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**DAMENG**  
**CITIC Dameng Holdings Limited**  
**中信大錳控股有限公司 \***  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 1091)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**FINANCIAL HIGHLIGHTS**

- Turnover amounted to HK\$2,517.0 million for 2015, representing a decrease of 21.2% from HK\$3,194.5 million of 2014.
- Loss attributable to owners of the parent of HK\$956.0 million for 2015 as compared to a profit attributable to owners of the parent of HK\$15.5 million for 2014.
- As at 31 December 2015, cash and bank balances increased by 6.3% to HK\$1,527.1 million (2014: HK\$1,436.6 million).

## **CHAIRMAN’S STATEMENT**

Dear our Valuable Shareholders,

In 2015, the global economy growth remained sluggish. The investment in real estate and infrastructure in China continued to decline and the commodity price recorded significant decrease. The excessive over capacity caused by the overexpansion of the electrolytic manganese metals (“**EMM**”) enterprises in China in the past years has not been resolved and there were fierce competitions among the manganese enterprises. Accordingly, the selling prices of manganese products continued to drop and hover at the historical lowest level.

Amidst such continued instability of the domestic and international economy and the fierce competitions in the industry, the Group, by adopting our continuous efforts and adopting balanced and practical strategy, we continued to solidify our market share and maintained our leading position in the manganese industry.

## **NEW BUSINESS DEVELOPMENT AND OUTLOOK**

In order to reverse the singleton business and sector of the Group, increasing our counter power during the economic downturn, we completed the acquisition of 29.81% equity interests of the issued capital in China Polymetallic Mining Limited (Stock Code: 02133) (“**CPM**”) during the year, becoming its single largest shareholder. CPM owns and operates relatively high-grade lead and zinc mines in Yunnan province, China, and has three mining licenses and two exploration licenses. This is our first move into non-manganese mining projects with a view to adding substantial synergic value to it by our strong and extensive expertise in the mining sector.

As the market prices for lead and zinc metals, as compared with manganese, are more stable, together with the close down of several major zinc mines around the world in the near future, we therefore believe that the acquisition of CPM will provide reasonable return to the Group in the medium and long term.

## **INCREASE INVESTMENT ON RESEARCH AND DEVELOPMENT (“R & D”) AND IMPROVING OUR COMPETITIVENESS**

We place great emphasis on technological innovation and R & D. During the year, we continued to increase our investment on R & D, achieving remarkable results. A total of 13 patent registration applications focusing on EMM and lithium typed manganese dioxide have successfully passed through the preliminary examination, and 9 patents registration applications were granted. In addition, we have completed the technical demonstration on “EMM Powder Acid Infusion Integration” as well as “High Grade Manganese Sulfate Pilot Research and High Grade Manganese Tetroxide Experiment Research”, “Lithium Cobalt Oxide Pilot Research”, “High Voltage Lithium cobalt Oxide Pilot Research”. Among which, our cooperation with Chongqing University, etc. production units regarding “Energy conversation and emission reduction of EMM research and application” obtained the award of “Chongqing First Class Improvement Prize”. These R&D projects will be conducive to our continuing growth and enhancing our competitiveness in the industry.

## **CARE ABOUT OUR SOCIETY AND ACTIVELY PERFORMING OUR SOCIAL RESPONSIBILITIES**

We adhere to promote and implement our social responsibilities and committed to implement and closely scrutinize our project in the community, which will lead to positive, sustainable outcomes and enhance the Company’s reputation and relationships. During the year, the “339 Frost Cultural Event” organized by the Group in conjunction with Xia Lei society has been successfully completed. Also, our commitment to the society has obtained widespread recognition from the society and was awarded with numerous recognition, including innovative enterprise and R & D centre from the Guangxi autonomous province. Such awards and recognitions reflect our performance in society, environment and corporate governance.

## **SOLIDIFY OUR FOUNDATION AND CAPTURING OPPORTUNITIES**

Looking forward to 2016, it is expected that the oversupply in the steel industry will continue. We nevertheless will continue its efforts on cost reduction, technology innovation and meticulous management and other measures in order to further reduce our production costs, and acquired quality assets by capturing opportunities in order to provide profitable returns to the Group.

## **SINCERE GRATITUDE AND ABSOLUTE DETERMINATION**

I would like to take this opportunity to thank the Board members, the management team and all staff for their valuable advice, hard work and contributions to the Company. I also hereby take this opportunity to express my greatest sincere appreciation for the loyalty and support of our shareholders and our partners. We value and express your continuous reliance and support, in order to encounter the new challenge and opportunities.

**Yin Bo**

*Chairman*

Hong Kong, 4 February 2016

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year ended 31 December 2015*

		<b>2015</b>	<b>2014</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	<b>4</b>	<b>2,517,000</b>	3,194,517
Cost of sales		<b>(2,604,637)</b>	(2,641,627)
Gross (loss)/profit		<b>(87,637)</b>	552,890
Gain on bargain purchase	<b>15</b>	<b>223,798</b>	8,884
Other income and gains	<b>4</b>	<b>164,293</b>	232,669
Selling and distribution costs		<b>(99,449)</b>	(104,540)
Administrative expenses		<b>(482,425)</b>	(441,971)
Finance costs	<b>5</b>	<b>(270,726)</b>	(237,089)
Impairment on property, plant and equipment and mining right		<b>(347,657)</b>	(11,456)
Other expenses		<b>(37,135)</b>	(34,703)
Share of losses of associates		<b>(5,288)</b>	–
<b>LOSS BEFORE TAX</b>	<b>6</b>	<b>(942,226)</b>	(35,316)
Income tax expense	<b>7</b>	<b>(33,751)</b>	(47,405)
<b>LOSS FOR THE YEAR</b>		<b>(975,977)</b>	(82,721)
<b>OTHER COMPREHENSIVE LOSS:</b>			
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>			
– Exchange differences on translation of foreign operations		<b>(138,725)</b>	(12,613)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,114,702)</b>	(95,334)

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Total (loss)/profit attributable to:			
Owners of the parent		<b>(956,007)</b>	15,488
Non-controlling interests		<b>(19,970)</b>	(98,209)
		<u><b>(975,977)</b></u>	<u>(82,721)</u>
Total comprehensive (loss)/income attributable to:			
Owners of the parent		<b>(1,094,789)</b>	2,568
Non-controlling interests		<b>(19,913)</b>	(97,902)
		<u><b>(1,114,702)</b></u>	<u>(95,334)</u>
<b>(LOSS)/EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>	8		
Basic		<u><b>(HK cents 29.61)</b></u>	<u>HK cents 0.51</u>
Diluted		<u><b>(HK cents 29.61)</b></u>	<u>HK cents 0.51</u>

The Board does not recommend the payment of any dividend for the year (2014: nil).

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2015

		2015	2014
	Notes	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,314,103	3,923,817
Investment properties		87,343	92,758
Prepaid land lease payments		492,756	535,665
Intangible assets		624,450	847,670
Investments in associates		762,035	98,156
Deferred tax assets		33,122	70,864
Prepayments and deposits		214,074	190,050
Total non-current assets		5,527,883	5,758,980
<b>CURRENT ASSETS</b>			
Inventories		810,867	1,106,291
Trade and notes receivables	10	751,611	1,067,019
Prepayments, deposits and other receivables		667,481	412,172
Due from related companies		1,692	6
Tax recoverable		13,610	–
Pledged deposits		558,730	283,433
Cash and cash equivalents		968,404	1,153,121
		3,772,395	4,022,042
Non-current assets classified as held for sale		37,058	–
Total current assets		3,809,453	4,022,042
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	11	505,878	505,551
Other payables and accruals		772,300	885,982
Interest-bearing bank and other borrowings	12	2,630,208	2,559,054
Medium-term notes	13	596,800	–
Due to related companies		7,505	6,507
Tax payable		247	8,490
Total current liabilities		4,512,938	3,965,584

		2015	2014
	Notes	HK\$'000	HK\$'000
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(703,485)</b>	56,458
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,824,398</b>	5,815,438
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	12	<b>1,504,989</b>	1,248,535
Medium-term notes	13	—	633,800
Deferred tax liabilities		<b>204,385</b>	218,380
Other long-term liabilities		<b>16,407</b>	12,658
Deferred income		<b>98,974</b>	109,388
Total non-current liabilities		<b>1,824,755</b>	2,222,761
Net assets		<b>2,999,643</b>	3,592,677
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		<b>342,846</b>	302,480
Reserves		<b>2,547,585</b>	3,161,072
		<b>2,890,431</b>	3,463,552
<b>Non-controlling interests</b>		<b>109,212</b>	129,125
Total equity		<b>2,999,643</b>	3,592,677



## NOTES TO FINANCIAL STATEMENTS

31 December 2015

### 1. CORPORATE AND GROUP INFORMATION

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 were 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 operations in Gabon.

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2015, the Group recorded net current liabilities of HK\$703,485,000. 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 the proposed issue in accordance with an underwriting agreement for an aggregate principal amount of not exceeding RMB800,000,000 (equivalent to HK\$954,880,000) short-term financing note entered on 30 October 2015, together with the net cash flows from operating activities and bank borrowing facilities, to continue the Group's 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.

## **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee). When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, at the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

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

Other than as further explained below regarding the impact of the *Annual Improvements to HKFRSs 2010-2012 Cycle*, the adoption of the above revised standards has no significant financial effect on these financial statements.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendment that are effective for the current year 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. The amendments have had no impact on the Group.

*HKAS 16 Property, Plant and Equipment* and *HKAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

*HKAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> 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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties share joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which that asset is a part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

### **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 concentrates 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, manganese tetroxide 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, sales of scraps, and rental of investment properties and machinery.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, gain on bargain purchase, share of losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, medium-term notes, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Manganese mining and ore processing PRC HK\$'000	Gabon HK\$'000	Manganese downstream processing PRC HK\$'000	Non- manganese processing PRC HK\$'000	Others PRC HK\$'000	Total HK\$'000
<b>Year ended 31 December 2015</b>						
<b>Segment revenue:</b>						
Sales to external customers	90,476	111,341	2,138,169	136,426	40,588	2,517,000
Intersegment sales	132,822	–	–	–	–	132,822
Other revenue	6,504	326	102,993	1,313	27,230	138,366
	<u>229,802</u>	<u>111,667</u>	<u>2,241,162</u>	<u>137,739</u>	<u>67,818</u>	<u>2,788,188</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(132,822)</u>
Revenue from operations						<u><u>2,655,366</u></u>
<b>Segment results</b>	<b>(96,611)</b>	<b>(454,039)</b>	<b>(274,787)</b>	<b>(7,123)</b>	<b>36,678</b>	<b>(795,882)</b>
<i>Reconciliation:</i>						
Gain on bargain purchase						223,798
Interest income						25,927
Corporate and other unallocated expenses						(120,055)
Finance costs						(270,726)
Share of losses of associates						<u>(5,288)</u>
Loss before tax						(942,226)
Income tax expense						<u>(33,751)</u>
<b>Loss for the year</b>						<u><u>(975,977)</u></u>
<b>Assets and liabilities</b>						
<b>Segment assets</b>	<b>1,071,099</b>	<b>485,485</b>	<b>4,633,275</b>	<b>121,909</b>	<b>339,073</b>	<b>6,650,841</b>
<i>Reconciliation:</i>						
Corporate and other unallocated assets						<u>2,686,495</u>
<b>Total assets</b>						<u><u>9,337,336</u></u>
<b>Segment liabilities</b>	<b>349,598</b>	<b>602,999</b>	<b>373,910</b>	<b>53,389</b>	<b>10,135</b>	<b>1,390,031</b>
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						<u>4,947,662</u>
<b>Total liabilities</b>						<u><u>6,337,693</u></u>
<b>Other segment information:</b>						
Depreciation and amortisation	28,455	38,094	318,237	3,496	–	388,282
Unallocated depreciation and amortisation						<u>7,505</u>
Total depreciation and amortisation						<u><u>395,787</u></u>
Capital expenditure*	20,972	725	194,539	2,842	–	219,078
Unallocated capital expenditure						<u>734</u>
Total capital expenditure						<u><u>219,812</u></u>
Gain/(loss) on disposal of items of property, plant and equipment	<u>17</u>	<u>(81)</u>	<u>(443)</u>	<u>–</u>	<u>–</u>	<u>(507)</u>
Impairment losses recognised in profit or loss	<u>19,838</u>	<u>372,177</u>	<u>86,938</u>	<u>3,883</u>	<u>(14,209)</u>	<u>468,627</u>
Investments in associates	<u>–</u>	<u>–</u>	<u>90,113</u>	<u>–</u>	<u>671,922</u>	<u>762,035</u>



	Manganese mining and ore processing PRC HK\$'000	Gabon HK\$'000	Manganese downstream processing PRC HK\$'000	Non- manganese processing PRC HK\$'000	Others PRC HK\$'000	Total HK\$'000
<b>Year ended 31 December 2014</b>						
<b>Segment revenue:</b>						
Sales to external customers	282,139	152,219	2,595,754	124,176	40,229	3,194,517
Intersegment sales	151,913	–	–	–	–	151,913
Other revenue	15,461	(15)	105,460	2,949	67,153	191,008
	449,513	152,204	2,701,214	127,125	107,382	3,537,438
<i>Reconciliation:</i>						
Elimination of intersegment sales						(151,913)
Revenue from operations						3,385,525
<b>Segment results</b>	66,513	(43,219)	210,999	(1,124)	47,356	280,525
<i>Reconciliation:</i>						
Gain on bargain purchase						8,884
Interest income						41,661
Corporate and other unallocated expenses						(129,297)
Finance costs						(237,089)
Loss before tax						(35,316)
Income tax expense						(47,405)
<b>Loss for the year</b>						(82,721)
<b>Assets and liabilities</b>						
<b>Segment assets</b>	1,643,784	900,036	4,814,487	132,525	40,285	7,531,117
<i>Reconciliation:</i>						
Corporate and other unallocated assets						2,249,905
<b>Total assets</b>						9,781,022
<b>Segment liabilities</b>	356,305	748,804	1,009,098	86,726	9,094	2,210,027
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						3,978,318
<b>Total liabilities</b>						6,188,345
<b>Other segment information:</b>						
Depreciation and amortisation	55,133	46,159	271,955	4,548	–	377,795
Unallocated depreciation and amortisation						7,886
Total depreciation and amortisation						385,681
Capital expenditure*	72,494	2,403	364,570	2,599	–	442,066
Unallocated capital expenditure						6,279
Total capital expenditure						448,345
Gain/(loss) on disposal of items of property, plant and equipment	7,684	(32)	10,212	–	–	17,864
Impairment losses recognised in profit or loss	11,849	–	10,791	(564)	(39,894)	(17,818)
Fair value gains on investment properties	–	–	–	–	1,950	1,950
Investment in an associate	–	–	98,156	–	–	98,156

\* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and intangible assets.

## Geographical information

### (a) Revenue from external customers

	2015 HK\$'000	2014 HK\$'000
Mainland China	2,071,460	2,643,235
Asia (excluding Mainland China)	316,743	396,149
Europe	64,230	74,630
North America	41,172	51,902
Other countries	23,395	28,601
	<u>2,517,000</u>	<u>3,194,517</u>

The above revenue information is based on the locations of the customers.

### (b) Non-current assets

	2015 HK\$'000	2014 HK\$'000
Segment assets:		
Mainland China	4,622,617	5,093,148
Africa	110,109	496,812
	<u>4,732,726</u>	<u>5,589,960</u>

The above non-current asset information is based on the locations of assets and excludes deferred tax assets and investments in associates.

## Information about a major customer

Revenue of approximately HK\$357,000,000 for the year ended 31 December 2015 (2014: HK\$520,000,000) was derived from sales by the manganese downstream processing segment to a single customer, including sales to a group of entities which were under common control.

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>		
Sale of goods	<u>2,517,000</u>	<u>3,194,517</u>
<b>Other income and gains</b>		
Interest income	25,927	41,661
Gain on disposal of items of property, plant and equipment	–	17,864
Subsidy income	111,594	96,775
Sale of scraps	4,070	6,384
Rental income	13,745	9,726
Fair value gains on investment properties	–	1,950
Reversal of impairment loss of trade and other receivables, net	–	57,692
Others	<u>8,957</u>	<u>617</u>
	<u><u>164,293</u></u>	<u><u>232,669</u></u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on loans wholly repayable within five years	237,107	227,312
Finance costs for discounted notes receivable	14,032	7,340
Other finance costs	20,206	22,615
Less: Interest capitalised	<u>(619)</u>	<u>(20,178)</u>
	<u><u>270,726</u></u>	<u><u>237,089</u></u>

## 6. LOSS BEFORE TAX

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

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	<b>2014</b> <b>HK\$'000</b>
Cost of inventories sold		<b>2,490,584</b>	2,613,333
Depreciation		<b>369,727</b>	351,439
Amortisation of prepaid land lease payments		<b>13,046</b>	13,201
Amortisation of intangible assets		<b>13,014</b>	21,041
Auditors' remuneration		<b>3,803</b>	3,722
Minimum lease payments under operating leases, land and buildings		<b>10,178</b>	8,429
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		<b>397,930</b>	431,599
Pension scheme contributions		<b>58,874</b>	59,680
Equity-settled share option expense		—	288
Other employee welfare		<b>39,999</b>	36,729
		<b>496,803</b>	528,296
Loss/(gain) on disposal of items of property, plant and equipment*		<b>507</b>	(17,864)
Foreign exchange differences, net*		<b>20,134</b>	23,257
Write-down of inventories to net realisable value, net <sup>#</sup>		<b>114,053</b>	28,294
Impairment/(reversal of impairment) of trade and other receivables, net*		<b>6,917</b>	(57,692)
Impairment of property, plant and equipment		<b>178,761</b>	11,456
Impairment of mining right		<b>168,896</b>	—
Impairment of other intangible assets*		—	124
Gain on bargain purchase	15	<b>(223,798)</b>	(8,884)
Changes in fair value of investment properties*		—	(1,950)

<sup>#</sup> Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income

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

## 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 are domiciled and operate.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current – PRC		
Charge for the year	61	30,992
Current – Gabon		
Charge for the year	661	3,488
Deferred	33,029	12,925
	<hr/>	<hr/>
Total tax charge for the year	<b>33,751</b>	<b>47,405</b>
	<hr/>	<hr/>

### 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 year.

### PRC corporate income tax (“CIT”)

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.

A reconciliation of the income tax charge applicable to loss before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are principally domiciled to the income tax charge at the effective tax rate is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before tax	<b>(942,226)</b>	(35,316)
Tax at the statutory PRC corporate income tax rate	<b>(235,556)</b>	(8,829)
Effect of withholding tax at 10% on the distributable profit of the Group's PRC subsidiaries	–	3,562
Lower tax rates/tax holidays or concessions	<b>45,322</b>	(14,459)
Income not subject to tax	<b>(34,085)</b>	18
Expenses not deductible for tax	<b>30,522</b>	31,362
Tax losses utilised from previous periods	–	(12,125)
Tax losses not recognised	<b>189,160</b>	47,876
Deferred tax expense arising from a write-down of deferred tax assets	<b>38,388</b>	–
Tax charge reported in the consolidated statement of profit or loss and other comprehensive income	<b>33,751</b>	47,405
Effective income tax rate	<b>(3.6%)</b>	(134.2%)

#### 8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,229,124,162 (2014: 3,024,795,000) in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>(Loss)/earnings</b>		
(Loss)/earnings attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	<u><u>(956,007)</u></u>	<u><u>15,488</u></u>
	<b>Number of shares</b>	

#### **Shares**

Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	<u><u>3,229,124,162</u></u>	<u><u>3,024,795,000</u></u>
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### **9. DIVIDENDS**

The board does not recommend the payment of any dividend for the years ended 31 December 2015 and 2014.

### **10. TRADE AND NOTES RECEIVABLES**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	422,861	772,221
Notes receivable	<u>377,722</u>	<u>332,300</u>
	800,583	1,104,521
Less: Impairment	<u>(48,972)</u>	<u>(37,502)</u>
	<u><u>751,611</u></u>	<u><u>1,067,019</u></u>

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, from the invoice date and cash realisation may be further extended by 3 to 6 months for those customers paying by notes receivable. 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 1) bank acceptance notes issued by banks in Mainland China which are secured and paid by the banks when due and 2) commercial acceptance notes which are secured and due on 30 June 2016.

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

	<b>2015</b> <b><i>HK\$'000</i></b>	2014 <i>HK\$'000</i>
Within one month	<b>425,247</b>	562,572
One to two months	<b>98,652</b>	245,746
Two to three months	<b>115,946</b>	109,729
Over three months	<b>111,766</b>	148,972
	<hr/> <b>751,611</b> <hr/>	<hr/> 1,067,019 <hr/>

The Group had pledged notes receivable of HK\$147,604,000 to secure bank loans as at 31 December 2014.



### Transferred financial assets that are derecognised in their entirety

At 31 December 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 RMB304,489,000 (equivalent to HK\$363,438,000) (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.

During the year ended 31 December 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 year or cumulatively. The endorsement has been made evenly throughout the year.

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

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
At beginning of year	37,502	46,109
Impairment losses recognised	24,388	9,449
Impairment losses reversed	(1,907)	(17,631)
Write-off	(8,224)	(232)
Exchange realignment	(2,787)	(193)
	<hr/>	<hr/>
At end of year	48,972	37,502
	<hr/>	<hr/>

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK\$48,972,000 (2014: HK\$37,502,000) with a carrying amount before provision of approximately HK\$59,516,000 (2014: HK\$42,033,000) as at 31 December 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:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	<b>639,845</b>	918,047
One to three months past due	<b>99,214</b>	128,979
Over three months past due	<b>12,552</b>	19,993
	<u><b>751,611</b></u>	<u>1,067,019</u>

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.

## **11. TRADE AND NOTES PAYABLES**

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one month	<b>118,330</b>	212,201
One to two months	<b>50,142</b>	49,716
Two to three months	<b>71,484</b>	25,240
Over three months	<b>265,922</b>	218,394
	<u><b>505,878</b></u>	<u>505,551</u>

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

## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective Interest rate (%)	Maturity	HK\$'000	Effective Interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Finance lease payables (note 14)	5.60-7.51	2016	243,211	–	–	–
Bank loans – secured (note (a))	2.50-6.16	2016	477,261	6.60, LIBOR+2.8	2015	66,805
Bank loans – unsecured	4.35-6.00	2016	1,045,594	6.00-6.60	2015	1,641,542
Current portion of long-term bank loans – secured (note (a))	LIBOR+2.15	2016	232,503	LIBOR+2.10	2015	108,553
Current portion of long-term bank loans – unsecured	5.35-6.77	2016	514,442	5.76-6.65	2015	599,955
Other loans – secured (note (c))	–	–	–	LIBOR+1.30- LIBOR+1.70	2015	142,199
Other loans – unsecured (note (b))	5.04	2016	117,197	–	–	–
			2,630,208			2,559,054
<b>Non-current</b>						
Finance lease payables (note 14)	7.51	2017-2020	250,560	–	–	–
Bank loans – secured (note (a))	4.00, LIBOR+2.15	2017-2018	569,303	6.15, LIBOR+2.10	2016-2017	586,848
Bank loans – unsecured	4.75-6.46	2017-2018	685,126	5.54-6.77	2016-2017	661,687
			1,504,989			1,248,535
			4,135,197			3,807,589

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Analysed into:</b>		
Bank loans repayable:		
Within one year or on demand	2,269,800	2,416,855
In the second year	620,423	835,992
In the third to fifth years, inclusive	634,006	412,543
	<u>3,524,229</u>	<u>3,665,390</u>
Other loans and finance leases repayable:		
Within one year or on demand	360,408	142,199
In the second year	70,424	–
In the third to fifth years, inclusive	180,136	–
	<u>610,968</u>	<u>142,199</u>
	<u><b>4,135,197</b></u>	<u><b>3,807,589</b></u>

*Notes:*

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

		2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
	<i>Note</i>		
Property, plant and equipment		85,115	102,231
Notes receivable	10	–	147,604
Pledged deposits		442,574	229,282
		<u>527,689</u>	<u>479,117</u>

- (b) The balances as at 31 December 2015 represent loan borrowed from Industrial Bank by way of gold lease arrangement, with the principal of RMB98,188,000 (equivalent to HK\$117,197,000) and bearing interest at a fixed rate of 5.04% per annum. The loan is repayable on 12 May 2016.
- (c) As at 31 December 2015, no bank advance was obtained for discounted bills. As at 31 December 2014, bank advances for discounted bills of HK\$142,199,000 were secured by discounted notes receivables.
- (d) Except for bank loans of HK\$795,659,000 (2014: HK\$757,363,000) which were denominated in United States dollars, all borrowings were in Renminbi as at 31 December 2015.

### 13. MEDIUM-TERM NOTES

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

	2015	2014
Medium-term notes	HK\$'000	HK\$'000
The First Tranche Notes – Nominal value of 5.0% fixed rate notes maturing in April 2016 – unsecured		
– Current portion	596,800	–
– Non-current portion	–	633,800
	<u>596,800</u>	<u>633,800</u>

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\$596,800,000 (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.

### 14. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery of its manganese downstream processing business in 2015 (2014: nil). These leases are classified as finance leases with remaining lease terms ranging from 1 to 5 years.

The balances as at 31 December 2015 represent loan borrowed by way of the following sales and lease back arrangements: 1) with the principal of RMB300,000,000 (equivalent to HK\$358,080,000) and bearing effective interest at a fixed rate of 7.51% per annum. The Group paid a guarantee deposit of RMB24,000,000 (equivalent to HK\$28,646,000) and a service fee of RMB7,008,000 (equivalent to HK\$8,365,000) to the lessor. The loan is repayable on 5 August 2020; and 2) a principal of RMB142,000,000 (equivalent to HK\$169,491,000) and bore fixed interest at a fixed rate of 5.60% per annum. The loan is repayable on 16 December 2016.

According to the sales and lease back agreements, if no default occurs during the lease term, the ownership of the plant and machinery shall be automatically transferred to the lessee at price of RMB100 and RMB1, respectively.

As at 31 December 2015, the net carrying amount of HK\$393,279,000 of the Group's property, plant and equipment held under finance leases.

The total future minimum lease payments under finance leases and their present values were as follows:

	<b>Minimum lease payments 2015 HK\$'000</b>	<b>Present value of minimum lease payments 2015 HK\$'000</b>
Amounts payable:		
Within one year	259,511	243,211
In the second year	81,195	70,424
In the third to fifth years, inclusive	192,933	180,136
	<hr/>	<hr/>
Total minimum finance lease payments	533,639	493,771
Future finance charge	(39,868)	
	<hr/>	
Total net finance lease payables	493,771	
Portion classified as current liabilities ( <i>note 12</i> )	(243,211)	
	<hr/>	
Non-current portion ( <i>note 12</i> )	250,560	
	<hr/> <hr/>	

## 15. GAIN ON BARGAIN PURCHASE

In June 2015, through a number of acquisitions in the market and from independent third parties, the Group acquired 22.23% equity interests of a Hong Kong listed company, China Polymetallic Company Limited (“CPM”) at a total cash consideration of HK\$314,446,000. In addition, as a non-cash transaction, the Group completed the acquisition of a further 7.58% equity 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 piece meal acquisitions on 23 July 2015, the Company owns 29.81% equity interests in CPM.

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.

The acquisition has been accounted for using the equity method. The consolidated financial statements include the result of CPM for the period from the acquisition completion date to 31 December 2015.

The fair values of the identifiable assets and liabilities of CPM as at the date of acquisition were as follows:

	<i>HK\$ '000</i>
Property, plant and equipment	632,645
Prepaid land lease payments	15,407
Intangible assets	984,855
Payments in advance	266,898
Prepayments and deposits	271,873
Deferred tax assets	32,991
Cash and cash equivalents	913,731
Structured deposits	125,250
Trade receivables	108,806
Prepayments, deposits and other receivable	6,547
Inventories	30,000
Trade payables	(12,668)
Other payables and accruals	(218,130)
Interest-bearing bank and other loans	(365,386)
Other current liabilities	(124,476)
Other loans	(385,555)
Provision for rehabilitation	(22,355)
	<hr/>
Total identifiable net assets at fair value	2,260,433
	<hr/>
Attributable to owners of the parent	673,834
	<hr/> <hr/>
<i>Reconciliation:</i>	
Satisfied by cash	314,446
Satisfied by issue of new shares of the Company	135,590
Gain on bargain purchase recognised in the consolidated statement of profit or loss and other comprehensive income	223,798
	<hr/>
	673,834
	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	Increase/(decrease) <i>HK\$'000</i> %	
Revenue	<b>2,517,000</b>	3,194,517	(677,517)	(21.2)
Operating loss	<b>(1,166,024)</b>	(44,200)	1,121,824	2,538.1
Gain on bargain purchase	<b>223,798</b>	8,884	214,914	2,419.1
Loss before tax	<b>(942,226)</b>	(35,316)	906,910	2,568.0
Income tax expense	<b>(33,751)</b>	(47,405)	(13,654)	(28.8)
Loss after tax	<b>(975,977)</b>	(82,721)	893,256	1,079.8
(Loss)/Profit attributable to owners of the parent	<b>(956,007)</b>	15,488	971,495	N/A
Loss attributable to non-controlling interests	<b>(19,970)</b>	(98,209)	(78,239)	(79.7)
	<b>(975,977)</b>	(82,721)	893,256	1,079.8

### Overview

In 2015, overall global economy displayed a slower recovery than expected. United States Federal Reserve's eventual and first in nine years, interest rate increase by 0.25% in December 2015 signalled the end of seven years' loosening monetary policy that began since the global financial crisis. Europe and Japan were still struggling and adopting ultra-loose monetary policy to resist deflationary pressure. In China, the fear of hard landing speculation and panic of stock market created tremendous downward pressure on RMB, following the release of full year data confirming the slowdown in China's GDP growth and weakening PMI figures towards the end of 2015. These sentiments ignited increased concerns on further worsening credit and slowdown in the Chinese economy and led to further RMB depreciation and stock market adjustment.



At the same time, stronger US dollar put additional and enormous downward pressure on raw materials, especially oil and general commodities including steel, amid the steel sector's severe overcapacity and weaker global demand that already persisted. Under this extremely difficult market environment, although it had already led to sizable steel plants' permanent closure in both China and overseas, the tumbling steel price together with overproduction adjustment was still ongoing throughout 2015 and this trend is also expected to continue in short to medium term. As a result, the average selling price of our major product EMM, an ingredient of steel, was inevitably affected in an adverse manner. Coincidentally, certain of our manganese processing plants temporarily suspended their operations for major periodic repair and maintenance, particularly in the second half of 2015, with a view to maintaining our comparative advantages in the manganese industry in the longer term.

On the cost side, though we continued to strive to maintain our competitiveness in the manganese sector through different measures, diminishing improvement in containing our raw materials and power consumption per unit of production together with increasing production efficiency in an attempt to reduce overall production cost were achieved in 2015 after a series of continually stringent cost control measures already imposed in past years. The hit by drop of average selling price of manganese products was even harder as a combined result of supply glut and weakened demand. Therefore, an overall gross loss in the manganese downstream processing segment was recorded for the first time in our history.

On top of those mentioned above, reasons for loss attributable to the owners of the parent amounting to HK\$956.0 million in 2015, as compared with net profit attributable to owners of the parent of HK\$15.5 million in 2014 are:

1. provision for stocks of HK\$114.1 million as a result of significant drop of average selling price of manganese products;
2. provision for impairment on mining right and impairment for certain of our major assets of Gabon mine and Tiandong processing plant to write down their carrying value to recoverable amount totalling HK\$347.7 million.

The above losses was partially offset by the Group's gain of HK\$223.8 million on bargain purchase upon acquisition of 29.81% equity interests of CPM.

## Comparison with 2014

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

	Year ended 31 December,							
	2015		% of Total Revenue	(tonnes)	2014		% of Total Revenue	(tonnes)
	Sales Volume	Average Selling Price (HK\$/ Tonne)	Revenue (HK\$'000)		Sales Volume	Average Selling Price (HK\$/ Tonne)	Revenue (HK\$'000)	
<b>Manganese mining and ore processing</b>								
Gabon ore	205,135	543	111,341	4.4	177,974	855	152,219	4.8
Manganese concentrate	99,566	357	35,520	1.4	490,072	412	201,927	6.3
Natural discharging manganese powder and sand	20,661	2,660	54,956	2.2	30,403	2,638	80,212	2.5
<b>Sub-Total</b>	<b>325,362</b>	<b>620</b>	<b>201,817</b>	<b>8.0</b>	<b>698,449</b>	<b>622</b>	<b>434,358</b>	<b>13.6</b>
<b>Manganese downstream processing</b>								
EMM	123,647	11,510	1,423,117	56.6	129,709	13,780	1,787,396	56.0
Manganese briquette	16,896	12,096	204,381	8.1	10,387	14,778	153,503	4.8
	140,543	11,580	1,627,498	64.7	140,096	13,854	1,940,899	60.8
Silicomanganese alloy	31,660	5,726	181,289	7.2	47,922	7,095	340,019	10.6
EMD	26,275	8,772	230,474	9.2	22,328	9,587	214,059	6.7
Manganese sulfate	15,493	3,929	60,879	2.4	18,131	3,992	72,371	2.3
Others	9,401	4,045	38,029	1.5	7,450	3,813	28,406	0.8
<b>Sub-Total</b>	<b>223,372</b>	<b>9,572</b>	<b>2,138,169</b>	<b>85.0</b>	<b>235,927</b>	<b>11,002</b>	<b>2,595,754</b>	<b>81.2</b>
<b>Non-manganese processing</b>								
Lithium cobalt oxide	756	180,458	136,426	5.4	717	173,188	124,176	3.9
<b>Other business</b>								
Trading	23,635	1,717	40,588	1.6	10,284	3,912	40,229	1.3
<b>Total</b>	<b>573,125</b>	<b>4,392</b>	<b>2,517,000</b>	<b>100.0</b>	<b>945,377</b>	<b>3,379</b>	<b>3,194,517</b>	<b>100.0</b>

## Revenue

In 2015, the Group's revenue was HK\$2,517.0 million (2014: HK\$3,194.5 million), representing a decrease of 21.2% as compared with 2014. The revenue decrease was mainly due to: (1) the decrease in average selling price of manganese related products; and (2) substantial decrease in the sales volume of manganese carbonate ores after all of our surplus manganese carbonate ores were sold in 2014.

*Manganese mining and ore processing* – Revenue of manganese mining and ore processing segment decreased by 53.5% to HK\$201.8 million (2014: HK\$434.4 million). This was mainly attributable to the absence of surplus Daxin manganese carbonate ores for sale in 2015 (2014: 338,652 tonnes). Therefore, sales in 2015 of manganese carbonate related only to our Hui Xing which recorded a lower average selling price as its ore are normally unprocessed.

On the other hand, although our Gabon ore sales quantity increased mildly from last year, average selling price decreased by 36.5% to HK\$543/tonne (2014: HK\$855/tonne) due to: (1) plunge in average selling price in line with the drop in the international manganese ore market; (2) shift of sales mix to predominantly FOB India shipment in 2015, as opposed to predominantly CIF PRC in 2014. Normally CIF price is higher than FOB price, as FOB buyers bear the ocean freight charge.

*Manganese downstream processing* – Revenue from manganese downstream processing decreased by 17.6% from HK\$2,595.8 million to HK\$2,138.2 million. This decrease is mainly due to the decrease in the average selling price of combined sales quantities of EMM and manganese briquette by 16.4% to HK\$11,580/tonne in 2015 (2014: HK\$13,854/tonne) following the significant and protracted deterioration of steel sector, despite the stable sales quantity. Combined sales value of EMM and manganese briquette now accounted for 64.7% (2014: 60.8%) of our total sales. At the same time, the drop in EMD average selling price was relatively less than the drop in general commodities and the sales quantity of EMD increased during 2015. This was primarily due to the increase in popularity for EMD which is widely used in producing rechargeable batteries.

On the other hand, production of our Qinzhou plant was temporarily suspended for more than four months to carry out major maintenance, therefore both sales volume and sales revenue of silicomanganese alloy decreased.

*Trading* – Average selling price of trading products decreased by HK\$2,195/tonne or 56.1% to HK\$1,717/tonne as a result of change in sales composition. Sales mix in 2015 shifted to old stocks of import manganese ore with a lower average selling price, as compared to 2014 with more EMM at a higher price.

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

	Year ended 31 December,							
	2015		2014					
	Cost of Sales	Unit Cost of Sales	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Cost of Sales	Unit Cost of Sales	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin
	(HK\$'000)	(HK\$/Tonne)	(HK\$'000)	(%)	(HK\$'000)	(HK\$/Tonne)	(HK\$'000)	(%)
<b>Manganese mining and ore processing</b>								
Gabon ore	189,896	926	(78,555)	(70.6)	129,238	726	22,981	15.1
Manganese concentrate	42,449	426	(6,929)	(19.5)	75,118	153	126,809	62.8
Natural discharging manganese powder and sand	20,138	975	34,818	63.4	20,398	671	59,814	74.6
<b>Sub-Total</b>	<b>252,483</b>	<b>776</b>	<b>(50,666)</b>	<b>(25.1)</b>	<b>224,754</b>	<b>322</b>	<b>209,604</b>	<b>48.3</b>
<b>Manganese downstream processing</b>								
EMM	1,502,058	12,148	(78,941)	(5.5)	1,509,081	11,634	278,315	15.6
Manganese briquette	181,228	10,726	23,153	11.3	135,412	13,037	18,091	11.8
	1,683,286	11,977	(55,788)	(3.4)	1,644,493	11,738	296,406	15.3
Silicomanganese alloy	197,875	6,250	(16,586)	(9.1)	322,876	6,738	17,143	5.0
EMD	204,928	7,799	25,546	11.1	183,165	8,203	30,894	14.4
Manganese sulfate	44,851	2,895	16,028	26.3	57,501	3,171	14,870	20.5
Others	48,685	5,179	(10,656)	(28.0)	40,316	5,412	(11,910)	(41.9)
<b>Sub-Total</b>	<b>2,179,625</b>	<b>9,758</b>	<b>(41,456)</b>	<b>(1.9)</b>	<b>2,248,351</b>	<b>9,530</b>	<b>347,403</b>	<b>13.4</b>
<b>Non-manganese processing</b>								
Lithium cobalt oxide	132,483	175,242	3,943	2.9	119,109	166,121	5,067	4.1
<b>Other business</b>								
Trading	40,046	1,694	542	1.3	49,413	4,805	(9,184)	(22.8)
<b>Total</b>	<b>2,604,637</b>	<b>4,545</b>	<b>(87,637)</b>	<b>(3.5)</b>	<b>2,641,627</b>	<b>2,794</b>	<b>552,890</b>	<b>17.3</b>

### Cost of Sales

Overall, cost of sales decreased by HK\$37.0 million or 1.4%, to HK\$2,604.6 million in 2015, as compared to HK\$2,641.6 million in 2014 and was mainly attributable to the provision for stocks of HK\$114.1 million as a result of significant drop of average selling price of manganese related products, particularly Gabon ore.

The unit cost of manganese mining and ore processing segment during 2015 increased by 141.0% to HK\$776/tonne (2014: HK\$322/tonne). This was mainly attributable to: (1) approximately HK\$61.9 million of Gabon ore stock provision as a result of significant drop of average selling price of ores; (2) no more surplus manganese carbonate ores from Daxin mine was available for sale in 2015, which has a comparatively low unit cost because of its crude ore nature and not yet washed nor screened.

In 2015, unit cost of combined EMM and manganese briquette increased by 2.0% to HK\$11,977/tonne (2014: HK\$11,738/tonne). This was mainly attributable to a provision of HK\$14.3 million of auxiliary materials for our EMM processing. The unit cost of combined EMM and manganese briquette were maintained at same level of 2014 if stock provision was ignored.

Similarly, unit cost of silicomanganese alloy also decreased by 7.2% to HK\$6,250/tonne (2014: HK\$6,738/tonne) and was mainly attributable to the decrease in unit cost of input materials of metallurgical manganese concentrate and coke together with our efforts in reducing unit consumption of materials.

### ***Gross Profit***

In 2015, the Group recorded a negative gross profit of HK\$87.6 million (2014: gross profit of HK\$552.9 million), representing a decrease of HK\$640.5 million or 115.8%. The Group's overall gross profit margin was significantly deteriorated to negative 3.5%, representing a decrease of 20.8% from 17.3% of 2014. Deteriorated overall gross profit margin was mainly attributable to: (1) decline in gross margin of EMM and manganese briquette from a combined 15.3% in 2014 to negative 3.4% in 2015 due to the significant drop in average selling price; and (2) provision for stocks in the amount totalling HK\$114.1 million as a result of significant drop of average selling price of manganese related products.

### ***Other income***

Other income decreased by 29.4% to HK\$164.3 million (2014: HK\$232.7 million) and was mainly attributable to: (1) a smaller write back of only approximately HK\$16.1 million (2014: HK\$46.8 million) of provision for an entrusted loan; and (2) more than half of our RMB denominated fixed deposits brought forward from 2014 was converted into USD denominated fixed deposits sacrificing higher RMB interest rate to reduce RMB currency risk.

### ***Selling and Distribution Expenses***

The Group's selling and distribution expenses in 2015 have decreased by 4.9% to HK\$99.4 million (2014: HK\$104.5 million) and was in line with the decrease in total sales volume of manganese downstream processing products.

### ***Administrative Expenses***

Administrative expenses increased by 9.1% to HK\$482.4 million for 2015 (2014: HK\$442.0 million) and was mainly attributable to: (1) certain of our manganese processing plants temporarily suspended their operations for periodic repair and maintenance, particularly in the second half of 2015, with a view to maintaining our comparative advantages in the manganese industry in the longer term and therefore expenses previously accounted for as cost of sales have been directly charged to administrative expenses and (2) our subsidiary, Guinan Huagong, completed a major repair and maintenance during 2015.

### ***Finance Cost***

For 2015, our Group's finance cost was HK\$270.7 million (2014: HK\$237.1 million), representing an increase of 14.2% which was mainly due to: (1) capitalization of interest expense of only HK\$0.6 million (2014: HK\$20.2 million) following the near completion of our Daxin underground mining and ore processing facility in 2015 and upon production commencement of Daxin EMM processing plant in the third quarter of 2014; and (2) mild increase in total bank and other borrowings to finance the general working capital.

### ***Impairment on property, plant and equipment and mining right***

Because of the abrupt slide in the selling price of manganese ores in the international market, the year 2015 is the first ever our Gabon project recorded a gross loss. At the year end of 2015, market CIF-China price of imported Gabon manganese ores dropped by approximately 50% year on year.

As consolidation of steel sector and overcapacity adjustment in the PRC were still in progress, we adjusted our strategy to temporarily suspend our Gabon operations in late 2015 until we see signals of market recovery.

As a precaution against the uncertainty surrounding our Gabon mine against the backdrop of the international resources market, provision for impairment on Gabon's property, plant and equipment amounting to HK\$141.4 million and mining right amounting to HK\$168.9 million were provided respectively to write down their carrying value to recoverable amount, on a very prudent basis, with reference to the currently prevailing market price.

### ***Other Expenses***

Other expenses increased by 6.9% to HK\$37.1 million (2014: HK\$34.7 million) and was mainly attributable to the net increase in impairment of trade and other receivables.

### ***Income Tax***

Although the Group reported a loss, tax expense of HK\$33.8 million (2014: HK\$47.4 million) was recorded during the year. The tax charge was mainly a reversal of deferred tax credit relating to tax loss.

### ***(Loss)/Profit Attributable to Owners of the Parent***

For 2015, the Group's loss attributable to owners of the parent was HK\$956.0 million (2014: Profit of HK\$15.5 million).

### ***(Loss)/Earnings per share***

For 2015, loss per share attributable to ordinary equity holders of the Company was 29.61 HK cents (2014: earnings per share of 0.51 HK cents).

### ***Dividend***

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

### ***Share Placements***

- (1) 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 to independent third party investors. The net proceeds from the placing were approximately HK\$388.3 million and were intended to be used for possible investments in the future when opportunities arise and/or for general working capital of the Group.
- (2) In July 2015, the Company newly issued 104,300,000 ordinary shares at an issue price of HK\$1.30 as consideration to purchase certain equity interests in CPM. Further details have been set out in the section headed “**Acquisition of 29.81% equity interest in CPM**” in this Management Discussion and Analysis.

### ***Use of Proceeds from Share Placing***

Up to 31 December 2015, we utilised the net proceeds raised from the share placing in accordance with the designated uses set out in the placing agreement as follows:

<b>Description</b>	<b>Amount designated in the Placing Agreement (HK\$ Million)</b>	<b>Amount utilised up to 31.12.2015 (HK\$ Million)</b>	<b>% utilised</b>
Possible investment(s) and/or as general working capital of the Group	388	146	37.6%

### ***Use of Proceeds from IPO***

Up to 31 December 2015, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

<b>Description</b>	<b>Amount designated in Prospectus (HK\$Million)</b>	<b>Amount utilised up to 31.12.2015 (HK\$Million)</b>	<b>% utilised</b>	<b>Amount utilised up to 31.12.2014 (HK\$Million)</b>	<b>% utilised</b>
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	249	89.6%	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	27	45.8%	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	1,807	91.1%	1,760	88.8%



## ***Liquidity and financial resources***

### ***Cash and bank balances***

As at 31 December 2015, the currency denomination of the Group's cash and bank balances including pledged deposits are as follow:

<b>Currency Denomination</b>	<b>2015 HK\$ million</b>	<b>2014 HK\$ million</b>
Denominated in:		
RMB	<b>1,014.3</b>	1,391.9
HKD	<b>155.8</b>	5.9
USD	<b>355.7</b>	30.6
XAF	<b>1.3</b>	8.2
	<b>1,527.1</b>	<b>1,436.6</b>

As at 31 December 2015, our cash and bank balances including pledged deposits were HK\$1,527.1 million (2014: HK\$1,436.6 million) while the Group's borrowings (inclusive of medium-term notes) amounted to HK\$4,732.0 million (2014: HK\$4,441.4 million). The Group's borrowings net of cash and bank balances amounted to HK\$3,204.9 million (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.

In particular, we entered into an underwriting agreement on 30 October 2015 in respect of the proposed issue of short-term financing note in 2016 of not exceeding RMB800,000,000. We believe that net cash flows from operating activities together with borrowing facilities will be adequate to continue the Group's operation and fulfill financial responsibility in the foreseeable future.

### ***Bank and other Borrowings***

As at 31 December 2015, the Group's borrowing structure and maturity profile are as follows:

<b>Borrowing structure</b>	<b>2015</b> <i>HK\$ million</i>	<b>2014</b> <i>HK\$ million</i>
Secured borrowings (including finance lease payables)	<b>1,772.8</b>	904.4
Unsecured borrowings	<b>2,959.2</b>	3,537.0
	<b>4,732.0</b>	<b>4,441.4</b>
<b>Maturity profile</b>	<b>2015</b> <i>HK\$ million</i>	<b>2014</b> <i>HK\$ million</i>
Repayable:		
On demand or within one year	<b>3,227.0</b>	2,559.1
After one year and within two years	<b>690.8</b>	1,469.8
After two years and within five years	<b>814.2</b>	412.5
	<b>4,732.0</b>	<b>4,441.4</b>
<b>Currency denomination</b>	<b>2015</b> <i>HK\$ million</i>	<b>2014</b> <i>HK\$ million</i>
Denominated in:		
RMB	<b>3,936.3</b>	3,684.0
USD	<b>795.7</b>	757.4
	<b>4,732.0</b>	<b>4,441.4</b>

As at 31 December 2015, borrowings as to the amounts of HK\$2,616.7 million (2014: HK\$2,295.6 million) and HK\$2,115.3 million (2014: HK\$2,145.8 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 2.50% to 7.51%. 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 2.15% to 2.30%.

Overall, aggregate borrowings were increased to HK\$4,732.0 million (2014: HK\$4,441.4 million). The Group are now exploring various means including short-term or medium-term notes to improve total borrowing structure in terms of interest rate level and repayment periods.

### ***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 notes 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 notes 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. Expenses including sea freight are also denominated in United States dollars with those expenses incurred locally denominated in EURO or Euro-pegged XAF. 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 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 31 December 2015, the Group's property, plant and equipment and notes receivable with an aggregate net carrying amount of HK\$85.1 million (2014: HK\$249.8 million) were pledged to secure certain of the Group's interest-bearing bank borrowings and HK\$393.3 million (2014: Nil) were pledged to secure the Group's finance lease payables. Similarly, bank balances of HK\$442.6 million (2014: HK\$229.3 million) were pledged to secure certain of the Group's bank borrowings.

#### ***Contingent liabilities***

A subsidiary of the Group is currently a defendant in a lawsuit brought by a party alleging that the subsidiary is liable for the losses owing to termination of a subcontracting contract. Details can be referred to the announcement made by the Group on 11 December 2015. The directors, based on the advice from the Group's PRC legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have not provided for a claim arising from the litigation, other than the related legal and other costs.

Except as mentioned above, the Group did not have any significant outstanding contingent liabilities as at 31 December 2015.

### ***Key Financial Ratios of the Group***

	2015	2014
Current ratio	<b>0.84</b>	1.01
Quick ratio	<b>0.66</b>	0.74
Net Gearing ratio	<b>110.9%</b>	86.8%

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

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

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, 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 our loss suffered during the year.

### ***Net current liabilities***

As at 31 December 2015, the Group recorded net current liabilities of HK\$703,500,000. 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 the proposed issue in accordance with an underwriting agreement for an aggregate principal amount of not exceeding RMB800,000,000 short-term financing note entered on 30 October 2015, together with the net cash flows from operating activities and bank borrowing facilities, to continue the Group's 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.

### ***Acquisition of 29.81% equity interest in CPM***

In June 2015, through a series of acquisitions in the market and from independent third parties, we acquired an aggregate of 22.23% of the issued share capital of CPM at a total cash consideration of HK\$314,446,000. In addition, the Group in July 2015 newly issued 104,300,000 ordinary shares at an issue price of HK\$1.30 to an independent third party as consideration to purchase a further 7.58% equity interests in CPM. The Group's aggregate of 29.81% equity interest in CPM has been equity accounted for in the second half of the year. Accordingly and because of the effect of flood on a mine of CPM and strengthened safety inspection by local authorities, the Group recorded its post-acquisition share of loss of HK\$2,900,000 during the year.

Upon completion of acquisition of the 29.81% equity interest, the Group recognised a gain on bargain purchase of HK\$223,800,000.

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. The Company considered that this acquisition would provide satisfactory returns to the investment.

### ***Business Model and Strategy***

The Group strives to be the global leading one stop and vertical integrated manganese producer while maintaining the Group's long term profitability and assets growth with adoption of flexible business model and strategy and prudent risk and capital management framework. We intend to adopt and implement the following strategies to achieve our objective:

- (1) expand and upgrade our manganese resources and reserves through exploration and enhance our strategic control of manganese resources and reserves through mergers and acquisitions;
- (2) enhance our operational efficiency and profitability; and
- (3) establish and consolidate our strategic relationships with selected major customers and industry leading partners.

## ***Human Resources***

As at 31 December 2015, the Group had approximately 8,286 (2014: 8,174) full-time employees in HK and the PRC; approximately 139 (2014: 272) full-time employees in Gabon. The Group will regularly review its remuneration scheme to ensure remuneration packages are market-competitive.

The Group operates the following retirement schemes for its employees:

- (1) a central pension scheme operated by local municipal government in the PRC for PRC employees. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme;
- (2) a defined scheme under the Pension Provisioning Law in Gabon for those employees in Gabon who are eligible to participate; and
- (3) a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's contributions as an employer vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives. In January 2011, share options of the Company were granted to Directors and selected employees of the Group for rewarding and retaining talents. The Group also provide training programmes to its directors and eligible employees to enhance staff quality, technical knowledge and team spirit.

### ***Future Development and Outlook***

- Manganese products – We expect manganese products’ prices to stay depressed with lower average selling prices and weakening global demand continues in absence of any significant production cutback from Overseas or China in the near term.
- In December 2015, CPM agreed to acquire 90% of Harbor Star Mining Company Limited which holds the mining licence and has the mining right in the Myanmar Mine, and is principally engaged in mining, ore processing and the sale of lead-silver concentrates and zinc-silver concentrates. With our close co-operation with CPM, we believe that our move into non-manganese mining projects will add substantial synergic value to it by our strong and extensive expertise in the mining sector.
- In January 2016, the Group completed a further capital injection of RMB172.9 million in cash into Dushan Jinmeng, bringing the Group’s investment in the 33% owned associated company to an aggregate of RMB250.3 million. Dushan Jinmeng currently engages in the building of a ferromanganese alloy plant with an annual capacity of 500,000 tons and a self-use 30 MW power plant in Dushan County, Guizhou, the PRC. Upon full production scheduled for before the end of 2016, it will become one of the largest integrated power to manganese ferroalloy plant in the PRC, and therefore a key manganese ferroalloy supplier to steel plants in the southern market of the PRC. It is expected that Dushan Jinmeng can take full advantages of the abundant coal resources in Guizhou and manganese ore resources of the Group in both the PRC and Gabon.
- We shall follow China’s “One Belt One Road” initiative, trying to explore new overseas market opportunities to reverse the declining trend in manganese market. At the same time, we shall also participate in above campaigns organized by China Government and obtain related subsidies if available.



## MINERAL AND MINING REPORT

### Resources and Reserves

Below is the information on our mineral resources and ore reserves in accordance with JORC Code as of 31 December 2015:

#### *Summary of our manganese mineral resources*

Mines	Ownership Percentage	JORC Resource Category	Million	Average	Million	Average
			tonnes	Manganese Grade (%)	tonnes	Manganese Grade (%)
			31.12.2015		31.12.2014	
Daxin Mine	100%	Measured	4.95	24.60	5.21	24.42
		Indicated	64.91	21.24	66.06	21.18
		Subtotal	69.86	21.48	71.27	21.42
		Inferred	0.43	21.23	0.43	21.23
		Total	70.29	21.48	71.70	21.41
Tiandeng Mine	100%	Measured	0.57	18.19	0.58	18.11
		Indicated	2.82	16.70	2.90	16.63
		Subtotal	3.39	16.95	3.48	16.87
		Inferred	3.51	14.24	3.51	14.24
		Total	6.90	15.57	6.99	15.55

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2015		31.12.2014	
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	20.5	4.22	20.50
		Total	21.97	20.37	21.97	20.37
Bembélé Manganese Mine	51%	Measured	–	–	–	–
		Indicated	15.97	31.99	16.40	32.03
		Subtotal	15.97	31.99	16.40	32.03
		Inferred	12.37	32.74	12.37	32.74
		Total	28.34	32.32	28.77	32.34
Total			129.04		130.97	

*Summary of our manganese ore reserves*

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2015		31.12.2014	
Daxin Mine	100%	Proved	4.73	21.04	4.99	21.03
		Probable	62.38	18.83	63.53	18.81
		Total	67.11	18.98	68.52	18.97
Tiandeng Mine	100%	Proved	0.53	15.72	0.54	15.71
		Probable	2.70	15.58	2.78	15.55
		Total	3.23	15.61	3.32	15.57
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	15.96	31.36	16.39	31.41
		Total	15.96	31.36	16.39	31.41
Total			104.03		105.96	

*Note:* The figures of the aforesaid manganese resources and manganese ore reserves are rounded to two decimal place and these figures may show apparent addition errors.

**Assumptions:**

The figures of the aforesaid manganese resources and manganese ore 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 are based on the estimate as per the independent technical review report as shown in the Prospectus. The decreases of the manganese resources and manganese ore reserves in the aforesaid mines during the year were largely due to mining depletion. The year end amounts have been confirmed by our 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 (China Ye Jin Di Zhi Zong Ju Zhong Nan Ju Nanning Di Zhi Diao Cha Suo). The decrease of manganese resources and manganese ore reserves of the mine during the year were largely due to mining depletion. The year 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評審意見書》(Accreditation Opinion of the Verified Geographical Resources Report of Waifu Manganese Mine, Jingxi County) dated 17th July 2004 prepared by 南寧儲偉資源有限責任公司 (Nanning Chu Wei Resources Limited Company). The year end amounts have been confirmed by our internal experts.
- (2) All material assumptions and technical parameters underpinning the estimates as stated in the aforesaid independent technical reports continue to apply and have not been materially changed.

## Exploration, Development, and Mining Activities

### I) *Exploration*

#### *Overview*

During the year, 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 3,650.53 metres approximately. Details are set out below:

<b>Project</b>	<b>Drilling type</b>	<b>Average Drilling Diameter (mm)</b>	<b>Number of holes</b>	<b>Average Length (meter)</b>
Daxin Mine	—	—	—	—
Tiandeng Mine	Core	73	9	268
	Hydrogeological	130	3	254.8
Waifu Manganese Mine	—	—	—	—
Changgou Manganese Mine	—	—	—	—
Bembélé Manganese Mine	Core	75	7	67.6

#### *Daxin Mine*

A review of the geology and structural architecture of Daxin Mine was continued during the year 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 year, 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 production exploration plan and passed the accreditation review by the mining experts of the Land and Resources Department of Guangxi and thereby completing the recordal process.

Save as disclosed 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 year, 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 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 year, 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 year, 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 year, 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 7 drilling holes, totalling approximately 473.43 meters in length. In addition, 北京中礦聯諮詢中心 (Beijing CMA Consultancy Center) has completed the accreditation process towards the exploration report prepared by 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). This has enhanced our analysis and understanding in respect of the geological component of the mining area, thereby increasing the efficiency of our mining works.

#### 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 year, our 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 31 December 2015, the construction works in phase A and phase B amounted to 41,962.4 m<sup>3</sup> and 381,928 m<sup>3</sup> 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 year, 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 year, 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 year, 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 year, 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, four shipments totalling about 151,280 tonnes manganese ores were shipped to the India ports.

Save as disclosed 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.



### **III) Mining activities**

#### **(1) Mining operations**

##### **Daxin Mine**

	<b>2015</b>	<b>2014</b>
<b>Open pit mining</b>		
Mine production volume (thousand tonnes)	<b>695</b>	1,355
<b>Underground mining</b>		
Mine production volume (thousand tonnes)	<b>452</b>	552
Total mine production (thousand tonnes)	<b>1,147</b>	1,907
<b>Average manganese grade</b>		
Manganese carbonate ore	<b>15.3%</b>	15.8%
Manganese oxide ore	<b>26.5%</b>	29.5%

##### **Tiandeng Mine**

	<b>2015</b>	<b>2014</b>
<b>Open pit mining</b>		
Mine production volume (thousand tonnes)	<b>235</b>	278
<b>Average manganese grade</b>		
Manganese carbonate oxide	<b>11.5%</b>	11.7%
Manganese oxide ore	<b>14.4%</b>	14.7%

## Waifu Manganese Mine

During the year, there were no mining production.

## Changgou Manganese Mine

	2015	2014
<b>Underground mining (Production ceased)</b>		
Mine production volume (thousand tonnes)	9	–
Average manganese carbonate grade	16.3%	N/A

## Bembélé Manganese Mine

	2015	2014
<b>Open pit mining</b>		
Mine production volume (thousand tonnes)	316	591
Average manganese oxide grade	30.7%	31.1%

*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.

(2) *Ore processing operations*

- Concentrating

<b>Production volume (thousand tonnes)</b>	<b>2015</b>	<b>2014</b>
<b>Daxin Concentration Plant</b>		
Manganese carbonate ore	<b>929</b>	927
Manganese oxide ore	<b>78</b>	103
	<hr/>	<hr/>
<b>Total</b>	<b>1,007</b>	1,030
	<hr/> <hr/>	<hr/> <hr/>
<b>Average manganese grade of concentrate</b>		
Manganese carbonate ore	<b>18.0%</b>	18.4%
Manganese oxide ore	<b>29.1%</b>	30.4%
	<hr/>	<hr/>
<b>Tiandeng Concentration Plant</b>		
Manganese oxide ore	<b>58</b>	86
Average manganese grade of concentrate	<b>20.6%</b>	22.3%
	<hr/>	<hr/>
<b>Bembélé Concentration Plant</b>		
Manganese oxide ore	<b>174</b>	331
Average manganese grade of concentrate	<b>34.2%</b>	31.6%
	<hr/> <hr/>	<hr/> <hr/>

- Grinding

<b>Production volume (thousand tonnes)</b>	<b>2015</b>	<b>2014</b>
<b>Daxin Grinding Plant</b>		
Powder produced	<b>976</b>	940
	<hr/> <hr/>	<hr/> <hr/>

*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, DXML EMM Plant, Tiandeng EMM Plant, Guangxi Start EMM Plant and Tiandong EMM Plant. Details of EMM production are set out below:

<b>Production (thousand tonnes)</b>	<b>2015</b>	<b>2014</b>
<b>Daxin EMM Plant</b>	<b>87.4</b>	76.1
<b>DXML EMM Plant</b>	<b>21.7</b>	24.7
<b>Tiandeng EMM Plant</b>	<b>20.8</b>	21.5
<b>Guangxi Start EMM Plant</b>	<b>10.7</b>	14.8
<b>Tiandong EMM Plant</b>	—	4.6
<b>Total</b>	<b>140.6</b>	<b>141.7</b>

- Manganese briquette

<b>Production (thousand tonnes)</b>	<b>2015</b>	<b>2014</b>
<b>Chongzuo Branch</b>	<b>20.3</b>	10.3

- Manganese sulfate

<b>Production (thousand tonnes)</b>	<b>2015</b>	<b>2014</b>
<b>Daxin Sulfate Plant</b>	<b>16.1</b>	18.1

- EMD

<b>Production (thousand tonnes)</b>	<b>2015</b>	2014
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<b>Daxin EMD Plant</b>	<b>22.0</b>	26.8
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- Silicomanganese alloy

<b>Production (thousand tonnes)</b>	<b>2015</b>	2014
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<b>Qinzhou Ferroalloy plant</b>	<b>31.7</b>	50.6
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- Lithium manganese oxide

<b>Production (thousand tonnes)</b>	<b>2015</b>	2014
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<b>Chongzuo Branch</b>	<b>0.05</b>	0.13
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(2) *Non-manganese processing operations*

- Lithium cobalt oxide

<b>Production (thousand tonnes)</b>	<b>2015</b>	2014
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<b>Chongzuo Branch</b>	<b>0.80</b>	0.63
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*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.

**V) Exploration, Development and Mining Cost of the Group**

Expenses of exploration, development and mining activities of the Group for the year ended 31 December 2015 are set out below:

(HK\$ '000)

	<b>Daxin Mine</b>	<b>Tiandeng Mine</b>	<b>Waifu Manganese Mine</b>	<b>Changgou Manganese Mine</b>	<b>Bembélé Manganese Mine</b>	<b>Total</b>
<b>Exploration activities</b>						
Drilling and analysis	1,269	–	–	–	–	1,269
Transportation	–	–	–	–	–	–
Others	–	–	–	–	1,327	1,327
	<u>1,269</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,327</u>	<u>2,596</u>
<b>Development activities (including mine construction)</b>						
Purchases of assets and equipment	–	4,052	–	–	279	4,331
Construction of mines, tunnels and roads	25,364	–	–	–	382	25,746
Staff cost	–	–	–	–	–	–
Others	762	–	–	–	–	762
	<u>26,126</u>	<u>4,052</u>	<u>–</u>	<u>–</u>	<u>661</u>	<u>30,839</u>
<b>Mining activities*</b>						
Staff cost	15,227	3,806	–	–	963	19,996
Consumables	8,629	5,007	–	–	5,080	18,716
Fuel, electricity, water and other services	14,277	2,265	–	–	1,018	17,560
Transportation	–	33	–	–	2,369	2,402
Sub-contracting fee	79,645	–	–	–	–	79,645
Depreciation	11,924	2,101	–	–	2,459	16,484
Others	–	4,856	–	–	1,348	6,204
	<u>129,702</u>	<u>18,068</u>	<u>–</u>	<u>–</u>	<u>13,237</u>	<u>161,007</u>

(\* Concentrating not included)

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2014 are set out below:

(HK\$ '000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
<b>Exploration activities</b>						
Drilling and analysis	1,191	2,112	–	–	–	3,303
Transportation	–	–	–	–	–	–
Others	–	–	–	–	1,013	1,013
	<u>1,191</u>	<u>2,112</u>	<u>–</u>	<u>–</u>	<u>1,013</u>	<u>4,316</u>
<b>Development activities (including mine construction)</b>						
Purchases of assets and equipment	–	2,742	–	–	2,748	5,490
Construction of mines, tunnels and roads	59,585	–	–	–	–	59,585
Staff cost	–	–	–	–	–	–
Others	290	–	–	–	2,788	3,078
	<u>59,875</u>	<u>2,742</u>	<u>–</u>	<u>–</u>	<u>5,536</u>	<u>68,153</u>
<b>Mining activities*</b>						
Staff cost	16,102	6,041	–	–	2,365	24,508
Consumables	10,884	4,618	–	–	6,735	22,237
Fuel, electricity, water and other services	17,544	4,490	–	–	2,467	24,501
Transportation	2,840	80	–	–	5,993	8,913
Sub-contracting fee	101,215	–	–	–	–	101,215
Depreciation	22,427	2,032	–	–	4,845	29,304
Others	–	6,247	–	–	7,584	13,831
	<u>171,012</u>	<u>23,508</u>	<u>–</u>	<u>–</u>	<u>29,989</u>	<u>224,509</u>

(\* Concentrating not included)

## OTHER INFORMATION

### Annual General Meeting

The annual general meeting of the Company is tentatively scheduled to be on Wednesday, 22 June 2016. Notice of the annual general meeting will be published and issued to shareholders in due course.

### Book Closure

The transfer books and register of members of the Company will be closed from Friday, 17 June 2016 to Wednesday, 22 June 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 16 June 2016.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save and except for the followings, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year:

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.



3. In August 2015, the Company conducted a series of transactions to repurchase the Company's own shares, all made through the Stock Exchange of Hong Kong Limited, pursuant to the Company's share repurchase mandate. Details of the share repurchase are as follows:

Number of shares	Highest price <i>HK\$</i>	Lowest price <i>HK\$</i>	Total consideration (exclusive of transaction cost) <i>HK\$</i>
3,116,000	0.78	0.74	2,339,960

### Audit Committee

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Company has an audit committee comprising three Independent Non-executive Directors. The Audit Committee has reviewed the accounting policies adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2015.

### Financial Information

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2015, but represents an extract from those accounts. The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditors, Ernst & Young.

### Corporate Governance

The Company is committed to maintaining a good and sensible framework of corporate governance and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company.

The Board is of the view that the Company has, for the year ended 31 December 2015, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

## **Model Code for Securities Transactions by Directors**

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

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 year.

## **Publication of Final Results and Annual Report on the Stock Exchange**

The final results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dameng.citic.com>). The annual report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

## **Our Appreciation**

Finally, we would like to express our gratitude to the Shareholders, business partners, suppliers and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

## **PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS**

Performance and results of the operations of the Company for previous years described within this Announcement are historical in nature. Past performance is no guarantee of the future results of the Company. This Announcement may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of the Company, the Directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this Announcement; and (b) any liability arising from any forward looking statements or opinions that do not materialise or prove to be incorrect.

## 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
“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 announcement, excluding the 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 Mining or CDM”	中信大錳礦業有限責任公司 (CITIC Dameng Mining Industries Co., Limited)
“Companies Act”	The Companies Act 1981 of Bermuda
“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
“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
“Dushan Jinmeng”	獨山金孟錳業有限公司 (Dushan Jinmeng Manganese Limited Company)
“DXML”	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)
“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 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”	貴州遵義滙興鐵合金有限公司 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company)

“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
“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
“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
“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.

By Order of the Board  
**CITIC DAMENG HOLDINGS LIMITED**  
**Yin Bo**  
*Chairman*

Hong Kong, 4 February 2016

*As at the date of this announcement, the executive Directors are Mr. Yin Bo, Mr. Li Weijian, Mr. Tian Yuchuan; the non-executive Directors are Mr. Suo Zhengang and Mr. Chen Jiqui; and the independent non-executive Directors are Mr. Yang Zhi Jie, Mr. Mo Shijian and Mr. Tan Zhuzhong.*

*\* For identification purpose only*