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 2016

FINANCIAL HIGHLIGHTS

- Turnover amounted to HK$3,248.1 million for 2016, representing an increase of 29.0% from HK$2,517.0 million of 2015.
- Operating loss of HK$131.3 million for 2016, representing a decrease of 84.0% from HK$818.4 million in 2015.*
- Loss attributable to owners of the parent of HK$87.9 million for 2016, representing a decrease of 90.8% from HK$956.0 million for 2015.
- As at 31 December 2016, net gearing ratio decreased to 90.3% (2015: 110.9%).

* Operating loss of 2015 is exclusive of gain on bargain purchase of HK$223.8 million and impairment of property, plant and equipment and mining right of HK$347.7 million.

CHAIRMAN'S STATEMENT

Dear our Valuable Shareholders,

In 2016, the Group strived for improving efficiency and business expansion, and has achieved remarkable achievements in implementing refined management, optimizing production efficiency, expanding new businesses and improving overall competitiveness. Despite the adverse effect caused by the capacity reduction of the Chinese steel industry and smog, our main products production and operations broke historical record during the year, our operating revenue, as compared with previous year, recorded remarkable growth, our operating margin increased gradually on a monthly basis and our operating losses were significantly reduced. While continuing to strengthen our existing market competitiveness, we will focus on long-term development and grasp the new opportunities, in order to speed up our new business investment and development, thereby providing a solid foundation for the continuous healthy development of our business and the long term interest of our shareholders.

CONFRONT THE MARKET AND PROACTIVE EXPANSION

In order to maintain a long-term sustainable development, the Group actively grasped the market opportunity and expanded our manganese ores trading and ferroalloy businesses. The Group, by using the international platform that Hong Kong offered, continued to strengthen the cooperation with international mining companies and carried out extensive international ore trading business in 2016. Since the mid-year, the Group has made a major breakthrough in the international ore trading business, providing a new profit growth point going forward. By the end of 2016, the Group recorded trading of manganese ores in the sum of 635,236 tonnes with a turnover of HK$531.2 million (2015: HK$24.9 million), and the revenue of the Group has significantly increased to HK$3.248 billion, as compared with 2015, representing an increase of 29%. It is expected that our international ore trading business will be an important growth driver for the Group and bring reasonable returns. The Group, by utilising with the preferential policy offered by Shenzhen Qianhai Free-trade Zone, intends to further consolidate the international ore trading business and actively commence ferroalloy and related raw materials trading business.

At the same time, barring any extraordinary circumstances, the construction manganese ferroalloy processing plant with an annual output of 500,000 tons and supported with two 150 MW self-use power generation plants by Dushan Jinmeng Manganese Limited Company, which we invested, is expected to complete and will be gradually put into operation in 2017. By virtue of its geographical advantages and its economy of scale, as well as the availability of more reliable and favorable electricity supply from the self-provided power plants, we believe that the project will be the most competitive ferroalloy manufacturer, especially in the southern part of PRC and will further consolidate our leadership in manganese sector and it is expected to create new profitable return for shareholders.

REFINED MANAGEMENT AND COST CONTROL WITH PRODUCTION EFFICIENCY

In view of the severe market pressures and challenges, the management of the Group has responded proactively and took various measures in enhancing our internal control and with scientific research input, refined management ability, improving the manufacturing technology, optimizing our production processes and enhancing our production efficiency, therefore successfully reducing our production cost. At the same time, the Group has actively responded to the development concept of "Innovation, Coordination, Green, Openness and Sharing" promulgated by the PRC government to minimize the impact on the surrounding ecosystem and strictly complied with relevant environmental protection laws and regulations, and continued to reduce electricity and water consumption as well as slag discharge amount during our production process, so as to achieve quality, efficient and sustainable development of the Group.

GRASP THE OPPORTUNITY AND FACE THE CHALLENGE

2017 will be a year full of both opportunities and challenges. Despite our downstream steel sector was affected the overall slowdown in the overall economy, particularly the PRC steel market continued to slump in the second half of 2016, more challenges will continue in 2017. It is believed that after our enhancement of management skills, in-depth adjustments and our enhancement of expansion in 2016, our relative competitiveness in the sector become remarkable, providing opportunities to the Group forthcoming. During China's 13th "Five-year Plan" period, the Chinese government will implement the supply-side reform, reducing production capacity and integrating resources to achieve economic restructuring and upgrading. Those measures also will bring us new market and development opportunities. In addition, we will strive to grasp the strategic opportunities of "the Belt and Road Initiatives" and actively pursue overseas mining development and international trading opportunities to enhance our international operation and strengthen our vitality, control capability, influence and risk-resistance ability so as to grasp the state policy and the PRC economic development opportunities.

Going forward, the Group will grasp the development trend of the manganese industry and the market, while continue to resolve problems and difficulties in our business development, confronting challenges, deploying and implementing good business strategies in order to enhance our internal driving force and long-term competitiveness for our sustainable development, thereby providing foundation for our future development.

CULTIVATE AND DEVELOP TRADITION AND CONTRIBUTE TO THE SOCIETY

We are committed to the good tradition of caring for and rewarding the society and actively performing social responsibility, thereby improving our corporate image and social influence. In 2016, the Group, with a view to ensuring sustainable development of economy and society, as well as maintaining harmony between energy and natural environment, had committed to enhance our safety production and our working surroundings, continuing our research and implementing energy saving measures, strictly complying with the relevant standards of environmental protection laws and regulations and enhancing the growth and training of working staff as well as carrying out social public welfare, lief base and cultural and art construction.

SINCERE GRATITUDE AND WORK FOR GLORIOUS FUTURE WITH UNITED EFFORTS

I, on behalf of the Board, would like to take this opportunity to thank the Directors, the management team and all staff for their valuable efforts in this current difficult economic conditions and challenging business environment. I also hereby take this opportunity to express my greatest sincere appreciation for the loyalty and support of our shareholders, clients and partners throughout the year.

I, together with the members of the Board, strongly believe that with the continuous support of all shareholders and various sectors of the society, the Group will overcome difficulties, grasp opportunities and overcome challenges, thereby obtaining sustainable development and creating new achievements and sustained value for the nation, shareholders and the society.

Yin Bo
Chairman

15 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
REVENUE	*4*	**3,248,108**	2,517,000
Cost of sales		**(2,823,887)**	(2,604,637)
Gross profit/(loss)		**424,221**	(87,637)
Gain on bargain purchase	*15*	–	223,798
Other income and gains	*4*	**216,970**	164,293
Selling and distribution expenses		**(86,052)**	(99,449)
Administrative expenses		**(382,945)**	(482,425)
Finance costs	*5*	**(235,892)**	(270,726)
Other expenses		**(21,049)**	(37,135)
Impairment of property, plant and equipment and mining right		–	(347,657)
Share of losses of associates		**(46,562)**	(5,288)
LOSS BEFORE TAX	*6*	**(131,309)**	(942,226)
Income tax credit/(expense)	*7*	**2,888**	(33,751)
LOSS FOR THE YEAR		**(128,421)**	(975,977)
OTHER COMPREHENSIVE LOSS:			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		**(197,366)**	(138,725)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(325,787)**	(1,114,702)

	Note	**2016**	2015
		HK$'000	*HK$'000*
Total loss attributable to:			
Owners of the parent		**(87,913)**	(956,007)
Non-controlling interests		**(40,508)**	(19,970)
		(128,421)	(975,977)
Total comprehensive loss attributable to:			
Owners of the parent		**(285,238)**	(1,094,789)
Non-controlling interests		**(40,549)**	(19,913)
		(325,787)	(1,114,702)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK cents 2.56**	HK cents 29.61
Diluted		**HK cents 2.56**	HK cents 29.61

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,990,656**	3,314,103
Investment properties		**81,927**	87,343
Prepaid land lease payments		**443,023**	492,756
Intangible assets		**569,817**	624,450
Investments in associates		**826,466**	762,035
Deferred tax assets		**32,933**	33,122
Prepayments and deposits		**223,603**	214,074
Total non-current assets		**5,168,425**	5,527,883
CURRENT ASSETS			
Inventories		**792,837**	810,867
Trade and notes receivables	*10*	**837,592**	751,611
Prepayments, deposits and other receivables		**518,776**	667,481
Due from related companies		**10,272**	1,692
Due from associates		**26,187**	–
Tax recoverable		**13,060**	13,610
Financial assets at fair value through profit or loss		**24,295**	–
Pledged deposits		**545,349**	558,730
Cash and cash equivalents		**989,510**	968,404
		3,757,878	3,772,395
Non-current assets classified as held for sale		**–**	37,058
Total current assets		**3,757,878**	3,809,453
CURRENT LIABILITIES			
Trade and notes payables	*11*	**950,036**	505,878
Other payables and accruals		**1,009,600**	772,300
Interest-bearing bank and other borrowings	*12*	**2,607,033**	2,630,208
Medium-term notes	*13*	**–**	596,800
Due to related companies		**114,327**	7,505
Tax payable		**12**	247
Total current liabilities		**4,681,008**	4,512,938

	Note	**2016**	2015
		HK$'000	*HK$'000*
NET CURRENT LIABILITIES		**(923,130)**	(703,485)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,245,295**	4,824,398
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**1,279,868**	1,504,989
Deferred tax liabilities		**191,134**	204,385
Other long-term liabilities		**19,570**	16,407
Deferred income		**80,851**	98,974
Total non-current liabilities		**1,571,423**	1,824,755
Net assets		**2,673,872**	2,999,643
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**342,846**	342,846
Reserves		**2,262,363**	2,547,585
		2,605,209	2,890,431
Non-controlling interests		**68,663**	109,212
Total equity		**2,673,872**	2,999,643

1. CORPORATE AND GROUP INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

During the year ended 31 December 2016, the Company and its subsidiaries (collectively referred to as the "**Group**") incurred a consolidated net loss of HK$128,421,000 (2015: HK$975,977,000) and had net cash inflows from operating activities of HK$1,150,260,000 (2015: HK$117,904,000). As at 31 December 2016, the Group had net current liabilities of HK$923,130,000 (2015: HK$703,485,000).

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

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

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

(c) Subsequent to 31 December 2016, in February 2017, certain PRC banks had confirmed to the Group in writing regarding their agreements to renew the short-term bank loans with the Group totalling HK$1,610 million for another year upon repayment when due, subject to the condition that the Group will be able to repay the total interest due upon the respective repayment dates.

(d) The Group has obtained financial support letter from a shareholder which stated explicitly to provide financial support to the Group to continue the Group's operation in the foreseeable future and fulfil financial responsibility as and when they fall due for 12 months from 31 December 2016.

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

The directors of the Company have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, coupled with the rebound of the selling prices of the Group's major products since the second half of the year and up to the date of this report, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2016 on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee). When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
HKFRS 14	*Regulatory Deferred Accounts*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above new and revised standards has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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 previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

3. OPERATING SEGMENT INFORMATION

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

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

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

(b) Manganese downstream processing segment (PRC)

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

(c) Non-manganese processing segment (PRC)

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

(d) Others segment (PRC)

The others segment comprises, principally, the trading of various commodities such as manganese ore, EMM, sales of scraps, and rental of investment properties and machinery.

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

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, medium-term notes, deferred tax liabilities, tax payable 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$'000	Manganese mining and ore processing Gabon HK$'000	Manganese downstream processing PRC HK$'000	Non-manganese processing PRC HK$'000	Others PRC HK$'000	Total HK$'000
Year ended 31 December 2016						
Segment revenue:						
Sales to external customers	114,975	5,817	2,245,527	121,302	760,487	3,248,108
Intersegment sales	223,055	–	–	–	–	223,055
Other revenue	34,684	2,192	70,352	1,545	88,945	197,718
	372,714	8,009	2,315,879	122,847	849,432	3,668,881
Reconciliation:						
Elimination of intersegment sales						(223,055)
Revenue from operations						3,445,826
Segment results	(25,041)	(37,742)	199,954	9,534	50,343	197,048
Reconciliation:						
Interest income						19,252
Corporate and other unallocated expenses						(65,155)
Finance costs						(235,892)
Share of losses of associates						(46,562)
Loss before tax						(131,309)
Income tax credit						2,888
Loss for the year						(128,421)
Assets and liabilities						
Segment assets	860,099	402,818	4,615,370	75,925	1,111,067	7,065,279
Reconciliation:						
Corporate and other unallocated assets						1,861,024
Total assets						8,926,303
Segment liabilities	353,143	250,633	1,259,755	15,421	737,398	2,616,350
Reconciliation:						
Corporate and other unallocated liabilities						3,636,081
Total liabilities						6,252,431
Other segment information:						
Depreciation and amortisation	37,604	11,977	298,971	2,036	630	351,218
Unallocated depreciation and amortisation						5,745
Total depreciation and amortisation						356,963
Capital expenditure*	8,535	33,484	212,941	1,434	95	256,489
Unallocated capital expenditure						798
Total capital expenditure						257,287
Impairment losses recognised in profit or loss	12,467	8,431	391	597	562	22,448
Gain/(loss) on disposal of items of property, plant and equipment and non-current assets classified as held for sale	14,888	1,903	10,757	(73)	4,774	32,249
Investments in associates	–	–	277,173	–	549,293	826,466

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

* 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*

	2016	2015
	HK$'000	*HK$'000*
Mainland China	**2,822,296**	2,071,460
Asia (excluding Mainland China)	**331,720**	316,743
Europe	**51,678**	64,230
North America	**26,228**	41,172
Other countries	**16,186**	23,395
	3,248,108	2,517,000

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

(b) *Non-current assets*

	2016	2015
	HK$'000	*HK$'000*
Segment assets:		
Mainland China	**5,030,475**	4,622,617
Africa	**105,017**	110,109
	5,135,492	4,732,726

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

Information about a major customer

Revenue of approximately HK$536,000,000 for the year ended 31 December 2016 was derived from sales by the manganese mining and ore processing segment and trading sales (2015: approximately HK$357,000,000 was derived from sales by the manganese downstream processing segment) to a single customer, including sales to a group of entities which were under its common control.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**3,248,108**	2,517,000
Other income and gains		
Interest income	**19,252**	25,927
Net gain on disposal of items of property, plant and equipment	**30,346**	–
Gain on disposal of non-current assets classified as held for sale	**1,903**	–
Gain on disposal of financial assets at fair value through profit or loss	**572**	–
Subsidy income	**82,764**	111,594
Sale of scraps	**24,250**	4,070
Rental income	**15,973**	13,745
Fair value gains on investment properties	**129**	–
Fair value gain on financial assets at fair value through profit or loss	**13**	–
Gain on disposal of prepaid land lease payments	**32,452**	–
Others	**9,316**	8,957
	216,970	164,293

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	HK$'000	*HK$'000*
Interest on loans wholly repayable within five years	**183,011**	237,107
Finance costs for discounted notes receivable	**25,296**	14,032
Other finance costs	**27,585**	20,206
Less: Interest capitalised	**–**	(619)
	235,892	270,726

6. LOSS BEFORE TAX

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

	Note	2016 HK$'000	2015 HK$'000
Cost of inventories sold		**2,803,362**	2,490,584
Depreciation		**328,433**	369,727
Amortisation of prepaid land lease payments		**12,091**	13,046
Amortisation of intangible assets		**16,439**	13,014
Auditor's remuneration		**3,294**	3,803
Minimum lease payments under operating leases, land and buildings		**6,427**	10,178
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		**404,159**	397,930
Pension scheme contributions		**55,476**	58,874
Other employee welfare		**37,192**	39,999
		496,827	496,803
Net (gain)/loss on disposal of items of property, plant and equipment*		**(30,346)**	507
Gain on disposal of non-current assets classified as held for sale*		**(1,903)**	–
Gain on disposal of financial assets at fair value through profit or loss*		**(572)**	–
Gain on disposal of prepaid land lease payments*		**(32,452)**	–
Foreign exchange differences, net*		**8,088**	20,134
Write-down of inventories to net realisable value, net#		**13,462**	114,053
Impairment of trade and other receivables, net*		**8,986**	6,917
Impairment of property, plant and equipment		**–**	178,761
Impairment of mining right		**–**	168,896
Gain on bargain purchase	*15*	**–**	(223,798)
Fair value gains on investment properties*		**(129)**	–
Fair value gain on financial assets at fair value through profit or loss*		**(13)**	–

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 (CREDIT)/EXPENSE

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

	2016	2015
	HK$'000	*HK$'000*
Current – PRC		
Charge for the year	**145**	61
Current – Gabon		
Charge for the year	**12**	661
Deferred	**(3,045)**	33,029
Total tax (credit)/expense for the year	**(2,888)**	33,751

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 2018, 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 expense/(credit) 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 expense/(credit) at the effective tax rate is as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before tax	**(131,309)**	(942,226)
Tax at the statutory PRC corporate income tax rate	**(32,827)**	(235,556)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**1,446**	–
Lower tax rates/tax holidays or concessions	**(9,241)**	45,322
Losses attributable to associates	**7,646**	–
Income not subject to tax	**(25,453)**	(34,085)
Expenses not deductible for tax	**16,240**	30,522
Tax losses not recognised	**39,301**	189,160
Deferred tax expense arising from a write-down of deferred tax assets	**–**	38,388
Tax (credit)/expense reported in the consolidated statement of profit or loss and other comprehensive income	**(2,888)**	33,751
Effective income tax rate	**2.2%**	(3.6%)

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,428,459,000 (2015: 3,229,124,162) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**87,913**	956,007

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**3,428,459,000**	3,229,124,162

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 December 2016 and 2015.

10. TRADE AND NOTES RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**738,934**	422,861
Notes receivable	**151,944**	377,722
	890,878	800,583
Less: Impairment	**(53,286)**	(48,972)
	837,592	751,611

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one month, extended to not more than three months for major customers, from the invoice date and cash realisation may be further extended by 3 to 6 months for those customers paying by notes receivable. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management. Except for trade receivables of HK$317,953,000 (2015: Nil) due from a single customer relating to the trading of imported manganese ores, which are guaranteed by the equity interests owned by that customer, the remaining balance is related to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes receivable represent 1) bank acceptance notes issued by banks in Mainland China which are secured and payable when due by the banks and 2) commercial acceptance notes which are secured and due before 30 June 2017.

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:

	2016	2015
	HK$'000	*HK$'000*
Within one month	**292,776**	425,247
One to two months	**209,955**	98,652
Two to three months	**173,159**	115,946
Over three months	**161,702**	111,766
	837,592	751,611

Transferred financial assets that are derecognised in their entirety

At 31 December 2016, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "**Derecognised Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB400,558,000 (equivalent to HK$447,784,000) (2015: RMB304,489,000, equivalent to HK$363,438,000). 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 are 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 2016, 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:

	2016	2015
	HK$'000	*HK$'000*
At beginning of year	**48,972**	37,502
Impairment losses recognised	**13,502**	24,388
Impairment losses reversed	**(5,483)**	(1,907)
Amount written off as uncollectible	**(71)**	(8,224)
Exchange realignment	**(3,634)**	(2,787)
At end of year	**53,286**	48,972

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK$53,286,000 (2015: HK$48,972,000) with a carrying amount before provision of approximately HK$62,004,000 (2015: HK$59,516,000) as at 31 December 2016. 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:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**675,890**	639,845
One to three months past due	**146,371**	99,214
Over three months past due	**15,331**	12,552
	837,592	751,611

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

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

11. TRADE AND NOTES PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
Within one month	**295,936**	118,330
One to two months	**274,327**	50,142
Two to three months	**72,802**	71,484
Over three months	**306,971**	265,922
	950,036	505,878

The trade payables are non-interest-bearing and are normally settled on 60-120 days' terms.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Finance lease payables *(note 14)*	**6.32-7.51**	**2017**	**86,752**	5.60-7.51	2016	243,211
Bank loans – secured *(note (a))*	**4.35**	**2017**	**63,225**	2.50-6.16	2016	477,261
Bank loans – unsecured	**2.15-4.83**	**2017**	**1,773,490**	4.35-6.00	2016	1,045,594
Current portion of long-term bank loans – secured *(note (a))*	**LIBOR+2.15**	**2017**	**231,968**	LIBOR+2.15	2016	232,503
Current portion of long-term bank loans – unsecured	**LIBOR+2.60, 6.46**	**2017**	**342,458**	5.35-6.77	2016	514,442
Other loans – unsecured *(note (b))*	**4.56**	**2017**	**109,140**	5.04	2016	117,197
			2,607,033			2,630,208
Non-current						
Finance lease payables *(note 14)*	**6.32-7.51**	**2018**	**208,389**	7.51	2017-2020	250,560
Bank loans – secured *(note (a))*	**4.00**	**2018**	**318,602**	4.00, LIBOR+2.15	2017-2018	569,303
Bank loans – unsecured	**LIBOR+2.60**	**2018-2019**	**752,877**	4.75-6.46	2017-2018	685,126
			1,279,868			1,504,989
			3,886,901			4,135,197

	2016	2015
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**2,411,141**	2,269,800
In the second year	**683,064**	620,423
In the third to fifth years, inclusive	**388,415**	634,006
	3,482,620	3,524,229
Other loans and finance leases repayable:		
Within one year or on demand	**195,892**	360,408
In the second year	**80,046**	70,424
In the third to fifth years, inclusive	**128,343**	180,136
	404,281	610,968
	3,886,901	4,135,197

Notes:

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

	2016	2015
	HK$'000	*HK$'000*
Property, plant and equipment	–	85,115
Pledged deposits	**242,889**	442,574
	242,889	527,689

(b) The balance as at 31 December 2015 represented a loan borrowed from Industrial Bank by way of a gold lease arrangement, with the principal of RMB98,188,000 (equivalent to HK$117,197,000) and bearing interest at a fixed rate of 5.04% per annum. The loan was repaid on 12 May 2016. The balance as at 31 December 2016 represents a loan borrowed by way of a gold lease arrangement from Industrial Bank, with the principal of RMB97,630,000 (equivalent to HK$109,140,000) and bearing interest at a fixed rate of 4.56% per annum. The loan is repayable on 26 May 2017.

(c) Except for bank loans of HK$619,673,000 (2015: HK$795,659,000) which were denominated in United States dollars, all borrowings were in Renminbi as at 31 December 2016.

13. MEDIUM-TERM NOTES

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

Medium-term notes	**2016** ***HK$'000***	2015 *HK$'000*
The First Tranche Notes – Nominal value of 5.0% fixed rate notes maturing in April 2016 – unsecured – Current portion	–	596,800
	–	596,800

The medium-term notes were due and repaid in April 2016.

14. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery of its manganese downstream processing business in 2016. These leases are classified as finance leases with remaining lease terms ranging from 1 to 4 years.

The finance lease payables comprised balances arising from the following sales and leaseback arrangements:

1) a principal of RMB300,000,000 (equivalent to HK$335,370,000) carrying effective interest at a fixed rate of 7.51% per annum and an once off service fee of RMB7,008,000 (equivalent to HK$7,834,000) to the lessor and being secured by a cash deposit of RMB24,000,000 (equivalent to HK$26,830,000). The loan is repayable on 5 August 2020.

2) a principal of RMB142,000,000 (equivalent to HK$169,491,000) carrying interest at a fixed rate of 5.60% per annum. The loan has been repaid in 2016.

3) a principal of RMB50,000,000 (equivalent to HK$55,895,000) carrying effective interest at a fixed rate of 6.32% per annum and an once off service fee of RMB1,681,000 (equivalent to HK$1,879,000) to the lessor and being secured by a cash deposit of RMB21,500,000 (equivalent to HK$24,035,000). The loan is repayable on 14 December 2019.

As at 31 December 2016, the Group's property, plant and equipment of its manganese downstream processing segment with a net carrying amount of HK$177,669,000 (2015: HK$393,279,000) were held under the above finance leases. If no default occurs during the lease term, the ownership of the plant and machinery shall automatically be transferred to the lessee at a price of RMB100.

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

	Minimum lease payments 2016 *HK$'000*	**Present value of minimum lease payments 2016** *HK$'000*	Minimum lease payments 2015 *HK$'000*	Present value of minimum lease payments 2015 *HK$'000*
Amounts payable:				
Within one year	**92,915**	**86,752**	259,511	243,211
In the second year	**87,624**	**80,046**	81,195	70,424
In the third to fifth years, inclusive	**133,978**	**128,343**	192,933	180,136
Total minimum finance lease payments	**314,517**	**295,141**	533,639	493,771
Future finance charges	**(19,376)**		(39,868)	
Total net finance lease payables	**295,141**		493,771	
Portion classified as current liabilities *(note 12)*	**(86,752)**		(243,211)	
Non-current portion *(note 12)*	**208,389**		250,560	

15. GAIN ON BARGAIN PURCHASE

In June 2015, through a number of acquisitions in the market and from independent third parties, the Group acquired 22.23% equity interests of a Hong Kong listed company, China Polymetallic Company Limited ("**CPM**") at a total cash consideration of HK$314,446,000. In addition, as a non-cash transaction, the Group completed the acquisition of a further 7.58% equity interests in CPM at a consideration of HK$135,590,000 by way of issue of 104,300,000 new shares of the Company to an independent third party. Upon completion of the above series of piece meal acquisitions on 23 July 2015, the Company owns 29.81% equity interests in CPM.

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

The Group recognised a gain on bargain purchase of HK$223,798,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015, which represented the excess of fair value of the identifiable assets and liabilities of CPM as at the date of acquisition over the cash consideration paid by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

	2016	2015	**Increase/(decrease)**	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Revenue	**3,248,108**	2,517,000	731,108	29.0
Operating loss	**(131,309)**	(818,367)	(687,058)	(84.0)
Gain on bargain purchase	–	223,798	(223,798)	(100.0)
Impairment of property, plant and equipment and mining right	–	(347,657)	(347,657)	(100.0)
Loss before tax	**(131,309)**	(942,226)	(810,917)	(86.1)
Income tax credit/(expense)	**2,888**	(33,751)	(36,639)	(108.6)
Loss after tax	**(128,421)**	(975,977)	(847,556)	(86.8)
Loss attributable to owners of the parent	**(87,913)**	(956,007)	(868,094)	(90.8)
Loss attributable to non-controlling interests	**(40,508)**	(19,970)	20,538	102.8
	(128,421)	(975,977)	(847,556)	(86.8)

Overview

In 2016, while the world market recovery momentum remained anemic with mild improvement, such as continuous recovery signs of the US as well as the PRC economy seemed to have reached the L-shaped forecast bottom in short to medium term, ongoing uncertainties also emerged as a result of combined factors, including persistent shrunk of China's foreign-exchange reserves after substantial capital outflows added depreciation pressures on RMB and affected its economic stabilities, further incidents such as Brexit and US election result, also brought tremendous ambiguity and shadowed the world economic environment. In particular, the US Federal Reserve increased interest rate by 0.25% in December together with a more optimistic view for US economy forecast caused stronger US dollar, which stressed the emerging countries considerably for those with high debt burdens denominated in US dollar and also hindered these countries' future economic growth simultaneously.

For the steel sector, with China's economy continued to show signs of stabilization with the help of government-led infrastructure investment and credit boom, the overcapacity adjustment started to flourish following the implementation of supply side reform, rebound of steel prices were recorded in 2H 2016 and slowly resolved the inventory backlogs that had been created in the past. This recovery trend was particularly apparent in the fourth quarter 2016 with a sharp rally on metal and general commodities stimulus by his mega infrastructure plan, although the global demand remained weak. As a result, the year on year decrease in average selling price of our major product EMM, an ingredient of steel, when compared with 2015, became much lessened.

On the cost side, we benefited from obtaining lower bargain prices for our electricity consumption for 2016 which contributed to a lower unit production cost of EMM when comparing with last year, against a backdrop of our continuous efforts to strive and maintained our competitiveness in the manganese sector through different measures, including containing our raw materials and power consumption per unit of production to increase production efficiency. As a result, a substantial improvement of overall gross profit to HK$424.2 million (2015: overall gross loss of HK$87.6 million).

Other than those factors mentioned above, major reasons for the decrease of loss attributable to the owners of the parent amounting to HK$87.9 million in 2016 from HK$956.0 million in 2015 are:

1. significant decrease in provision for our manganese products, which amounted to HK$13.5 million in 2016 (2015: HK$114.1 million) as a result of rebound in the average selling price of manganese products;

2. no provision for impairment on mining right nor other major assets in 2016 as manganese market picked up (2015: impairment provision of HK$347.7 million).

Comparison with 2015

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

	Year ended 31 December,							
	2016				2015			
	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								
Gabon ore	**10,068**	**578**	**5,817**	**0.2**	205,135	543	111,341	4.4
Manganese concentrate	**213,995**	**301**	**64,331**	**2.0**	99,566	357	35,520	1.4
Natural discharging manganese powder and sand	**21,384**	**2,368**	**50,644**	**1.6**	20,661	2,660	54,956	2.2
Sub-Total	**245,447**	**492**	**120,792**	**3.8**	325,362	620	201,817	8.0
Manganese downstream processing								
EMM	**128,109**	**10,763**	**1,378,889**	**42.5**	123,647	11,510	1,423,117	56.6
Manganese briquette	**29,207**	**11,055**	**322,896**	**9.9**	16,896	12,096	204,381	8.1
	157,316	**10,818**	**1,701,785**	**52.4**	140,543	11,580	1,627,498	64.7
Silicomanganese alloy	**32,508**	**6,212**	**201,952**	**6.2**	31,660	5,726	181,289	7.2
EMD	**26,290**	**8,220**	**216,105**	**6.7**	26,275	8,772	230,474	9.2
Manganese sulfate	**21,163**	**3,433**	**72,654**	**2.2**	15,493	3,929	60,879	2.4
Others	**14,041**	**3,777**	**53,031**	**1.6**	9,401	4,045	38,029	1.5
Sub-Total	**251,318**	**8,935**	**2,245,527**	**69.1**	223,372	9,572	2,138,169	85.0
Non-manganese processing								
Lithium cobalt oxide	**612**	**198,206**	**121,302**	**3.7**	756	180,458	136,426	5.4
Other business								
Trading	**646,984**	**1,175**	**760,487**	**23.4**	23,635	1,717	40,588	1.6
Total	**1,144,361**	**2,838**	**3,248,108**	**100.0**	573,125	4,392	2,517,000	100.0

Revenue

In 2016, the Group's revenue was HK$3,248.1million (2015: HK$2,517.0 million), representing an increase of 29.0% as compared with 2015. This substantial increase was mainly due to the Hong Kong based ore trading operations commencing from the second quarter of 2016.

Manganese mining and ore processing – Revenue of manganese mining and ore processing segment decreased by 40.1% to HK$120.8 million (2015: HK$201.8 million). This was mainly attributable to the almost vanishing sales of Gabon ores in 2016 after temporary suspension of its operations since the second half of 2015.

Manganese downstream processing – Revenue from manganese downstream processing increased by 5.0% from HK$2,138.2 million to HK$2,245.5 million. This increase was mainly due to the increase in the combined sales quantities of EMM and manganese briquette by 11.9% to 157,316 tonnes in 2016 (2015: 140,543 tonnes) and was principally attributable to the full load production throughout the year of most of our EMM processing plants following certain care and maintenance period in 2015. However, the positive effect of volume increase was partly eliminated by the opposite effect of a combined price drop by 6.6% of the two products.

Despite a mild increase in the combined revenue of EMM and manganese briquette, the aggregate sale of these two products now accounted for only 52.4% (2015: 64.7%) of our total sales due to the dilution effect arising from the increased sales revenue from trading.

Non-manganese processing – For 2016, sales volume of lithium cobalt oxide decreased by 19.0% to 612 tonnes (2015: 756 tonnes), while its average selling price increased by 9.8% to HK$198,206/tonne (2015: HK$180,458/tonne).

Trading – In HK, we commenced our business from the second quarter of 2016 in which we imported manganese ores from international miners and on-sale to a customer engaging in ferroalloy production in the PRC.

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

	Year ended 31 December,							
	2016				2015			
	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								
Gabon ore	**17,383**	**1,727**	**(11,566)**	**(198.8)**	189,896	926	(78,555)	(70.6)
Manganese concentrate	**64,855**	**303**	**(524)**	**(0.8)**	42,449	426	(6,929)	(19.5)
Natural discharging manganese powder and sand	**14,727**	**689**	**35,917**	**70.9**	20,138	975	34,818	63.4
Sub-Total	**96,965**	**395**	**23,827**	**19.7**	252,483	776	(50,666)	(25.1)
Manganese downstream processing								
EMM	**1,181,215**	**9,220**	**197,674**	**14.3**	1,502,058	12,148	(78,941)	(5.5)
Manganese briquette	**243,467**	**8,336**	**79,429**	**24.6**	181,228	10,726	23,153	11.3
	1,424,682	**9,056**	**277,103**	**16.3**	1,683,286	11,977	(55,788)	(3.4)
Silicomanganese alloy	**174,807**	**5,377**	**27,145**	**13.4**	197,875	6,250	(16,586)	(9.1)
EMD	**173,958**	**6,617**	**42,147**	**19.5**	204,928	7,799	25,546	11.1
Manganese sulfate	**50,123**	**2,368**	**22,531**	**31.0**	44,851	2,895	16,028	26.3
Others	**50,967**	**3,630**	**2,064**	**3.9**	48,685	5,179	(10,656)	(28.0)
Sub-Total	**1,874,537**	**7,459**	**370,990**	**16.5**	2,179,625	9,758	(41,456)	(1.9)
Non-manganese processing								
Lithium cobalt oxide	**107,825**	**176,185**	**13,477**	**11.1**	132,483	175,242	3,943	2.9
Other business								
Trading	**744,560**	**1,151**	**15,927**	**2.1**	40,046	1,694	542	1.3
Total	**2,823,887**	**2,468**	**424,221**	**13.1**	2,604,637	4,545	(87,637)	(3.5)

Cost of Sales

Total cost of sales increased by HK$219.3 million or 8.4%, to HK$2,823.9 million in 2016, as compared to HK$2,604.6 million in 2015 and was mainly attributable to the commencement in Hong Kong of our manganese ores trading operations from the second quarter of 2016.

In 2016, the unit cost of manganese mining and ore processing segment decreased substantially by 49.1% to HK$395/tonne (2015: HK$776/tonne). This was mainly attributable to: (1) very few Gabon ores were sold after temporary suspension of its operations since the second half of 2015 and (2) significant decrease in stock provision to HK$10.9 million (2015: HK$79.5 million) after a rebound of average selling price of manganese related products, including our Gabon ores.

Unit cost of combined EMM and manganese briquette decreased by 24.4% to HK$9,056/tonne (2015: HK$11,977/tonne). This was mainly attributable to our negotiation effort in obtaining bargain unit price of electricity with local authorities and power plants, decrease in the unit price of raw materials and other auxiliary materials as well as our continuous improvement in containing our raw materials and power consumption per unit of production.

Gross Profit

In 2016, the Group recorded a gross profit of HK$424.2 million (2015: negative gross profit of HK$87.6 million), which represented a net increase of HK$511.8 million from 2015. The Group's overall gross profit margin was substantially improved to 13.1%, representing an increase of 16.6% from negative 3.5% of 2015. Better overall gross profit margin was mainly attributable to: (1) improved gross margin of EMM and manganese briquette from a combined negative 3.4% in 2015 to 16.3% in 2016, due to combined factors including our negotiation effort to obtain a bargain unit price of electricity, decrease in the unit price of raw materials and other auxiliary materials as well as improvement in containing our raw materials and power consumption per unit of production; and (2) significant decrease in provision of stocks to HK$13.5 million (2015: HK$114.1 million) as average selling price of manganese related products surged during 2016.

Other income

Other income increased by 32.1% to HK$217.0 million (2015: HK$164.3 million) and was mainly attributable to gain on disposal of property, plant and equipment, non-current assets classified as held for sale and prepaid land lease payments totaling HK$64.7 million. This amount includes Huixing's gain of HK$32.5 million on sale of a parcel of land with the remaining balance principally from scrap asset disposal.

Selling and Distribution Expenses

The Group's selling and distribution expenses in 2016 have decreased by 13.4% to HK$86.1 million (2015: HK$99.4 million) and was in line with the decrease in overseas sales of manganese downstream processing products and our effort to negotiate for lower freight rates.

Administrative Expenses

Administrative expenses decreased by 20.6% to HK$382.9 million for 2016 (2015: HK$482.4 million) and was mainly attributable to: (1) some of our manganese processing plants temporarily suspended their operations for periodic repair and maintenance in 2015, and therefore certain expenses were directly charged to administrative expenses in 2015, but these plants came into full production and the relevant costs are accounted for as cost of sales in 2016; (2) staff cost saving through optimisation plan; and (3) our effort to contain expenses.

Finance Cost

For 2016, our Group's finance cost was HK$235.9 million (2015: HK$270.7 million), representing an decrease of 12.9% which was mainly due to: (1) the full year effect on 2016 of PBOC interest-rate cuts in the year 2015 during which the PRC stepped up monetary easing to combat slowing economy; and (2) our effort to cut down debt level with funds from our operating cash inflow and our optimization of working capital.

Impairment on property, plant and equipment and mining right

Because of the abrupt slide in the selling price of manganese ores in the international market in the year 2015, impairment with an aggregate amount of HK$347.7 million were provided in 2015 to write down the then carrying value of the Company's property, plant and equipment and mining right to recoverable amount, with reference to the then currently prevailing market price. As the manganese market picked up in the year 2016 particularly in the fourth quarter, no provision for impairment was recorded in 2016.

Other Expenses

Other expenses decreased by 43.3% to HK$21.0 million (2015: HK$37.1 million) and was mainly attributable to the decrease in impairment of trade and other receivables.

Share of losses of associates

Share of losses of associates of HK$46.6 million (2015: HK$5.3 million) mainly related to CPM, a 29.81% associate acquired by the Group in July 2015.

During the year, CPM recorded low level of raw ore output and reduced effective working days due to slow work progress in reinstalling pits and tunnels in a major operating mine part of which was damaged by abnormally high rainfall in both years 2016 and 2015.

CPM is one of the largest lead and zinc pure mining company in Yunnan Province, the PRC, which owns and operates a large-scale, lead-zinc-silver polymetallic Shizishan Mine in Yunnan and some other significant polymetallic resources in Myanmar. According to the announcement of CPM dated 14 February 2017, its independent auditor emphasised without modifying its audit opinion, that the financial statements of CPM for the year ended 31 December 2016 indicates the existence of a material uncertainty which may cast significant doubt about CPM's ability to continue as a going concern. The directors of the Company has assessed the impact on the impairment of investment in CPM and considered that no impairment provision was needed as at 31 December 2016. Further details of CPM can be found in its latest annual report and results announcement.

Income Tax

Tax credit of HK$2.9 million (2015: tax expense of HK$33.8 million) was recorded during the year. The effective tax rate for the year amounted to 2.2% (2015: negative 3.6%). A reconciliation of the income tax expense/(credit) applicable to loss before tax at the statutory rate to the income tax expense/(credit) at the effective tax rate has been set out in note 7 to the financial statements. The tax charge in 2015 despite a loss was mainly a reversal of deferred tax credit relating to tax loss.

Loss Attributable to Owners of the Parent

For 2016, the Group's loss attributable to owners of the parent was HK$87.9 million (2015: HK$956.0 million).

Loss per Share

For 2016, loss per share attributable to ordinary equity holders of the Company was 2.56 HK cents (2015: 29.61 HK cents).

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: Nil).

Use of Proceeds from IPO

Up to 31 December 2016, we utilised 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 utilised up to 31.12.2016 *(HK$ Million)*	% utilised	Amount utilised up to 31.12.2015 *(HK$ Million)*	% utilised
1	Expansion project at Daxin EMD Plant	79	79	100.0%	79	100.0%
2	Expansion project of underground mining and ore processing at Daxin Mine	278	278	100.0%	249	89.6%
3	Expansion and construction projects of our EMM production facilities	516	516	100.0%	516	100.0%
4	Construction project at Chongzuo Base	59	42	71.2%	27	45.8%
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	1,851	93.3%	1,807	91.1%

Use of Proceeds from Share Placing for Cash in 2015

Up to 31 December 2016, we utilised the net proceeds raised from the share placing for cash in 2015 in accordance with the designated uses set out in the placing agreement as follows:

Description	Amount designated in the Placing Agreement *(HK$ Million)*	Amount utilised up to 31.12.2016 *(HK$ Million)*	% utilised	Amount utilised up to 31.12.2015 *(HK$ Million)*	% utilised
Possible investment(s) and/or as general working capital of the Group	388	388	100%	146	37.6%

Liquidity and financial resources

Cash and bank balances

As at 31 December 2016, the currency denomination of the Group's cash and bank balances including pledged deposits are as follow:

Currency Denomination	**2016**	2015
	HK$ million	*HK$ million*
Denominated in:		
RMB	**856.5**	1,014.3
HKD	**24.9**	155.8
USD	**653.4**	355.7
XAF	**0.1**	1.3
	1,534.9	1,527.1

As at 31 December 2016, our cash and bank balances including pledged deposits were HK$1,534.9 million (2015: HK$1,527.1 million) while the Group's borrowings amounted to HK$3,886.9 million (2015: HK$4,732.0 million). The Group's borrowings net of cash and bank balances amounted to HK$2,352.0 million (2015: HK$3,204.9 million).

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

Net current liabilities

As at 31 December 2016, the Group had net current liabilities of HK$923.1 million (2015: HK$703.5 million). In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

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

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

(c) Subsequent to 31 December 2016, in February 2017, certain PRC banks had confirmed to the Group in writing regarding their agreements to renew the short-term bank loans with the Group totalling HK$1,610 million for another year upon repayment when due, subject to the condition that the Group will be able to repay the total interest due upon the respective repayment dates.

(d) The Group has obtained financial support letter from a shareholder which stated explicitly to provide financial support to the Group to continue the Group's operation in the foreseeable future and fulfil financial responsibility as and when they fall due for 12 months from 31 December 2016.

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

The directors of the Company have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, coupled with the rebound of the selling prices of the Group's major products since the second half of the year and up to the date of the report, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2016 on a going concern basis.

Bank and other Borrowings

As at 31 December 2016, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**2016**	2015
	HK$ million	*HK$ million*
Secured borrowings (including finance lease payables)	**908.9**	1,772.8
Unsecured borrowings	**2,978.0**	2,959.2
	3,886.9	4,732.0

Maturity profile	**2016**	2015
	HK$ million	*HK$ million*
Repayable:		
On demand or within one year	**2,607.0**	3,227.0
After one year and within two years	**763.1**	690.8
After two years and within five years	**516.8**	814.2
	3,886.9	4,732.0

Currency denomination	**2016**	2015
	HK$ million	*HK$ million*
Denominated in:		
RMB	**3,267.2**	3,936.3
USD	**619.7**	795.7
	3,886.9	4,732.0

As at 31 December 2016, borrowings as to the amounts of HK$2,241.0 million (2015: HK$2,616.7 million) and HK$1,645.9 million (2015: HK$2,115.3 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 2.15% to 7.51%. The floating rate borrowings carry interest up to a premium of 10% above the Benchmark Borrowing Rates of the People's Bank of China ("**PBOC**"), except the USD loans which carry interest at rates of LIBOR plus a margin of 2.15% to 2.60%.

Overall, aggregate borrowings decreased to HK$3,886.9 million (2015: HK$4,732.0 million). The Group are now exploring various means including short-term or medium-term notes to improve total borrowing structure in terms of interest rate level and repayment periods.

Charge on group assets

As at 31 December 2016, (i) none of the Group's property, plant and equipment (2015: HK$85.1 million) were pledged to secure the Group's interest-bearing bank borrowings (except for finance lease payables); (ii) property, plant and equipment of HK$177.7 million (2015: HK$393.3 million) were held under finance lease; and (iii) bank balances of HK$242.9 million (2015: HK$442.6 million) were pledged to secure certain of the Group's bank borrowings.

Contingent liabilities

(a) As at 31 December 2016, the outstanding bank loan of the associate, in which the Group has a 33% equity interest, was guaranteed by the Group and the holding company of the associate, Guangxi Jinmeng Manganese Co, Ltd. ("Guangxi Jinmeng"), according to the shareholding structure on a several basis.

    As at 31 December 2016, the banking facilities guaranteed by the Group and Guangxi Jinmeng to the associate were utilised to the extent of RMB715,000,000 (equivalent to HK$799,299,000) (2015: Nil).

(b) The Group is currently a defendant in a lawsuit relating to a subcontracting contract. Details can be referred to in the announcement of the Group on 11 December 2015. The directors, based on the advice from the Group's PRC legal counsel, believe that the subsidiary has a valid defence against the allegation and, accordingly, have not provided for the claim arising from the litigation, other than the related legal and other costs.

Key Financial Ratios of the Group

	2016	2015
Current ratio	**0.80**	0.84
Quick ratio	**0.63**	0.66
Net Gearing ratio	**90.3%**	110.9%

Current ratio	=	balance of current assets at the end of the year/balance of current liabilities at the end of the year
Quick ratio	=	(balance of current assets at the end of the year – balance of inventories at the end of the year)/balance of current liabilities at the end of the year
Net Gearing ratio	=	Calculated as net debt divided by equity attributable to owners of the parent. Net debt is defined as the sum of interest-bearing bank, other borrowings and medium-term notes less cash and cash equivalents and pledged deposits

Our current ratio and quick ratio deteriorated mildly as we slowed down payment of some of our creditors. Coupled with our stringent effort to squeeze working capital, our cash inflow from operating activities enabled us to cut down our debt level, including repayment of a medium term note, and therefore net gearing ratio improved noticeably.

Credit risk

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

In 2016, the largest customer of the Group by revenue is Guangxi Jinmeng which is principally engaged in manganese ferroalloy production, manganese ore trading and manganese mining in Guizhou, the PRC. It maintains close business relationship with major steel plants in the PRC. The Group supplies manganese ores to Guangxi Jinmeng.

In 2016, revenue of HK$536.0 million (2015: Nil) was derived from sales of manganese ores to Guangxi Jinmeng, which accounted for 16.5% (2015: Nil) of the Group's total sales. As at 31 December 2016, trade accounts receivable (net) from Guangxi Jinmeng was HK$318.0 million (2015: Nil) and represents 38.0% (2015: Nil) of the Group's trade receivables.

Payment by Guangxi Jinmeng is secured by: (1) a corporate guarantee by Dushan Jinmeng; and (2) a personal guarantee by a shareholder of Guangxi Jinmeng. Sales to Guangxi Jinmeng are on open account with a credit period ranging from about 75 to 100 days from the date of receipt of goods, which can be extended for a further period of 60 days subject to the Company's approval. As the year end accounts receivable from Guangxi Jinmeng were principally derived from sales in the last quarter of 2016, an aggregate amount of HK$49.4 million has been subsequently settled up to the date of this announcement and the remaining unsettled balance are within their credit period. The directors of the Company consider that the related credit risk is acceptable to the Group.

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 Hong Kong, 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 trading operations in Hong Kong, our sales and purchases are both denominated in United States dollars.

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

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

Business Model and Strategy

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

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

(2) enhance our operational efficiency and profitability; and

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

Future Development and Outlook

- In January 2016, the Group completed a further capital injection of RMB172.9 million (equivalent to HK$202.3 million) in cash into Dushan Jinmeng, bringing the Group's investment in the 33% owned associate to an aggregate of RMB250.3 million (equivalent to HK$279.8 million). Dushan Jinmeng currently engages in the building of a ferromanganese alloy plant with an annual capacity of 500,000 tons and two self-use 150 MW power plants in Dushan County, Guizhou, the PRC. Progress of construction was slightly affected in the year due to a longer than normal local raining season. Upon full production re-scheduled for the year 2017, it will become one of the largest integrated power to manganese ferroalloy plant in the PRC, and therefore a key manganese ferroalloy supplier to steel plants in the southern market of the PRC.

- Riding on our expertise in manganese from mining to downward processing and with the upcoming ferroalloy production of Dushan Jinmeng scheduled for 2017, we will continue to cautiously develop our trading business of manganese ore and aim our trading also at manganese ferroalloy and its related raw materials.

- The rebound of the manganese market particularly in the fourth quarter of the year 2016 waked up our Gabon mine. After more than a year of suspension, our Gabon mine recommenced in December 2016 logistical operation including initially rail transport of the existing ore stocks from stacking yard to port. In January 2017, manganese ores totaling 127,000 tonnes were loaded on board and departed Gabon for ports in the PRC and India. Simultaneously, we have rebuilt our mining and processing team in Gabon for full operation in early February 2017. We expect that recommencement of Gabon mine will contribute to our cash flow on a marginal basis in the new year.

- China economy is expected to continue its "L-shaped" growth in the coming years and challenges ahead are expected. In the short term, manganese market will continue to face substantial challenges subject to China's supply-side structural reforms both in the steel and manganese sectors .

- We shall continue to follow China's "One Belt One Road" initiative, trying to explore new overseas market opportunities amidst the challenging manganese market.

- In terms of financing, we will continue our efforts to improve our liquidity and capital structure by exploring various alternatives from debt to equity, to raise necessary funds to finance our operations. In particular, we will put more weight on longer term financing than short term, and due consideration will be given to equity financing alternatives which have the advantages of expanding our shareholder base and reducing our debt gearing.

MINERAL AND MINING REPORT

Resources and Reserves

Below is the information on our mineral resources and ore reserves in accordance with JORC Code as of 31 December 2016:

Summary of our manganese mineral resources

Mines	**Ownership Percentage**	**JORC Resource Category**	**Million tonnes** (31.12.2016)	**Average Manganese Grade (%)** (31.12.2016)	Million tonnes (31.12.2015)	Average Manganese Grade (%) (31.12.2015)
Daxin Mine	100%	Measured	**4.58**	**24.71**	4.95	24.60
		Indicated	**63.71**	**21.31**	64.91	21.24
		Subtotal	**68.29**	**21.54**	69.86	21.48
		Inferred	**0.43**	**21.23**	0.43	21.23
		Total	**68.72**	**21.53**	70.29	21.48
Tiandeng Mine	100%	Measured	**0.56**	**18.26**	0.57	18.19
		Indicated	**2.76**	**16.76**	2.82	16.70
		Subtotal	**3.32**	**17.01**	3.39	16.95
		Inferred	**3.51**	**14.24**	3.51	14.24
		Total	**6.83**	**15.59**	6.90	15.57

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2016		31.12.2015	
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	**2.96**	**20.45**	3.08	20.45
		Indicated	**14.67**	**20.32**	14.67	20.32
		Subtotal	**17.63**	**20.34**	17.75	20.34
		Inferred	**4.22**	**20.50**	4.22	20.50
		Total	**21.85**	**20.37**	21.97	20.37
Bembélé Manganese Mine	51%	Measured	**–**	**–**	–	–
		Indicated	**15.97**	**31.99**	15.97	31.99
		Subtotal	**15.97**	**31.99**	15.97	31.99
		Inferred	**12.37**	**32.74**	12.37	32.74
		Total	**28.34**	**32.32**	28.34	32.32
Total:			**127.28**		129.04	

Summary of our manganese ore reserves

Mines	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2016		31.12.2015	
Daxin Mine	100%	Proved	**4.36**	**20.86**	4.73	21.04
		Probable	**61.18**	**18.85**	62.38	18.83
		Total	**65.54**	**18.99**	67.11	18.98
Tiandeng Mine	100%	Proved	**0.52**	**15.74**	0.53	15.72
		Probable	**2.64**	**15.61**	2.70	15.58
		Total	**3.16**	**15.64**	3.23	15.61
Waifu Manganese Mine	100%	Proved	–	–	–	–
		Probable	–	–	–	–
		Total	–	–	–	–
Changgou Manganese Mine	64%	Proved	**2.96**	**20.45**	3.06	20.45
		Probable	**14.67**	**20.32**	14.67	20.32
		Total	**17.63**	**20.34**	17.73	20.34
Bembélé Manganese Mine	51%	Proved	–	–	–	–
		Probable	**15.96**	**31.36**	15.96	31.36
		Total	**15.96**	**31.36**	15.96	31.36
Total			**102.29**		104.03	

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

Assumptions:

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

(1) (a) The manganese resources and manganese ore reserves for Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine are based on the estimate as per the independent technical review report as shown in the Prospectus. The decreases of the manganese resources and manganese ore reserves in the aforesaid mines during the year were largely due to mining depletion. The year end amounts have been confirmed by our internal experts.

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

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

Exploration, Development, and Mining Activities

I) *Exploration*

Overview

During the year, there were no significant progress in respect of our exploration works and we have not conducted any exploration drilling works which are largely due to: (1) completion of the exploration works in Daxin Mine and Changgou Mine; (2) Waifu Manganese Mine still has not entered into formal operation; and (3) temporary suspension of operations for Bembélé Manganese Mine. During the year, our main focus was to continue the subsequent follow up in respect of the exploration works at Tiandeng Mine.

Daxin Mine

During the year, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Daxin Mine.

Tiandeng Mine

During the year, we continued the preparation of the detailed exploration report in respect of the exploration area located at 440 meters depth below the mining block of Tiandeng Mine.

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

During the year, 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 out sourced contractor, 溫州建設集團公司 (Wenzhou Construction Group Co.) has completed the phase A 600,000 tonnes/year expansion project for the underground mining at Daxin Mine, totalling 3,116.90 metre length tunnel construction works and the construction work amounted to 41,962.40 m^3, marking the completion of the whole phase A 600,000 tonne/year expansion project. The other out sourced contractor, 廣西錫山礦業有限公司 (Guangxi Xishan Mining Limited Company) continued the phase B 600,000 tonnes/year expansion project for the underground mining at Daxin Mine. As at 31 December 2016, the tunnel construction works in phase B amounted to 45,166 metres in length and the construction works in phase B amounted to 385,449 m^3.

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 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 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 Bembélé Manganese Mine.

III) Mining activities

(1) Mining operations

Daxin Mine

	2016	2015
Open pit mining		
Mine production volume (thousand tonnes)	**846**	695
Underground mining		
Mine production volume (thousand tonnes)	**659**	452
Total mine production (thousand tonnes)	**1,505**	1,147
Average manganese grade		
Manganese carbonate ore	**15.3%**	15.3%
Manganese oxide ore	**28.1%**	26.5%

Tiandeng Mine

	2016	2015
Open pit mining		
Mine production volume (thousand tonnes)	**366**	235
Average manganese grade		
Manganese carbonate oxide	**11.7%**	11.5%
Manganese oxide ore	**15.9%**	14.4%

Waifu Manganese Mine

During the year, there were no mining production.

Changgou Manganese Mine

	2016	2015
Underground mining		
Mine production volume (thousand tonnes)	**95**	9
Average manganese carbonate grade	**17.3%**	**16.3%**

Bembélé Manganese Mine

	2016	2015
Open pit mining		
Mine production volume (thousand tonnes)	**–**	316
Average manganese oxide grade	**N/A**	30.7%

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)	**2016**	2015
Daxin Concentration Plant		
Manganese carbonate ore	**1,002**	929
Manganese oxide ore	**125**	78
Total	**1,127**	1,007
Average manganese grade of concentrate		
Manganese carbonate ore	**18.5%**	18.0%
Manganese oxide ore	**28.9%**	29.1%
Tiandeng Concentration Plant		
Manganese oxide ore	**–**	58
Average manganese grade of concentrate	**N/A**	20.6%
Bembélé Concentration Plant		
Manganese oxide ore	**–**	174
Average manganese grade of concentrate	**N/A**	34.2%

- Grinding

Production volume (thousand tonnes)	**2016**	2015
Daxin Grinding Plant		
Powder produced	**1,013**	976

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)	**2016**	2015
Daxin EMM Plant	**114.0**	87.4
DXML EMM Plant	**20.7**	21.7
Tiandeng EMM Plant	**24.9**	20.8
Guangxi Start EMM Plant	**18.6**	10.7
Total	**178.2**	140.6

- Manganese briquette

Production (thousand tonnes)	**2016**	2015
Chongzuo Branch	**29.4**	20.3

- Manganese sulfate

Production (thousand tonnes)	**2016**	2015
Daxin Sulfate Plant	**21.3**	16.1

- EMD

Production (thousand tonnes)	**2016**	2015
Daxin EMD Plant	**27.8**	22.0

- Silicomanganese alloy

Production (thousand tonnes)	**2016**	2015
Qinzhou Ferroalloy plant	**31.1**	31.7

- Lithium manganese oxide

Production (thousand tonnes)	**2016**	2015
Chongzuo Branch	**0.49**	0.05

(2) Non-manganese processing operations

- Lithium cobalt oxide

Production (thousand tonnes)	**2016**	2015
Chongzuo Branch	**0.71**	0.80

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

V) Exploration, Development and Mining Cost of the Group

Expenses of exploration, development and mining activities of the Group for the year ended 31 December 2016 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	–	216	–	–	–	216
Transportation	–	–	–	–	–	–
Others	–	–	–	–	–	–
	–	216	–	–	–	216
Development activities (including mine construction)						
Purchases of assets and equipment	–	1,092	–	–	–	1,092
Construction of mines, tunnels and roads	–	–	–	–	–	–
Staff cost	–	–	–	–	–	–
Others	10	–	–	–	–	10
	10	1,092	–	–	–	1,102
Mining activities*						
Staff cost	2,283	4,796	–	5,077	–	12,156
Consumables	878	7,971	–	4,433	–	13,282
Fuel, electricity, water and other services	10,834	3,337	–	3,996	–	18,167
Transportation	1,517	4	–	–	–	1,521
Sub-contracting fee	–	–	–	–	–	–
Depreciation	10,918	1,874	–	2,889	–	15,681
Others	176,395	6,144	–	30,504	–	213,043
	202,825	24,126	–	46,899	–	273,850

(* Concentrating not included)

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

(HK$'000)

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

(* Concentrating not included)

OTHER INFORMATION

Annual General Meeting

The annual general meeting of the Company is tentatively scheduled to be on Wednesday, 21 June 2017. 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, 16 June 2017 to Wednesday, 21 June 2017, 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, 15 June 2017.

Purchase, Redemption or Sale of Listed Securities of the Company

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, risk management, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2016.

Financial Information

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2016, but represents an extract from those accounts. The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditors, Ernst & Young.

Corporate Governance

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

The Board is of the view that the Company has, for the year ended 31 December 2016, save for the deviation from the code provision A.2.1 applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

Code Provision A.2.1

Chairman and Chief Executive Officer

With the departure of Mr. Tian Yuchuan as the Chief Executive Officer on 30 September 2016, the posts of Chairman and Chief Executive Officer were combined and Mr. Yin Bo, the Chairman of the Board has also assumed the role of the Chief Executive Officer. This arrangement is in contravention of code provision A.2.1 of the CG Code. Mr. Yin has considerable knowledge of the Company's assets and his experience is very highly valued by the Board. At a challenging time for the Company, the Board decided that Mr. Yin was the best person to lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy which is determined by the Board. All major decisions are made in consultation with the Board members, appropriate Board committees or senior management of the Group. Mr. Yin promotes a culture of openness and encourages the Directors to make a full and active contribution to the Board's affairs. During the year, the three Independent non-executive Directors of the Company offered strong and independent advice. All decisions have reflected the consensus of the Board. The Board is keeping this situation under review and will separate the role of Chairman and Chief Executive Officer when it is in the Company's best interests to do so.

Model Code for Securities Transactions by Directors

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

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the year.

Publication of Final Results and Annual Report on the Stock Exchange

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

Our Appreciation

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

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

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

GLOSSARY OF TERMS

"associate"	has the meaning ascribed thereto in the Listing Rules
"Bembélé Concentration Plant"	the concentration plant associated with Bembélé Manganese Mine
"Bembélé Manganese Mine"	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by La Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (華州礦業(加蓬)工貿有限公司), a company in which we indirectly hold 51% equity interest

"Board or Board of Directors"	our board of directors
"Changgou Manganese Mine"	貴州遵義匯興鐵合金有限責任公司長溝錳礦 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company Changgou Manganese Mine)
"China or PRC"	the People's Republic of China, but for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"Chongzuo Branch"	中信大錳礦業有限責任公司崇左分公司 (CITIC Dameng Mining Industries Co., Limited Chongzuo Branch)
"CITIC Dameng Investments"	CITIC Dameng Investments Limited（中信大錳投資有限公司）
"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
"CPM"	China Polymetallic Mining Limited, a company incorporated in Cayman Islands with limited liability on 30 November 2009 and listed on the Stock Exchange (Stock Code: 2133)

"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 Jinmeng"	廣西金孟錳業有限公司 (Guangxi Jinmeng Manganese Limited Company), a company established under the laws of the PRC, which holds approximately 67.0% equity interest in Dushan Jinmeng
"Guangxi Start"	廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.)
"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 Mine"	中信大錳礦業有限責任公司天等錳礦 (CITIC Dameng Mining Industries Co., Limited Tiandeng Manganese Mine)
"tonne"	metric tonne

"Waifu Manganese Mine"	中信大錳大新錳業有限公司靖西縣湖潤外伏錳礦 (CITIC Dameng Daxin Manganese Limited Company Jingxi Hu Run Waifu Manganese Mine)
"XAF"	Central African CFA franc

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

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

Hong Kong, 15 February 2017

As at the date of this announcement, the executive Directors are Mr. Yin Bo and Mr. Li Weijian; the non-executive Directors are Mr. Suo Zhengang, Mr. Lyu Yanzheng and Mr. Chen Jiqiu; and the independent non-executive Directors are Mr. Lin Zhijun, Mr. Mo Shijian and Mr. Tan Zhuzhong.

** For identification purpose only*