司長溝錳礦(Guizhou Zunyi Hui Xing Ferroalloy Limited Company Changgou Manganese Mine)
China or PRC	the People's Republic of China, but for the purpose of this interim report, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
Chongzuo Branch	中信大錳礦業有限責任公司崇左分公司(CITIC Dameng Mining Industries Co., Limited Chongzuo Branch)
CITIC Dameng Investments	CITIC Dameng Investments Limited (中信大錳投資有限公司)
CITIC Dameng Mining	中信大錳礦業有限責任公司(CITIC Dameng Mining Industries Co., Limited)
CITIC Group	中國中信集團有限公司(CITIC Group Corporation), a company incorporated under the laws of the PRC on 4 October 1979, and, except where the context may otherwise require, all of its subsidiaries, which is a Controlling Shareholder of our Company
CITIC Resources	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability on 18 July 1997 and listed on the Stock Exchange (Stock Code: 1205), which is a Controlling Shareholder of our Company
Companies Ordinance	the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Company or our Company	CITIC Dameng Holdings Limited
Controlling Shareholder	has the meaning ascribed to it in the Listing Rules
CPM	China Polymetallic Mining Limited, a company incorporated in Cayman Islands with limited liability on 30 November 2009 and listed on the Stock Exchange (Stock Code: 2133)
Dabao Ferroalloy Plant	a ferroalloy production plant owned and operated by 廣西大新縣大寶鐵合金有限公司(Guangxi Daxin Dabao Ferroalloy Co., Ltd.), a company in which we indirectly hold 60% equity interest

Glossary of Terms

Daxin Manganese	中信大錳大新錳業有限公司(CITIC Dameng Daxin Manganese Limited Company), formerly known as 廣西三錳龍礦業有限公司(Guangxi Sanmenglong Mining Limited Company)
Daxin Mine	中信大錳礦業有限責任公司大新錳礦(CITIC Dameng Mining Industries Co., Limited Daxin Manganese Mine)
Director(s)	the director(s) of our Company
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
Gabon	the Gabonese Republic
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Dameng	廣西大錳錳業有限公司(Guangxi Dameng Manganese Industrial Co., Ltd.), 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
Guangxi Dameng BVI	Guinan Dameng International Resources Limited (桂南大錳國際資源有限公司)
Guangxi Start	廣西斯達特錳材料有限公司(Guangxi Start Manganese Materials Co., Ltd.)
Guinan Huagong	大新桂南化工有限責任公司(Daxin Guinan Huagong Limited Company)
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hui Xing Company	貴州遵義匯興鐵合金有限責任公司(Guizhou Zunyi Hui Xing Ferroalloy Limited Company)
Hui Xing Group	Hui Xing Company together with its subsidiaries (including 遵義中信大錳設備製造安裝有限公司(Zunyi CITIC Dameng Equipment Manufacture and Installation Co., Ltd))
IPO	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010
JORC	the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by JORC of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
Listing	the listing of the Shares on the Main Board of the Stock Exchange

Glossary of Terms

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
Prospectus	the prospectus of the Company dated 8 November 2010
Qinzhou Ferroalloy Plant	the ferroalloy production plant located near Qinzhou Harbour and owned and operated by 中信大錳(欽州)新材料有限公司(CITIC Dameng (Qinzhou) New Materials Co., Ltd.), a company in which we indirectly hold 70% equity interest
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shares	ordinary shares in the share capital of the Company, with a nominal value of HK\$0.10 each
Stock Exchange	the Stock Exchange of Hong Kong Limited
substantial shareholder	has the meaning ascribed to it under the Listing Rules
Tiandeng Ferroalloy Plant	a ferroalloy production plant owned and operated by 中信大錳(天等)錳材料有限公司(CITIC Dameng (Tiandeng) Manganese Materials Co., Ltd.), a company in which we indirectly hold 60% equity interest
Tiandeng Mine	中信大錳礦業有限責任公司天等錳礦(CITIC Dameng Mining Industries Co., Limited Tiandeng Manganese Mine)
tonne	metric tonne
Waifu Manganese Mine	中信大錳大新錳業有限公司靖西縣湖潤外伏錳礦(CITIC Dameng Daxin Manganese Limited Company Jingxi Hu Run Waifu Manganese Mine)
XAF	Central African CFA franc

Note: 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.

