DAMENG

CITIC Dameng Holdings Limited
中信大錳控股有限公司 *

(incorporated in Bermuda with limited liability)

Stock Code: 1091

CITIC DAMENG

2014 INTERIM REPORT

*For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Qiu Yiyong (Chairman)

Mr. Li Weijian (Vice Chairman)

Mr. Tian Yuchuan (Chief Executive Officer)

Mr. Yin Bo (Vice President)

Non-executive Directors

Mr. Zeng Chen

Mr. Chen Jiqiu

Independent Non-executive Directors

Mr. Yang Zhi Jie

Mr. Mo Shijian

Mr. Tan Zhuzhong

AUDIT COMMITTEE

Mr. Yang Zhi Jie (Chairman)

Mr. Mo Shijian

Mr. Tan Zhuzhong

REMUNERATION COMMITTEE

Mr. Mo Shijian (Chairman)

Mr. Qiu Yiyong

Mr. Li Weijian

Mr. Yang Zhi Jie

Mr. Tan Zhuzhong

NOMINATION COMMITTEE

Mr. Tan Zhuzhong (Chairman)

Mr. Qiu Yiyong

Mr. Li Weijian

Mr. Yang Zhi Jie

Mr. Mo Shijian

COMPANY SECRETARY

Mr. Lau Wai Yip

REGISTERED OFFICE

Clarendon House, 2 Church Street,

Hamilton HM 11, Bermuda

HEADQUARTERS IN HONG KONG

23/F, 28 Hennessy Road,

Wanchai, Hong Kong

Telephone : (852) 2179 1310

Facsimile : (852) 2537 0168

E-mail : ir@citicdameng.com.hk

PRINCIPAL PLACE OF BUSINESS IN THE PRC

CITIC Dameng Building, No.18 Zhujin Road,

Nanning, Guangxi, PRC

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited

Clarendon House, 2 Church Street,

Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

AUDITORS

Ernst & Young

Certified Public Accountants

22nd Floor, CITIC Tower, 1 Tim Mei Avenue,

Central, Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Qiu Yiyong

Mr. Tian Yuchuan

PRINCIPAL BANKERS

China CITIC Bank

China Construction Bank

China Guangfa Bank

Bank of Communications

Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

1091 (Mainboard of the Hong Kong Stock Exchange)

COMPANY WEBSITE

www.dameng.citic.com

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

Six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
REVENUE	4	**1,395,848**	1,406,827
Cost of sales		**(1,203,574)**	(1,246,360)
Gross profit		**192,274**	160,467
Other income and gains	4	**61,132**	77,861
Gain on bargain purchase	26	**8,895**	–
Selling and distribution expenses		**(49,675)**	(42,214)
Administrative expenses		**(214,474)**	(211,400)
Share option expenses	25	**(640)**	(11,295)
Other expenses		**(28,261)**	(9,181)
Finance costs	5	**(110,022)**	(85,719)
LOSS BEFORE TAX	6	**(140,771)**	(121,481)
Income tax expense	7	**(1,732)**	2,203
LOSS FOR THE PERIOD		**(142,503)**	(119,278)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		**(22,956)**	29,712
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(165,459)**	(89,566)
Loss attributable to:			
Owners of the parent		**(94,325)**	(89,796)
Non-controlling interests		**(48,178)**	(29,482)
		(142,503)	(119,278)
Total comprehensive loss attributable to:			
Owners of the parent		**(118,232)**	(62,106)
Non-controlling interests		**(47,227)**	(27,460)
		(165,459)	(89,566)
Loss per share attributable to ordinary equity holders of the parent:	8		
– Basic		**(HK cents 3.12)**	(HK cents 2.97)
– Diluted		**(HK cents 3.12)**	(HK cents 2.97)

Interim Condensed Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,844,993	3,833,679
Investment properties		90,241	91,108
Prepaid land lease payments	11	537,736	549,646
Intangible assets	12	852,157	865,332
Available-for-sale equity investment		–	4,723
Deferred tax assets	13	81,625	79,171
Prepayments and deposits	16	224,331	199,163
Total non-current assets		5,631,083	5,622,822
CURRENT ASSETS			
Inventories	14	988,408	931,687
Trade and notes receivables	15	716,178	768,826
Prepayments, deposits and other receivables	16	441,002	436,369
Due from related companies	28(b)	6	6
Tax recoverable		10,379	8,918
Pledged deposits	17	367,913	192,840
Cash and cash equivalents	17	1,360,084	1,301,339
Total current assets		3,883,970	3,639,985
CURRENT LIABILITIES			
Trade payables	18	519,909	425,876
Other payables and accruals	19	777,365	910,070
Interest-bearing bank and other borrowings	20	2,147,750	816,227
Short-term notes	21	–	763,140
Due to related companies	28(b)	10,044	20,532
Tax payable		904	–
Total current liabilities		3,455,972	2,935,845
NET CURRENT ASSETS		427,998	704,140
TOTAL ASSETS LESS CURRENT LIABILITIES		6,059,081	6,326,962
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	20	1,556,446	1,653,976
Medium-term notes	21	629,900	635,950
Deferred tax liabilities	13	212,844	214,129
Other long-term liabilities		10,110	12,497
Deferred income	22	127,219	131,086
Total non-current liabilities		2,536,519	2,647,638
Net assets		3,522,562	3,679,324

Interim Condensed Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	23	302,480	302,480
Reserves	24	3,040,273	3,157,865
		3,342,753	3,460,345
Non-controlling interests		179,809	218,979
Total equity		3,522,562	3,679,324

Qiu Yiyong
Director

Tian Yuchuan
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2014

	Attributable to owners of the parent									
	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2013 and 1 January 2014 (audited)	302,480	2,872,076*	(171,859)*	118,488*	153,887*	344,741*	(159,468)*	3,460,345	218,979	3,679,324
Loss for the period	–	–	–	–	–	–	(94,325)	(94,325)	(48,178)	(142,503)
Other comprehensive (loss)/ income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(23,907)	–	(23,907)	951	(22,956)
Total comprehensive loss for the period	–	–	–	–	–	(23,907)	(94,325)	(118,232)	(47,227)	(165,459)
Acquisition of a subsidiary (note 26)	–	–	–	–	–	–	–	–	8,057	8,057
Provision for special reserve	–	–	–	–	18,655	–	(18,655)	–	–	–
Utilisation of special reserve	–	–	–	–	(16,123)	–	16,123	–	–	–
Equity-settled share option arrangements (note 25)	–	–	–	640	–	–	–	640	–	640
At 30 June 2014 (Unaudited)	302,480	2,872,076*	(171,859)*	119,128*	156,419*	320,834*	(256,325)*	3,342,753	179,809	3,522,562

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2014

	Attributable to owners of the parent									
	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 December 2012 and 1 January 2013 (audited)	302,480	2,872,076	(171,859)	99,805	152,418	278,679	83,538	3,617,137	295,335	3,912,472
Loss for the period	–	–	–	–	–	–	(89,796)	(89,796)	(29,482)	(119,278)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	27,690	–	27,690	2,022	29,712
Total comprehensive income/ (loss) for the period	–	–	–	–	–	27,690	(89,796)	(62,106)	(27,460)	(89,566)
Provision for special reserve	–	–	–	–	17,977	–	(17,977)	–	–	–
Utilisation of special reserve	–	–	–	–	(763)	–	763	–	–	–
Equity-settled share option arrangements (note 25)	–	–	–	11,295	–	–	–	11,295	–	11,295
At 30 June 2013 (Unaudited)	302,480	2,872,076	(171,859)	111,100	169,632	306,369	(23,472)	3,566,326	267,875	3,834,201

* These reserve accounts comprise the consolidated reserves of HK$3,040,273,000 in the interim condensed consolidated statement of financial position (31 December 2013: HK$3,157,865,000).

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2014

	Note	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
Net cash flows generated from/(used in) operating activities		**177,837**	(55,862)
Net cash flows used in investing activities		**(284,483)**	(240,075)
Net cash flows generated from financing activities		**172,606**	388,182
NET INCREASE IN CASH AND CASH EQUIVALENTS		**65,960**	92,245
Cash and cash equivalents at beginning of period		**1,301,339**	1,988,071
Effect of exchange rate changes, net		**(7,215)**	28,019
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,360,084**	2,108,335
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	**1,727,997**	2,325,553
Less: Pledged deposits	17	**(367,913)**	(217,218)
Cash and cash equivalents at end of period		**1,360,084**	2,108,335

Notes to Interim Condensed Consolidated Financial Statements

30 June 2014

1. Corporate information

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

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

2. Basis of preparation and accounting policies

Basis of preparation

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

Significant accounting policies

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which also include HKASs and Interpretations) as disclosed below. The Group has adopted the following new and revised HKFRSs for the first time for the current period's interim condensed consolidated financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK (IFRIC)-Int 21	*Levies*

Other than as further explained below regarding the impact of amendments to HKAS 36 and HK (IFRIC)-Int 21, the adoption of these new and revised HKFRSs has no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied.

HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

2. Basis of preparation and accounting policies (continued)

Issued but not yet effective HKFRSs

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

HKFRS 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to* HKFRS 9, HKFRS 7 and HKAS 39[3]
HKFRS 7 and HKFRS 9 (Amendments)	*Mandatory Effective Date of HKFRS 9 and Transition Disclosures*[3]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKAS 19 (2011) Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[1]
Annual Improvements 2010-2012 Cycle	*Amendment to a Number of HKFRSs issued in January 2014*[1]
Annual Improvements 2011-2013 Cycle	*Amendment to a Number of HKFRSs issued in January 2014*[1]

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

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

3 No mandatory effective date yet determined but is available for adoption

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

3. Operating segment information

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

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

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

(b) Manganese downstream processing segment (PRC)

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

(c) Non-manganese processing segment (PRC)

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

(d) Others segment (PRC)

The others segment comprises, principally, the trading of various commodities such as manganese ore, EMM, and silicomanganese alloys, sales of scraps, and rental of investment properties, leasehold lands 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 profit/(loss) before tax except that gain on bargain purchase, interest income, finance costs, dividend income, as well as head office and corporate expenses are excluded from such measurement.

3. Operating segment information (continued)

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, an available-for-sale equity investment and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

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

Notes to Interim Condensed Consolidated Financial Statements

30 June 2014

3. Operating segment information (continued)

	Manganese mining and ore processing		Manganese downstream processing	Non-manganese processing	Others		
	PRC	Gabon	PRC	PRC	PRC	Eliminations	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Six months ended 30 June 2013 (Unaudited)							
Segment revenue:							
Sales to external customers	60,964	93,938	1,140,662	47,928	63,335	–	1,406,827
Intersegment sales	67,601	38,767	–	–	224	(106,592)	–
Other revenue	13,027	–	31,871	1,699	14,439	–	61,036
Total	141,592	132,705	1,172,533	49,627	77,998	(106,592)	1,467,863
Segment results	(17,292)	(22,625)	38,978	(6,932)	11,970	–	4,099
Reconciliations:							
Interest income							16,825
Corporate and other unallocated expenses							(56,686)
Finance costs							(85,719)
Loss before tax							(121,481)
Income tax credit							2,203
Loss for the period							(119,278)
Assets and liabilities							
Segment assets	1,264,950	798,954	4,127,874	320,525	50,963	–	6,563,266
Reconciliations:							
Corporate and other unallocated assets							3,179,359
Total assets							9,742,625
Segment liabilities	405,247	538,064	986,736	62,571	20,714	–	2,013,332
Reconciliations:							
Corporate and other unallocated liabilities							3,895,092
Total liabilities							5,908,424

4. Revenue, other income and gains

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

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

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**1,395,848**	1,406,827
Other income and gains		
Interest income	**21,369**	16,825
Gain on disposal of items of property, plant and equipment	**8,700**	4,767
Subsidy income	**13,414**	43,315
Sale of scraps	**–**	4,579
Rental income	**3,977**	5,553
Reversal of impairment of trade and other receivables, net	**12,799**	–
Others	**873**	2,822
	61,132	77,861

5. Finance costs

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**105,390**	104,885
Finance costs for discounted notes receivable	**4,263**	1,536
Other finance costs	**12,321**	–
Less: Interest capitalised	**(11,952)**	(20,702)
	110,022	85,719

Notes to Interim Condensed Consolidated Financial Statements

30 June 2014

6. Loss before tax

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

	Notes	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
Cost of inventories sold		**1,201,038**	1,219,223
Write-down of inventories to net realisable value, net#		**2,536**	27,137
Depreciation	10	**173,547**	151,712
Amortisation of prepaid land lease payments	11	**6,599**	6,271
Amortisation of intangible assets	12	**8,403**	9,976
Auditors' remuneration		**1,546**	1,498
Minimum lease payments under operating leases, land and buildings		**4,238**	3,895
Equity-settled share option expenses	25	**640**	11,295
Employee benefit expense		**242,848**	191,058
Gain on disposal of items of property, plant and equipment*		**(8,700)**	(4,767)
Foreign exchange differences, net*		**23,907**	814
(Reversal of impairment)/impairment of trade and other receivables, net*		**(12,799)**	6,318
Gain on bargain purchase from the acquisition of a subsidiary	26	**(8,895)**	–

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

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

7. Income tax

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

The major components of income tax expenses/(credit) for the reporting period are as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**2,032**	679
Current – Gabon		
Charge for the period	**2,280**	–
Deferred (note 13)	**(2,580)**	(2,882)
Total tax charge/(credit) for the period	**1,732**	(2,203)

Hong Kong profits tax

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

PRC corporate income tax

Pursuant to the PRC Income Tax Law and the respective regulations, except for the preferential tax treatment available to CITIC Dameng Mining which is recognised as a High and New Technology Enterprise and is entitled to a preferential CIT rate of 15% to 2016 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 a rate of 35% on its taxable income, subject to a minimum of 1% of its revenue.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2014

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

The calculation of basic and diluted loss per share are based on:	Six months ended 30 June 2014 (Unaudited)	 2013 (Unaudited)
	HK$'000	HK$'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**94,325**	89,796
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**3,024,795,000**	3,024,795,000

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2014 nor the six months ended 30 June 2013. No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2014 nor the six months ended 30 June 2013 in respect of dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (2013: Nil).

10. Property, plant and equipment

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
At 1 January 2014/1 January 2013		**3,833,679**	3,467,428
Additions		**187,781**	658,360
Acquisition of a subsidiary	26	**39,106**	–
Disposals		**(5,572)**	(23,860)
Depreciation (note 6)		**(173,547)**	(325,436)
Impairment		**–**	(31,094)
Exchange realignment		**(36,454)**	88,281
At 30 June 2014/31 December 2013		**3,844,993**	3,833,679

Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery which had an aggregate net carrying amounts of approximately HK$139,789,000 as at 30 June 2014 (31 December 2013: HK$155,436,000) (note 20(a)).

At 30 June 2014, the Group was in the process of applying for the building ownership certificates of certain of its buildings with an aggregate net carrying amount of approximately HK$148,185,000 (31 December 2013: HK$198,947,000) and the Group also had buildings and construction in progress with an aggregate net carrying amount of approximately HK$84,365,000 (31 December 2013: HK$84,718,000) situated on certain land parcels which the Group was in the process of applying for land use rights certificates. The Directors are of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2014.

11. Prepaid land lease payments

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
At 1 January 2014/1 January 2013	563,824	497,593
Additions	–	67,200
Amortisation (note 6)	(6,599)	(13,040)
Exchange realignment	(5,344)	12,071
At 30 June 2014/31 December 2013	551,881	563,824
Current portion included in prepayments, deposits and other receivables	(14,145)	(14,178)
Non-current portion	537,736	549,646

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

At 30 June 2014, the Group leases certain of its leasehold lands with a net carrying amount of HK$79,279,000 (31 December 2013: Nil) under operating lease arrangements with lease negotiated for terms from 1 to 3 years.

12. Intangible assets

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Mining rights and other intangible assets:		
At 1 January 2014/1 January 2013	865,332	866,384
Additions	3,334	2,780
Amortisation (note 6)	(8,403)	(22,768)
Impairment	–	(2)
Exchange realignment	(8,106)	18,938
At 30 June 2014/31 December 2013	852,157	865,332

Notes to Interim Condensed Consolidated Financial Statements

30 June 2014

13. Deferred tax assets and liabilities

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

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000	Deductible temporary differences HK$'000	Total HK$'000
At 1 January 2014 (Audited)	32,974	46,197	79,171
Credited/(charged) to the interim condensed consolidated statement of profit or loss and other comprehensive income during the period (note 7)	4,443	(1,180)	3,263
Exchange realignment	(373)	(436)	(809)
At 30 June 2014 (Unaudited)	37,044	44,581	81,625

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Withholding taxes HK$'000	Fair value adjustments of investment properties and others HK$'000	Total HK$'000
At 1 January 2014 (Audited)	188,419	7,684	18,026	214,129
(Credited)/charged to the interim condensed consolidated statement of profit or loss and other comprehensive income during the period (note 7)	(1,102)	–	1,785	683
Exchange realignment	(1,791)	–	(177)	(1,968)
At 30 June 2014 (Unaudited)	185,526	7,684	19,634	212,844

14. Inventories

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Raw materials	899,561	843,717
Work in progress	6,958	5,112
Finished goods	185,554	209,501
	1,092,073	1,058,330
Less: Inventory provision	(103,665)	(126,643)
	988,408	931,687

15. Trade and notes receivables

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Trade receivables	572,651	576,486
Notes receivable	176,327	238,449
	748,978	814,935
Less: Provision for impairment	(32,800)	(46,109)
	716,178	768,826

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

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

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within one month	301,536	292,259
One to two months	136,515	216,592
Two to three months	98,632	105,443
Over three months	179,495	154,532
	716,178	768,826

Transferred financial assets that are derecognised in their entirety

At 30 June 2014, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "Derecognised Notes") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB222,788,000 (equivalent to HK$286,967,000) (31 December 2013: RMB236,340,000, equivalent to HK$300,601,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

15. Trade and notes receivables (continued)

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

During the period ended 30 June 2014, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

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

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
At 1 January 2014/1 January 2013		46,109	32,595
Impairment losses recognised		2,858	31,539
Impairment losses reversed		(15,635)	(17,777)
Write-off		(132)	(1,185)
Exchange realignment		(400)	937
At 30 June 2014/31 December 2013		32,800	46,109

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK$32,800,000 (31 December 2013: HK$46,109,000) with a carrying amount before provision of approximately HK$106,289,000 (31 December 2013: HK$110,972,000) as at 30 June 2014. The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of these receivables is expected to be recovered.

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Neither past due nor impaired	536,683	614,294
Less than three months past due	140,869	130,070
Over three months past due	38,626	24,462
Total	716,178	768,826

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

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

As at 30 June 2014, the Group has pledged notes receivables of HK$79,811,000 (31 December 2013: HK$50,876,000) to secure bank loans (note 20(a)).

16. Prepayments, deposits and other receivables

Non-current portion

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Deposits	125,497	111,894
Prepayments	98,834	87,269
	224,331	199,163

Current portion

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Prepayments	106,711	50,349
Deposits and other receivables	283,429	316,928
Loan to a third party (net of provision)	50,862	69,092
	441,002	436,369

The loan to a third party was due on 12 October 2012 and the amount has been net of an impairment loss of HK$62,990,000 as at 30 June 2014 (31 December 2013: HK$63,595,000). The loan carries interest at 6.56% per annum but the Group has not recorded any interest income in its consolidated statement of profit or loss and other comprehensive income since its due date.

17. Cash and cash equivalents and pledged deposits

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Cash and bank balances	1,727,997	1,494,179
Less: Pledged deposits	(367,913)	(192,840)
Cash and cash equivalents	1,360,084	1,301,339

As at 30 June 2014, cash and bank balances of the Group denominated in RMB amounting to HK$1,049,534,000 (31 December 2013: HK$723,185,000) were deposited with banks in Mainland China. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

18. Trade payables

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within one month	**165,906**	174,217
One to two months	**108,119**	80,422
Two to three months	**69,540**	46,592
Over three months	**176,344**	124,645
	519,909	425,876

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

19. Other payables and accruals

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Advances from customers	**36,952**	19,298
Other payables	**551,888**	642,636
Accruals	**188,525**	248,136
	777,365	910,070

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

20. Interest-bearing bank and other borrowings

	30 June 2014			31 December 2013		
	Effective interest rate (%)	Maturity	HK$'000 (Unaudited)	Effective interest rate (%)	Maturity	HK$'000 (Audited)
Current						
Bank loans – secured (note (a))	6.00-6.60, LIBOR+2.6	2014-2015	142,612	6.00	2014	35,613
Bank loans – unsecured	6.60	2015	1,646,559	6.00-6.30	2014	317,975
Current portion of long-term bank loans – secured (note (a))	–	–	–	LIBOR+2.10	2014	77,538
Current portion of long-term bank loans – unsecured	5.99-6.65	2014-2015	282,195	5.99-6.65	2014	335,782
Other loans – secured (note (a))	LIBOR+1.3-LIBOR+1.7	2014-2015	76,384	LIBOR+1.3	2014	49,319
			2,147,750			816,227
Non-current						
Bank loans – secured (note (a))	5.99, LIBOR+2.10	2015-2017	693,483	6.15, LIBOR+2.10	2015-2017	739,098
Bank loans – unsecured	5.76-6.65	2015-2017	862,963	5.76-6.65	2015-2016	914,878
			1,556,446			1,653,976
			3,704,196			2,470,203

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	2,071,366	766,908
In the second year	832,889	820,661
In the third to fifth years, inclusive	723,557	833,315
	3,627,812	2,420,884
Other loans repayable:		
Within one year or on demand	76,384	49,319
	3,704,196	2,470,203

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

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

	Notes	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Property, plant and equipment	10	139,789	155,436
Notes receivable	15	79,811	50,876
Pledged deposits		172,695	152,639
		392,295	358,951

(b) Except for bank and other borrowings of HK$766,342,000 (31 December 2013: HK$738,765,000) which were denominated in United States dollars, all borrowings were in Renminbi.

21. Short-term notes and medium-term notes

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Short-term notes		
The Second Tranche Notes – Nominal value of 4.48% fixed rate notes maturing in May 2014 – unsecured	–	763,140
Medium-term notes		
The First Tranche Notes – Nominal value of 5.0% fixed rate notes maturing in April 2016 – unsecured	629,900	635,950

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

In April 2013, the Group completed the registration with National Association of Financial Market Institutional Investors of a RMB1,000 million unsecured medium-term notes facility issuable in two years from the date of registration. In April 2013, the Group issued the First Tranche Notes of RMB500 million, equivalent to HK$629,900,000 (31 December 2013: HK$635,950,000) in the PRC with a tenor of three years, and carrying interest at a fixed rate of 5.0% per annum.

22. Deferred income

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
At 1 January 2014/1 January 2013	**131,086**	133,963
Addition	**701**	4,720
Amortisation	**(3,329)**	(10,518)
Exchange realignment	**(1,239)**	2,921
At 30 June 2014/31 December 2013	**127,219**	131,086

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

23. Share capital

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Authorised:		
10,000,000,000 (31 December 2013: 10,000,000,000) ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
3,024,795,000 (31 December 2013: 3,024,795,000) ordinary shares of HK$0.10 each	**302,480**	302,480

24. Reserves

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

	Note	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Share premium		2,872,076	2,872,076
Contributed surplus		(171,859)	(171,859)
Reserve funds	(a)	156,419	153,887
Exchange fluctuation reserve		320,834	344,741
Share option reserve		119,128	118,488
Accumulated losses		(256,325)	(159,468)
		3,040,273	3,157,865

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

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

25. Share option scheme

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

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

The following share options were outstanding under the Scheme during:

	Six months ended 30 June 2014		Year ended 31 December 2013	
	Weighted Average Exercise Price HK$ per share	Number of options '000	Weighted Average Exercise Price HK$ per share	Number of options '000
At 1 January 2014/1 January 2013	2.81	100,000	2.81	103,000
Granted during the period/year	2.81	–	2.81	–
Forfeited during the period/year	2.81	–	2.81	(3,000)
Expired during the period/year	2.81	–	2.81	–
At 30 June 2014/31 December 2013	2.81	100,000	2.81	100,000

25. Share option scheme (continued)

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

At 30 June 2014 and 31 December 2013:

Number of share options outstanding '000	Exercise price HK$ Per share	Exercise period
25,000	2.81	11-1-2012 to 10-1-2021
25,000	2.81	11-1-2013 to 10-1-2021
50,000	2.81	11-1-2014 to 10-1-2021
100,000		

The fair value of the outstanding share options at the time of grant was estimated, using a binomial model, as HK$119,000,000 (weighted average fair value of HK$1.19 each), of which the Group recognised a share option expense of HK$640,000 during the six months ended 30 June 2014 (six months ended 30 June 2013: HK$11,295,000).

26. Business combination

On 28 February 2014, the Group acquired a further 75.7% equity interest in Daxin Guinan Huagong Limited Company ("**Guinan Huagong**") at a consideration of RMB47,281,000 (equivalent to HK$59,744,000). After the acquisition, the Group owns a total of 90.1% equity interest in Guinan Huagong. The principal activity of Guinan Huagong is the production of sulphuric acid and steam. The purpose of the acquisition is to secure the stable supply of certain quantities of raw materials required by the Group. The Group has elected to measure the non-controlling interest in Guinan Huagong at the non-controlling interests' proportionate share of the fair value of Guinan Huagong identifiable net assets.

The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Guinan Huagong for the period from the acquisition date to 30 June 2014.

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

	Notes	HK$'000 (unaudited)
Property, plant and equipment	10	**39,106**
Cash and bank balances		**9,823**
Trade receivables		**34,012**
Prepayments and other receivables		**2,028**
Inventories		**2,249**
Trade and notes payables		**(829)**
Other payables and accruals		**(5,000)**
Non-controlling interests		**(8,057)**
		73,332
Less: Available-for-sale equity investment		**(4,693)**
		68,639
Satisfied by cash		**59,744**
Gain on bargain purchase recognised in interim condensed consolidated profit or loss and other comprehensive income	6	**8,895**

26. Business combination (continued)

The Group recognised a gain on bargain purchase of HK$8,895,000 in the interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2014, which was primarily attributable to the consideration determined based on the carrying amount of the net assets of Guinan Huagong that was mutually agreed between the parties.

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

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

	HK$'000 (unaudited)
Cash consideration	59,744
Deposit paid in 2013	(8,000)
Cash and bank balances acquired	(9,823)
Net outflow of cash and cash equivalents included in cash flows from investing activities	41,921

Since the acquisition, the subsidiary contributed HK$12,324,000 to the Group's revenue and a profit of HK$5,667,000 to the consolidated loss for the period ended 30 June 2014.

Had the acquisition taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been HK$1,403,230,000 and HK$141,214,000, respectively.

27. Commitments and contingencies

a) Operating lease commitments

i) As Lessor

The Group leases its investment properties and leasehold lands under operating lease arrangements, with lease terms ranging from 2 to 20 years (31 December 2013: 2 to 20 years).

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within one year	14,172	2,561
In the second to fifth years, inclusive	24,397	9,467
After five years	2,726	5,103
	41,295	17,131

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

27. Commitments and contingencies (continued)

a) Operating lease commitments (continued)

ii) As Lessee

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

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Within one year	7,423	7,892
In the second to fifth years, inclusive	25,562	25,562
After five years	41,278	44,496
	74,263	77,950

b) Capital commitments

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Authorised, but not contracted for:		
Acquisition of plant and machinery	139,142	140,479
	139,142	140,479
Contracted, but not provided for:		
Acquisition of land and buildings	136,452	145,107
Acquisition of plant and machinery	162,973	165,134
	299,425	310,241
Total	438,567	450,720

c) Contingent liabilities

At the end of the reporting period, the Group had no significant contingent liabilities (31 December 2013: Nil).

Notes to Interim Condensed Consolidated Financial Statements

30 June 2014

28. Related party balances and transactions

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

	Notes	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
Purchase of raw materials from subsidiaries of Guangxi Dameng	(i)	**4,711**	5,775
Purchase of property, plant and equipment from a subsidiary of Guangxi Dameng	(i)	**–**	4,892
Mining drawing service provided by Guangxi Dameng	(ii)	**379**	124
Provision of water and electricity to Guangxi Dameng	(iii)	**14**	28
Provision of integrated service by Guangxi Dameng	(iv)	**1,820**	1,715
Rental income received from Guangxi Dameng	(v)	**455**	–
Interest income on deposits placed with related companies	(vi)	**31**	54
Maximum balance of bank deposits with related companies during the period	(vi)	**31,870**	42,641

Notes:

(i) These purchases were made at prices based on the mutual agreements between the parties.

(ii) This service was made at prices based on the mutual agreements between the parties.

(iii) Reimbursement of electricity and water was based on the actual costs incurred.

(iv) Service fees were charged at a monthly amount of HK$303,300 (2013: HK$285,870) as mutually agreed by the parties.

(iv) On 27 June 2013, the Group has entered into a tenancy agreement with Guangxi Dameng for the lease of investment properties for a term of 3 years, commencing from 1 July 2013 to 30 June 2016. Rental has been charged at RMB60,000 (equivalent to HK$76,000) per month as mutually agreed by the parties, with one month rent-free period granted.

(vi) Bank deposits with related companies during the period and related interest income were transacted in the usual and ordinary course of business of the Group.

28. Related party balances and transactions (continued)

(b) Outstanding balances with related parties

	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
i) Due from related companies		
Prepayments and other receivables	6	6
	6	6
ii) Due to related companies		
Trade payables	1,179	6,598
Other payables	8,865	13,934
	10,044	20,532
iii) Bank balances with related companies	31,839	15,276

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

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

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
Salaries, director fees, allowances and benefits in kind	8,304	7,205
Equity-settled share option expenses	401	7,983
Pension scheme contributions	160	88
Total compensation paid to key management personnel	8,865	15,276

29. Fair value of financial instruments

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

Financial assets

	Carrying amounts		Fair values	
	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Available-for-sale equity investment	–	4,723	–	4,723
	–	4,723	–	4,723

Financial liabilities

	Carrying amounts		Fair values	
	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)	30 June 2014 HK$'000 (Unaudited)	31 December 2013 HK$'000 (Audited)
Interest-bearing bank and other borrowings	3,704,196	2,470,203	3,704,196	2,470,203
Short-term notes	–	763,140	–	763,140
Medium-term notes	629,900	635,950	629,900	635,950
	4,334,096	3,869,293	4,334,096	3,869,293

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

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

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

The fair values of interest-bearing bank and other borrowings, short-term notes and medium-term notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings, short-term notes and medium-term notes as at 30 June 2014 was assessed to be insignificant.

30. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 August 2014.

Financial Review

	1H 2014 HK$'000	1H 2013 HK$'000	Increase/(decrease) HK$'000	%
Revenue	**1,395,848**	1,406,827	(10,979)	(0.8%)
Loss before tax	**(140,771)**	(121,481)	19,290	15.9%
Income tax expense	**(1,732)**	2,203	3,935	178.6%
Loss for the period	**(142,503)**	(119,278)	23,225	19.5%
Loss attributable to owners of the parent	**(94,325)**	(89,796)	4,529	5.0%
Loss attributable to non-controlling interests	**(48,178)**	(29,482)	18,696	63.4%
	(142,503)	(119,278)	23,225	19.5%

Financial Highlights

- Turnover amounted to HK$1,395.8 million for 1H 2014, representing a decrease of 0.8% from HK$1,406.8 million of 1H 2013.
- The Group's loss for the period increased by 19.5% to HK$142.5 million for 1H 2014 (1H 2013: HK$119.3 million).
- Loss attributable to owners of the parent increased by 5.0% to HK$94.3 million for 1H 2014 (1H 2013: HK$89.8 million).

Overview

During 1H 2014, worldwide economic environment continued to be clouded by a mix of uncertainties and challenges. While US economic growth picked up and monthly asset purchases were cut back, the market started to discuss about the interest-rate hikes. Nevertheless Eurozone was still struggling with chronically weak growth and deflation threat. In China, growth momentum cooled down and private sector sentiment was weak. For the steel sector, plants continued to add new capacity more than those backward capacity eliminated. Stagnant property sector and decline in planned railway spending in the PRC dampened the steel demand. Near-term demand had also been hampered by Chinese banks containing loans and raising interest rates for the steel sector. Even though certain mini-stimulus programmes, such as relaxed constraints on housing purchases as well as loosened credit policies were implemented in the PRC, sluggish demand persisted. As a result, the average selling price of our major product, EMM, was further adversely affected.

To maintain our competitive edge, we continually strived to impose stringent cost control measures through reducing and containing our average raw materials and power consumption whilst improving production efficiency and increasing production and sales volume, of EMM and EMD. Despite the success of our devoted efforts in cost reduction, we continued to suffer from financial losses similar to the level recorded in 1H 2013 due to adverse commodities market environment and hence further weakening average selling prices of manganese products.

In summary, we recorded a loss for the period of HK$142.5 million for the six months ended 30 June 2014 (1H 2013: HK$119.3 million). The consolidated net loss attributable to owners of the parent was HK$94.3 million (1H 2013: loss of HK$89.8 million) for a mix of reasons including the following:

(1) Exchange loss of HK$18.9 million was recorded in 1H 2014 (1H 2013: exchange gain of HK$12.2 million) as a result of the depreciation of RMB on our offshore fixed deposits and bills receivable denominated in RMB.

(2) Interest expense was no longer capitalized (1H 2013: HK$12.9 million) for the bank loan relating to our Tiandeng EMM processing plant upon commencement of its production in August 2013.

(3) Share option expenses diminished to HK$0.6 million (1H 2013: HK$11.3 million) upon vesting of the remaining tranche of outstanding share options in January 2014.

(4) An acquisition gain of HK$8.9 million is recorded upon obtaining control of Guinan Huagong, a newly acquired subsidiary in March 2014. The principal activity of Guinan Huagong is the production of sulphuric acid and steam. The purpose of the acquisition is to secure the stable supply of certain quantities of raw materials required by the Group.

Management Discussion and Analysis

Comparison with six months ended 30 June 2013

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

	Six months ended 30 June							
	2014				2013			
	Sales Volume (tonnes)	Average Selling Price (HK$/ Tonne)	Revenue (HK$'000)	% of Total Revenue (%)	Sales Volume (tonnes)	Average Selling Price (HK$/ Tonne)	Revenue (HK$'000)	% of Total Revenue (%)
Manganese mining and ore processing								
Gabon ore	81,656	999	81,566	5.8	82,632	1,137	93,938	6.7
Natural discharging manganese powder and sand	11,388	2,813	32,036	2.3	12,975	2,701	35,044	2.5
Manganese concentrate	34,801	684	23,800	1.7	39,075	663	25,920	1.8
Sub-Total	127,845	1,075	137,402	9.8	134,682	1,150	154,902	11.0
Manganese downstream processing								
EMM	61,095	13,667	835,002	59.8	50,270	14,328	720,252	51.2
Manganese briquette	4,427	14,704	65,096	4.7	5,286	15,095	79,793	5.7
	65,522	13,737	900,098	64.5	55,556	14,401	800,045	56.9
Silicomanganese alloy	18,709	7,318	136,913	9.8	28,693	7,443	213,567	15.2
EMD	10,910	10,078	109,955	7.9	9,187	9,043	83,085	5.9
Manganese sulfate	9,132	4,012	36,638	2.6	8,938	4,513	40,333	2.9
Others	1,649	7,794	12,853	1.0	131	27,725	3,632	0.2
Sub-Total	105,922	11,296	1,196,457	85.8	102,505	11,128	1,140,662	81.1
Non-manganese processing								
Lithium cobalt oxide	294	181,568	53,381	3.8	263	182,236	47,928	3.4
Sub-Total	294	181,568	53,381	3.8	263	182,236	47,928	3.4
Other business								
Trading	8,093	1,064	8,608	0.6	3,435	18,438	63,335	4.5
Total	242,154	5,764	1,395,848	100.0	240,885	5,840	1,406,827	100.0

Revenue

In 1H 2014, the Group's revenue was HK$1,395.8 million (1H 2013: HK$1,406.8 million), representing a decrease of 0.8% as compared with 1H 2013. Average selling price of manganese products mildly dropped throughout 1H 2014 even though the price level was rejuvenated back to Dec 2013 level in this June. Overcapacity and retarding demand growth of steel sector has persistently supressed the price level of manganese related products. Nonetheless, our production capacity increased with our new Tiandeng EMM processing plant put into production from August 2013 and an overall slight decrease of our total revenue from 1H 2013.

Manganese mining and ore processing – Revenue of manganese mining and ore processing segment decreased by 11.3% to HK$137.4 million (1H 2013: HK$154.9 million). This was mainly attributable to weak demand and hence a general price drop in the imported ore by 12.1% to HK$999/tonne (1H 2013: HK$1,137/tonne). Consequently, even though we strived and maintained the sales volume of Gabon ore at slightly above 80,000 tonnes in 1H 2014, Gabon ore revenue dropped by 13.2% to HK$81.6 million (1H 2013: HK$93.9 million).

In 1H 2014, sales volume of manganese concentrate and natural discharging manganese powder and sand decreased by 10.9% and 12.2% respectively. The drop was in line with the decrease in general commodity demand. Nevertheless, average selling price of manganese concentrate increased by 3.2% due to a change of our sales mix to higher grade ore.

Manganese downstream processing – Revenue from manganese downstream processing increased by 4.9% from HK$1,140.7 million to HK$1,196.5 million and was principally attributable to the increased production volume of EMM following the commencement of production of Tiandeng EMM processing plant in August 2013. As a result, sales quantity of EMM increased by 21.5% to 61,095 tonnes (1H 2013: 50,270 tonnes). On the contrary, average selling price of EMM dropped by 4.6% to HK$13,667/tonne (1H 2013: HK$14,328/tonne) because of the sluggish demand and the intense competition of our downstream steel sector. Nevertheless, the demand of manganese briquette, a compressed form of EMM in regular shape, decreased by 16.3% to 4,427 tonnes (1H 2013: 5,286 tonnes) as orders gradually shifted back to EMM directly. EMM export custom duty was abolished with effect from January 2013, and the two manganese products competed in same level field. The combined sales quantities of EMM and manganese briquette increased by 17.9% to 65,522 tonnes in 1H 2014 (1H 2013: 55,556 tonnes) and more than compensated the drop of average selling price of manganese downstream processing products. Combined EMM and manganese briquette now constituted 64.5% (1H 2013: 56.9%) of our total sales. At the same time, average selling price and sales quantity of EMD increased as we expanded our EMD product varieties and produced two new and more-effective high performance EMD with better electricity storage capabilities at higher cost and hence pushed up the average selling price and total sales volume of EMD.

Our Qinzhou plant was temporarily suspended for two months to carry out major maintenance therefore both sales volume and revenue of silicomanganese alloy decreased.

Non-manganese processing – For 1H 2014, sales volume of lithium cobalt oxide was moderately increased by 11.8% to 294 tonnes (1H 2013: 263 tonnes) with its average selling price remaining stable during the reporting period.

Trading – Trading revenue in 1H 2014 was all derived from sale of aged stocks of import manganese ore. This opposed to higher average selling price EMM in 1H 2013 during which we had to resell certain quantities of EMM to meet part of our customer orders. There was no more trading sale of EMM in 1H 2014 as the increase of our internal production capacity can meet all customer orders in the period.

Management Discussion and Analysis

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

	Six months ended 30 June							
	2014				2013			
	Cost of Sales (HK$'000)	Unit Cost of Sales (HK$/Tonne)	Gross Profit/(Loss) (HK$'000)	Gross Margin (%)	Cost of Sales (HK$'000)	Unit Cost of Sales (HK$/Tonne)	Gross Profit/(Loss) (HK$'000)	Gross Margin (%)
Manganese mining and ore processing								
Gabon ore	62,965	771	18,601	22.8	71,896	870	22,042	23.5
Natural discharging manganese powder and sand	8,538	750	23,498	73.3	9,472	730	25,572	73.0
Manganese concentrate	7,018	202	16,782	70.5	5,148	132	20,772	80.1
Sub-Total	78,521	614	58,881	42.9	86,516	642	68,386	44.1
Manganese downstream processing								
EMM	732,565	11,991	102,437	12.3	639,608	12,723	80,644	11.2
Manganese briquette	56,890	12,851	8,206	12.6	70,029	13,248	9,764	12.2
	789,455	12,049	110,643	12.3	709,637	12,773	90,408	11.3
Silicomanganese alloy	132,029	7,057	4,884	3.6	211,959	7,387	1,608	0.8
EMD	93,039	8,528	16,916	15.4	69,521	7,567	13,564	16.3
Manganese sulfate	28,601	3,132	8,037	21.9	31,501	3,524	8,832	21.9
Others	17,132	10,389	(4,279)	(33.3)	3,104	23,695	528	14.5
Sub-Total	1,060,256	10,010	136,201	11.4	1,025,722	10,007	114,940	10.1
Non-manganese processing								
Lithium cobalt oxide	51,401	174,833	1,980	3.7	45,429	172,734	2,499	5.2
Sub-Total	51,401	174,833	1,980	3.7	45,429	172,734	2,499	5.2
Other business								
Trading	10,860	1,342	(2,252)	(26.2)	61,556	17,920	1,779	2.8
Inventory provision	2,536		(2,536)		27,137		(27,137)	
Total	1,203,574		192,274	13.8	1,246,360		160,467	11.4

Cost of Sales

Total cost of sales decreased by HK$42.8 million or 3.4%, to HK$1,203.6 million in 1H 2014, as compared to HK$1,246.4 million in 1H 2013. The cost decrease was primarily due to price decrease in raw materials and to a certain extent our cost control efforts in reducing unit consumption of raw materials and power.

The unit cost of Gabon ore during 1H 2014 decreased by 11.4% to HK$771/tonne (1H 2013: HK$870/tonne) as we were able to bargain for lower ocean freight rates for shipping ore from Gabon to the PRC. Firstly, we moved into more stable level of production and hence shipment schedule in 2014. Secondly with accumulated knowledge, we had been able to identify more shipping companies as business partners and hence more competitive charter hire rates.

In 1H 2014, unit cost of EMM decreased by 5.8% to HK$11,991/tonne (1H 2013: HK$12,723/tonne). This was mainly attributable to the decrease in unit price of electricity as well as raw materials including sulphuric acid and selenium dioxide and to a certain extent, our cost control effort to contain the unit consumption of input materials.

Unit cost of EMD increased by 12.7% to HK$8,528/tonne (1H 2013: HK$7,567/tonne) as our production mix moved to higher value added product type of EMD with higher average selling price.

Gross Profit

In 1H 2014, the Group recorded a gross profit of HK$192.3 million (1H 2013: HK$160.5 million), representing an increase of HK$31.8 million or 19.8%. The Group's overall gross margin was 13.8%, representing an increase of 2.4% from 11.4% of 1H 2013. Improved overall gross margin was mainly attributable to: (1) an increase in gross margin of EMM and (2) much smaller inventory provision for 1H 2014 of HK$2.5 million (1H 2013: HK$27.1 million) following the major price drop of relevant stock items experienced in the first and second half years of 2013.

Selling and Distribution Expenses

Selling and distribution expenses in 1H 2014 have increased by 17.7% to HK$49.7 million (1H 2013: HK$42.2 million) due to the increase in transportation cost in line with the sales volume of EMM.

Administrative Expenses

Administrative expenses increased slightly by 1.5% to HK$214.5 million in 1H 2014 (1H 2013: HK211.4 million) and this was mainly attributable to inflation effect together with the enlarged scope of consolidation to include Guinan Huagong which was acquired during the period. These adverse factors were to a certain extent set off by our cost control effort to contain expenses.

Finance Cost

For 1H 2014, our Group's finance cost was HK$110.0 million (1H 2013: HK$85.7 million), representing an increase of 28.4% which was mainly due to: (1) interest expense was no longer capitalized (1H 2013: HK$12.9 million) for the bank loan relating to our Tiandeng EMM processing plant upon commencement of its production in August 2013; (2) the increase in total bank loans and other interest bearing debt to finance the capital expenditure projects and (3) an increase in effective interest rate for bank loan refinancing due to tightening credit policy in China.

Other Expenses

Other expenses increased by 207.8% to HK$28.3 million (1H 2013: HK$9.2 million). This was mainly attributable to the depreciation of RMB on our offshore fixed deposits and bills receivable denominated in RMB which resulted in an exchange loss of HK$18.9 million for the reporting period

Income Tax

For 1H 2014, although the Group reported a loss, tax expense of HK$1.7 million (1H 2013: Tax credit of HK$2.2 million) was charged as the Gabon subsidiary is subject to a minimum Gabon corporate income tax of 1% of sales revenue.

Loss Attributable to Owners of the Parent

For 1H 2014, the Group's loss attributable to owners of the parent was HK$94.3 million (1H 2013: HK$89.8 million).

Management Discussion and Analysis

Loss per share

For 1H 2014, loss per share attributable to ordinary equity holders of the Company was 3.12 HK cents (1H 2013: 2.97 HK cents).

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

Use of Proceeds from IPO

Up to 30 June 2014, we utilized the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

	Description	Amount designated in Prospectus (HK$ Million)	Amount utilized up to 30.06.2014 (HK$ Million)	% utilized	*Amount utilized up to 31.12.2013 (HK$ Million)*	*% utilized*
1	Expansion project at Daxin EMD Plant	79	73	92.4%	*72*	*91.1%*
2	Expansion project of underground mining and ore processing at Daxin Mine	278	184	66.2%	*153*	*55.0%*
3	Expansion and construction projects of our EMM production facilities	516	478	92.6%	*448*	*86.8%*
4	Construction project at Chongzuo Base	59	16	27.1%	*15*	*25.4%*
5	Development of Bembele manganese mine and associated facilities	119	119	100.0%	*119*	*100.0%*
6	Technological improvement and renovation projects at our production facilities	40	40	100.0%	*40*	*100.0%*
7	Acquisition of mines and mining right	397	285	71.8%	*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	1,690	85.2%	*1,624*	*81.9%*

Liquidity and financial resources

As at 30 June 2014, our cash and bank balances including pledged deposits were HK$1,728.0 million (31 December 2013: HK$1,494.2 million) while the Group's aggregate borrowings (inclusive of short-term and medium-term notes) amounted to HK$4,334.1 million (31 December 2013: HK$3,869.3 million). The Group's borrowings net of cash and bank balances amounted to HK$2,606.1 million (31 December 2013: HK$2,375.1 million) and the moderate increase was mainly attributable to our capital expenditure in the PRC and loss incurred during the period.

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

Bank and other Borrowings

As at 30 June 2014, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**30 June 2014 HK$ million**	31 December 2013 HK$ million
Secured borrowings	**912.5**	901.6
Unsecured borrowings	**3,421.6**	2,967.7
	4,334.1	3,869.3

Maturity profile	30 June 2014 HK$ million	31 December 2013 HK$ million
Repayable:		
On demand or within one year	**2,147.8**	1,579.3
After one year and within two years	**1,462.8**	820.7
After two years and within five years	**723.5**	1,469.3
	4,334.1	3,869.3

Currency denomination	30 June 2014 HK$ million	31 December 2013 HK$ million
Denominated in:		
RMB	**3,567.8**	3,130.6
USD	**766.3**	738.7
	4,334.1	3,869.3

As at 30 June 2014, borrowings as to the amounts of HK$2,422.6 million (31 December 2013: HK$2,175.3 million) and HK$1,911.5 million (31 December 2013: HK$1,694.0 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 5.3% to 6.6%. The floating rate borrowings carry interest at a discount of 5% to 10% below (drawdown before 31 December 2013) and at a premium of 5% above (drawdown after 1 January 2014) 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 2.0% to 2.6%.

Overall, aggregate borrowings were increased to HK$4,334.1 million (31 December 2013: HK$3,869.3 million). Following the repayment of the second tranche of RMB600 million short-term notes in May 2014, the Group are now exploring various methods including further issuance of new short-term or medium-term notes and opt to improve total borrowing structure through refinancing with lower cost debts and repaid some bank loans with higher interest rates in near future.

Management Discussion and Analysis

Credit risk

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

Interest rate risk

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

Foreign exchange risk

The Group's operations are primarily in the PRC and Gabon. In respect of our operations in the PRC, our products are sold to local customers in RMB and to a less extent to some other foreign countries in US 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 our sales are denominated in US dollars with the remainder in RMB. Major expenses including sea freight are also denominated in US dollars with those expenses incurred locally denominated in XAF which is pegged to Euro. In addition, Gabon operation is substantially financed by US dollar loans. Therefore, we have not entered into any foreign exchange contract or derivative transactions to hedge against foreign exchange fluctuations for our operations.

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

Charge on group assets

As at 30 June 2014, the Group's property, plant, equipment and notes receivable with an aggregate net carrying amount of HK$219.6 million (31 December 2013: HK$206.3 million) and bank balances of HK$172.7 million (31 December 2013: HK$152.6 million) were pledged to secure certain of the Group's bank borrowings.

Contingent liabilities

As at 30 June 2014, the Group did not have any significant outstanding contingent liabilities.

Key Financial Ratios of the Group

	30 June 2014	31 December 2013
Current ratio	**1.12**	1.24
Quick ratio	**0.84**	0.92
Net Gearing ratio	**78.0%**	68.6%

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

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

Human Resources

As at 30 June 2014, the Group had approximately 8,366 (30 June 2013: 8,174) full-time employees in HK and the PRC; approximately 275 (30 June 2013: 262) full-time employees in Gabon. The Group offers a competitive remuneration and welfare package to its employees and will regularly reviews its remuneration scheme to ensure remuneration packages are market-competitive. Other benefits including comprehensive medical, life and disability insurance plans and retirement schemes are offered to the employees.

Outlook

In July 2014, rebound of Purchasing Manager Index (PMI) of Manufacturing in China to 26 month high hints probable improvement in overall market conditions for the second half of this year. The PRC Government now starts to implement mixed strategies of selective spending and credit-easing to boost economy. We cautiously believe that stronger investment and industrial output will be seen in the second half of the year and growth will regain momentum. This will include government spending on infrastructure projects consuming large amount of steel, such as railways, gas pipeline networks and petrochemical facilities. Nevertheless, overcapacity in the steel sector continues to squeeze its profit margin. Inevitably, the average selling prices of our EMM products, as an upstream of steel industry will continue to be under pressure for a certain period of time.

However, as the leading vertical integrated manganese company in the PRC with abundant manganese resources, coupled with our continuous effort to cut costs, we are confident that once the market situation improves, we shall be one of the pioneers to provide strong returns to our shareholders.

Human Resources Report

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

Our Employees

As at 30 June 2014, we have a total of 8,641 employees (30 June 2013: 8,436), which is mainly located in the Mainland China, representing 96.62% (30 June 2013: 96.71%). Over 55% of our employees are below 40, of which the majority of them are general workers. Therefore, we have a relatively young and equal workforce structure. It is contemplated in the future number of years, our workforce composition will remain relatively the same. We have maintained a workforce with stable turnover for a number of years. For the six months ended 30 June 2014, our overall turnover rate was 2.47% (30 June 2013: 6.66%). The decrease in employee turnover rate improved significantly as compared to the first half of 2013 because there were no cessation of production plants as happened in 2013.

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

Headcount by Location	For the six months ended 30 June 2014	2013
Hong Kong	**17**	15
Mainland China	**8,349**	8,159
Gabon	**275**	262
Total:	**8,641**	8,436

Headcount by Age	Hong Kong		Mainland China		Gabon		Group	
	For the six months ended 30 June							
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
60 and above	**0**	0	**14**	7	**0**	0	**14**	7
51-59	**3**	3	**559**	401	**1**	3	**563**	407
41-50	**3**	3	**3,245**	2,960	**58**	74	**3,306**	3,037
31-40	**8**	6	**2,801**	2,791	**116**	107	**2,925**	2,904
30 and below	**3**	3	**1,730**	2,000	**100**	78	**1,833**	2,081
Total：	**17**	15	**8,349**	8,159	**275**	262	**8,641**	8,436

Headcount by Employment Category	Hong Kong		Mainland China		Gabon		Group	
	For the six months ended 30 June							
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Senior	**3**	3	**8**	7	**1**	2	**12**	12
Middle	**2**	2	**51**	51	**6**	7	**59**	60
Professional	**6**	4	**523**	506	**94**	83	**623**	593
General	**6**	6	**7,767**	7,595	**174**	170	**7,947**	7,771
Total:	**17**	15	**8,349**	8,159	**275**	262	**8,641**	8,436

Human Resources Report

Our Employees (continued)

Employee Turnover

	Hong Kong		Mainland China		Gabon		Group	
	For the six months ended 30 June							
	2014	2013	2014	2013	2014	2013	2014	2013
Employee Turnover Number	0	0	185	534	29	28	214	562
Employee Turnover Rate	0	0	2.18%	6.54%	9.54%	9.66%	2.47%	6.66%

Employee Turnover Number by Location	For the six months ended 30 June	
	2014	2013
Hong Kong	0	0
Mainland China	185	534
Gabon	29	28
Total:	214	562

Employee Turnover Number by Age	Hong Kong		Mainland China		Gabon		Group	
	For the six months ended 30 June							
	2014	2013	2014	2013	2014	2013	2014	2013
60 and above	0	0	10	11	0	0	10	11
51-59	0	0	33	35	0	2	33	37
41-50	0	0	26	59	9	7	35	66
31-40	0	0	47	85	11	9	58	94
30 and below	0	0	69	344	9	10	78	354
Total:	0	0	185	534	29	28	214	562

Human Resources Report

Development and Training

We place high importance to the training and development of our employees, so as to elevate their performance in their existing positions and to better prepare for their promotion in the future. All our employees are encouraged to participate sufficient degree of training in order to help maximising their performance and realise their full potential. The importance we place on employee development and training is demonstrated by the significant amount of training our employees undertake during the six months ended 30 June 2014.

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

Percentage of Employees Trained by Employment Category	Hong Kong		Mainland China		Gabon		Group	
	For the six months ended 30 June							
	2014	2013	2014	2013	2014	2013	2014	2013
Senior	100	100	60	58	100	100	75	76
Middle	100	100	66	48	100	100	71	56
Professional	100	100	63	47	90	90	67	53
General	100	90	62	49	85	85	63	50

Average Training Hours per Employee by Employment Category	Hong Kong		Mainland China		Gabon		Group	
	For the six months ended 30 June							
	2014	2013	2014	2013	2014	2013	2014	2013
Senior	24	13	12	16	15	15	17	15
Middle	15	11	16	18	16	18	16	18
Professional	27	5	18	18	20	22	19	19
General	7	9	12	12	15	20	12	12
Total:	73	38	58	64	66	75	64	64

We are committed to ensure long-term sustainability of our businesses. Now we have over 8,600 employees in Guangxi, Guizhou, China and Gabon, Africa. In addition to continue our long term goal to provide quality products to our valuable clients, we are also keen to protect the safety and health of our employees and also to provide contribution to the surrounding community in which we have businesses.

1. Safety Production and Labor Protection

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

Set out below is a summary of the number of injuries and loss of days caused by injuries for the six months ended 30 June 2014.

	For the six months ended 30 June	
Number of Injuries (by Location)	**2014**	2013
Hong Kong	**0**	0
Mainland China	**11**	24
Gabon	**17**	3
Total:	**28**	27

	For the six months ended 30 June	
Number of Lost Days Caused by injuries (by Location)	**2014**	2013
Hong Kong	**0**	0
Mainland China	**809**	576
Gabon	**330**	10
Total:	**1,139**	586

During the six months ended 30 June 2014, our major measures are as follows:

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

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

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

(2) Strict implementation of safety production responsibilities system:

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

Social Responsibilities Report

1. Safety Production and Labor Protection (continued)

(3) Establishment of Safety Production Standardisation System:

In China, we reinforced our efforts on work safety standardization for metallurgical and non coal enterprises, including, inter alia,

(i) Daxin Mine and Tiandeng Mine continued the construction works for the second level safety standardization for non coal metallurgical enterprises;

(ii) Daxin Manganese, Tiandeng New Materials and Tiandong New Materials continued the construction works for the second level safety standardization for metallurgical enterprises.

During the period,

(i) The EMM plant and EMD plant of Daxin Branch, Chongzuo Branch and CITIC Dameng (Qinzhou) New Materials Co., Ltd., have been accredited as the second level work safety standardization metallurgical enterprises;

(ii) Guangxi Start has been accredited as the third level work safety standardization metallurgical enterprise.

(4) Periodic Review of Health Accreditation Works:

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

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

(i) In China,

a) We kept requiring the frontline workers of our production units to read "Safety Management System" and "Safety Operation Regulation" every day, requiring them to understand, check and review the safety level of our manufacturing techniques, accessories and facilities, protection and emergency system on a regular basis.

b) We continued to carry out a series of safety production activities, including "Safety Production Month" and safety knowledge competition, etc, in order to enhance the awareness of safety production to our workers.

c) We regularly carried out a series of emergency rescue activities, including ammonia emergency activities, fire emergency evacuation drills.

(ii) In Gabon,

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

(6) Continuous Investment to the Safety Measures:

We committed to invest in our safety measures for labor protection, including protection accessories, dust prevention and noise removal facilities.

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

Compliance with safety production rules and regulations

During the six months ended 30 June 2014, we continue to strictly follow all the prevailing laws and regulations regarding safety production in Hong Kong, Mainland China and Gabon. To the best of our information and knowledge, there are no material non-compliance with the prevailing laws and regulations regarding safety production by the Group during the period.

2. Energy Savings and Environmental Protection

Energy Savings and Reduction: Continuous Research and Implementation

By strengthening our management method, improving our production facilities and streamlining our production process, we continued our research upon and implement various energy savings and reduction measures. For the six months ended 30 June 2014, we have implemented the following measures:

(1) Mining Business:

Daxin branch insisted to implement various cost reduction measures, adopting refined management, our production costs were thereby reduced, particularly taking into the unique transportation system of our mine, we adopted the "road repairment instead of vehicle repairment" method, our tyres consumption rate have been reduced as compared with the corresponding period in 2013.

Our Gabon company enhanced the waste management and environmental protection measures in accordance with the advice of Terre Company and in line with the local environmental laws and regulations, e.g. enhancement of the waste treatment, (including waste iron and waste tire); liaison with the oil company for the oil recovery; waste classification and management, and setting up specific team to collect and handle the garbage.

(2) Downstream Business:

(i) EMM Business:

Our various unit consumption rate for EMM production has significantly decreased and the metal recoveries rate has increased correspondingly. The EMM plant of Tiandeng branch adopted passivation process, so as to eliminate the solid waste and its hazardous effect. We commenced the research project with the topic headed "Removal of Chromium Slag and Slag Anode Treatment and Recycling Technology Renovation Project", by using the pyrometallurgical processing method to extract the chromium slag in order to produce manganese slag and by using the hydrometallurgical processing method to obtain manganese liquid concentrate and manganese slag, achieving full utilization of chromium slag and slag anode.

Daxin Manganese continued to invest in waste expansion construction works, including the first phrase of the waste dam construction work, so as to increase the waste storage capacity, effectively reducing the waste emission volume as well the construction of waste diverting system and the environment monitoring system.

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

(ii) EMD Business:

With the implementation of the selenium dioxide reduction research, our usage of selenium dioxide was reduced.

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

(iii) Manganese Sulfate Business:

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

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

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

Environmental Regulation: Compliance and Beyond

During the six months ended 30 June 2014, we have not breached any environmental rules or regulations which resulted in fines or prosecutions. We believe that rule compliance is only the minimum standard – we treat it as the floor to our environmental performance. We are committed to the responsible management of both the short and long-term impacts of our business on the environment. This commitment goes beyond compliance and applies to all stages of our business – from planning, building, operation, maintenance to the decommissioning of our facilities and equipment.

3. Employment Training and Growth

We arranged trainings at all levels of our employees through multi-channels, multi-formats and multi-levels. The key statistics in respect of our training for our employees are set out in the Human Resources Report. In summary, various training courses were held throughout the six months ended 30 June 2014. More than 5,000 people attended the training courses, effectively improving the quality of staff, and promoting development of our employees.

During the six months ended 30 June 2014, our major training activities and projects are as follows:

(1) In China,

(i) "Xiamen University EMBA 2014 Spring Course" designated for our senior executive managers;

(ii) "CITIC Group Tsinghua University Middle to Young Age Executive Training Course" designated for our middle executive managers;

(iii) "Production Leader Excellence Enhancement Course" designated for our production factory managers and management team for enhancing their integrated skills;

(iv) "Total Productive Maintenance Course" designated for our branch facilities leaders, facilities management managers and technology team for enhancing their integrated and management skills;

(v) The second stage "Gold Group Leaders' Training Courses" designated for general management for enhancing their management skills;

(vi) The safety production regulation and safety production knowledge enhancement course for strengthening our employee's safety management skills.

(2) In Gabon,

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

4. Social Contribution, Living Environment and Culture Development

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

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

In Daxin Mine,

i) We supported the peripheral villages to host the Chinese new year and cultural activities; financed a secondary school to purchase air conditioners; financed the villages to build public facilities; organized various cultural activities and volleyball and basket ball competitions with the local government and the their units, etc., thereby enhancing the harmonious relationship with the community.

ii) We built the waste and sewage treatment systems, lighting and irrigation systems and other ancillary facilities, so as to improve the living conditions of our workers and attract talent candidates, thereby creating a stable workforce.

4. Social Contribution, Living Environment and Culture Development (continued)

In Tiandeng Mine,

i) We continued to construct university apartments as well as ancillary facilities so as to attract university graduates to work in our Tiandeng mine;

ii) We continued to invest in infrastructure and facilities construction works, including offices, roads, car parks and scene park, leisure park as well as refurbishment of the canteen in the original living district;

In other areas of Guangxi where our production units are situated:

i) We supported Shan Luen village Bai Shan city, Ma Shan Xiang, a poor village in Guangxi, to build cultural activities centre in response to the "Beautiful Guangxi, Clean Village" slogan launched by Guangxi Automatous government;

ii) We organized various celebrating and site visiting activities under the "Fulfilling Dameng Dream and the Youth to Commit" and other series of topics;

iii) We organised a series of single matching activities, including single young dating, Chongzuo museum site visiting, etc.

(2) In Gabon, we continued to focus on the local community development and actively participate in various activities organised by the overseas Chinese associations in Gabon, including printing shirts for our workers and organizing the festival walk for our Chinese and Gabonese workers at Ndjole transit station during the Labour Day,.

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

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Below is the information on our mineral resources and ore reserves as of 30 June 2014:

Summary of our manganese mineral resources

Mining Block	Ownership Percentage	JORC Resource Category	Million Tonnes	Average Manganese Grade (%)	Million Tonnes	Average Manganese Grade (%)
			As of 30.6.2014		As of 31.12.2013	
Daxin Mine	**100%**	**Measured**	**5.22**	**24.12**	5.57	24.19
		Indicated	**66.86**	**21.18**	67.38	21.16
		Subtotal	**72.08**	**21.40**	72.95	21.39
		Inferred	**0.43**	**21.23**	0.43	21.23
		Total	**72.51**	**21.40**	73.38	21.39
Tiandeng Mine	**100%**	**Measured**	**0.58**	**17.84**	0.65	17.90
		Indicated	**2.93**	**16.60**	2.93	16.60
		Subtotal	**3.51**	**16.81**	3.58	16.84
		Inferred	**3.52**	**14.23**	3.52	14.23
		Total	**7.03**	**15.52**	7.10	15.55
Waifu Manganese Mine	**100%**	**Measured**	**–**	**–**	–	–
		Indicated	**–**	**–**	–	–
		Subtotal	**–**	**–**	–	–
		Inferred	**1.54**	**17.52**	1.54	17.52
		Total	**1.54**	**17.52**	1.54	17.52
Changgou Manganese Mine	**64%**	**Measured**	**3.08**	**20.45**	3.08	20.45
		Indicated	**14.67**	**20.32**	14.67	20.32
		Subtotal	**17.75**	**20.34**	17.75	20.34
		Inferred	**4.22**	**20.50**	4.22	20.50
		Total	**21.97**	**20.37**	21.97	20.37
Bembélé Manganese Mine	**51%**	**Measured**	**–**	**–**	–	–
		Indicated	**16.73**	**31.95**	17.15	32.13
		Subtotal	**16.73**	**31.95**	17.15	32.13
		Inferred	**12.37**	**32.74**	12.37	32.74
		Total	**29.10**	**32.29**	29.52	32.39
Total			**132.15**		133.51	

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Summary of our manganese ore reserves

Mine	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			As of 30.6.2014		As of 31.12.2013	
Daxin Mine	**100%**	**Proved**	**5.00**	**20.72**	5.35	21.02
		Probable	**64.33**	**18.85**	64.85	18.85
		Total	**69.33**	**18.98**	70.20	19.01
Tiandeng Mine	**100%**	**Proved**	**0.54**	**15.42**	0.61	15.76
		Probable	**2.81**	**15.53**	2.81	15.53
		Total	**3.35**	**15.51**	3.42	15.57
Waifu Manganese Mine	**100%**	**Proved**	**–**	**–**	–	–
		Probable	**–**	**–**	–	–
		Total	**–**	**–**	–	–
Changgou Manganese Mine	**64%**	**Proved**	**3.06**	**20.45**	3.06	20.45
		Probable	**14.67**	**20.32**	14.67	20.32
		Total	**17.73**	**20.34**	17.73	20.34
Bembélé Manganese Mine	**51%**	**Proved**	**–**	**–**	–	–
		Probable	**16.72**	**31.34**	17.14	31.53
		Total	**16.72**	**31.34**	17.14	31.53
Total			**107.13**		108.49	

Assumptions:

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

(1) (a) The manganese resources and manganese ore reserves for Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine were based on the estimate as per the independent technical review report as shown in the Company's Prospectus dated 8 November 2010. The decreases of the manganese resources and manganese ore reserves in the aforesaid mines during the period were largely due to mining depletion. The period end amounts have been confirmed by internal experts.

(b) The manganese resources and manganese ore reserves for Changgou Manganese Mine are based on the estimate in accordance with《錳礦礦產資源儲量核實報告》(Manganese Resources Verification Report) dated November 2009 prepared by 中國冶金地質總局中南局南寧地質調查所(China Ye Jin Di Zhi Zong Ju Zhong Nan Ju Nanning Di Zhi Diao Cha Suo). The period end amounts have been confirmed by our internal experts.

(c) The manganese resources and manganese ore reserves for Waifu Manganese Mine are based on the estimate in accordance with《靖西縣湖潤外伏錳礦礦產資源量核實地質報告評審意見書》(Accreditation Opinion of the Verified Geographical Resources Report of Waifu Manganese Mine, Jinxi) dated 17th July 2004 prepared by 南寧儲偉資源有限責任公司(Nanning Qu Wei Resources Limited Company). The period end amounts have been confirmed by our internal experts.

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

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities

I) Exploration

Overview

During the six months ended 30 June 2014, we continued our exploration works on Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine and our exploration drilling works continued to focus on Tiandeng Mine and Bembélé Manganese Mine. Exploration drilling totalled 3,881.33 metres approximately. Details are set out below:

Project	Drilling type	Average Drilling Diameter (mm)	Number of holes	Average Length (meter)
Daxin Mine	–	–	–	–
Tiandeng Mine	Core	73	16	234.3
Waifu Manganese Mine	–	–	–	–
Changgou Manganese Mine	–	–	–	–
Bembélé Manganese Mine	Core	127	3	44

Daxin Mine

A review of the geology and structural architecture of Daxin Mine was continued during the six months ended 30 June 2014 with the purpose of obtaining a better analysis and understanding of the components of the northern and central mining blocks within the mining area of Daxin Mine. During the period, we continued to carry out the drilling results analysis and prepare the semi-industrial experiment for the manganese ores. At the same time, we are formulating the mining plan and will apply to the Land and Resources Department of Guangxi for accreditation and recordal.

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

Tiandeng Mine

During the six months ended 30 June 2014, 中國冶金地質總局中南局廣西地勘院 (Centralsouthern Bureau of China Metallurgical Geology Bureau), which we retained, continued the exploration infrastructure construction work at location 440 meters depth below the mining block of Tindeng Mine. We have completed 203 meters length tunnel construction work, with cross section of 2 meters height x 1.8 meters width and completed 16 drilling holes, totaling approximately 3,749.33 meters in length.

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

Waifu Manganese Mine

During the six months ended 30 June 2014, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2014, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Changgou Manganese Mine.

Bembélé Manganese Mine

Mining Area

During the six months ended 30 June 2014, we continued to carry out production exploration within the existing mining areas of Bembélé Manganese Mine in order to increase and extend our manganese resources. We have completed 3 drilling holes, totalling approximately 132 meters in length. Our production exploration has marked some success. In location ZK-57 at depth of 10 meters, we record drilling samples of 4.5 meters long containing 30.03% manganese content/per tonne, the majority of them are oxide manganese.

Exploration Area

We carried out 1,000 meters trenching works at location between line 43 to 63 at depth above 500 metres along the ore vein in the peripheral areas of Bembélé Manganese Mine in order to locate and delineate manganese ores with manganese grade more than 30%. In addition, we carried out the selection work of prospecting targets for manganese in order to prepare the exploration work in the next stage.

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

Exploration, Development, and Mining Activities (continued)

II) Development

Daxin Mine

During the six months ended 30 June 2014, our outsourced contractors, 溫州建設集團公司(Wenzhou Construction Group Co.) and 廣西錫山礦業有限公司(Guangxi Xishan Mining Limited Company) continued the phase A and phase B 600,000 tonnes/year expansion project for the underground mining at Daxin Mine. As at 30 June 2014, the construction works in phase A and phase B amounted to 41,962.4m^3 and 352,854.7m^3 respectively.

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

Tiandeng Mine

During the six months ended 30 June 2014, we purchased certain mining equipments such as crusher, bulldozer, feeders, etc.

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

Waifu Manganese Mine

During the six months ended 30 June 2014, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipments) or conducted any infrastructure or development work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2014, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipments) or conducted any infrastructure or development work at Changgou Manganese Mine.

Bembélé Manganese Mine

During the six months ended 30 June 2014, we continued the expansion and maintenance works for the roads between Bembélé Manganese Mine and Ndjole transit station, in order to further complete the logistic transportation system between Bembélé Manganese Mine and Owendo port, Gabon.

Furthermore, three shipments totalling about 135,623 tonnes manganese ores were shipped to the PRC ports.

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

III) Mining activities

(1) Mining Operations

Daxin Mine

	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Open pit mining		
Mine production (thousand tonnes)	**515**	551
Underground mining		
Mine production (thousand tonnes)	**204**	152
Total mine production (thousand tonnes)	**719**	703
Average manganese grade		
Manganese carbonate ore	**15.6%**	17.4%
Manganese oxide ore	**29.9%**	28.8%

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities (continued)

(1) Mining Operations (continued)

Tiandeng Mine

	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Open pit mining		
Mine production (thousand tonnes)		
Manganese oxide	**76**	95
Average manganese grade		
Manganese oxide	**17.0%**	14.4%

Waifu Manganese Mine

During the six months ended 30 June 2014, there were no mining production.

Changgou Manganese Mine

	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Underground mining		
Mine production (thousand tonnes)	**0**	82
Average manganese carbonate grade	**N/A**	16.4%

Bembélé Manganese Mine

	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Open pit mining		
Mine production (thousand tonnes)	**296**	449
Average manganese oxide grade	**31.0**	31.9%

(2) Ore processing operations

- Concentrating

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Daxin Concentration Plant		
Concentrate production		
Manganese carbonate ore	**425**	443
Manganese oxide ore	**34**	29
Total	**459**	472
Average manganese grade of concentrate		
Manganese carbonate ore	**18.6%**	18.9%
Manganese oxide ore	**29.2%**	28.6%
Tiandeng Concentration Plant		
Manganese concentrate production		
Manganese carbonate of concentrate	**33**	0
Manganese oxide of concentrate	**42**	55
Total	**75**	55
Average manganese grade of concentrate		
Manganese carbonate of concentrate	**21.3%**	0%
Manganese oxide of concentrate	**22.7%**	21.3%
Bembélé Concentration Plant		
Concentrate production	**157**	214
Average manganese grade of concentrate	**33.9%**	32.0%

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities (continued)

(2) Ore processing operations (continued)

- Grinding

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Daxin Grinding Plant		
Powder produced	**413**	336

IV) Downstream processing operations

(1) Manganese downstream processing operations

- EMM

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

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Daxin EMM Plant	**33.5**	33.1
Daxin Manganese EMM Plant	**12.3**	12.3
Tiandeng EMM Plant	**10.3**	1.1
Start EMM Plant	**5.9**	5.4
Tiandong EMM Plant	**3.2**	3.5
Total	**65.2**	55.4

- Manganese briquette

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Chongzuo Branch	**4.30**	5.63
Total	**4.30**	5.63

- Manganese sulfate

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Daxin Manganese Sulfate Plant	**9.1**	8.7

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

IV) Downstream processing operations (continued)

(1) Manganese downstream processing operations (continued)

- EMD

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Daxin EMD Plant	**12.8**	10.3

- Silicomanganese alloy

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Tiandeng Ferroalloy Plant *(Production ceased)*	**–**	–
Dabao Ferroalloy Plant *(Production ceased)*	**–**	–
Qinzhou Ferroalloy Plant *(Production ceased from 21 April 2014 to 30 June 2014 and resumed from 1 July 2014)*	**16.5**	28.0
Total	**16.5**	28.0

- Manganese tetroxide

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Chongzuo Branch	**0**	0.08

- Lithium manganese oxide

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Chongzuo Branch	**0.05**	0.12

(2) Non-manganese processing operations

- Lithium cobalt oxide

Production (thousand tonnes)	1.1.2014-30.6.2014	1.1.2013-30.6.2013
Chongzuo Branch	**0.27**	0.22

Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

V) Exploration, development and mining cost of the Group

Expenses of exploration, development, and mining activities of the Group for the six months ended 30 June 2014 are set out below:

(HK$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Drilling and analysis	–	22	–	–	–	22
Transportation	–	–	–	–	–	–
Others	–	–	–	–	322	322
	–	22	–	–	322	344
Development activities (including mine construction)						
Purchases of assets and equipment	–	387	–	–	1,560	1,947
Construction of mines, tunnels and roads	6,577	–	–	–	–	6,577
Staff cost	–	–	–	–	–	–
Sub-contracting fee	20,408	–	–	–	–	20,408
Others	2	–	–	–	1,557	1,559
	26,987	387	–	–	3,117	30,491
Mining activities*						
Staff cost	7,817	2,244	–	–	1,123	11,184
Consumables	4,584	1,638	–	–	3,542	9,764
Fuel, electricity, water and other services	8,795	1,909	–	–	980	11,684
Transportation	2,774	40	–	–	–	2,814
Sub-contracting fee	25,559	–	–	–	–	25,559
Depreciation	10,678	1,010	–	–	2,540	14,228
Others	–	1,964	–	–	1,268	3,232
	60,207	8,805	–	–	9,453	78,465

(*Concentrating not included)

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2014, the Company has applied the principles, complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the six months ended 30 June 2014.

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

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest sand short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code and which have been notified to the Company and the Stock Exchange are as follows:

Name of director	Nature of interest	Number of ordinary shares	Number of underlying shares pursuant to share options	Percentage of the total issued share capital of the Company
Mr. Qiu Yiyong	Directly beneficially owned	–	15,000,000	0.50%
Mr. Li Weijian	Directly beneficially owned	–	15,000,000	0.50%
Mr. Tian Yuchuan	Directly beneficially owned	–	12,000,000	0.40%
Mr. Chen Jiqiu	Directly beneficially owned	–	9,000,000	0.30%
Mr. Yang Zhi Jie	Directly beneficially owned	–	1,000,000	0.03%
Mr. Mo Shijian	Directly beneficially owned	–	1,000,000	0.03%
Mr. Tan Zhuzhong	Directly beneficially owned	–	1,000,000	0.03%

SHARE OPTION SCHEME

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

	Number of share options							
Name and category of participant	**At 1 January 2014**	**Granted during the period**	**Exercised during the period [1]**	**Cancelled during the period**	**At 30 June 2014**	**Date of grant**	**Exercise period[2]**	**Exercise price per share HK$**
Directors of the Company								
Mr. Qiu Yiyong	15,000,000	–	–	–	15,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
Mr. Li Weijian	15,000,000	–	–	–	15,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
Mr. Tian Yuchuan	12,000,000	–	–	–	12,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
Mr. Chen Jiqiu	9,000,000	–	–	–	9,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
Mr. Yang Zhi Jie	1,000,000	–	–	–	1,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
Mr. Mo Shijian	1,000,000	–	–	–	1,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
Mr. Tan Zhuzhong	1,000,000	–	–	–	1,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
	54,000,000	–	–	–	54,000,000			
Non-directors	46,000,000	–	–	–	46,000,000	11.1.2011	11.1.2012 to 10.1.2021	2.81
	100,000,000	–	–	–	100,000,000			

Note:

(1) No share option was lapsed or cancelled during the six months ended 30 June 2014.

(2) The vesting period of the share options is from the date of grant until the respective dates of commencement of the exercise periods. The exercise period is divided into three tranches, i.e. 25% after 10 January 2012, an additional 25% after 10 January 2013 and the remaining 50% after 10 January 2014.

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

As at 30 June 2014, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held (a)	Percentage of the Company's issued share capital	Number of share options held
CITIC Group Corporation	(b)	Through a controlled corporation	1,490,026,000 (L)	49.26	–
CITIC Corporation Limited (formerly known as CITIC Limited)	(b)	Through a controlled corporation	1,490,026,000 (L)	49.26	–
CITIC Projects Management (HK) Limited	(b)	Through a controlled corporation	1,490,026,000 (L)	49.26	–
CITIC Pacific Limited	(c)	Other	1,490,026,000 (L)	49.26	–
Keentech Group Limited	(d)	Through a controlled corporation	1,179,000,000 (L)	38.98	–
CITIC Resources Holdings Limited	(d)	Through a controlled corporation	1,179,000,000 (L)	38.98	–
Starbest Venture Limited	(d)	Through a controlled corporation	1,179,000,000 (L)	38.98	–
Group Smart Resources Limited	(d)	Through a controlled corporation	1,179,000,000 (L)	38.98	–
Highkeen Resources Limited	(d)	Directly beneficially interested	1,179,000,000 (L)	38.98	–
CITIC United Asia Investments Limited	(e)	Through a controlled corporation	311,026,000 (L)	10.28	–
Apexhill Investments Limited	(e)	Directly beneficially interested	311,026,000 (L)	10.28	–
Guangxi Dameng Manganese Industrial Co., Ltd	(f)	Through a controlled corporation	776,250,000 (L)	25.66	–
			776,250,000 (S)	25.66	–
Huanan Dameng Investments Limited	(f)	Through a controlled corporation	776,250,000 (L)	25.66	–
			776,250,000 (S)	25.66	–
Guinan Dameng International Resources Limited	(f)	Directly beneficially interested	776,250,000 (L)	25.66	–
			776,250,000 (S)	25.66	–
China Minsheng Banking Corporation Limited		Directly beneficially interested	776,250,000 (L)	25.66	–
Gaoling Fund, L.P.	(g)	Through a controlled corporation	225,794,000 (L)	7.46	–
Hillhouse Capital Management, Ltd.	(g)	Directly beneficially interested	225,794,000 (L)	7.46	–

Notes:

(a) The letter "L" denotes the long position in such Shares and the letter "S" denotes the short position in such Shares.

(b) CITIC Projects Management (HK) Limited ("**CITIC Projects**") is wholly owned by CITIC Corporation Limited which is in turn owned by CITIC Group Corporation. CITIC Group Corporation is a company established in the PRC.

(c) CITIC Pacific Limited entered into an agreement on 16 April 2014 to acquire 100% of the total issued share capital of CITIC Corporation Limited, which acquisition has not yet been completed as at 30 June 2014.

(d) Highkeen Resources Limited is wholly owned by Group Smart Resources Limited, which is in turn wholly owned by Starbest Venture Limited ("**Starbest Venture**"). Starbest Venture is wholly owned by CITIC Resources, which is in turn owned as to 49.50% by Keentech Group Limited ("**Keentech**"). Keentech is wholly owned by CITIC Projects.

(e) Apexhill Investments Limited is wholly owned by CITIC United Asia Investments Limited ("**CITIC United Asia**"), which is in turn wholly owned by CITIC Projects.

(f) Guinan Dameng International Resources Limited is wholly owned by Huanan Dameng Investments Limited ("**Huanan Dameng**"), which is in turn wholly owned by Guangxi Dameng.

(g) Hillhouse Capital Management, Ltd. is wholly owned by Gaoling Fund, L.P. Gaoling Fund, L.P. is a company incorporated under the laws of Cayman Islands.

Save as disclosed above, as at 30 June 2014, the Company has not been notified by any persons (other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests in shares and underlying shares" above), who had interests or short positions in the shares or underlying shares of the Company which would fall to be discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2014.

CONTINUING CONNECTED TRANSACTIONS

On 10 December 2012, CITIC Dameng Mining and Hui Xing Company entered into the Renewed Master Construction and Outsourcing Agreement and the Renewed Second Master Construction and Outsourcing Agreement with Guangxi Xishan Mining Limited Company ("**Guangxi Xishan**") for three years ending 31 December 2015 (collectively, the "**Renewed Guangxi Xishan Agreements**") respectively. Details of the Renewed Guangxi Xishan Agreements were disclosed in the circular of the Company dated 12 December 2012.

During the six months ended 30 June 2014, the provision of underground mining services and construction of infrastructure for underground mining works at Daxin Mine by Guangxi Xishan to CITIC Dameng Mining amounted to HK$28,233,000 and HK$22,543,000 respectively. The provision of fuels, electricity, detonating cords and explosives by CITIC Dameng Mining to Guangxi Xishan amounted to HK$5,903,000.

During the six months ended 30 June 2014, there is no provision of underground mining services and construction of underground mining services at Changgou Manganese Mine by Guangxi Xishan to Hui Xing Company and there is no provision of electricity, detonating cords and explosives by Hui Xing Company to Guangxi Xishan.

On 10 December 2012, CITIC Dameng Mining entered into the Renewed Integrated Services Framework Agreement, Renewed Guangxi Liuzhou Agreement and Renewed Nanning Battery Plant Agreement with Guangxi Dameng and Guangxi Dameng's subsidiaries for three years ending 31 December 2015 (collectively, the "**Renewed Guangxi Dameng Agreements**"). Details of the Renewed Guangxi Dameng Agreements were disclosed in the announcement of the Company dated 10 December 2012.

On 31 December 2012, the Company entered into the Renewed Master Agreement with China CITIC Bank Corporation Limited and China CITIC Bank International Limited for the three years ending 31 December 2015. Details of the Renewed Master Agreement were disclosed in the announcement of the Company dated 31 December 2012.

On 27 June 2013, CITIC Dameng Mining entered into a Tenancy Agreement with Guangxi Dameng for the lease of a premises for a term of three years ending 30 June 2016. Details of the Tenancy Agreement were disclosed in the announcement of the Company dated 27 June 2013.

Other than the transactions with Guangxi Xishan which have been disclosed above, the amounts of the above mentioned continuing connected transactions are disclosed in note 28 to the financial statements. All the related party transactions set out in the note 28 referred to above are also continuing connected transactions as defined in Chapter 14A of the Listing Rules.

REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2014 with the management of the Company.

CHANGE OF INFORMATION OF DIRECTORS

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

1. On 1 March 2014, the position of Mr. Qiu Yiyong in CITIC Resources was re-designated from non-executive director to executive director and was appointed as chief executive officer. On 1 July 2014, Mr. Qiu was also appointed as the vice chairman and a member of the Remuneration Committee of CITIC Resources.
2. On 1 March 2014, the position of Mr. Zeng Chen in CITIC Resources was re-designated from vice chairman, chief executive officer and executive director to non-executive director. On 14 May 2014, Mr. Zeng was appointed as the executive director and a member of Executive Committee of CITIC Pacific Limited (Stock Code: 267).
3. On 1 July 2014, Mr. Tian Yuchuan resigned as the non-executive director of CITIC Resources.

FORWARD LOOKING STATEMENTS

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

On behalf of the Board

Qiu Yiyong

Chairman

Hong Kong, 20 August 2014

Glossary of Terms

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

Glossary of Terms

Dabao Ferroalloy Plant	a ferroalloy production plant owned and operated by 廣西大新縣大寶鐵合金有限公司(Guangxi Daxin Dabao Ferroalloy Co., Ltd.), a company in which we indirectly hold 60% equity interest
Daxin Manganese	中信大錳大新錳業有限公司(CITIC Dameng Daxin Manganese Limited Company), formerly known as 廣西三錳龍礦業有限公司(Guangxi Sanmenglong Mining Limited Company)
Daxin Mine	中信大錳礦業有限責任公司大新錳礦(CITIC Dameng Mining Industries Co., Limited Daxin Manganese Mine)
Director(s)	the director(s) of our Company
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
Gabon	the Gabonese Republic
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Dameng	廣西大錳錳業有限公司(Guangxi Dameng Manganese Industrial Co., Ltd.), a state-owned limited liability company established under the laws of the PRC on 30 July 2001. Guangxi Dameng is wholly-owned by the government of Guangxi, PRC
Guangxi Dameng BVI	Guinan Dameng International Resources Limited (桂南大錳國際資源有限公司)
Guangxi Start	廣西斯達特錳材料有限公司(Guangxi Start Manganese Materials Co., Ltd.)
Guinan Huagong	大新桂南化工有限責任公司(Daxin Guinan Huagong Limited Company)
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hui Xing Company	貴州遵義匯興鐵合金有限責任公司(Guizhou Zunyi Hui Xing Ferroalloy Limited Company)
Hui Xing Group	Hui Xing Company together with its subsidiaries (including 遵義中信大錳設備製造安裝有限公司(Zunyi CITIC Dameng Equipment Manufacture and Installation Co., Ltd))
IPO	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010

Glossary of Terms

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

DAMENG