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 2014

FINANCIAL HIGHLIGHTS

- Turnover amounted to HK$3,194.5 million for 2014, representing an increase of 9.6% from HK$2,915.8 million of 2013.

- Profit attributable to owners of the parent of HK$15.5 million for 2014 as a turnaround from a loss attributable to owners of the parent of HK$ 243.2 million for 2013.

- The Group's loss after tax decreased by 74.0% to HK$82.7 million for 2014 (2013: loss after tax of HK$317.7 million).

CHAIRMAN'S STATEMENT

Dear our Valuable Shareholders,

In 2014, as a result of the slowdown of economic growth in China, the investment in real estate and infrastructure continued to decline and the demand for steel remained sluggish. Together with the overexpansion of the electrolytic manganese metals ("**EMM**") enterprises in China during the past few years, the overcapacity of EMM sector continued and fierce competitions among the manganese enterprises remained unchanged. Accordingly, the selling prices of manganese products continued to drop and hover at the ten years historical lowest level.

Amidst such continued instability of the domestic and international economy and the fierce competitions in the industry, the Group, by adhering on our abundant manganese resources, adopted the "*Deepening Reform; Innovation and Development; Cost Reduction and Efficiency Enhancement; Stable Development*" strategies, and, as compared with 2013, the financial performance of the Group record significant improvement and turnaround into a profit attributable to shareholders of the Company.

ADOPTION OF COST CONTROL AND EFFICIENCY ENHANCEMENT MEASURES, BEGINNING TO ACHIEVE SUCCESS

In 2014, the Group adopted cost reduction and efficiency enhancement measures and imposed various stringent measures, including, *inter alia*, sales enhancement; expansion of our market share; product structure and portfolio adjustment; products value optimization; innovative technology and production efficiency improvement measures; strict products quality control; product success rate enhancement, etc. Our total production costs continued to fall during the year. We continued to solidify our market share and maintained our leading position in the manganese industry.

SCALE COMMERCIAL PRODUCTION AND OUR SALES CONTINUED TO GROW

The 600,000 tonnes/year technological renovation project and the technological transformation expansion project at our Daxin mine and Tiandeng mine, Guangxi are nearly reached completion which will provide adequate supply of raw materials to our downstream production in China. Our Bembélé Manganese Mine in Gabon has achieved scale commercial production. We gradually expanded our sales network in China and also successfully expanded and penetrated into an emerging market in India. During the year, a total of seven shipments of about 313,000 tonnes of manganese ores were recorded and our sales continued to grow. We believe that with a gradual recovery of the sale price of manganese ores, all these projects will generate and provide stable financial contribution to the Group.

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 11 patent registration applications focusing on EMM, lithium typed manganese dioxide have successfully passed through the preliminary examination, and 5 patents registration applications were granted. In addition, our national "863" project, namely "*High Performance Electrolytic Manganese Dioxide Development and Production*", have successfully came into commercial production and our high grade manganese sulfate project also recorded significant improvement. These R&D projects will be conductive to our continuing growth and enhancing our competitiveness in the industry.

SOLIDIFY OUR FOUNDATION AND CAPTURING OPPORTUNITIES

Looking forward to 2015, it is expected that the oversupply in the steel industry will continue and the EMM sector in China will continue to undergo the consolidation process. But we strongly believe that with the gradual recovery of the world's economy, the implementation of urbanization policy and reform in China, there will be further water conservancy facilities, high-speed rail, public transportation and other large-scale infrastructure projects in the near future. All these factors will be conductive to the development and the growth of steel sector and also support the demand for manganese products, thereby favorable to the manganese industry in the long term. Accordingly, there will be both opportunities and challenges in the manganese industry. The Group 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 all the staff and Board members for their hard work and contributions to the success of the Company. I also hereby express my greatest sincere appreciation for the loyalty and support of our shareholders and look forward to year 2015 and I strongly believe that, which I do, as a result of the joint efforts and hard work of our staff, our performance will be further improved and we will become a leading vertically integrated manganese company.

Qiu Yiyong
Chairman

Hong Kong, 11 February 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	4	**3,194,517**	2,915,756
Cost of sales		**(2,641,627)**	(2,587,482)
Gross profit		**552,890**	328,274
Other income and gains	4	**232,669**	180,629
Gain on bargain purchase	14	**8,884**	–
Selling and distribution costs		**(104,540)**	(94,021)
Administrative expenses		**(441,332)**	(434,874)
Finance costs	5	**(237,089)**	(214,157)
Share option expense		**(639)**	(20,392)
Other expenses		**(46,159)**	(50,909)
LOSS BEFORE TAX	6	**(35,316)**	(305,450)
Income tax expense	7	**(47,405)**	(12,239)
LOSS FOR THE YEAR		**(82,721)**	(317,689)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		**(12,613)**	64,149
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(95,334)**	(253,540)
Total profit/(loss) attributable to:			
Owners of the parent		**15,488**	(243,246)
Non-controlling interests		**(98,209)**	(74,443)
		(82,721)	(317,689)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**2,568**	(177,184)
Non-controlling interests		**(97,902)**	(76,356)
		(95,334)	(253,540)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK cents 0.51**	(HK cents 8.04)
Diluted		**HK cents 0.51**	(HK cents 8.04)

The Board does not recommend the payment of any dividend for the year (2013: nil)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,923,817**	3,833,679
Investment properties		**92,758**	91,108
Prepaid land lease payments		**535,665**	549,646
Intangible assets		**847,670**	865,332
Investment in an associate		**98,156**	–
Available-for-sale equity investment		**–**	4,723
Deferred tax assets		**70,864**	79,171
Prepayments and deposits		**190,050**	199,163
Total non-current assets		**5,758,980**	5,622,822
CURRENT ASSETS			
Inventories		**1,106,291**	931,687
Trade and notes receivables	*10*	**1,067,019**	768,826
Prepayments, deposits and other receivables		**412,178**	436,375
Tax recoverable		**–**	8,918
Pledged deposits		**283,433**	192,840
Cash and cash equivalents		**1,153,121**	1,301,339
Total current assets		**4,022,042**	3,639,985
CURRENT LIABILITIES			
Trade payables	*11*	**505,551**	425,876
Other payables and accruals		**885,982**	910,070
Interest-bearing bank and other borrowings	*12*	**2,559,054**	816,227
Short-term notes	*13*	**–**	763,140
Due to related companies		**6,507**	20,532
Tax payable		**8,490**	–
Total current liabilities		**3,965,584**	2,935,845
NET CURRENT ASSETS		**56,458**	704,140
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,815,438**	6,326,962

	Notes	2014 *HK$'000*	2013 *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**1,248,535**	1,653,976
Medium-term notes	*13*	**633,800**	635,950
Deferred tax liabilities		**218,380**	214,129
Other long-term liabilities		**12,658**	12,497
Deferred income		**109,388**	131,086
Total non-current liabilities		**2,222,761**	2,647,638
Net assets		**3,592,677**	3,679,324
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**302,480**	302,480
Reserves		**3,161,072**	3,157,865
		3,463,552	3,460,345
Non-controlling interests		**129,125**	218,979
Total equity		**3,592,677**	3,679,324

1. CORPORATE 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**") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with traditional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Auditors" which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. 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, on 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 and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK (IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) – Int 21.

The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

The HKFRS 3 Amendment clarifies that contigent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

In addition, Companie Industrielle et Commerciale des Mines de Huazhou (Gabon) ("**CICMHZ**"), an indirect owned subsidiary of the Company, has changed its functional currency from the Central African CFA franc ("**XAF**") to the United States dollar ("**US$**") with effect from 1 January 2014. The principal activities of CICMHZ are sale and mining of manganese ores in Gabon. In the opinion of the directors, this change in functional currency is more appropriate to reflect the effect of currency of the economic environment in which CICMHZ operates as most of its sales and certain of its purchases are transacted in US$. In addition, its major source of finance is bank loans, which are denominated in US$. CICMHZ's production and sales become stable starting from the year 2014 and management consider it is appropriate to change the functional currency into US$ with effect from 1 January 2014. The effect of this change has been accounted for prospectively by CICMHZ. CICMHZ has translated all its financial statement items into US$ using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items have been taken as their historical costs.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	*Amendments to a number of HKFRs*[1]
Annual Improvements 2011-2013 Cycle	*Amendments to a number of HKFRs*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRs*[2]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

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

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

5 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

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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 verions 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 expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

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 that will apply to 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. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

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.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

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

3. OPERATING SEGMENT INFORMATION

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

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

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

(b) Manganese downstream processing segment (PRC)

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

(c) Non-manganese processing segment (PRC)

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

(d) Others segment (PRC)

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

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 profit/(loss) before tax except that interest income, finance costs, dividend income, as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, an available-for-sale equity investment, investment in an associate 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, short-term notes, 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
Year ended 31 December 2014						
Segment revenue:						
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/(expenses)	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
Reconciliation:						
Elimination of intersegment sales						(151,913)
Revenue from operations						3,385,525
Segment results	66,513	(43,219)	210,999	(1,124)	47,356	280,525
Reconciliation:						
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)
Loss for the year						(82,721)
Assets and liabilities						
Segment assets	1,643,784	900,036	4,814,487	132,525	40,285	7,531,117
Reconciliation:						
Corporate and other unallocated assets						2,249,905
Total assets						9,781,022
Segment liabilities	356,305	748,804	1,009,098	86,726	9,094	2,210,027
Reconciliation:						
Corporate and other unallocated liabilities						3,978,318
Total liabilities						6,188,345
Other segment information:						
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
(Reversal of impairment)/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

	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
Year ended 31 December 2013						
Segment revenue:						
Sales to external customers	159,672	187,668	2,350,836	113,116	104,464	2,915,756
Intersegment sales	151,144	–	–	–	–	151,144
Other revenue	17,353	24,770	51,193	2,524	49,186	145,026
	328,169	212,438	2,402,029	115,640	153,650	3,211,926
Reconciliation:						
Elimination of intersegment sales						(151,144)
Revenue from operations						3,060,782
Segment results	(23,141)	5,595	(30,712)	(3,190)	39,519	(11,929)
Reconciliation:						
Interest income						35,603
Corporate and other unallocated expenses						(114,967)
Finance costs						(214,157)
Loss before tax						(305,450)
Income tax expense						(12,239)
Loss for the year						(317,689)
Assets and liabilities						
Segment assets	1,493,369	862,249	4,509,249	168,181	68,874	7,101,922
Reconciliation:						
Corporate and other unallocated assets						2,160,885
Total assets						9,262,807
Segment liabilities	417,635	818,798	1,075,506	28,854	15,581	2,356,374
Reconciliation:						
Corporate and other unallocated liabilities						3,227,109
Total liabilities						5,583,483
Other segment information:						
Depreciation and amortisation	54,491	44,433	250,890	3,910	–	353,724
Unallocated depreciation and amortisation						7,520
Total depreciation and amortisation						361,244
Capital expenditure*	156,247	20,838	538,364	4,517	–	719,966
Unallocated capital expenditure						9,059
Total capital expenditure						729,025
Gain/(loss) on disposal of items of property, plant and equipment	3,186	–	2,054	(15)	–	5,225
Impairment losses recognised in profit or loss	13,128	–	60,964	1,571	599	76,262
Fair value gains on investment properties	–	–	–	–	4,255	4,255

* 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

	2014	2013
	HK$'000	*HK$'000*
Mainland China	**2,643,235**	2,444,092
Asia (excluding Mainland China)	**396,149**	278,569
Europe	**74,630**	118,317
North America	**51,902**	51,149
Other countries	**28,601**	23,629
	3,194,517	2,915,756

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

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
Segment assets:		
Mainland China	**5,093,148**	4,982,585
Africa	**496,812**	556,343
	5,589,960	5,538,928

The non-current asset information above is based on the locations of assets and excludes deferred tax assets, investment in an associate and an available-for-sale equity investment.

Information about a major customer

Revenue of approximately HK$520,000,000 for the year ended 31 December 2014 (2013: HK$684,000,000) was derived from sales by the manganese downstream processing segment to a single customer (2013: a single customer), including sales to group of entities which were under common control.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**3,194,517**	2,915,756
Other income and gains		
Interest income	**41,661**	35,603
Foreign exchange gains, net	**–**	37,249
Gain on disposal of items of property, plant and equipment	**17,864**	5,225
Subsidy income	**96,775**	68,723
Sale of scrap	**6,384**	19,284
Rental income	**9,726**	7,353
Fair value gains on investment properties	**1,950**	4,255
Reversal of impairment loss of trade and other receivables, net	**57,692**	–
Others	**617**	2,937
	232,669	180,629

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**227,312**	215,200
Finance costs for discounted notes receivable	**7,340**	3,477
Other finance costs	**22,615**	31,273
Less: Interest capitalised	**(20,178)**	(35,793)
	237,089	214,157

6. LOSS BEFORE TAX

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

	Note	2014 HK$'000	2013 HK$'000
Cost of inventories sold		**2,613,333**	2,558,766
Depreciation		**351,439**	325,436
Amortisation of prepaid land lease payments		**13,201**	13,040
Amortisation of intangible assets		**21,041**	22,768
Auditors' remuneration		**3,722**	3,656
Minimum lease payments under operating leases, land and buildings		**8,429**	7,932
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		**431,599**	353,548
Equity-settled share option expense		**288**	6,303
Pension scheme contributions		**59,680**	51,641
Other employee welfare		**36,729**	30,348
		528,296	441,840
Gain on disposal of items of property, plant and equipment*		**(17,864)**	(5,225)
Foreign exchange differences, net*		**23,257**	(37,249)
Write-down of inventories to net realisable value, net#		**28,294**	28,716
(Reversal of impairment)/impairment of trade and other receivables, net*		**(57,692)**	16,450
Impairment of items of property, plant and equipment and intangible assets, net*		**11,580**	31,096
Gain on bargain purchase	14	**(8,884)**	–
Changes in fair value of investment properties*		**(1,950)**	(4,255)

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.

	2014 HK$'000	2013 HK$'000
Group:		
Current – PRC		
Charge for the year	**30,992**	2,158
Current – Gabon		
Charge for the year	**3,488**	–
Deferred	**12,925**	10,081
Total tax charge for the year	**47,405**	12,239

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:

Group

	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(35,316)**	(305,450)
Tax at the statutory PRC corporate income tax rate	**(8,829)**	(76,363)
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	**(14,459)**	10,534
Income not subject to tax	**18**	(9,964)
Expenses not deductible for tax	**31,362**	31,241
Tax losses utilised from previous periods	**(12,125)**	(2,353)
Tax losses not recognised	**47,876**	52,925
Deferred tax expense arising from a write-down of deferred tax assets	**–**	6,219
Tax charge reported in the consolidated statement of profit or loss and other comprehensive income	**47,405**	12,239
Effective income tax rate	**(134.2%)**	(4.0%)

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,024,795,000 (2013: 3,024,795,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

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

	2014	2013
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**15,488**	(243,246)
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,024,795,000**	3,024,795,000

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 December 2014 and 2013.

10. TRADE AND NOTES RECEIVABLES

Group

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**772,221**	576,486
Notes receivable	**332,300**	238,449
	1,104,521	814,935
Less: Impairment	**(37,502)**	(46,109)
	1,067,019	768,826

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

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

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:

Group

	2014	2013
	HK$'000	*HK$'000*
Within one month	**562,572**	292,259
One to two months	**245,746**	216,592
Two to three months	**109,729**	105,443
Over three months	**148,972**	154,532
	1,067,019	768,826

Transferred financial assets that are derecognised in their entirety

At 31 December 2014, 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 these suppliers with a carrying amount in aggregate of RMB191,692,000 (equivalent to HK$242,988,000) (2013: RMB236,340,000, equivalent to HK$300,601,000). 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 2014, 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:

Group

	2014	2013
	HK$'000	*HK$'000*
At beginning of year	**46,109**	32,595
Impairment losses recognised	**9,449**	31,539
Impairment losses reversed	**(17,631)**	(17,777)
Write-off	**(232)**	(1,185)
Exchange realignment	**(193)**	937
At end of year	**37,502**	46,109

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK$37,502,000 (2013: HK$46,109,000) with a carrying amount before provision of approximately HK$42,033,000 (2013: HK$110,972,000) as at 31 December 2014. 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:

Group

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**918,047**	614,294
One to three months past due	**128,979**	130,070
Over three months past due	**19,993**	24,462
	1,067,019	768,826

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.

As at 31 December 2014, the Group has pledged notes receivable of HK$147,604,000 (2013: HK$50,876,000) to secure bank loans (note 12(a)).

11. TRADE PAYABLES

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

Group

	2014	2013
	HK$'000	*HK$'000*
Within one month	**212,201**	174,217
One to two months	**49,716**	80,422
Two to three months	**25,240**	46,592
Over three months	**218,394**	124,645
	505,551	425,876

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

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2014			2013		
	Effective Interest rate (%)	**Maturity**	***HK$'000***	Effective Interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured *(note (a))*	**6.60, LIBOR+2.8**	**2015**	**66,805**	6.00	2014	35,613
Bank loans – unsecured	**6.00-6.60**	**2015**	**1,641,542**	6.00-6.30	2014	317,975
Current portion of long-term bank loans – secured *(note (a))*	**LIBOR+2.1**	**2015**	**108,553**	LIBOR+2.1	2014	77,538
Current portion of long-term bank loans – unsecured	**5.76-6.65**	**2015**	**599,955**	5.99-6.65	2014	335,782
Other loans – secured *(note (a))*	**LIBOR+1.3-LIBOR+1.7**	**2015**	**142,199**	LIBOR+1.3	2014	49,319
			2,559,054			816,227
Non-current						
Bank loans – secured *(note (a))*	**6.15, LIBOR+2.1**	**2016-2017**	**586,848**	6.15, LIBOR+2.1	2015-2017	739,098
Bank loans – unsecured	**5.54-6.77**	**2016-2017**	**661,687**	5.76-6.65	2015-2016	914,878
			1,248,535			1,653,976
			3,807,589			2,470,203

	2014	2013
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**2,416,855**	766,908
In the second year	**835,992**	820,661
In the third to fifth years, inclusive	**412,543**	833,315
	3,665,390	2,420,884
Other loans repayable:		
Within one year or on demand	**142,199**	49,319
	3,807,589	2,470,203

Notes:

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

	Note	2014 HK$'000	2013 HK$'000
Property, plant and equipment		**102,231**	155,436
Notes receivable	10	**147,604**	50,876
Pledged deposits		**229,282**	152,639
		479,117	358,951

(b) Except for bank and other borrowings of HK$757,363,000 (2013: HK$738,765,000) which were denominated in United States dollars, all bank and other borrowings were denominated in Renminbi as at 31 December 2014.

13. SHORT-TERM NOTES AND MEDIUM-TERM NOTES

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

Short-term notes	**2014** ***HK$'000***	2013 *HK$'000*
The Second Tranche Notes – Nominal value of 4.48% fixed rate notes maturing in May 2014 – unsecured	–	763,140
	–	763,140
Medium-term notes		
The First Tranche Notes – Nominal value of 5.0% fixed rate notes maturing in April 2016 – unsecured	**633,800**	635,950

In November 2012, the Group completed the registration with the National Association of Financial Market Institutional Investors of a RMB800 million unsecured short-term notes facility issuable in two years from the date of registration. In May 2013, the Group issued the Second Tranche Notes of RMB600 million (equivalent to HK$763,140,000) in the PRC with a tenor of one year and carrying interest at a fixed rate of 4.48% per annum. The Second Tranche Notes has been redeemed in May 2014.

In April 2013, the Group completed the registration with the 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$633,800,000) in the PRC with a tenor of three years and carrying interest at a fixed rate of 5.0% per annum.

14. BUSINESS COMBINATION

On 28 February 2014, the Group acquired a further 75.7% equity interest in Daxin Guinan Huagong Limited Company ("**Guinan Huagong**") at a consideration of RMB47,281,000 (equivalent to HK$59,673,000). After the acquisition, the Group owns a total of 90.1% equity interest in Guinan Huagong. The principal activity of Guinan Huagong is the production of sulphuric acid and steam. The purpose of the acquisition is to secure the stable supply of certain quantities of raw materials required by the Group. The Group has elected to measure the non-controlling interest in Guinan Huagong at the non-controlling interests' proportionate share of the fair value of Guinan Huagong's identifiable net assets.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Guinan Huagong for the period from the acquisition date to 31 December 2014.

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

	Note	*HK$'000*
Property, plant and equipment		39,059
Cash and bank balances		9,811
Trade receivables		33,971
Prepayments and other receivables		2,026
Inventories		2,246
Trade and notes payables		(828)
Other payables and accruals		(4,994)
Non-controlling interests		(8,048)
		73,243
Less: Available-for-sale equity investment		(4,686)
		68,557
Reconciliation:		
Satisfied by cash		59,673
Gain on bargain purchase recognised in the consolidated statement of profit or loss and other comprehensive income	*6*	8,884
		68,557

The Group recognised a gain on bargain purchase of HK$8,884,000 in profit or loss for the year ended 31 December 2014, which was primarily attributable to the consideration determined based on the carrying amount of the net assets of Guinan Huagong that was mutually agreed between the parties.

The Group incurred transaction costs of HK$101,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the statement of profit or loss and other comprehensive income.

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

	HK$'000 *(unaudited)*
Cash consideration	59,673
Deposit paid in 2013	(7,991)
Cash and bank balances acquired	(9,811)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	41,871

Since the acquisition, the subsidiary sold all of its products to a fellow subsidiary within the Group and contributed a profit of HK$9,188,000 to the consolidated loss for the year ended 31 December 2014.

Had the acquisition taken place at the beginning of the year, the loss after tax of the Group for the year would have been HK$81,433,000.

FINANCIAL REVIEW

	2014	2013	**Increase/(decrease)**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Revenue	**3,194,517**	2,915,756	278,761	9.6%
Loss before tax	**(35,316)**	(305,450)	(270,134)	-88.4%
Income tax expense	**(47,405)**	(12,239)	35,166	287.3%
Loss after tax	**(82,721)**	(317,689)	(234,968)	-74.0%
Profit/(Loss) attributable to owners of the parent	**15,488**	(243,246)	(258,734)	-106.4%
Loss attributable to non-controlling interests	**(98,209)**	(74,443)	23,766	31.9%
	(82,721)	(317,689)	(234,968)	-74.0%

Overview

In 2014, global economic growth and recovery moved at a slower pace with distinct divergences among different economies. While US recovery accelerated and market started to discuss interest rate hikes, Europe and Japan were still adopting ultra-loose monetary policy amid deflationary pressure. In China, although more mini-stimulus programmes were introduced such as interest rate cuts, relaxed-constraints on housing purchases and loosening credit policies to resist economic slowdown, China's overall economy was inevitably turned from high to moderate gear and a pronounced GDP growth slowdown was recorded.

For the steel sector, sizable steel plants continued to add new capacity striving to compensate for the contracted gross margin and oversupply adjustment was still ongoing. Furthermore, sharp falling oil prices starting from the fourth quarter of 2014 also pressured on the prices of general commodities. These factors creating downward pressures, together with persistent decline in commodity demand growth, held down the average selling price of the steel related products. As a result, the average selling price of our major product EMM, an ingredient of steel, was contained at subdued level during the year.

Being one of the leaders in the manganese industry and striving for excellence, we imposed stringent cost control measures through reducing and containing our unit material and power consumption, improved production efficiency, as well as increasing production capacity by 30,000 tonnes and 8,000 tonnes of Daxin and Guangxi Start EMM processing plants respectively, both of which commenced production in the third quarter of 2014. Through combined efforts in reducing unit cost by cost control and economies of scale, the Group was able to increase EMM gross margin ratio to 15.6% in 2014 (2013: 7.6%). Our sales volume of EMM also increased by 21,717 tonnes or 20.1% to 129,709 tonnes (2013: 107,992 tonnes) and therefore a substantial increase of gross profit contribution was recorded this year.

In addition, we changed our product mix and product portfolio, including an increase of external sales of manganese carbonate ores which we mined in PRC. Our new 600,000 tonnes expansion project of Daxin underground mining and ore processing were nearly accomplished and 520,000 tonnes manganese ores were extracted in 2014. We sold surplus manganese carbonate ores, when the new 30,000 Daxin EMM processing capacity had not yet put into full production during its initial production stage, while securing sufficient manganese ore reserve that can match existing EMM and EMD production need. Through the collective efforts of the above factors and a mild rebound in average selling price of EMM in the second half of the year, we successfully turned around from a loss in 2013 to a profit attributable to owners of the parent.

In Gabon, sales to PRC customers were relatively stable during 2014. PRC customers were very cautious and delayed their orders in view of decreasing import manganese ore prices along with sluggish demand. Consequently, Gabon ore sales only accounted for 4.8% (2013: 6.4%) of our enlarged total sales for year 2014. Appreciatively, our Gabon ore has been successfully developed and penetrated into India market and completed our first-ever shipment to India in December 2014. We expected that there would be increasing demand of our Gabon ore both in the PRC and India when customers got used to blending with our ores.

In summary, profit attributable to the owners of the parent turned around to HK$15.5 million in 2014, representing an improvement of 106.4% from net loss attributable to owners of the parent of HK$243.2 million in 2013, for a mix of reasons during the year, in addition to those mentioned above:

1. write back in the amount of approximately HK$46.8 million of provision made in prior year for an entrusted loan as a result of repayment during the year;

2. receipt of more subsidies from the government;

3. share option expenses diminished to only a nominal amount of HK$0.6 million upon vesting of the remaining tranche of outstanding share options in January 2014. This represented a significant saving from a charge of HK$20.4 million in 2013.

Nevertheless, exchange loss of HK$23.3 million was recorded in 2014 (2013: exchange gain of HK$37.2 million) as a result of: (1) depreciation of RMB on our offshore fixed deposits and bills receivable denominated in RMB and (2) depreciation of both EURO and EURO pegged XAF on our Gabon subsidiary's net monetary assets denominated in XAF and EURO.

Comparison with the 2013

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

	Year ended 31 December,							
	2014				2013			
	Sales Volume	**Average Selling Price**	**Revenue**	**% of Total Revenue**	Sales Volume	Average Selling Price	Revenue	% of Total Revenue
	(tonnes)	***(HK$/ Tonne)***	***(HK$'000)***	***(%)***	*(tonnes)*	*(HK$/ Tonne)*	*(HK$'000)*	*(%)*
Manganese mining and ore processing								
Manganese concentrate	**490,072**	**412**	**201,927**	**6.3**	134,805	655	88,269	3.0
Gabon ore	**177,974**	**855**	**152,219**	**4.8**	166,142	1,130	187,668	6.4
Natural discharging manganese powder and sand	**30,403**	**2,638**	**80,212**	**2.5**	26,175	2,728	71,403	2.4
Sub-Total	**698,449**	**622**	**434,358**	**13.6**	327,122	1,062	347,340	11.8
Manganese downstream processing								
EMM	**129,709**	**13,780**	**1,787,396**	**56.0**	107,992	13,880	1,498,977	51.4
Manganese briquette	**10,387**	**14,778**	**153,503**	**4.8**	9,332	14,885	138,903	4.8
	140,096	**13,854**	**1,940,899**	**60.8**	117,324	13,960	1,637,880	56.2
Silicomanganese alloy	**47,922**	**7,095**	**340,019**	**10.6**	56,720	7,558	428,699	14.8
EMD	**22,328**	**9,587**	**214,059**	**6.7**	19,736	9,269	182,935	6.3
Manganese sulfate	**18,131**	**3,992**	**72,371**	**2.3**	19,471	4,248	82,722	2.8
Lithium manganese oxide	**86**	**34,186**	**2,940**	**0.1**	198	33,187	6,571	0.2
Others	**7,364**	**3,458**	**25,466**	**0.7**	4,450	2,703	12,029	0.4
Sub-Total	**235,927**	**11,002**	**2,595,754**	**81.2**	217,899	10,789	2,350,836	80.7
Non-manganese processing								
Lithium cobalt oxide	**717**	**173,188**	**124,176**	**3.9**	607	186,353	113,116	3.9
Other business								
Trading	**10,284**	**3,912**	**40,229**	**1.3**	21,217	4,924	104,464	3.6
Total	**945,377**	**3,379**	**3,194,517**	**100.0**	566,845	5,144	2,915,756	100.0

Revenue

In 2014, the Group's revenue was HK$3,194.5 million (2013: HK$2,915.8 million), representing an increase of 9.6% as compared with 2013. The revenue increase was due to the increase in sales volume of EMM following the commencement of production of new lines of Daxin and Guangxi Start EMM processing plants starting from the third quarter of 2014. In addition, the substantial increase in the sales of manganese carbonate ores, also contributed to the increase in total revenue.

Manganese mining and ore processing – Revenue of manganese mining and ore processing segment increased by 25.1% to HK$434.4 million (2013: HK$347.3 million). This was attributable to the sales of Daxin manganese carbonate ores of 338,652 tonnes in 2014 (2013 : Nil) following the near completion of our 600,000 tonnes expansion project of Daxin underground mining and ore processing facility in 2014. In terms of average selling price, manganese carbonate ores so mined from the underground mining project was only about half of general manganese concentrate because of its crude ore nature, and hence the shift in mix to lower selling price manganese concentrate. In aggregate average selling price decreased by 37.1% to HK$412/tonne (2013: HK$655/tonne).

On the other hand, average selling price of Gabon ore decreased by 24.3% to HK$855/tonne (2013: HK$1,130/tonne) as major manganese ore producers increased their production to record high level in the already stagnant market. Consequently, manganese alloy purchasers lowered their tendering price amid increasing supply.

Manganese downstream processing – Revenue from manganese downstream processing increased by 10.4% from HK$2,350.8 million to HK$2,595.8 million. This increase is mainly due to the increase in the combined sales quantities of EMM and manganese briquette by 19.4% to 140,096 tonnes in 2014 (2013: 117,324 tonnes) following the commencement of expanded production of Daxin and Guangxi Start EMM processing plants from the third quarter of 2014. Combined EMM and manganese briquette accounted for 60.8% (2013: 56.2%) of our total sales.

At the same time, the average selling price and sales quantity of EMD increased as we expanded our EMD product varieties, thereby increasing 10,000 tonnes EMD production capacity from November 2013 and produced two types of new and more effective high performance EMD with better electricity capabilities at higher cost and hence pushed up the average selling price and total sales volume of EMD.

On the other hand, production of our Qinzhou plant was temporarily suspended for two months during April to June 2014 to carry out major maintenance, therefore both sales volume and sales revenue of silicomanganese alloy decreased.

Non-manganese processing – For 2014, sales volume of lithium cobalt oxide increased by 18.1% while average selling price decreased by 7.1% in line with the general commodities price decrease.

Trading – Trading sales mainly comprised EMM and to a less extent aged stocks of import manganese ore. As our internal production capacity of EMM and manganese ore increased and hence able to meet customer needs, less trading sale was necessary to fulfill customer orders.

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

	Year ended 31 December,							
	2014				2013			
	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)*	*(%)*
Manganese mining and ore processing								
Manganese concentrate	**75,118**	**153**	**126,809**	**62.8**	29,473	219	58,796	66.6
Gabon ore	**129,238**	**726**	**22,981**	**15.1**	144,352	869	43,316	23.1
Natural discharging manganese powder and sand	**20,398**	**671**	**59,814**	**74.6**	18,434	704	52,969	74.2
Sub-Total	**224,754**	**322**	**209,604**	**48.3**	192,259	588	155,081	44.6
Manganese downstream processing								
EMM	**1,509,081**	**11,634**	**278,315**	**15.6**	1,384,863	12,824	114,114	7.6
Manganese briquette	**135,412**	**13,037**	**18,091**	**11.8**	124,939	13,388	13,964	10.1
	1,644,493	**11,738**	**296,406**	**15.3**	1,509,802	12,869	128,078	7.8
Silicomanganese alloy	**322,876**	**6,738**	**17,143**	**5.0**	412,786	7,278	15,913	3.7
EMD	**183,165**	**8,203**	**30,894**	**14.4**	155,842	7,896	27,093	14.8
Manganese sulfate	**57,501**	**3,171**	**14,870**	**20.5**	65,350	3,356	17,372	21.0
Lithium manganese oxide	**2,705**	**31,453**	**235**	**8.0**	5,288	26,707	1,283	19.5
Others	**37,611**	**5,107**	**(12,145)**	**(47.7)**	14,580	3,276	(2,551)	(21.2)
Sub-Total	**2,248,351**	**9,530**	**347,403**	**13.4**	2,163,648	9,930	187,188	8.0
Non-manganese processing								
Lithium cobalt oxide	**119,109**	**166,121**	**5,067**	**4.1**	108,025	177,965	5,091	4.5
Other business								
Trading	**49,413**	**4,805**	**(9,184)**	**(22.8)**	123,550	5,823	(19,086)	(18.3)
Total	**2,641,627**	**2,794**	**552,890**	**17.3**	2,587,482	4,565	328,274	11.3

Cost of Sales

Overall, cost of sales increased by HK$54.1 million or 2.1%, to HK$2,641.6 million in 2014, as compared to HK$2,587.5 million in 2013. This increase was primarily due to the increase in sales volume of EMM and manganese ore.

The unit cost of manganese mining and ore processing segment during 2014 decreased by 45.2% to HK$322/tonne (2013: HK$588/tonne). This was mainly attributable to the increased sales volume of manganese carbonate ores from Daxin mine, which has a comparatively low unit cost because of its crude ore nature and not yet washed nor screened. Also, the unit cost of Gabon ore decreased by 16.5% as we were able to bargain for lower ocean freight rates for shipping ore from Gabon to the PRC following a more stable level of production and shipment schedule in 2014.

In 2014, unit cost of EMM decreased by 9.3% to HK$11,634/tonne (2013: HK$12,824/tonne). This was mainly attributable to the decrease in unit costs of auxiliary materials such as sulphuric acid and selenium dioxide and to a less extent our endless effort to contain the unit consumption of input materials and power.

Similarly, unit cost of silicomanganese alloy also decreased by 7.4% to HK$6,738/tonne (2013: HK$7,278/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 2014, the Group recorded a gross profit of HK$552.9 million (2013: HK$328.3 million), representing an increase of HK$224.6 million or 68.4%. The Group's overall gross profit margin was significantly improved to 17.3%, representing an increase of 6.0% from 11.3% of 2013. Improved overall gross profit margin was mainly attributable to (i) improvement in gross profit margin of EMM and manganese briquette from a combined 7.8% in 2013 to 15.3% in 2014 through economies of scale, price drop of raw materials and further cost control measures in reducing unit consumption of raw materials and power consumption; and (ii) substantial increase in the production of manganese carbonate ores following our 600,000 tonnes expansion project of Daxin underground mining and ore processing completed and surplus manganese carbonate ores were sold during the year.

Other income

Other income increased by 33.8% to HK$241.6 million (2013: HK$180.6 million) and was mainly attributable to: (1)write back in the amount of approximately HK$46.8 million of provision made in prior year for an entrusted loan as a result of repayment during the year; (2) the receipt of more subsidies from the government in 2014.

Selling and Distribution Expenses

The Group's selling and distribution expenses in 2014 have increased by 11.2% to HK$104.5 million (2013: HK$94.0 million) due to the increase in transportation cost and was in line with the increase in sales volume of EMM.

Administrative Expenses

Administrative expenses increased by 1.5% to HK$441.3 million for 2014 (2013: HK434.9 million) and was mainly attributable to: (1) the general inflation; and (2) consolidation of Guinan Huagong which was acquired effective from March 2014. These factors which increased our administrative expenses were to a certain extent set off by our cost control effort to contain expenses.

Finance Cost

For 2014, our Group's finance cost was HK$237.1 million (2013: HK$214.2 million), representing an increase of 10.7% and was mainly due to the increase in average balance of bank loans and other interest bearing liabilities (including bank advance for discount bill) to finance the increase in working capital as well as our capital expenditure on brought forward projects in PRC. In addition, interest rate increased slightly in the year.

Other Expenses

Other expenses decreased by 9.2% to HK$46.2 million (2013: HK$50.9 million) as a result of mix of reasons. Impairment of property, plant and equipment for ferroalloy production amounted to HK$11.6 million (2013: HK$31.1 million) and no impairment loss was in net trade and other receivables (2013: HK$16.5 million). These drops in impairment as compared with last year was substantially offset by the net exchange loss of HK$23.3 million recorded in the year (2013: net exchange gain of HK$37.2 million) due to the depreciation of RMB and XAF.

Income Tax

Although loss before tax amounted to HK$35.3 million, income tax amounting to HK$47.4 million was charged due to the following reasons. Losses were recorded by certain PRC subsidiaries particularly those non-wholly owned ones. However, these losses could not be used to set off for tax purpose the profit recorded by a major wholly owned subsidiary as tax charge is calculated and payable on an individual entity basis in the PRC. In addition, according to the Gabon tax law while our Gabon subsidiary recorded a loss, income tax is at the higher of 35% of its taxable income or 1% of its sales revenue. Overall, income tax expense increased as our wholly owned major operating PRC subsidiary recorded increased profit at its entity level.

Therefore the effective tax rate for the year is -134% which significantly differs from the prevailing income tax rate of 25% in the PRC. Further details of the tax charge for the year have been set out in note 7 to the consolidated financial statements of this announcement.

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

Use of Proceeds from IPO

Up to 31 December 2014, we utilized the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

	Description	Amount designated in Prospectus *(HK$ Million)*	Amount utilized up to 31.12.2014 *(HK$ Million)*	% utilized	Amount utilized up to 31.12.2013 *(HK$ Million)*	% utilized
1	Expansion project at Daxin EMD Plant	79	79	100.0%	72	91.1%
2	Expansion project of underground mining and ore processing at Daxin Mine	278	211	75.9%	153	55.0%
3	Expansion and construction projects of our EMM production facilities	516	516	100.0%	448	86.8%
4	Construction project at Chongzuo Base	59	18	30.5%	15	25.4%
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	1,760	88.8%	1,624	81.9%

Liquidity and financial resources

As at 31 December 2014, our cash and bank balances including pledged deposits were HK$1,436.6 million (2013: HK$1,494.2 million) while the Group's aggregate borrowings amounted to HK$4,441.4 million (2013: HK$3,869.3 million). The Group's net borrowings (inclusive of short-term notes and medium-term notes) amounted to HK$3,004.8 million (2013: HK$2,375.1 million) and was mainly attributable to our capital expenditure in the PRC and the acquisition of a further 75.7% equity interest in Guinan Huagong and 33% in Dushan Jinmeng during the year.

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 other financial institutions.

Bank and other Borrowings

As at 31 December 2014, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**2014**	2013
	HK$ million	*HK$ million*
Secured borrowings	**904.4**	901.6
Unsecured borrowings	**3,537.0**	2,967.7
	4,441.4	3,869.3

Maturity profile	**2014**	2013
	HK$ million	*HK$ million*
Repayable:		
On demand or within one year	**2,559.1**	1,579.3
After one year and within two years	**1,469.8**	820.7
After two years and within five years	**412.5**	1,469.3
	4,441.4	3,869.3

Currency denomination	**2014**	2013
	HK$ million	*HK$ million*
Denominated in:		
RMB	**3,684.0**	3,130.6
US$	**757.4**	738.7
	4,441.4	3,869.3

As at 31 December 2014, borrowings as to the amounts of HK$2,295.6 million (2013: HK$2,007.1 million) and HK$2,145.8 million (2013: HK$1,862.2 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 6.00% to 6.60%. 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 for the United States dollar loans which carry interest at rates of LIBOR plus a margin ranging from 1.3% to 2.8%.

Overall, aggregate borrowings were increased to HK$4,441.4 million (2013: HK$3,869.3 million). The Group are now exploring various means including short-term or medium-term notes to improve 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 bills receivables related to a large number of diversified customers, there was no significant concentration of credit risk. The Group did not hold any collateral or other credit enhancements over its trade and bills receivable balances.

Interest rate risk

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

Foreign exchange risk

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

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

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

The functional currency of our Gabon subsidiary has been changed prospectively from XAF to United States dollars with effect from 1 January 2014 as its production and sales has become stable starting from the year 2014. The adoption of United States dollars as its functional currency is more appropriate to reflect the effect of currency of the economic environment in which it operates.

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 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 2014, the Group's property, plant, equipment, prepaid land lease payments and notes receivable with an aggregate net carrying amount of HK$249.8 million (2013: HK$206.3 million) were pledged to secure certain of the Group's interest-bearing bank borrowings. Similarly, bank balances of HK$229.3 million (2013: HK$152.6 million) were pledged to secure certain of the Group's bank borrowings.

Contingent liabilities

As at 31 December 2014, the Group did not have any significant outstanding contingent liabilities.

Key Financial Ratios of the Group

	2014	2013
Current ratio	**1.01**	1.24
Quick ratio	**0.74**	0.92
Net Gearing ratio	**86.8%**	68.6%

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 short 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 upstream underground mining and the expanded downstream EMM capacity as well as the acquisition of a further 75.7% equity interest in Guinan Huagong and 33% in Dushan Jinmeng.

BUSINESS REVIEW

Resources and reserves

Below is the information on our mineral resources and ore reserves in accordance with JORC Code as of 31 December 2014:

Summary of our manganese mineral resources

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2014		31.12.2013	
Daxin Mine	100%	Measured	**5.21**	**24.42**	5.57	24.19
		Indicated	**66.06**	**21.18**	67.38	21.16
		Subtotal	**71.27**	**21.42**	72.95	21.39
		Inferred	**0.43**	**21.23**	0.43	21.23
		Total	**71.70**	**21.41**	73.38	21.39
Tiandeng Mine	100%	Measured	**0.58**	**18.11**	0.65	17.90
		Indicated	**2.90**	**16.63**	2.93	16.60
		Subtotal	**3.48**	**16.87**	3.58	16.84
		Inferred	**3.51**	**14.24**	3.52	14.23
		Total	**6.99**	**15.55**	7.10	15.55
Waifu Manganese Mine	100%	Measured	–	–	–	–
		Indicated	–	–	–	–
		Subtotal	–	–	–	–
		Inferred	**1.54**	**17.52**	1.54	17.52
		Total	**1.54**	**17.52**	1.54	17.52
Changgou Manganese Mine	64%	Measured	**3.08**	**20.45**	3.08	20.45
		Indicated	**14.67**	**20.32**	14.67	20.32
		Subtotal	**17.75**	**20.34**	17.75	20.34
		Inferred	**4.22**	**20.50**	4.22	20.50
		Total	**21.97**	**20.37**	21.97	20.37
Bembélé Manganese Mine	51%	Measured	–	–	–	–
		Indicated	**16.40**	**32.03**	17.15	32.13
		Subtotal	**16.40**	**32.03**	17.15	32.13
		Inferred	**12.37**	**32.74**	12.37	32.74
		Total	**28.77**	**32.34**	29.52	32.39
Total			**130.97**		133.51	

Summary of our manganese ore reserves

Mines	Ownership Percentage	JORC Resource Category	Million tonnes (31.12.2014)	Average Manganese Grade (%) (31.12.2014)	Million tonnes (31.12.2013)	Average Manganese Grade (%) (31.12.2013)
Daxin Mine	100%	Proved	**4.99**	**21.03**	5.35	21.02
		Probable	**63.53**	**18.81**	64.85	18.85
		Total	**68.52**	**18.97**	70.20	19.01
Tiandeng Mine	100%	Proved	**0.54**	**15.71**	0.61	15.76
		Probable	**2.78**	**15.55**	2.81	15.53
		Total	**3.32**	**15.57**	3.42	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	**16.39**	**31.41**	17.14	31.53
		Total	**16.39**	**31.41**	17.14	31.53
Total			**105.96**		108.49	

Note: The figures of the aforesaid manganese resources and manganese ore reserves are rounded to two significant figures 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 were 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 internal experts.

(b) The manganese resources and manganese ore reserves for Changgou Managanese 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, Jinxi) dated 17th July 2004 prepared by 南寧儲偉資源有限責任公司 (Nanning Qu Wei Resources Limited Company). The year end amounts were confirmed by our internal experts.

(2) All material assumptions and technical parameters underpinning the estimates in the aforesaid independent technical reports continue to apply and have not materially changed.

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 5,416.85 metres approximately. Details are set out below:

Project	Drilling type	Average Drilling Diameter (mm)	Number of holes	Average Length (meter)
Daxin Mine	–	–	–	–
Tiandeng Mine	Core	73	27	191.9
Waifu Manganese Mine	–	–	–	–
Changgou Manganese Mine	–	–	–	–
Bembélé Manganese Mine	Core/Type 300 Core	91	4	59.1

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, we have completed the exploration report and the processing experiment report for production exploration of such mining blocks. The Land and Resources Department is now undergoing the review process.

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

Tiandeng Mine

On 27th October 2014, we have entered into the contract with 中國冶金地質總局中南局廣西地勘院 (Centralsouthern Bureau of China Metallurgical Geology Bureau) in respect of the detailed exploration for location 440 meters depth below the mining work block of Tindeng Mine.

During the year, 中 國 冶 金 地 質 總 局 中 南 局 廣 西 地 勘 院 (Centralsouthern 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 203 meters length tunnel construction work, with cross section of 2 meters height x 1.8 meters width and completed 27 drilling holes, totaling approximately 5,180.42 meters in length.

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

Waifu Manganese Mine

During the 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 4 drilling holes, totalling approximately 236.43 meters in length. Our production exploration has marked some success. In location ZK-57-1, ZK55-1, ZK55-3 and ZK43-9, we record drilling samples of 4.5 meters, 13.77 meters, 0.75 meters and 7.87 meters long containing 30.03%, 29.66%, 29.66% and 31.22% manganese content/per tonne, the majority of them are oxide manganese.

Exploration Area

We carried out 1,000 meters trenching works at location between line 43 to 63 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 outsourced 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 2014, the construction works in phase A and phase B amounted to 4,424m^3 and 37,186m^3 respectively.

At the same time, our newly acquired grinding machine successfully came into operation, significantly increased our grinding capacity.

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 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 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, seven shipments totalling about 313,227 tonnes manganese ores were shipped to the PRC and India ports.

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

III) Mining activities

(1) Mining operations

Daxin Mine

	2014	2013
Open pit mining		
Mine production volume (thousand tonnes)	**1,355**	1,121
Underground mining		
Mine production volume (thousand tonnes)	**552**	334
Total mine production (thousand tonnes)	**1,907**	1,455
Average manganese grade		
Manganese carbonate ore	**15.8%**	17.3%
Manganese oxide ore	**29.5%**	28.9%

Tiandeng Mine

	2014	2013
Open pit mining		
Mine production volume (thousand tonnes)	**278**	208
Average manganese grade		
Manganese carbonate oxide	**11.7%**	11.7%
Manganese oxide ore	**14.7%**	14.7%

Waifu Manganese Mine

During the year, there were no mining production.

Changgou Manganese Mine

	2014	2013
Underground mining (Production ceased)		
Mine production volume (thousand tonnes)	**–**	95.3
Average manganese carbonate grade	**N/A**	16.6%

Bembélé Manganese Mine

	2014	2013
Open pit mining		
Mine production volume (thousand tonnes)	**591**	514
Average manganese oxide grade	**31.1%**	31.0%

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

(2) Ore processing operations

- Concentrating

Production volume (thousand tonnes)	**2014**	2013
Daxin Concentration Plant		
Manganese carbonate ore	**927**	867
Manganese oxide ore	**103**	90
Total	**1,030**	957
Average manganese grade of concentrate		
Manganese carbonate ore	**18.4%**	18.5%
Manganese oxide ore	**30.4%**	27.3%
Tiandeng Concentration Plant		
Manganese oxide ore	**86**	96
Average manganese grade of concentrate	**22.3%**	21.5%
Bembélé Concentration Plant		
Manganese oxide ore	**331**	308
Average manganese grade of concentrate	**31.6%**	31.9%

- Grinding

Production volume (thousand tonnes)	**2014**	2013
Daxin Grinding Plant		
Powder produced	**940**	687

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:

Production (thousand tonnes)	**2014**	2013
Daxin EMM Plant	**76.1**	63.9
DXML EMM Plant	**24.7**	25.0
Tiandeng EMM Plant	**21.5**	12.5
Guangxi Start EMM Plant	**14.8**	11.5
Tiandong EMM Plant	**4.6**	3.5
Total	**141.7**	116.4

- Manganese briquette

Production (thousand tonnes)	**2014**	2013
Chongzuo Branch	**10.3**	9.3

- Manganese sulfate

Production (thousand tonnes)	**2014**	2013
Daxin Sulfate Plant	**18.1**	18.4

- EMD

Production (thousand tonnes)	**2014**	2013
Daxin EMD Plant	**26.8**	25

- Silicomanganese alloy

Production (thousand tonnes)	**2014**	2013
Qinzhou Ferroalloy plant	**50.6**	56.0

- Manganese tetroxide

Production (thousand tonnes)	**2014**	2013
Chongzuo Branch (Production ceased)	**–**	0.12

- Lithium manganese oxide

Production (thousand tonnes)	**2014**	2013
Chongzuo Branch	**0.13**	0.24

(2) *Non-manganese processing operations*

- Lithium cobalt oxide

Production (thousand tonnes)	**2014**	2013
Chongzuo Branch	**0.63**	0.62

Note: Except figures for manganese tetroxide, 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.

Exploration, Development, and Mining Activities

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 2014 are set out below:

(HK$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Drilling and analysis	1,191	2,112	–	–	–	3,303
Transportation	–	–	–	–	–	–
Others	–	–	–	–	1,013	1,013
	1,191	2,112	–	–	1,013	4,316
Development activities (including mine construction)						
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
	59,875	2,742	–	–	5,536	68,153
Mining activities*						
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
	171,012	23,508	–	–	29,989	224,509

(* Concentrating not included)

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2013 are set out below:

(HK$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Drilling and analysis	1,683	626	–	–	–	2,309
Transportation	–	–	–	–	117	117
Others	–	–	–	–	205	205
	1,683	626	–	–	322	2,631
Development activities (including mine construction)						
Purchases of assets and equipment	–	268	–	350	3,713	4,331
Construction of mines, tunnels and roads	48,959	–	–	23,884	9,169	82,012
Staff cost	–	–	–	–	–	–
Others	3,467	–	–	76	7,142	10,685
	52,426	268	–	24,310	20,024	97,028
Mining activities*						
Staff cost	20,805	3,024	–	10,921	2,042	36,792
Consumables	15,347	2,008	–	1,969	3,992	23,316
Fuel, electricity, water and other services	20,259	2,868	–	3,622	2,262	29,011
Transportation	3,955	–	–	2,273	3,528	9,756
Sub-contracting fee	83,114	–	–	12,032	–	95,146
Depreciation	18,624	2,180	–	954	5,824	27,582
Others	–	7,984	–	7,100	1,806	16,890
	162,104	18,064	–	38,871	19,454	238,493

(* Concentrating not included)

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 prudential 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 2014, the Group had approximately 8,174 (2013: 8,241) full-time employees in HK and the PRC; approximately 272 (2013: 269) full-time employees in Gabon. The Group offers a competitive remuneration and welfare package to its employees and will regularly review its remuneration scheme to ensure remuneration packages are market-competitive. Other benefits including comprehensive medical, life and disability insurance plans and retirement schemes are offered to employees.

The Group operates the following retirement schemes for its employees:

(a) 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;

(b) a defined scheme under the Pension Provisioning Law in Gabon for those employees in Gabon who are eligible to participate; and

(c) 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.

OTHER INFORMATION

Annual General Meeting

The annual general meeting of the Company is tentatively scheduled to be on Wednesday, 24 June 2015. 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, 19 June 2015, to Wednesday, 24 June 2015, 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, 18 June 2015.

Purchase, Sale or Redemption of the Company's Securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

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 2014.

Financial Information

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2014, 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.

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.

FORWARD LOOKING STATEMENTS

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

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some cases materially, from those implied or anticipated in any forward looking statement or assessment of risk.

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

“Dabao Ferroalloy Plant”	a ferroalloy production plant owned and operated by 廣西大新縣大寶鐵合金有限公司 (Guangxi Daxin Dabao Ferroalloy Co., Ltd.), a company in which we indirectly hold 60% equity interest
“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
“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 Ferroalloy Plant"	a ferroalloy production plant owned and operated by 中信大錳(天等)錳材料有限公司 (CITIC Dameng (Tiandeng) Manganese Materials Co., Ltd.), a company in which we indirectly hold 60% equity interest
"Tiandeng Mine"	中信大錳礦業有限責任公司天等錳礦 (CITIC Dameng Mining Industries Co., Limited Tiandeng Manganese Mine)
"tonne"	metric tonne
"Waifu Manganese Mine"	中信大錳大新錳業有限公司靖西縣湖潤外伏錳礦 (CITIC Dameng Daxin Manganese Limited Company Jingxi Hu Run Waifu Manganese Mine)
"XAF"	Central African CFA franc

Note: The English names of the PRC entities mentioned hereinabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

By Order of the Board
CITIC DAMENG HOLDINGS LIMITED
Qiu Yiyong
Chairman

Hong Kong, 11 February 2015

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

** For identification purpose only*