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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK$2,123.1 million for 1H 2020, representing a decrease of 32.4% from HK$3,140.9 million of 1H 2019.

- Gross profit amounted to HK$270.2 million for 1H 2020, representing a decrease of 25.6% from HK$363.1 million of 1H 2019. Gross profit margin was 12.7% for 1H 2020, representing an increase of 1.1% from 11.6% for 1H 2019.

- Operating profit amounted to HK$15.9 million for 1H 2020, representing a decrease of 82.5% from HK$90.9 million for 1H 2019.

- Loss attributable to owners of the parent amounted to HK$8.1 million for 1H 2020 (1H 2019: profit of HK$86.3 million).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
REVENUE	*4*	**2,123,141**	3,140,900
Cost of sales		**(1,852,976)**	(2,777,780)
Gross profit		**270,165**	363,120
Other income and gains	*4*	**93,574**	95,459
Selling and distribution expenses		**(46,671)**	(44,905)
Administrative expenses		**(157,234)**	(200,209)
Impairment losses on financial assets, net		**(10,874)**	511
Finance costs	*5*	**(108,426)**	(111,681)
Other expenses		**(5,424)**	(3,522)
Share of profits and losses of:			
– Associates		**(20,962)**	(10,573)
– A joint venture		**1,757**	2,721
Operating profit		**15,905**	90,921
Gain on bargain purchase from further acquisition of equity interest in a joint venture	*13*	**69,411**	–
Loss on deemed disposal of partial interest in an associate	*6*	**(92,375)**	–
(LOSS)/PROFIT BEFORE TAX	*6*	**(7,059)**	90,921
Income tax expense	*7*	**(10,266)**	(24,501)
(LOSS)/PROFIT FOR THE PERIOD		**(17,325)**	66,420
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
– Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		**1,304**	–
– Exchange differences on translation of foreign operations		**(42,308)**	1,126
– Cash flow hedges, net of tax		**(2,219)**	(3,002)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(60,548)**	64,544

	Note	Six months ended 30 June	
		2020	2019
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
(Loss)/profit attributable to:			
Owners of the parent		**(8,107)**	86,261
Non-controlling interests		**(9,218)**	(19,841)
		(17,325)	66,420
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(63,977)**	84,610
Non-controlling interests		**3,429**	(20,066)
		(60,548)	64,544
(Loss)/earnings per share attributable to ordinary equity holders of the parent:	*8*		
– Basic		**HK$(0.0024)**	HK$0.0252
– Diluted		**HK$(0.0024)**	HK$0.0252

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	**30 June 2020 *HK$'000* (Unaudited)**	31 December 2019 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,073,453**	2,670,964
Investment properties		**93,014**	94,931
Right-of-use assets		**623,337**	612,486
Intangible assets		**445,658**	464,093
Investments in associates		**693,163**	812,456
Investment in a joint venture		–	122,919
Due from an associate		–	34,766
Deferred tax assets		**36,956**	30,251
Prepayments and other assets		**108,175**	107,927
Total non-current assets		**5,073,756**	4,950,793
CURRENT ASSETS			
Inventories		**572,175**	518,396
Trade and notes receivables	*10*	**1,377,758**	1,697,341
Prepayments, other receivables and other assets		**445,805**	386,304
Due from related companies		**22,495**	17,356
Due from an associate		**31,987**	–
Due from a joint venture		–	43,779
Tax recoverable		**452**	488
Derivative financial instruments		–	13,726
Pledged deposits		**15,278**	35,616
Cash and cash equivalents		**1,534,914**	1,103,606
Total current assets		**4,000,864**	3,816,612
CURRENT LIABILITIES			
Trade and notes payables	*11*	**588,821**	690,498
Other payables and accruals		**817,194**	771,767
Derivative financial instruments		**5,493**	4,835
Interest-bearing bank and other borrowings	*12*	**2,872,569**	3,511,908
Due to related companies		**2,503**	3,971
Tax payable		**1,041**	6,830
Total current liabilities		**4,287,621**	4,989,809
NET CURRENT LIABILITIES		**(286,757)**	(1,173,197)

	Note	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,786,999**	3,777,596
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**1,702,113**	646,199
Derivative financial instruments		**703**	1,580
Deferred tax liabilities		**215,424**	191,741
Other long-term liabilities		**41,712**	42,572
Deferred income		**49,169**	57,078
Total non-current liabilities		**2,009,121**	939,170
Net assets		**2,777,878**	2,838,426
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**342,846**	342,846
Reserves		**2,396,916**	2,460,893
		2,739,762	2,803,739
Non-controlling interests		**38,116**	34,687
Total equity		**2,777,878**	2,838,426

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

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

As at 30 June 2020, the Company and its subsidiaries (collectively referred to as the "**Group**") had net current liabilities of HK$286.8 million (31 December 2019: HK$1,173.2 million). In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

(a) The Group continues to restructure the mix of manganese products with the aim to increase the portion of products with higher margin so as to attain profitable and positive cash flow operations. In particular, the Group continues to ramp up mining and processing capacity of existing mines. In addition, the Group from time to time reviews its investment projects and may adjust its investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

(b) The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring the daily operating expenses.

(c) At 30 June 2020, certain PRC banks had confirmed to the Group in writing regarding their agreements to renew their short-term bank loans granted to the Group totalling HK$844.0 million upon repayment when due, subject to the condition that the Group will be able to repay the total interest due upon the respective repayment dates. Based on the abovementioned agreements and past experience, the directors consider it is highly probable that the Group can extend adequate amount of short-term bank loans for another year when fall due to maintain sufficient working capital of the Group.

(d) The Group is actively following up with its debtors on outstanding receivables with an aim of agreeing a repayment schedule with each of them.

The directors of the Company have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the abovementioned plans and measures of the Group in the first half of the year 2020, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the six months ended 30 June 2020 on a going concern basis.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to HKFRS 3: Definition of a Business

The amendment to HKFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform

The amendments to HKFRS 9 and HKAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have any interest rate hedge relationships that was affected by the interest rate benchmark reform.

Amendments to HKAS 1 and HKAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 28 June 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the HKICPA in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

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 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) EMM and alloying materials production segment (PRC)

The EMM and alloying materials production segment comprises mining and processing ores used in hydrometallurgical processing for/and production of Electrolytic Manganese Metal ("**EMM**") and manganese briquette, and pyrometallurgical processing for production of silicomanganese alloys;

(c) Battery materials production segment (PRC)

The battery materials production segment engages in the manufacture and sale of battery materials products, including Electrolytic Manganese Dioxide ("**EMD**"), manganese sulfate, lithium manganese oxide and lithium nickel cobalt manganese oxide; and

(d) Other business segment (PRC and HK)

The other business segment comprises, principally, the trading of various commodities such as manganese ores, EMM, manganese alloys and non-manganese metals, sales of scraps, rental of investment properties and leasehold lands and investments in companies engaged in mining and production of non-manganese metals.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 profit/loss before tax except that interest income, non-lease-related finance costs, fair value gain/loss from the Group's financial instruments, production halt expenses as well as head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

	Manganese mining		EMM and alloying materials production	Battery materials production	Other business	
	PRC	Gabon	PRC	PRC	PRC & HK	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2020 (Unaudited)						
Segment revenue:						
Sales to external customers	46,903	–	1,518,711	323,335	234,192	2,123,141
Intersegment sales	–	–	–	–	21,096	21,096
Other revenue	1,909	29,947	19,688	6,457	17,575	75,576
	48,812	29,947	1,538,399	329,792	272,863	2,219,813
Reconciliation:						
Elimination of inter segment sales						(21,096)
Revenue from operations						2,198,717
Segment results	1,892	24,579	97,028	115,902	(97,344)*	142,057
Reconciliations:						
Interest income						17,998
Corporate and other unallocated expenses						(61,558)
Finance costs (other than interest on lease liabilities)						(105,556)
Profit before tax						(7,059)
Income tax expense						(10,266)
Profit for the period						(17,325)
Assets and liabilities						
Segment assets	771,801	124,933	3,912,533	1,369,311	1,183,005	7,361,583
Reconciliations:						
Corporate and other unallocated assets						1,713,037
Total assets						9,074,620
Segment liabilities	300,830	17,713	690,124	300,536	121,221	1,430,424
Reconciliations:						
Corporate and other unallocated liabilities						4,866,318
Total liabilities						6,296,742

* The amount includes the loss on deemed disposal of partial interest in an associate of HK$92,375,000 *(note 6)*.

	Manganese mining PRC HK$'000	Manganese mining Gabon HK$'000	EMM and alloying materials production PRC HK$'000	Battery materials production PRC HK$'000	Other business PRC & HK HK$'000	Total HK$'000
Six months ended 30 June 2019 (Unaudited)						
Segment revenue:						
Sales to external customers	61,254	–	1,566,290	331,093	1,182,263	3,140,900
Intersegment sales	–	–	–	–	328,663	328,663
Other revenue	14	49,037	24,463	1,532	13,114	88,160
	61,268	49,037	1,590,753	332,625	1,524,040	3,557,723
Reconciliation:						
Elimination of inter segment sales						(328,663)
Revenue from operations						3,229,060
Segment results	(8,393)	45,705	166,640	55,659	5,503	265,114
Reconciliations:						
Interest income						7,810
Corporate and other unallocated expenses						(70,322)
Finance costs						(111,681)
Profit before tax						90,921
Income tax expense						(24,501)
Profit for the period						66,420
Assets and liabilities						
Segment assets	922,238	255,036	4,454,671	1,056,156	1,403,752	8,091,853
Reconciliations:						
Corporate and other unallocated assets						1,771,235
Total assets						9,863,088
Segment liabilities	337,928	24,882	972,080	137,817	289,074	1,761,781
Reconciliations:						
Corporate and other unallocated liabilities						4,904,565
Total liabilities						6,666,346

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods:		
Manganese mining	**46,903**	61,254
EMM and alloying materials production	**1,518,711**	1,566,290
Battery materials production	**323,335**	331,093
Other business	**234,192**	1,182,263
	2,123,141	3,140,900

Revenue from contracts with customers

(a) Disaggregated revenue information

For the six months ended 30 June 2020 (Unaudited)

Segments

	Manganese mining	**EMM and alloying materials production**	**Battery materials production**	**Other business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Sale of goods	**46,903**	**1,518,711**	**323,335**	**234,192**	**2,123,141**
Geographical markets					
Mainland China	**46,903**	**1,469,538**	**300,476**	**234,192**	**2,051,109**
Asia (excluding Mainland China)	**–**	**41,786**	**12,155**	**–**	**53,941**
Europe	**–**	**4,110**	**2,698**	**–**	**6,808**
North America	**–**	**3,277**	**8,006**	**–**	**11,283**
Total revenue from contracts with customers	**46,903**	**1,518,711**	**323,335**	**234,192**	**2,123,141**
Timing of revenue recognition					
Goods transferred at a point in time with customers	**46,903**	**1,518,711**	**323,335**	**234,192**	**2,123,141**

For the six months ended 30 June 2019 (Unaudited)

Segments	Manganese mining	EMM and alloying materials production	Battery materials production	Other business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sale of goods	61,254	1,566,290	331,093	1,182,263	3,140,900
Geographical markets					
Mainland China	59,338	1,379,360	317,207	1,182,263	2,938,168
Asia (excluding Mainland China)	1,916	147,733	11,990	–	161,639
Europe	–	28,997	1,896	–	30,893
North America	–	10,200	–	–	10,200
Total revenue from contracts with customers	61,254	1,566,290	331,093	1,182,263	3,140,900
Timing of revenue recognition					
Goods transferred at a point in time with customers	61,254	1,566,290	331,093	1,182,263	3,140,900

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	**17,998**	7,810
Gain on disposal of items of property, plant and equipment	**2,690**	5,092
Gain on disposal of items of right-of-use assets	**123**	–
Subsidy income	**17,521**	4,958
Subcontracting income, net of direct depreciation expenses	**29,662**	48,487
Sale of scraps	**4,916**	11,155
Rental income	**11,038**	13,003
Fair value gain on financial asset at fair value through profit or loss	**–**	12
Others	**9,626**	4,942
	93,574	95,459

5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on loans wholly repayable within five years	**96,968**	102,267
Finance costs for discounted notes receivable	**5,051**	3,153
Interest expenses on lease liabilities	**2,870**	4,259
Other finance costs	**3,537**	2,002
	108,426	111,681

6. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold#	**1,852,344**	2,777,458
Write-down of inventories to net realisable value, net#	**632**	322
Depreciation of property, plant and equipment	**168,008**	160,391
Depreciation of right-of-use assets	**30,293**	14,247
Amortisation of intangible assets	**9,200**	8,488
Research and development costs	**10,597**	11,760
Auditor's remuneration	**1,805**	1,843
Employee benefit expense	**271,841**	284,709
Gain on disposal of items of property, plant and equipment*	**(2,690)**	(5,092)
Gain on disposal of right-of-use assets*	**(123)**	–
Foreign exchange differences, net*	**6,078**	585
Impairment of financial assets included in trade and notes receivables, net	**10,874**	(511)
Impairment of non-financial assets included in prepayments, other receivables and other assets, net*	**(1,296)**	–
Variable lease payments not included in the measurement of lease liabilities#	**3,131**	4,946
Expenses relating to leases of low-value assets^	**430**	249
Gain on bargain purchase from further acquisition of equity interest in a joint venture *(note 13)*	**(69,411)**	–
Loss on deemed disposal of partial interest in an associate *(note)*	**92,375**	–
Fair value gain on financial assets at fair value through profit or loss*	**–**	(12)

Included in “Cost of sales” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

* Included in “Other income and gains” (note 4) or “Other expenses” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

^ Included in “Selling and distribution expenses” or “Administrative expenses” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Note: In February 2020, the Group recorded a non-cash extraordinary loss of HK$92,375,000 resulting from the dilution in the Group’s shareholding in GMG from 29.99% to 23.99% as the Group did not participate in GMG’s rights issue.

7. INCOME TAX EXPENSE

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.

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

	Six months ended 30 June	
	2020	2019
	HK$’000	*HK$’000*
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**3,426**	25,617
Current – Gabon		
Charge for the period	**–**	64
Deferred	**6,840**	(1,180)
Total tax charge for the period	**10,266**	24,501

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had utilised unrecognised tax losses brought forward from prior years to set off against the current period’s taxable profits.

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 Industries Co., Limited which is recognised as a High and New Technology Enterprise and is entitled to a preferential CIT rate of 15% up to 2022, and Guangxi Start Manganese Materials Co., Ltd., 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 engages in mining operations in Gabon is subject to CIT at the higher of 35% of its taxable income or 1% of its revenue.

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The calculation of basic and diluted (loss)/earnings per share are based on:		
(Loss)/Profit		
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	**(8,107)**	86,261
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**3,428,459,000**	3,428,459,000

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 nor the six months ended 30 June 2019. No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2020 nor the six months ended 30 June 2019 in respect of dilution as the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (2019: Nil).

10. TRADE AND NOTES RECEIVABLES

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Trade receivables	**973,034**	1,059,624
Notes receivable	**545,056**	763,936
	1,518,090	1,823,560
Less: Impairment	**(140,332)**	(126,219)
	1,377,758	1,697,341

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 to three months from the invoice date and cash realisation may be further extended by three to six months for those customers paying by bank acceptance notes. 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.

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

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Within one month	**274,137**	487,130
One to two months	**105,888**	95,661
Two to three months	**103,084**	36,888
Over three months	**349,593**	317,057
	832,702	936,736

An ageing analysis of the notes receivable of the Group as at the end of the reporting period, based on the receipt date of the notes and net of loss allowance, is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one month	**226,838**	255,102
One to two months	**109,416**	199,675
Two to three months	**85,752**	153,468
Over three months and less than six months	**123,050**	152,360
	545,056	760,605

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 of trade payables and the issue date of notes, is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one month	**285,171**	456,254
One to two months	**82,031**	74,051
Two to three months	**45,176**	55,885
Over three months	**176,443**	104,308
	588,821	690,498

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

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2020			31 December 2019		
	Effective interest rate (%)	**Maturity**	***HK$'000*** **(Unaudited)**	Effective interest rate (%)	Maturity	*HK$'000* (Audited)
Current						
Lease liabilities	**5.20-8.70**	**2020-2021**	**61,649**	5.20-8.70	2020	74,097
Bank loans – secured *(note (a))*	**1.40**	**2020**	**25,250**	3.09-3.19	2020	62,855
Bank loans – unsecured	**2.35-4.35**	**2020-2021**	**2,455,408**	4.35-5.22, LIBOR+1.0, LIBOR+1.2	2020	2,685,565
Current portion of long-term bank loans – unsecured	**4.75, LIBOR+2.30**	**2020-2021**	**330,262**	4.75-5.46, LIBOR+2.30	2020	689,391
			2,872,569			3,511,908
Non-current						
Lease liabilities	**–**	**–**	**–**	5.20-8.70	2021	27,265
Bank loans – unsecured	**4.50-5.46, LIBOR+2.30**	**2021-2023**	**1,702,113**	4.75-5.46, LIBOR+2.30	2021-2023	618,934
			1,702,113			646,199
			4,574,682			4,158,107

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**2,810,920**	3,437,811
In the second year	**1,276,710**	519,902
In the third to fifth years, inclusive	**425,403**	99,032
	4,513,033	4,056,745
Other loans and finance leases repayable:		
Within one year or on demand	**61,649**	74,097
In the second year	**–**	27,265
	61,649	101,362
	4,574,682	4,158,107

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**25,250**	62,855

(b) At 30 June 2020, except for bank and other borrowings of HK$456,300,000 (31 December 2019: HK$877,666,000) and HK$25,250,000 (31 December 2019: Nil) which were denominated in United States dollars and Euro respectively, all borrowings were in Renminbi.

13. BUSINESS COMBINATION

On 31 March 2020, the Group further acquired 65.17% partnership interest in Ningbo Dameng at a consideration of RMB124,046,000 (equivalent to HK$136,674,000). After the further acquisition, Ningbo Dameng Group ceased to be a joint venture and became a wholly owned subsidiary of the Group and therefore, the Group ceased to account for the results of Ningbo Dameng Group by equity method, and consolidated its financial statements in full after the acquisition date instead. The principal activity of Ningbo Dameng is investment holding. Ningbo Dameng wholly owns a subsidiary Huiyuan Manganese in the PRC, principally engaging in manufacturing and sale of EMD.

The further acquisition has been accounted for by using the acquisition method.

The fair values of the identifiable assets and liabilities of Ningbo Dameng Group as at the date of further acquisition were as follows:

	HK$'000
Property, plant and equipment	436,852
Right-of-use assets	64,667
Cash and bank balances	5,626
Trade and notes receivables	118,827
Other receivables and prepayments	47,112
Inventories	79,981
Trade and notes payables	(175,027)
Other payables and accruals	(124,551)
Bank loans	(110,180)
Deferred income	(1,161)
Deferred tax liabilities	(13,275)
	328,871
Satisfied by:	
Cash	136,674
Net carrying amount of previously held interest in Ningbo Dameng Group	122,786
	259,460
Gain on bargain purchase recognised in profit or loss	**69,411**

The fair values of the trade and notes receivables and other receivables and prepayments as at the date of acquisition amounted to HK$118,827,000 and HK$47,112,000 respectively. The gross contractual amounts of trade and notes receivables and other receivables and prepayments were HK$123,130,000 and HK$48,114,000 respectively, of which trade and notes receivables of HK$4,303,000 and other receivables and prepayments of HK$1,002,000 are expected to be uncollectible.

The Group recognised a gain on bargain purchase of HK$69,411,000 in the consolidated statement of profit or loss for the six months ended 30 June 2020, which was primarily attributable to the consideration determined based on the carrying amount of the net assets of Ningbo Dameng Group that was mutually agreed between the parties.

The Group incurred transaction costs of HK$50,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	136,674
Cash and bank balances acquired	(5,626)
Net outflow of cash and cash equivalents included in cash flows from investing activities	131,048
Transaction costs of the acquisition included in cash flows from operating activities	50
	131,098

Since the acquisition, Ningbo Dameng Group contributed HK$140,414,000 to the Group's revenue and a profit after tax of HK$25,812,000 to the consolidated loss for the six months ended 30 June 2020.

Had the acquisition taken place at the beginning of the year, the revenue of the Group and the loss after tax of the Group for the year would have been HK$2,201,365,000 and HK$14,051,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

	1H 2020	1H 2019	Increase/(decrease)	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Revenue	**2,123,141**	3,140,900	(1,017,759)	(32.4)
Gross profit	**270,165**	363,120	(92,955)	(25.6)
Gross profit margin	**12.7%**	11.6%	N/A	1.1
Operating profit	**15,905**	90,921	(75,016)	(82.5)
Gain on bargain purchase from further acquisition of equity interest in a joint venture	**69,411**	–	69,411	100.0
Loss on deemed disposal of partial interest in an associate	**(92,375)**	–	(92,375)	(100.0)
(Loss)/profit before tax	**(7,059)**	90,921	(97,980)	(107.8)
Income tax expense	**(10,266)**	(24,501)	14,235	58.1
(Loss)/profit for the period	**(17,325)**	66,420	(83,745)	(126.1)
(Loss)/profit attributable to owners of the parent	**(8,107)**	86,261	(94,368)	(109.4)
Loss attributable to non-controlling interests	**(9,218)**	(19,841)	10,623	53.5
	(17,325)	66,420	(83,745)	(126.1)

Overview

In 1H 2020, the global economy was deeply dampened by the outbreak of the coronavirus disease (the "**COVID-19**") starting from the end of January 2020. Different levels of lockdown and quarantine measures around the world due to the outbreak of the COVID-19 has significantly reduced the human flows, social activities, transportation and trading activities worldwide and directly led to cliff-edge fall in economies, upsurge of unemployment and ruptures in the capital chain of corporations unprecedentedly. In response, different countries implement various measures assisting people and corporations to relieve the situation and alleviate the impact. Nevertheless, the spread of the COVID-19 has not yet been under control and we expect that in the short term say one to two years ahead it will continue to be very challenging and difficult.

The steel sector is our major downstream industry and its demand for our products was largely arising from consumptions within China. The outbreak of the COVID-19 has further constrained the growth of market demand significantly amidst the already adverse condition of the EMM markets which prevailed in the fourth quarter of the year 2019. As a result, the average selling price of our EMM products for 2020 decreased by 21.0% to HK$10,700 per tonne (1H 2019: HK$13,550 per tonne). Although the above negative impact on our profitability was partially offset, but to a lesser extent, by decrease in the unit cost of production of EMM as a result of price decrease of EMM's major raw materials including manganese ores, sulfuric acid and selenium dioxide, the gross profit ratio of EMM products decreased by 5.3% to 15.4% in 1H 2020 (1H 2019: 20.7%) and the gross profit contribution decreased by 40.4% to HK$139.7 million (1H 2019: HK$234.5 million).

In 1H 2020, the Group continues our strategy to cautiously expand our battery materials production business. The further acquisition of 65.17% equity interest of Ningbo Dameng in March 2020 signaled a remarkable development. Ningbo Dameng owns an EMD manufacturing plant, Huiyuan Manganese Plant, in Laibin, Guangxi. After the technological upgrade of Huiyuan Manganese Plant in the year 2019, its annual capacity increased to 90,000 tonnes per annum by the end of the year 2019. It is now one of the largest EMD manufacturing plant in China with cost advantages including internal supply of manganese ores stably from our Gabon mine. After the acquisition, Ningbo Dameng Group became a wholly owned subsidiary of the Group, with the additional equity interest in Huiyuan Manganese Plant and release of its new production capacity in the current year, our overall product mix is shifting to more profitable battery material products i.e. EMD with more profit contribution to the Group.

In 1H 2020, due to temporary production halt of downstream EMD customers in China during the lockdown period and the increasing marketing competition in the battery materials sector, the average selling price of EMD for 1H 2020 decreased by 15.5% to HK$8,645 per tonne (1H 2019: HK$10,226 per tonne). The gross profit ratio decreased by 5.9% to 27.0% in 1H 2020 (1H 2019: 32.9%). However, with the consolidation of and hence further contribution from Huiyuan Manganese Plant, the gross profit of EMD recorded an increase of 26.5% to HK$66.0 million (1H 2019: HK$52.2 million).

As the current business environment is full of uncertainties, in response to the current challenging situations, the Group implements the following measures:

(a) we strictly contain our capital expenditure and slow down certain of the projects including the remaining phase of Chongzuo lithium manganese oxide production plant which was originally scheduled to be completed by April 2020 and is now rescheduled to the year 2021.

(b) we have increased our effort to improve the loan structure by significantly increasing the portion of long term loans in order to contain the liquidity risk.

(c) we continue to implement cost reduction programme in our production including (i) upgrading machine automation to improve cost efficiency and reduce headcount, including a new grinding plant in our Daxin mine which is scheduled to be completed by December 2020; and (ii) strengthening our negotiating team of Daxin and Tiandeng EMM plants in bargaining with local governments for more subsidies in power purchase.

(d) we continue to carry out technical research and development to upgrade the quality of our battery material products including EMD and lithium manganese oxide to increase their added value in the applications in electric vehicles and other electric tools and equipment to maintain our competitiveness and get prepared for future economic recovery.

In summary, as a result of decrease in average selling price of EMM products, operating profit for 1H 2020 decreased by 82.5% to HK$15.9 million (1H 2019: HK$90.9 million).

In 1H 2020, the Group had the following major non-cash one-off items:

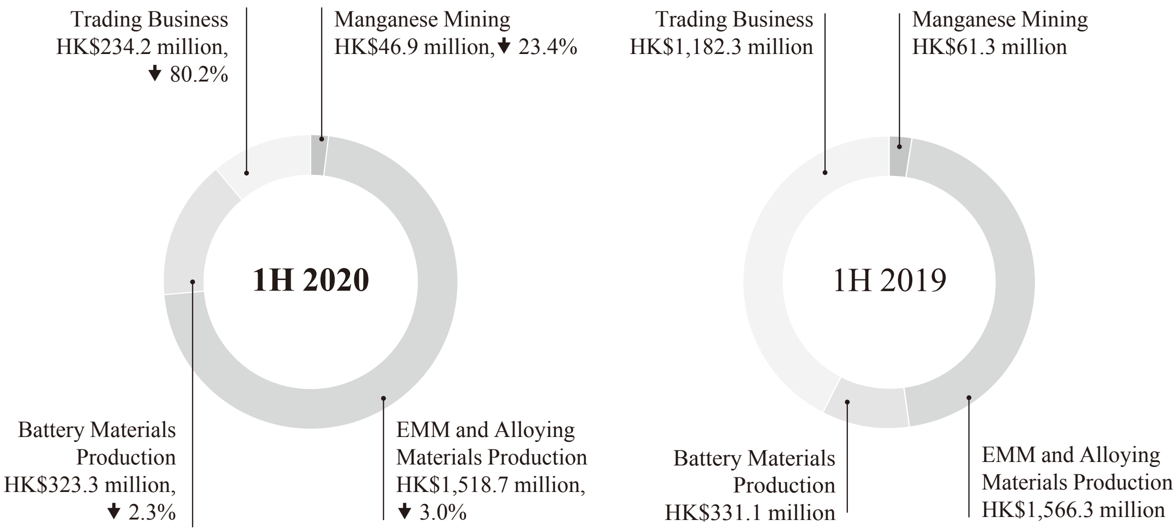
(a) As detailed in our announcement of 20 February 2020, as the Group did not participate in the rights issue of GMG, the Group's shareholdings in Greenway Mining was diluted from 29.99% to 23.99% immediately after the completion of the rights issue. The Group recorded a one-off extraordinary non-cash loss of HK$92.4 million arising from the deemed disposal of partial interest in GMG.

(b) As detailed in our announcement of 30 March 2020, the Group further acquired 65.17% equity interest of Ningbo Dameng, at an aggregate consideration of RMB124.0 million (equivalent to HK$136.7 million). Upon completion of the further acquisition on 31 March 2020, Ningbo Dameng became a wholly owned subsidiary of the Group. Based on an independent third party valuer's valuation, a gain on bargain purchase of HK$69.4 million was recognised in the consolidated statement of profit or loss of the Group upon completion of the acquisition.

After taking into account for the above, the loss attributable to the parent of the Group was HK$8.1 million in 1H 2020 (1H 2019: profit of HK$86.3 million). The earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") for 1H2020 decreased by 23.0% to HK$290.9 million (1H 2019: HK$377.9 million).

Comparison with six months ended 30 June 2019

Revenue by segment



In 1H 2020, the Group's revenue was HK$2,123.1 million (1H 2019: HK$3,140.9 million), representing a decrease of 32.4% as compared with 1H 2019. The decrease was mainly due to the net effect of (a) decrease in average selling prices of EMM products and EMD; (b) substantial increase in sales volume of silicomanganese alloy; (c) substantial increase in sales volume of EMD upon consolidation of Huiyuan Manganese Plant; and (d) substantial decrease in sales revenue from trading business.

In 1H 2020, the revenue of our major products EMM products accounted for 42.7% (1H 2019: 36.1%) of our total revenue.

Manganese mining segment

	Sales Volume *(tonnes)*	Average Selling Price *(HK$/tonne)*	Revenue *(HK$'000)*	Unit Cost of Sales *(HK$/tonne)*	Cost of Sales *(HK$'000)*	Gross Profit *(HK$'000)*	Gross Profit Margin *(%)*
Six months ended 30 June 2020							
Manganese concentrate	**118,292**	**334**	**39,493**	**291**	**34,419**	**5,074**	**12.8**
Natural discharging manganese powder and sand	**2,603**	**2,847**	**7,410**	**280**	**729**	**6,681**	**90.2**
Total	**120,895**	**388**	**46,903**	**291**	**35,148**	**11,755**	**25.1**
Six months ended 30 June 2019							
Manganese concentrate	124,117	432	53,559	376	46,608	6,951	13.0
Natural discharging manganese powder and sand	2,646	2,908	7,695	385	1,019	6,676	86.8
Total	126,763	483	61,254	375	47,627	13,627	22.2

Results of Gabon Mine

	Six months ended 30 June		**Increase/(Decrease)**	
	2020	2019		
	HK$'000	*HK$'000*	***HK$'000***	*%*
Subcontracting income, net of direct depreciation expenses *(note)*	**29,662**	48,487	(18,825)	(38.8)

Note: The Group entered into a subcontracting agreement with a subcontractor, the major shareholder of an associate of the Group, entrusting it with certain rights to operate the Group's Bembélé Manganese Mine in Gabon under the supervision of the Group and subject to certain conditions for a period of five years commencing from 1 March 2017. During the subcontracting period, the Group continues to control the strategy and significant matters of the mine's operation and the Group receives a fixed income of RMB26,000,000 (equivalent to HK$28,647,000) per annum plus a variable income upon sales of ores mined and determined with reference to the ore's selling price. The revenue and cost of sales from the ores of Bembélé Manganese Mine mined by the subcontractor were not recognised in the Group's consolidated statement of profit or loss. Instead, the aggregate of fixed income and variable income above-mentioned is recognised as subcontracting income under "Other income and gains" in the consolidated statement of profit or loss.

In 1H 2020, revenue of manganese mining segment decreased by 23.4% to HK$46.9 million (1H2019: HK$61.3 million) mainly due to decrease in selling price of manganese ores because of the pandemic. As a result, the gross profit of manganese mining segment decreased by 13.7% to HK$11.8 million (1H 2019: HK$13.6 million).

The subcontracting income from Gabon Mine decreased by 38.8% to HK$29.7 million (1H2019: HK$48.5 million) mainly attributable to the decrease in selling price of manganese ores.

Therefore, the manganese mining segment recorded a profit of HK$26.5 million (1H 2019: HK$37.3 million), a decrease of 29.1%.

EMM and alloying materials production segment

	Sales Volume *(tonnes)*	Average Selling Price *(HK$/tonne)*	Revenue *(HK$'000)*	Unit Cost of Sales *(HK$/tonne)*	Cost of Sales *(HK$'000)*	Gross Profit *(HK$'000)*	Gross Profit Margin *(%)*
Six months ended 30 June 2020							
EMM	**68,206**	**10,666**	**727,516**	**9,010**	**614,568**	**112,948**	**15.5**
Manganese briquette	**16,435**	**10,840**	**178,160**	**9,214**	**151,426**	**26,734**	**15.0**
	84,641	**10,700**	**905,676**	**9,050**	**765,994**	**139,682**	**15.4**
Silicomanganese alloy	**91,482**	**6,588**	**602,679**	**6,264**	**573,070**	**29,609**	**4.9**
Others	**1,499**	**6,909**	**10,356**	**5,444**	**8,160**	**2,196**	**21.2**
Total	**177,622**	**8,550**	**1,518,711**	**7,585**	**1,347,224**	**171,487**	**11.3**
Six months ended 30 June 2019							
EMM	62,831	13,508	848,736	10,639	668,468	180,268	21.2
Manganese briquette	20,832	13,678	284,939	11,076	230,739	54,200	19.0
	83,663	13,550	1,133,675	10,748	899,207	234,468	20.7
Silicomanganese alloy	51,584	7,697	397,042	7,628	393,457	3,585	0.9
Others	5,486	6,484	35,573	5,923	32,495	3,078	8.7
Total	140,733	11,130	1,566,290	9,416	1,325,159	241,131	15.4

Revenue of EMM and alloying materials production segment slightly decreased by 3.0% to HK$1,518.7 million in 1H 2020 (1H 2019: HK$1,566.3 million) mainly attributable to the followings:

(a) EMM products continued to be our major products in terms of revenue and the average selling price of EMM products recorded a decrease of 21.0% to HK$10,700 per tonne (1H 2019: HK$13,550 per tonne).

(b) The revenue of silicomanganese alloy increased by 51.8% to HK$602.7 million in 1H 2020 (1H 2019: HK$397.0 million) mainly attributable to the net effect of (i) sales volume increased by 77.3% to 91,482 tonnes in 1H 2020 (1H 2019: 51,584 tonnes) attributable to full period effect of production from the leased alloy production furnaces in Xingyi, Guizhou which commenced production gradually in 1H 2019; and (ii) the decrease in average selling price of silicomanganese alloy by 14.4% to HK$6,588 per tonne in 1H 2020 (1H 2019: HK$7,697 per tonne).

As a result of decrease in average selling prices of EMM products, the gross profit contribution of EMM and alloying materials production segment decreased by 28.9% to HK$171.5 million (1H 2019: HK$241.1 million) and the segment recorded a profit of HK$97.0 million (1H 2019: HK$166.6 million), a decrease of 41.8%.

Battery materials production segment

	Sales Volume *(tonnes)*	Average Selling Price *(HK$/Tonne)*	Revenue *(HK$'000)*	Unit Cost of Sales *(HK$/Tonne)*	Cost of Sales *(HK$'000)*	Gross Profit *(HK$'000)*	Gross Profit Margin *(%)*
Six months ended 30 June 2020							
EMD	**28,282**	**8,645**	**244,487**	**6,309**	**178,443**	**66,044**	**27.0**
Manganese sulfate	**15,959**	**3,250**	**51,866**	**2,429**	**38,764**	**13,102**	**25.3**
Lithium manganese oxide	**1,010**	**25,296**	**25,549**	**24,655**	**24,902**	**647**	**2.5**
NCM	**14**	**102,357**	**1,433**	**95,857**	**1,342**	**91**	**6.4**
Total	**45,265**	**7,143**	**323,335**	**5,378**	**243,451**	**79,884**	**24.7**
Six months ended 30 June 2019							
EMD	15,501	10,226	158,514	6,857	106,288	52,226	32.9
Manganese sulfate	12,620	3,544	44,728	2,776	35,039	9,689	21.7
Lithium manganese oxide	1,611	40,109	64,616	36,453	58,725	5,891	9.1
NCM	467	135,407	63,235	125,319	58,524	4,711	7.4
Total	30,199	10,964	331,093	8,562	258,576	72,517	21.9

Revenue of battery materials production segment slightly decreased by 2.3% to HK$323.3 million (1H 2019: HK$331.1 million) and gross profit of this segment increased by 10.2% to HK$79.9 million (1H 2019: HK$72.5 million) mainly attributable to the net effect of the followings:

(a) EMD continued to be our major battery material product and upon the completion of the acquisition of Huiyuan Manganese Plant in 1H 2020, the sales volume of EMD substantially increased by 82.5% to 28,282 tonnes (1H 2019: 15,501 tonnes), contributing to an increase in revenue and gross profit in 1H 2019.

(b) Due to the pandemic in 1H 2020, certain downstream customers shut down the production temporarily, both the sales volume and the average selling price of lithium manganese oxide recorded a decrease.

(c) In 1H 2020, the Group has significantly scaled down the production of NCM mainly because the production of NCM relied heavily on the stable supplies of lithium carbonate from third parties which was also subject to fluctuation of market price. To contain the risk, the Group shifted its focus to the more popular and core products EMD and lithium manganese oxide. Therefore, the revenue of NCM decreased.

As a result of increasing contribution from Ningho Dameng Group including Huiyuan Manganese Plant and the gain on bargain purchase of HK$69.4 million from further acquisition of equity interest therein, the results of battery materials production segment recorded a profit of HK$115.9 million (1H 2019: HK$55.7 million), an increase of 108.2%.

Other business segment

	Revenue *(HK$'000)*	**Cost of Sales** *(HK$'000)*	**Gross Profit** *(HK$'000)*	**Gross Profit Margin** *(%)*
Six months ended 30 June 2020				
Trading	**234,192**	**227,153**	**7,039**	**3.0**
Six months ended 30 June 2019				
Trading	1,182,263	1,146,418	35,845	3.0

Revenue of other business segment decreased by 80.2% to HK$234.2 million (1H 2019: HK$1,182.3 million) mainly because the Group became more cautious in monitoring customers' credit risk and therefore has significantly scaled down trading business.

As a result of extraordinary loss on deemed disposal of partial interest in an associate GMG of HK$92.4 million upon its rights issue in 1H 2020, this business segment recorded a loss of HK$97.3 million (1H 2019: profit of HK$5.5 million).

Cost of Sales

Total cost of sales decreased by 33.3% to HK$1,853.0 million in 1H 2020 (1H 2019: HK$2,777.8 million) in line with the decrease of the revenue and also the cost of sales from trading business as a result of the Group's effort to contain the scale of trading business and its credit risk.

Gross Profit

In 1H 2020, the Group recorded a gross profit of HK$270.2 million (1H 2019: HK$363.1 million), which represented a decrease of HK$92.9 million from 1H 2019, or 25.6%. The Group's overall gross profit margin was 12.7%, representing an increase of 1.1% from 11.6% in 1H 2019. Improved overall gross profit margin was mainly attributable to the shift of product mix to more profitable EMM products and EMD as the revenue from the much lower profit margin trading business decreased.

Other Income and Gains

Other income and gains slightly decreased by 2.0% to HK$93.6 million (1H 2019: HK$95.5 million) mainly due to the net effect of (a) decrease in subcontracting income from Gabon Mine in line with drop in its ore price; and (b) increase in subsidy income.

Selling and Distribution Expenses

The Group's selling and distribution expenses in 1H 2020 slightly increased by 4.0% to HK$46.7 million (1H 2019: HK$44.9 million) mainly attributable to increase in sales volume and the transportation costs of silicomanganese alloy.

Administrative Expenses

Administrative expenses decreased by 21.5% to HK$157.2 million in 1H 2020 (1H 2019: HK$200.2 million) mainly attributable to (a) decrease in staff costs including social insurance contributions and performance related bonuses; and (b) decrease in production halt expenses in China.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets of HK$10.9 million were recognised mainly due to increase in expected credit loss on certain customers adversely affected by the pandemic.

Finance Costs

For 1H 2020, the Group's finance costs were HK$108.4 million (1H 2019: HK$111.7 million), representing a decrease of 2.9% which was mainly due to the net effect of (a) the Group's effort to control finance costs and (b) interest rate reduction of certain bank loans as part of the PRC governments measures to alleviate the impact of pandemic on enterprises.

Other Expenses

Other expenses of HK$5.4 million (1H 2019: HK$3.5 million) mainly include foreign exchange losses, donations and other non-operating expenses.

Share of Profits and Losses of Associates

Share of losses of associates of HK$21.0 million (1H 2019: HK$10.6 million) represents:

(a) share of loss of Dushan Jinmeng, a 33.0% associate of the Group, of HK$12.7 million (1H 2019: HK$2.3 million) mainly due to decrease in selling price of its products during the period.

(b) share of loss of Greenway Mining, a 23.99% associate of the Group at 30 June 2020 of HK$8.3 million (1H 2019: HK$8.3 million) mainly due to temporary suspension of operations of operating mines because of the pandemic in 1H 2020. In February 2020, GMG completed the issue of new shares by way of rights issue to raise RMB43.2 million (equivalent to HK$47.6 million). As detailed in GMG's announcement of 13 December 2019, the proceeds from the rights issue were mainly designated for acquisition of non-controlling interests of its subsidiary and capital expenditure on exploration of mines.

Share of Profit of a Joint Venture

The amount represents share of profit of HK$1.8 million (1H 2019: HK$2.7 million) of Ningbo Dameng Group when it was a joint venture through 31 March 2020 but before it became a wholly owned subsidiary of the Group.

Gain on Bargain Purchase from the Further Acquisition of Equity Interest in a Joint Venture

On 31 March 2020, the Group acquired 65.17% partnership interest in Ningbo Dameng at a consideration of RMB124.0 million (equivalent to HK$136.7 million). The principal activity of Ningbo Dameng is investment holding. Ningbo Dameng wholly owns a subsidiary Huiyuan Manganese in China, principally engaging in manufacturing and sale of EMD. After the acquisition, Ningbo Dameng Group ceased to be a joint venture and became a wholly owned subsidiary of the Group and therefore, the Group ceased to account for the results of Ningbo Dameng Group using equity method but consolidated its financial statements in full after the acquisition date instead.

The Group recognised a gain on bargain purchase from this further acquisition of HK$69.4 million in 1H 2020, which was primarily attributable to the consideration determined based on the carrying amount of the net assets of Ningbo Dameng Group that was mutually agreed between the parties.

Loss on Deemed Disposal of Partial Interest in an Associate

In February 2020, the Group recorded a non-cash extraordinary loss of HK$92.4 million resulting from the dilution in the Group's shareholding in GMG from 29.99% to 23.99% as the Group did not participate in GMG's rights issue.

Income Tax Expense

In 1H 2020, the effective tax rate is negative 145.4% (1H 2019: positive 26.9%) because certain subsidiaries recording losses in the period did not recognise deferred tax arising from such losses for prudence.

Loss Attributable to Owners of the Parent

For 1H 2020, the Group's loss attributable to owners of the parent was HK$8.1 million (1H 2019: profit of HK$86.3 million).

Loss per Share

For 1H 2020, loss per share attributable to ordinary equity holders of the Company was HK$0.0024 (1H 2019: earnings per share of HK$0.0252).

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (1H 2019: Nil).

Use of Proceeds from IPO

Up to 30 June 2020, we utilised the net proceeds raised from IPO in accordance with the designated uses set out in the Prospectus as follows:

	Description	Amount designated in Prospectus *(HK$ Million)*	Amount utilised up to 30.06.2020 *(HK$ Million)*	% utilised	Amount utilised up to 31.12.2019 *(HK$ Million)*	% utilised
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	278	100.0%	278	100.0%
3	Expansion and construction projects of our EMM production facilities	516	516	100.0%	516	100.0%
4	Construction project at Chongzuo Base	59	59	100.0%	59	100.0%
5	Development of Bembélé 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	1,868	94.2%	1,868	94.2%

As at 30 June 2020, proceeds from IPO designated for acquisition of mines and mining right to the extent of HK$115.0 million was not yet utilised. According to the Prospectus, the proceeds shall be used for the acquisition of mines, mining rights in relation to mines with identified mining resources or related production facilities. Since IPO, the Group has been continuously studying potential acquisition opportunities of various mining projects introduced by investment banks, mine owners and other sources from time to time. However, the Group has not yet identified new projects which meet our investment strategy including risk return requirements. Currently the Group does not have a timetable for the utilisation of the remaining proceeds. Such timetable will only be available when the Group can identify project targets with a reasonable chance of acquisition. In the meantime, the unutilised portion of IPO proceeds continues to be maintained in deposits with licensed banks.

Liquidity and Financial Resources

Cash and Bank Balances

As at 30 June 2020, the currency denomination of the Group's cash and bank balances including pledged deposits are as follows:

Currency denomination	**30 June 2020** ***HK$ million***	31 December 2019 *HK$ million*
Denominated in:		
RMB	**1,477.7**	1,064.7
HKD	**10.9**	13.9
USD	**60.5**	42.5
XAF	**1.1**	18.1
	1,550.2	1,139.2

As at 30 June 2020, our cash and bank balances including pledged deposits were HK$1,550.2 million (31 December 2019: HK$1,139.2 million) while the Group's borrowings amounted to HK$4,574.7 million (31 December 2019: HK$4,158.1 million). The Group's borrowings net of cash and bank balances amounted to HK$3,024.5 million (31 December 2019: HK$3,018.9 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.

Other major changes in working capital

Trade and notes receivables of the Group as at 30 June 2020 decreased by HK$319.5 million to HK$1,377.8 million from HK$1,697.3 million as at 31 December 2019 mainly attributable to increase in discounting of notes receivable to contain cash level.

Net Current Liabilities

As at 30 June 2020, the Group had net current liabilities of HK$286.8 million (31 December 2019: HK$1,173.2 million). The significant decrease in net current liabilities was mainly due to the Group's effort to improve the borrowing structure with more long-term bank loans.

Bank and Other Borrowings

As at 30 June 2020, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**30 June 2020** *HK$ million*	31 December 2019 *HK$ million*
Secured borrowings (including lease liabilities)	**86.9**	164.2
Unsecured borrowings	**4,487.8**	3,993.9
	4,574.7	4,158.1

Maturity profile	**30 June 2020** *HK$ million*	31 December 2019 *HK$ million*
Repayable:		
On demand or within one year	**2,872.6**	3,511.9
After one year and within two years	**1,276.7**	547.2
After two years and within five years	**425.4**	99.0
	4,574.7	4,158.1

Currency denomination	30 June 2020 *HK$ million*	31 December 2019 *HK$ million*
Denominated in:		
RMB	**4,093.1**	3,280.4
USD	**456.3**	877.7
EUR	**25.3**	—
	4,574.7	4,158.1

As at 30 June 2020, borrowings as to the amounts of HK$2,245.7 million (31 December 2019: HK$2,287.0 million) and HK$2,329.0 million (31 December 2019: HK$1,871.1 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 1.40% to 8.70%. The floating rate borrowings carry interest up to a premium up to 10% above the China Loan Prime Rate, except the USD loans which carry interest at LIBOR plus a margin of 2.30%.

Overall, aggregate borrowings increased to HK$4,574.7 million (31 December 2019: HK$4,158.1 million). The Group is now exploring various means including short-term or medium-term notes and more long-term bank loans to improve borrowing structure in terms of interest rate level and repayment terms.

Charge on Group Assets

As at 30 June 2020, (a) right-of-use assets of HK$135.8 million (31 December 2019: HK$170.8 million) related to property, plant and equipment were held under leases; (b) bank balances of HK$15.3 million (31 December 2019: HK$35.6 million) and notes receivables of HK$99.1 million (31 December 2019: HK$62.1 million) were pledged to secure certain of the Group's bank acceptance notes payable; and (c) trade receivables of HK$25.3 million (31 December 2019: HK$62.9 million) were pledged to secure certain of the Group's bank borrowings.

Guarantees

(a) As at 30 June 2020, the outstanding bank loan of an associate, in which the Group has a 33.0% equity interest, was secured by the associate's lands and property, plant and equipment and guaranteed by the Group and the holding company of the associate according to their respective shareholding percentage on a several basis.

As at 30 June 2020, the associate's banking facilities guaranteed by the Group and the holding company of the associate amounted to RMB800.0 million (equivalent to HK$877.1 million) and were utilised to the extent of RMB589.9 million (equivalent to HK$646.8 million) (31 December 2019: RMB615.0 million, equivalent to HK$688.1 million) by the associate.

(b) As at 30 June 2020, the loan facilities provided by Guangxi Dameng to a company (the "**borrower**"), in which the Group has a 10% equity interests, were guaranteed by the Group and the major shareholder of the borrower according to the shareholding percentage on a several basis.

As at 30 June 2020, the loan facilities guaranteed by the Group and the major shareholder of the borrower amounted to RMB100.0 million (equivalent to HK$109.6 million) (2019: RMB100.0 million, equivalent to HK$111.9 million) and were utilised to the extent of RMB95.0 million (equivalent to HK$104.2 million) (31 December 2019: RMB95.0 million, equivalent to HK$106.3 million) by the borrower.

Key Financial Ratios of the Group

	30 June 2020	31 December 2019
Current ratio	**0.93**	0.76
Quick ratio	**0.80**	0.66
Net Gearing ratio	**110.4%**	107.7%

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

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

At 30 June 2020, current ratio and quick ratio improved because of the Group's effort to improve the loan structure with more long-term bank loans. Net gearing ratio slightly increased mainly due to the cash outflow for further acquisition of equity interest in Ningbo Dameng.

Liquidity risk and going concern basis

The Group monitors its risk to a shortage of funds on an on-going basis by closely monitoring the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group's objective is to maintain sufficient working capital to finance its operations and meet its financial obligation as and when they fall due. At the same time, the Group will strive a balance between continuity of funding and flexibility through the use of short-term and long-term bank loans, finance leases, other interest-bearing borrowings and short-term and medium-term notes, taking also into account of the different pricing of various financing for each alternatives. Due consideration will also be given to equity financing alternatives.

In view of the Group's net current liabilities of HK$286.8 million at 30 June 2020 (31 December 2019: HK$1,173.2 million), the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

(a) The Group continues to restructure the mix of manganese products processing with the aim to increase the portion of products with higher margin so as to attain profitable and positive cash flow operations. In particular, the Group continues to ramp up mining and processing capacity of existing mines. In addition, the Group from time to time reviews its investment projects and may adjust its investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

(b) The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring the daily operating expenses.

(c) At 30 June 2020, certain PRC banks had confirmed to the Group in writing regarding their agreements to renew their short-term bank loans granted to the Group totalling HK$844.0 million upon repayment when due, subject to the condition that the Group will be able to repay the total interest due on the respective repayment dates. Based on the abovementioned agreements and past experience, the directors consider it is highly probable that the Group can extend adequate amount of short-term bank loans for a further year when fall due to maintain sufficient working capital of the Group.

(d) The Group is actively following up with its debtors on outstanding receivables with an aim of speeding up collection.

The directors of the Company have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the six months ended 30 June 2020 on a going concern basis.

Credit Risk

The Group endeavoured to maintain strict control over its outstanding receivables to minimise credit risk. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one to three months from the invoice date and cash realisation may be further extended by three to six months for those customers paying by bank acceptance notes. 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 save for a customer described below. The Group did not hold any collateral or other credit enhancements over its trade and notes receivable balances except for those detailed in this section of credit risk.

As at 30 June 2020, the customer with the largest balance of trade and notes receivables of the Group was a customer together with its subsidiaries ("**Customer A**") which is principally engaged in manganese ferroalloy production and manganese ore trading in China and manganese mining in Gabon. Customer A maintains close business relationship with major steel plants in China. The Group supplies manganese ores to Customer A which is also our subcontractor in Gabon Bembélé Manganese Mine.

Sales to Customer A were on open account with a normal credit period ranging from about 75 days to 100 days from the date of receipt of goods, which can be extended for a further period of 60 days subject to the Company's approval of conversion of the relevant trade receivables to commercial acceptance notes.

To contain the credit risk with Customer A, the Group suspended its trading business with Customer A since 2H 2019, therefore, sales revenue from trading business to Customer A was nil in 1H 2020 (1H 2019: HK$500.7 million). As at 30 June 2020, trade receivables and notes receivable from Customer A was HK$397.3 million (31 December 2019: HK$362.9 million) and HK$48.9 million (31 December 2019: HK$66.6 million) and represented 40.8% (31 December 2019: 34.2%) and 9.0% (31 December 2019: 8.7%) of the Group's total trade receivables and notes receivable respectively. At 30 June 2020, an impairment provision of HK$77.2 million (31 December 2019: HK$77.2 million) was recognised on trade and notes receivables due from it.

Due to rapidly cooling down in market demand of manganese ores and significant decrease in market ore price since the fourth quarter of the year 2019, liquidity risk for a large number of alloy and manganese ore suppliers in China including Customer A significantly increased. The market was further dampened by the outbreak of the COVID-19 in 1H 2020, as a result, the overdue trade receivable balances of Customer A increased to HK$312.7 million at 30 June 2020 (31 December 2019: HK$266.0 million). In order to contain the increasing credit risk with this customer, the Group had implemented the following measures to safeguard the repayment of the outstanding receivables:

(i) suspended the trading business with it since 2H 2019;

(ii) renegotiated and implemented a repayment schedule with it;

(iii) obtained credit enhancements from it including its undertaking to pledge its certain assets to the Group as the security for repayment of the outstanding 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 interest rate changes in the China Loan Prime Rate as well as movements in LIBOR. If the China Loan Prime Rate increases or LIBOR moves up, our finance costs 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 costs of new debt obligations. The Group secures interest rate swap contracts to effectively lock up certain United States dollars floating rate loan to fixed rate loan to contain interest rate risk.

Foreign exchange risk

The Group's operations are primarily in Hong Kong, China and Gabon. Foreign exchange risks for operations in each location are set out below. Except for certain China operation mentioned in (b) below, we have not entered into any foreign exchange contracts or derivative transactions to hedge against foreign exchange risks.

(a) In respect of our trading operations in Hong Kong, our sales and purchases are both denominated in United States dollars. In addition, Hong Kong dollars is pegged to United States dollars and hence foreign exchange risk is minimal.

(b) In respect of our mining and downstream 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 denominated in RMB. Our PRC operations face minimal foreign exchange risks except for the followings:

The Group imported manganese ores for self-use from oversea suppliers which are denominated in United States dollars to cope with its production of alloy materials. In order to contain the foreign currency risk in association with such purchases, the Group entered into forward currency contracts for selected major purchases at the time of entering into the relevant purchase contracts to secure against exchange rate movements.

(c) In respect of our Gabon operation which is under the subcontracting arrangement, our subcontracting income is substantially denominated in RMB and United States dollars and all major expenses are borne by the subcontractor.

Investment in 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 from subcontracting income.

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:

(a) expand and upgrade our manganese resources and reserves through exploration and enhance our strategic control of manganese resources and reserves through mergers and acquisitions;

(b) enhance our operational efficiency and profitability; and

(c) establish and consolidate our strategic relationships with selected major customers and industry leading partners.

Future Development and Outlook

- After the acquisition of 65.17% partnership interest in Ninbo Dameng Group in March 2020, the Group becomes one of the largest EMD manufacturers in China. We had strengthened our leading position in battery materials production segment and we will continue to carry out technical research and development to upgrade the quality of our battery material products including EMD and lithium manganese oxide to increase their added value in further applications in electric vehicles and other electric tools and equipment. At the same time, we will strictly control our production costs so as to maximise our profitability amidst the fierce competition in the market.

- Due to the current market situation, the completion of remaining phase of lithium manganese oxide plant in Chongzuo Base has been rescheduled to the year 2021. The Group will continue to put more effort on marketing of its products in this competitive market.

- Our efforts spent on marketing of the Gabon ore in the past several years provide an encouraging result. We will continue to cautiously ramp up our production of Gabon ores. The lockdown of certain countries with major manganese ore supplies has led to temporary closures of some manganese ore mines and/or ore ports and therefore reduction in manganese ores supply in the international market in recent months. Nevertheless, the Group has been strictly implementing precautionary measures at our mining site in Gabon since the beginning of the outbreak and at the same time Gabon government has only implemented lockdown around major city areas. Therefore, our mining operations in Gabon and its ore export remained largely unaffected by the COVID-19 so far. We will continue to implement our existing precautionary measures to ensure our staff's safety while securing the stable production and export of our ores in Gabon to seize the recent market opportunities. To sustain and further increase the ore production in Gabon, we continue to carry out research and study on the methodology and planning for the next phase of our mining operation of Bembélé Manganese Mine.

- Amidst the downturn of alloy market, the production of Dushan Jinmeng became more stable. We expect with the gradual commencement of steel plants in the nearby region of Dushan Jinmeng, its alloy products will be more competitive in terms of production cost. It is expected that by the year 2021, half of the ferromanganese production and power generating capacity will have been put into production, and the remaining half of the project capacity will be put into production around the year 2022. Upon full production, Dushan Jinmeng will be one of the largest integrated power to manganese ferroalloy plants in China, and therefore a key manganese ferroalloy supplier to steel plants in the southern market of China.

- Riding on our expertise and experience in manganese from mining to downstream processing, we continue to strictly control our costs of production of our manganese ferroalloy furnaces to strengthen our profitability amidst of current market condition.

- In terms of financing, we will continue our efforts to improve our liquidity and capital structure by exploring various alternatives from debt to equity and to raise necessary funds to finance our operations. In particular, we will put more weight on longer term financing than short term, taking into account of different pricing of various financing alternatives and due consideration will also be given to equity financing which can reduce our gearing ratio and have the possible advantage of expanding our shareholder base.

- The outbreak of the COVID-19 in 1H 2020 significantly dampened global economies. The Group will continue to closely monitor the situations and implement all necessary precautionary measures to ensure our staff's safety. In terms of business operations, we anticipate that at least in the short term say one to two years it will continue to be very challenging to us. The Group highly emphasizes the importance of liquidity and will continue to take measures to secure adequate working capital for our business operations.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2020, save for the deviation from the code provision A.2.1, the Company has applied the principles, complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

CODE PROVISION A.2.1

Chairman and Chief Executive Officer

During the six months ended 30 June 2020, the posts of Chairman and Chief Executive Officer were combined and Mr. Guo Aimin, the Chairman of the Board has also assumed the role of the Chief Executive Officer. This arrangement is in contravention of code provision A.2.1 of the CG Code. Mr. Guo has considerable knowledge of the Company's assets and his experience is very highly valued by the Board. At a challenging time for the Company, the Board decided that Mr. Guo was the best person to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy which is determined by the Board. All major decisions are made in consultation with the Board members, appropriate Board committees or senior management of the Group. Mr. Guo promotes a culture of openness and encourages the Directors to make a full and active contribution to the Board's affairs. During the six months ended 30 June 2020, the three Independent non-executive Directors of the Company offered strong and independent advice. All decisions have reflected the consensus of the Board. The Board is keeping this situation under review and will separate the role of Chairman and Chief Executive Officer when it is in the Company's best interests to do so.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the six months ended 30 June 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2020.

REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2020 with the management of the Company.

FORWARD LOOKING STATEMENTS

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

Glossary of Terms

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
China or PRC	the People's Republic of China, but for the purpose of this interim report, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
Company or our Company	CITIC Dameng Holdings Limited
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)
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
EMM Products	EMM and manganese briquette
Gabon	the Gabonese Republic

Greenway Mining or GMG	Greenway Mining Group Limited, a company incorporated in Cayman Islands with limited liability and listed on the Stock Exchange (Stock Code: 2133)
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Dameng	廣西大錳錳業集團有限公司 (Guangxi Dameng Manganese Industrial Group Co., Ltd.), a state-owned limited liability company established under the laws of the PRC on 30 July 2001. Guangxi Dameng is wholly-owned by the government of Guangxi, PRC
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Huiyuan Manganese	廣西匯元錳業有限公司 (Guangxi Huiyuan Manganese Industry Co., Ltd.)
Huiyuan Manganese Plant	An EMD manufacturing plant in Laibin, Guangxi owned by Huiyuan Manganese
IPO	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
NCM	Lithium Nickel Cobalt Manganese Oxide
Ningbo Dameng	寧波大錳投資管理合伙企業(有限合伙) (Ningbo Dameng Management Partnership (Limited Partnership))
Ningbo Dameng Group	Ningbo Dameng together with its subsidiary Huiyuan Manganese
Prospectus	the prospectus of the Company dated 8 November 2010

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
tonne	metric tonne
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
Guo Aimin
Chairman

Hong Kong, 22 July 2020

As at the date of this announcement, the executive directors are Mr. Guo Aimin and Mr. Li Weijian; the non-executive directors are Mr. Suo Zhengang, Mr. Lyu Yanzheng, Mr. Cheng Zhiwei and Ms. Cui Ling; and the independent non-executive directors are Mr. Lin Zhijun, Mr. Tan Zhuzhong and Mr. Wang Zhihong.

** For identification purpose only*