DAMENG

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

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

- The Group's turnover amounted to HK$2,580 million for the year ended 31 December 2010, representing an increase of 23.6% as compared to HK$2,086 million in 2009.

- The Group's gross profit amounted to HK$609 million for the year ended 31 December 2010, representing an increase of 41.8% as compared to HK$430 million in 2009.

- The Group's gross profit margin for the year ended 31 December 2010 increased by 3.0% to 23.6% as compared to 20.6% in 2009.

- The Group's profit attributable to ordinary shareholders of the Company for the year ended 31 December 2010 amounted to HK$229.1 million, representing an increase of 371.4% as compared to HK$48.6 million in 2009.

- The Group's basic earnings per share for the year ended 31 December 2010 amounted to HK$0.13, representing an increase of 333.3 % as compared to HK$0.03 in 2009.

- The Group's net gearing ratio as at 31 December 2010 improved to 17.6% (2009: 64.2%).

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2010 together with the comparative figures for the year ended 31 December 2009 as follows:

Consolidated Statement of Comprehensive Income
Year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	*4*	**2,579,673**	2,086,364
Cost of sales		**(1,970,178)**	(1,656,641)
Gross profit		**609,495**	429,723
Other income and gains	*4*	**65,505**	23,288
Selling and distribution costs		**(77,956)**	(49,491)
Administrative expenses		**(219,128)**	(202,877)
Other expenses		**(19,411)**	(18,123)
Finance costs	*5*	**(95,716)**	(107,195)
PROFIT BEFORE TAX	*6*	**262,789**	75,325
Income tax expense	*7*	**(14,339)**	(11,613)
PROFIT FOR THE YEAR		**248,450**	63,712
OTHER COMPREHENSIVE INCOME:			
Contribution from a minority shareholder upon waiver of loans		**13,128**	–
Exchange differences on translation of foreign operations		**43,223**	1,002
		56,351	1,002
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**304,801**	64,714
Total profit attributable to:			
Owners of the parent	*8*	**229,132**	48,611
Non-controlling interests		**19,318**	15,101
		248,450	63,712
Total comprehensive income attributable to:			
Owners of the parent		**269,949**	49,541
Non-controlling interests		**34,852**	15,173
		304,801	64,714
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**13.01 HK cents**	3.30 HK cents
Diluted		**13.01 HK cents**	N/A

Details of the dividends for the year are disclosed in note 9.

Consolidated Statement of Financial Position

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,145,238**	1,625,315
Investment properties		**62,612**	–
Prepaid land lease payments		**164,886**	83,361
Intangible assets		**300,759**	296,301
Available-for-sale equity investment		**4,369**	4,218
Deferred tax assets		**79,929**	40,790
Deposits and prepayment	*11*	**129,362**	182,177
Total non-current assets		**2,887,155**	2,232,162
CURRENT ASSETS			
Inventories		**449,995**	354,487
Trade and notes receivables	*10*	**603,934**	433,754
Prepayments, deposits and other receivables	*11*	**187,842**	152,568
Due from related companies		**53,739**	49,804
Due from a minority shareholder of a subsidiary		**–**	5,595
Tax recoverable		**730**	749
Pledged deposits		**71,543**	85,226
Cash and cash equivalents		**2,580,741**	453,004
Total current assets		**3,948,524**	1,535,187
CURRENT LIABILITIES			
Trade payables	*12*	**240,223**	108,873
Other payables and accruals	*13*	**446,694**	302,930
Interest-bearing bank and other borrowings	*14*	**1,172,735**	875,255
Due to related companies		**3,515**	19,512
Due to the intermediate holding company		**–**	303,840
Due to minority shareholders of subsidiaries		**–**	80,363
Due to a shareholder		**–**	60,000
Tax payable		**–**	3,404
Total current liabilities		**1,863,167**	1,754,177
NET CURRENT ASSETS/(LIABILITIES)		**2,085,357**	(218,990)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,972,512**	2,013,172

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*14*	**1,514,156**	835,949
Deferred tax liabilities		**16,973**	27,473
Other long-term liabilities		**3,700**	2,377
Deferred income		**35,684**	4,937
Total non-current liabilities		**1,570,513**	870,736
Net assets		**3,401,999**	1,142,436
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**302,480**	100
Reserves		**3,029,475**	555,473
		3,331,955	555,573
Non-controlling interests		**70,044**	586,863
Total equity		**3,401,999**	1,142,436

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 18 July 2005 as an exempted company with limited liability under Section 14 of the Companies Act 1981 of Bermuda (as amended). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Suites 3501-3502, Bank of America Tower, 12 Harcourt Road, Hong Kong.

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

In order to rationalize the corporate structure in preparation for the listing of its shares on the Main Board of the Stock Exchange, the Company underwent a Reorganization. Prior to the Reorganization, the Company was owned as to 80% and 20% by Highkeen and Apexhill. The Company has one directly held wholly-owned subsidiary, namely, CITIC Dameng Investments, which is also an investment holding company. Substantially all business operations of the Group have been conducted by CITIC Dameng Mining and its subsidiaries. CITIC Dameng Mining was owned as to 65.5% and 34.5% by CITIC Dameng Investments and Guangxi Dameng, respectively. CITIC Dameng Investments acquired from Guangxi Dameng its entire 34.5% equity interest in CITIC Dameng Mining at a cash consideration of RMB463 million. On 30 September 2010, the registration of Guangxi Dameng's 34.5% equity interest in CITIC Dameng Mining was changed under the name of CITIC Dameng Investments. On 27 October 2010, Guangxi Dameng BVI, a wholly-owned subsidiary of Guangxi Dameng injected HK$556 million into the Company and acquired a 34.5% equity interest in the Company. The Reorganization was completed on 27 October 2010. The Company's shares were listed on the Stock Exchange on 18 November 2010.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for investment properties, which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

As further explained in note 2.2 below, during the year, the Group adopted HK Interpretation 5, following which the Group's term bank loan was reclassified as a current liability. This in turn has impacted on the amount of net current assets presented in the consolidated statement of financial position. Further details about the effect on the financial statements and the directors' assessment of the impact on the Group's liquidity arising from this change are included in notes 2.2.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	*Amendments to a number of HKFRSs issued in May 2009*
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to *HKAS 7 included in Improvements to HKFRSs 2009* and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as a cash flow from investing activities.

(c) HK Interpretation 5: *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

HK Interpretation 5 requires that a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loan was classified in the statement of financial position separately as to the current and non-current liability portions based on the maturity dates of repayment. Upon the adoption of the interpretation, the term loan has been reclassified as a current liability. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 Presentation of Financial Statements, the Group is required to present a statement of financial position as at 1 January 2009. Since the adoption of HK Interpretation 5 has had no impact on the Group's financial position as at 1 January 2009, no third statement of financial position as at 1 January 2009 was included in these financial statements.

Further details of the loan are disclosed in note 14.

The above change has had no effect on the consolidated statement of comprehensive income. The effect on the consolidated statement of financial position at 31 December is summarized as follows:

	2010	2009	At 1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
CURRENT LIABILITIES			
Increase in interest-bearing bank and other borrowings	**273,889**	87,918	–
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank borrowings	**(273,889)**	(87,918)	–

There has been no impact on the net assets of the Group.

2.3 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 financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures-Transfers of Financial Assets*[4]
HKFRS 9	*Financial Instruments*[6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[5]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

    In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

    The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) 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 beneficiation, concentrating, grinding and the production of manganese concentrate and natural discharging manganese;

(b) the manganese downstream processing segment comprises hydrometallurgical processing and pyrometallurgical processing, and the resulting products of which include EMM, EMD, manganese sulfate and silicomanganese alloys;

(c) the non-manganese ferroalloy processing segment engages in the production and sale of non-manganese ferroalloys, including high carbon ferrochromium; and

(d) the others segment comprises, principally, the trading of various commodities such as manganese ore, EMM, chromium ore and sulphur.

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 before tax except that interest income, finance costs, dividend income, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, 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, deferred tax liabilities and other unallocated head office and corporate assets 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 *HK$'000*	**Manganese downstream processing** *HK$'000*	**Non-manganese ferroalloy processing** *HK$'000*	**Others** *HK$'000* *(Note)*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2010						
Segment revenue:						
Sales to external customers	286,708	1,951,265	232,228	109,472	–	2,579,673
Intersegment sales	110,813	–	–	110	(110,923)	–
Other revenue	1,664	4,634	3,264	49,233	–	58,795
Total	399,185	1,955,899	235,492	158,815	(110,923)	2,638,468
Segment results	132,773	276,871	(15,145)	38,772	–	433,271
Reconciliations:						
Interest income						6,710
Corporate and other unallocated expenses						(81,476)
Finance costs						(95,716)
Profit before tax						262,789
Income tax expense						(14,339)
Profit for the year						248,450

	Manganese mining and ore processing HK$'000	Manganese downstream processing HK$'000	Non-manganese ferroalloy processing HK$'000	Others HK$'000 (Note)	Eliminations HK$'000	Total HK$'000
Assets and liabilities						
Segment assets	949,095	2,689,698	209,799	360,489	–	4,209,081
Reconciliations:						
Corporate and other unallocated assets						2,626,598
Total assets						6,835,679
Segment liabilities	372,199	535,755	66,865	42,546	–	1,017,365
Reconciliations:						
Corporate and other unallocated liabilities						2,416,315
Total liabilities						3,433,680
Other segment information:						
Depreciation and amortization	33,288	112,568	7,825	15,776	–	169,457
Unallocated depreciation and amortization						1,711
Total depreciation and amortization						171,168
Capital expenditure*	140,512	487,725	2,467	202	–	630,906
Unallocated capital expenditure						136,793
Total capital expenditure						767,699
Loss on disposal of items of property, plant and equipment	515	822	–	–	–	1,337
Impairment losses recognized in profit or loss	1,910	3,903	4,203	(7,473)	–	2,543

Note: During the year, the Group disposed inventories to a third party for HK$36 million with a carrying value of HK$22 million (with an original cost of HK$36 million after impairment of HK$14 million). The related gross profit of HK$14 million was included in the segment results of others above.

	Manganese mining and ore processing *HK$'000*	Manganese downstream processing *HK$'000*	Non-manganese ferroalloy processing *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Year ended 31 December 2009						
Segment revenue:						
Sales to external customers	222,412	1,460,436	318,295	85,221	–	2,086,364
Intersegment sales	71,601	–	–	–	(71,601)	–
Other revenue	57	5,552	5,465	8,690	–	19,764
Total	294,070	1,465,988	323,760	93,911	(71,601)	2,106,128
Segment results	106,971	147,061	(3,840)	(6,498)	–	243,694
Reconciliations:						
Interest income						3,524
Corporate and other unallocated expenses						(64,698)
Finance costs						(107,195)
Profit before tax						75,325
Income tax expense						(11,613)
Profit for the year						63,712
Assets and liabilities						
Segment assets	729,997	2,004,767	202,627	271,690	–	3,209,081
Reconciliations:						
Corporate and other unallocated assets						558,268
Total assets						3,767,349
Segment liabilities	195,997	336,623	56,572	19,542	–	608,734
Reconciliations:						
Corporate and other unallocated liabilities						2,016,179
Total liabilities						2,624,913
Other segment information:						
Depreciation and amortization	31,779	100,914	6,676	7,363	–	146,732
Unallocated depreciation and amortization						2,762
Total depreciation and amortization						149,494

	Manganese mining and ore processing HK$'000	Manganese downstream processing HK$'000	Non-manganese ferroalloy processing HK$'000	Others HK$'000	Eliminations HK$'000	Total HK$'000
Capital expenditure*	80,752	436,381	2,430	1,608	–	521,171
Unallocated capital expenditure						3,279
Total capital expenditure						524,450
Loss on disposal of items of property, plant and equipment	1,187	1,290	129	–	–	2,606
Impairment losses recognized in profit or loss	258	5,001	1,624	30,044	–	36,927

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

Geographical information

(a) Revenue from external customers

	2010 *HK$'000*	2009 *HK$'000*
Mainland China	**2,151,371**	1,841,619
Asia (excluding Mainland China)	**379,181**	133,397
Europe	**13,354**	72,038
North America	**27,684**	38,740
Other countries	**8,083**	570
	2,579,673	2,086,364

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

(b) Non-current assets

	2010 *HK$'000*	2009 *HK$'000*
Segment assets:		
Mainland China	**2,440,571**	1,917,146
Africa	**362,286**	270,008
	2,802,857	2,187,154

The non-current asset information above is based on the location of assets and excludes deferred tax assets and available-for-sale equity investment.

Information about a major customer

Revenue of approximately HK$282 million for the year ended 31 December 2010 (2009: HK$343 million) was derived from sales by the manganese downstream processing segment to a single customer.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**2,579,673**	2,086,364
Other income and gains		
Interest income	**6,710**	3,524
Gain on disposal of items of property, plant and equipment	**2,836**	3,710
Subsidy income	**9,754**	11,251
Write-off of payables	**4,811**	936
Sales of scrap	**11,624**	120
Fair value gains on investment properties	**27,507**	–
Others	**2,263**	3,747
	65,505	23,288

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**104,635**	100,753
Interest on bank loans and other loans not wholly repayable within five years	**4,016**	5,582
Finance costs for discounted notes receivable	**1,288**	860
Less: Interest capitalized	**(14,223)**	–
	95,716	107,195

6. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**1,947,588**	1,621,416
Depreciation	**158,744**	141,428
Amortization of prepaid land lease payments	**6,172**	2,062
Amortization of intangible assets	**6,252**	6,004
Auditors' remuneration	**3,180**	2,850
Minimum lease payments under operating leases, land and buildings	**6,376**	2,761
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**201,389**	187,094
Pension scheme contributions	**36,541**	25,586
	237,930	212,680
Loss on disposal of items of property, plant and equipment*	**1,337**	2,606
Foreign exchange differences, net*	**1,158**	1,824
(Write-back)/write-down of inventories to net realizable value, net#	**(1,010)**	35,225
Impairment of trade and other receivables, net*	**3,553**	1,702
Fair value gains on investment properties	**(27,507)**	–

Included in "Cost of sales" in the consolidated statement of comprehensive income.

* Included in "Other expenses" in the consolidated statement of comprehensive income.

7. INCOME TAX

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

	2010	2009
	HK$'000	*HK$'000*
Group:		
Current – PRC		
Charge for the year	**34,004**	15,795
Deferred	**(19,665)**	(4,182)
Total tax charge for the year	**14,339**	11,613

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

PRC corporate income tax ("CIT")

Pursuant to the PRC Income Tax Law and the respective regulations, except for certain preferential tax treatment available to certain subsidiaries operating in Mainland China, the companies of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income for the years ended 31 December 2009 and 2010. The other major tax concessions applicable to the entities within the Group are detailed as follows:

(a) Pursuant to the various tax notices regarding the preferential tax treatment for the large-scale development of Western China issued by the State Administration of Taxation, the PRC, CITIC Dameng Mining is entitled to a preferential CIT rate of 15%. Additionally, according to the then income tax law of the PRC for foreign invested enterprises and foreign enterprises as approved by relevant PRC tax authorities, CITIC Dameng Mining, being a foreign-invested enterprise, was exempted from CIT for its first two profitable years, commencing from 1 January 2006, and was thereafter entitled to a 50% reduction in the CIT for the subsequent three years from 1 January 2008 to 31 December 2010. Since year 2006 was the first profitable year of CITIC Dameng Mining, no income tax has been provided by CITIC Dameng Mining for the two years ended 31 December 2006 and 2007 accordingly. For the three years ended 31 December 2008, 2009 and 2010, the applicable CIT rate of CITIC Dameng Mining was 7.5%.

(b) Pursuant to Dishui Han [2007] No. 841 "Approval on CIT Exemption of Guangxi Dabao" issued by the local tax authority of Chongzuo City, Guangxi, the PRC, Guangxi Dabao is entitled to a preferential tax treatment for engaging in an encouraged industry and its applicable CIT rate was 15% for the period from 1 January 2007 to 31 December 2010.

(c) Pursuant to the tax document Dishui Han [2005] No.3 "Approval on CIT Exemption of Guangxi Start" issued by the local tax authority of Jingxi County, Guangxi, the PRC, Guangxi Start was entitled to preferential tax treatment for developing Western China and its applicable CIT rate was 15% for the period from 1 January 2005 to 31 December 2010.

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

Group

	2010	2009
	HK$'000	*HK$'000*
Profit before tax	**262,789**	75,325
Tax at the applicable PRC corporate income tax rate	**65,697**	18,831
Lower tax rates/tax holidays or concessions for specific provinces	**(65,991)**	(19,825)
Income not subject to tax	**(472)**	–
Expenses not deductible for tax	**3,877**	1,806
Effect of withholding tax at 10% on undistributed profits of the Group's PRC subsidiaries	**10,503**	6,093
Tax losses utilized from previous periods	**(702)**	–
Tax losses not recognized	**1,427**	4,708
Tax charge reported in the consolidated statement of comprehensive income	**14,339**	11,613
The Group's effective income tax rate	**5.5%**	15.4%

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

The calculation of the earnings per share is based on the consolidated profit attributable to ordinary equity holders of the parent for the year ended 31 December 2010 and the weighted average number of 1,760,973,329 shares in issue during the year, as if i) the capitalization issue as defined in the Prospectus (the "Capitalization Issue") of the Company's shares to Apexhill and Highkeen had been completed on 1 January 2010; and ii) the Capitalization Issue of the Company's shares to Guangxi Dameng BVI had been completed on 27 October 2010 when the shares issued to Guangxi Dameng BVI to acquire a 34.5% equity interest in CITIC Dameng Mining took place. The calculation of the earnings per share is based on the consolidated profit attributable to ordinary equity holders of the parent for the year ended 31 December 2009 and the weighted average number of 1,473,750,000 shares in issue during the year, as if the Capitalization Issue of the Company's shares to Apexhill and Highkeen had been completed on 1 January 2009.

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

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**229,132**	48,611

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,760,973,329**	1,473,750,000

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2010 in respect of a dilution as the impact of the potential ordinary shares outstanding had an anti-dilutive effect on the basic earnings per share amount presented. There were no diluted earnings per share presented as the Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2009.

9. DIVIDENDS

The dividends declared by the Group to the Company's shareholders before the Reorganization during the year are as follows:

	2010	2009
	HK$'000	*HK$'000*
Dividend declared	**507,974**	–

As at 31 December 2010, all dividend payable had been fully settled. Pursuant to the board of directors' meeting held on 18 March 2011, no final dividend was declared for the year ended 31 December 2010.

10. TRADE AND NOTES RECEIVABLES

Group

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**264,044**	219,698
Notes receivable	**344,711**	219,930
	608,755	439,628
Less: Impairment	**(4,821)**	(5,874)
	603,934	433,754

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to 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. Trade receivables are non-interest-bearing.

Notes receivables represent bank acceptance notes issued by banks in Mainland China which are non-interest-bearing.

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

Group

	2010	2009
	HK$'000	*HK$'000*
Within one month	**386,822**	129,121
One to two months	**84,704**	52,683
Two to three months	**29,346**	65,777
Over three months	**103,062**	186,173
	603,934	433,754

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

Group

	2010	2009
	HK$'000	*HK$'000*
At beginning of year	**5,874**	6,435
Impairment losses recognized	**471**	–
Impairment losses reversed	**–**	(454)
Write-off	**(1,704)**	(107)
Exchange realignment	**180**	–
At end of year	**4,821**	5,874

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK$4,821,000 (2009: HK$5,874,000) with a carrying amount before provision of approximately HK$4,821,000 (2009: HK$5,874,000) as at 31 December 2010. 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. The Group does not hold any collateral or other credit enhancements over these balances.

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

Group

	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**592,404**	339,438
One to three months past due	**7,873**	15,278
Over three months past due	**3,657**	79,038
	603,934	433,754

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. The Group does not hold any collateral or other credit enhancements over these balances.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Non-current portion

Group

	2010	2009
	HK$'000	*HK$'000*
Deposits	**124,302**	174,673
Prepayment	**5,060**	7,504
	129,362	182,177

Current portion

Group

	2010	2009
	HK$'000	*HK$'000*
Prepayments	**97,629**	90,682
Deposits and other receivables	**90,213**	61,886
	187,842	152,568

12. TRADE PAYABLES

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

Group

	2010	2009
	HK$'000	*HK$'000*
Within one month	**152,182**	66,349
One to two months	**13,086**	12,234
Two to three months	**17,017**	12,317
Over three months	**57,938**	17,973
	240,223	108,873

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

13. OTHER PAYABLES AND ACCRUALS

Group

	2010	2009
	HK$'000	*HK$'000*
Advances from customers	**98,773**	34,372
Other payables	**207,785**	193,350
Accruals	**140,136**	75,208
	446,694	302,930

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2010			2009		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000* (Restated)
Current						
Bank loans-secured	**4.78**	**2011**	**35,295**	5.31	2010	34,074
Bank loans-unsecured	**4.78-5.56**	**2011**	**516,484**	3-5.31	2010	753,263
Current portion of long term bank loans – secured	**6.53**	**2011**	**41,177**	–	–	–
Current portion of long term bank loans – unsecured	**4.86-5.40**	**2011**	**188,240**	–	–	–
Long term bank loans with on demand clause – unsecured *(Note (a))*	**LIBOR+0.85**	**On demand**	**273,889**	LIBOR+0.85	On demand	87,918
Other loans – unsecured	**4.70**	**2011**	**117,650**			–
			1,172,735			875,255
Non-current						
Bank loans -secured	**5.40-5.94**	**2012-2015**	**248,242**	5.94-7.83	2011-2015	279,407
Bank loans -unsecured	**4.86-5.76**	**2012-2016**	**1,265,914**	4.86-7.02	2011-2015	556,542
			1,514,156			835,949
			2,686,891			1,711,204

	2010 ***HK$'000***	2009 *HK$'000* (Restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand *(Note (a))*	**1,055,085**	875,255
In the second year	**480,012**	335,061
In the third to fifth years, inclusive	**897,670**	429,333
Beyond five years	**136,474**	71,555
	2,569,241	1,711,204
Other loans repayable:		
Within one year or on demand	**117,650**	–
	2,686,891	1,711,204

Notes:

(a) As further explained in notes 2.2, due to the adoption of HK Interpretation 5 in the current year, the Group's term loan in the amount of HK$273,889,000 (2009: HK$87,918,000) containing an on-demand clause has been reclassified as a current liability. For the purpose of the above analysis, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loan, the amounts repayable in respect of the loan are as follows:

	2010	2009
	HK$'000	*HK$'000*
In the second year	**273,889**	–
In the third to fifth years, inclusive	**–**	87,918
	273,889	87,918

(b) The above secured bank loans were secured by certain of the Group's assets and their carrying values are as follows:

	2010	2009
	HK$'000	*HK$'000*
Property, plant and equipment	**221,961**	207,614
Prepaid land lease payments	**48,155**	55,842
Pledged deposits	**61,425**	56,790
	331,541	320,246

As at 31 December 2009, certain interest-bearing bank borrowings of the Group of HK$147,654,000 were guaranteed by Guangxi Dameng, a then minority shareholder of the Group. As at 31 December 2010, all corporate guarantees from Guangxi Dameng had been released.

(c) Except for unsecured bank loan of HK$273,889,000 (2009: HK$87,918,000) which is denominated in United States dollars, all borrowings are in Renminbi as at 31 December 2010.

15. ISSUED CAPITAL

Shares

	2010	2009
	HK$'000	*HK$'000*
Authorized:		
10,000,000,000 (2009: 1,000,000) ordinary shares of HK$0.10 each	**1,000,000**	100
Issued and fully paid:		
3,024,795,000 (2009: 1,000,000) ordinary shares of HK$0.10 each	**302,480**	100

During the year, the movements in share capital were as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$*
Authorized:			
As at 1 January 2009, 31 December 2009 and 1 January 2010	*(a)*	1,000,000	100,000
Increase of authorized capital	*(b)*	4,000,000	400,000
Increase of authorized capital	*(f)*	9,995,000,000	999,500,000
As at 31 December 2010		10,000,000,000	1,000,000,000

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$'000*	**Share premium** *HK$'000*	**Total** *HK$'000*
Issued:					
As at 1 January 2009, 31 December 2009 and 1 January 2010	*(a)*	1,000,000	100	–	100
Issuance of new shares for capitalization of shareholders' loans	*(c)*	1,450,000	145	534,905	535,050
Issuance of new shares for capitalization of shareholders' loans	*(d)*	322,900	32	84,568	84,600
Issuance of new shares	*(e)*	1,460,535	146	555,978	556,124
Issuance of new shares for the Capitalization Issue	*(f)*	2,245,766,565	224,577	(224,577)	-
Issuance of new shares for the initial public offering	*(g)*	750,000,000	75,000	1,840,002	1,915,002
Issuance of new shares for the exercise of the over-allotment option	*(h)*	24,795,000	2,480	65,707	68,187
As at 31 December 2010		3,024,795,000	302,480	2,856,583	3,159,063

(a) Upon the incorporation of the Company, an aggregate of 1,000,000 ordinary shares of HK$0.10 each were issued at par to Highkeen and Apexhill for a total cash consideration of HK$100,000.

(b) Pursuant to an ordinary resolution passed on 30 June 2010, the authorized share capital of the Company was increased from HK$100,000 to HK$500,000 by the creation of 4,000,000 additional shares of HK$0.10 each.

(c) On 30 June 2010, the Company capitalized the amounts due to Highkeen and Apexhill of HK$428,040,000 and HK$107,010,000 by the issuance of 1,160,000 shares and 290,000 shares of the Company, respectively, of HK$0.10 each.

(d) On 2 August 2010, the Company further capitalized the amounts due to Highkeen and Apexhill of HK$67,680,000 and HK$16,920,000 by issuance of 258,320 shares and 64,580 shares of the Company, respectively, of HK$0.10 each.

(e) Pursuant to the resolution passed on 12 August 2010, an aggregate of 1,460,535 ordinary shares of HK$0.10 each were approved to be subscribed to Guangxi Dameng BVI for a total cash consideration of HK$556,124,000.

(f) Pursuant to written resolutions passed on 26 October 2010, the following changes were approved:

  (i) the authorized share capital of the Company was conditionally increased from HK$500,000 to HK$1,000,000,000 by the creation of 9,995,000,000 additional shares of HK$0.10 each; and

  (ii) an aggregate of 2,245,766,565 ordinary shares of HK$0.10 each were allotted and issued to the shareholders by capitalizing an amount of HK$224,576,657 standing to the credit of the share premium account of the Company.

(g) The Company's shares were listed on the Stock Exchange on 18 November 2010 and 750,000,000 new shares of HK$0.10 each were issued and offered at a price of HK$2.75 per share for a total cash consideration of HK$2,062,500,000 before netting of listing expenses of HK$147,498,000.

(h) On 11 December 2010, the Company issued 24,795,000 ordinary shares of HK$0.10 each pursuant to the over-allotment option as referred to the prospectus of the Company dated 8 November 2010 and offered at a price of HK$2.75 per share for a total cash consideration of HK$68,187,000.

16. COMPARATIVE AMOUNTS

As further explained in note 2.2, due to the adoption of the new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

17. EVENT AFTER THE REPORTING PERIOD

On 11 January 2011, the Company granted 103,000,000 share options to the directors and other employees of the Group to subscribe for ordinary shares with a nominal value of HK$0.10 each under the share option scheme adopted by the Company on 26 October 2010. The exercise price was HK$2.81 per share and the exercise period is from 11 January 2012 to 10 January 2021 (both dates inclusive).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Comparison with Prospectus

In the Prospectus, we forecasted our consolidated net profit attributable to the owners of the parent for the year 2010 to be not less than HK$200 million. The consolidated net profit attributable to the shareholders of the Company in the year is HK$229.1 million, which exceeds the forecast by HK$29.1 million or 14.6% mainly due to the better than forecasted performance of the EMM segment both in terms of price and quantity and the after tax gain on revaluation of investment property.

Comparison with the year 2009

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

	Year ended 31 December							
	2010				2009			
	Sales volume	**Average Selling price**	**Revenue**	**% of Total revenue**	Sales volume	Average Selling price	Revenue	% of Total revenue
	(tonnes)	*(HK$/ tonne)*	*(HK$'000)*	*(%)*	*(tonnes)*	*(HK$/ tonne)*	*(HK$'000)*	*(%)*
Manganese mining and ore processing								
Manganese concentrate	**156,382**	**589**	**92,063**	**3.6**	153,151	675	103,391	5.0
Natural discharging manganese	**93,933**	**2,072**	**194,645**	**7.6**	33,723	3,529	119,021	5.6
Sub-Total	**250,315**	**1,145**	**286,708**	**11.2**	186,874	1,190	222,412	10.6
Manganese downstream processing								
EMM	**94,608**	**15,786**	**1,493,520**	**57.9**	70,575	12,968	915,236	43.9
Manganese sulfate	**20,920**	**3,490**	**73,019**	**2.8**	18,390	3,583	65,887	3.2
Silicomanganese alloy	**39,088**	**7,344**	**287,060**	**11.1**	60,672	6,608	400,950	19.2
EMD	**9,547**	**9,314**	**88,921**	**3.5**	8,687	8,408	73,043	3.5
Other alloys	**1,134**	**7,712**	**8,745**	**0.3**	770	6,908	5,320	0.2
Sub-Total	**165,297**	**11,805**	**1,951,265**	**75.6**	159,094	9,180	1,460,436	70.0
Non-manganese ferroalloy processing								
High carbon ferrochromium	**23,523**	**9,872**	**232,228**	**9.0**	41,674	7,638	318,295	15.3
Other business								
Trading	**15,454**	**7,084**	**109,472**	**4.2**	20,745	4,108	85,221	4.1
Total	**454,589**	**5,675**	**2,579,673**	**100.0**	408,387	5,109	2,086,364	100.0

Revenue

For year 2010, the Group's revenue was HK$2,580 million (2009: HK$2,086 million), representing an increase of 23.6% as compared to last year. With the domestic and international steel manufacturing industry on track for recovery, market demand boosted and the prices of many of our downstream products increased significantly, although the speed and extent of increase varied amongst the products.

Manganese mining and ore processing – Performance in manganese mining and ore processing segment remained steady in year 2010 compared with last year. Our revenue derived from this segment reached HK$286.7 million (2009: HK$222.4 million) as sales volume increased by 33.9% to 250,315 tonnes (2009: 186,874 tonnes). Nevertheless, the average selling price decreased by 3.8% to HK$1,145 (2009: HK$1,190). This was mainly due to the change of product mix between manganese concentrate (consisting of manganese concentrate lump and powder) and natural discharging manganese (consisting of powder and sand). The decrease in average selling price primarily reflected a shift in mix to concentrate powder and natural discharging manganese sand in year 2010, which generally are of lower average selling prices.

Manganese downstream processing – Due to the strong demand in steel market, EMM now accounted for 57.9% (2009: 43.9%) of our total sales. Average EMM price rose to HK$15,786/tonne (2009: HK$12,968/tonne), representing an increase of 21.7% for the year. Meanwhile, the sales volumes of EMM also increased by 34.1% to 94,608 tonnes (2009: 70,575 tonnes) in year 2010 compared to year 2009 and were primarily attributable to: (i) full year production of EMM at Tiandong EMM Plant that commenced operation in August 2009, (ii) higher production volume at Daxin EMM Plant and Start EMM Plant in response to stronger demand.

Sales volume and average selling prices of EMD reached 9,547 tonnes (2009: 8,687 tonnes) and HK$9,314/tonne (2009: HK$8,408/tonne) and increased by 9.9% and 10.8% respectively as our Daxin EMD Plant increased production volumes in 2010 to cope with the gradual rebound of battery market's demand.

Although the average selling price of silicomanganese alloy increased by 11.1% to HK$7,344/tonne (2009: HK$6,608/tonne), which was in line with other commodity price increase, our sales volume for silicomanganese alloy dropped by 35.6% to 39,088 tonnes (2009: 60,672 tonnes) because (i) the market demand for silicomanganese alloy was volatile and we preferred to maximize the average selling price by adjusting the sales volume and (ii) shift of production to the higher margin EMM when electricity supply was tight in fourth quarter of 2010.

Non-manganese ferroalloy processing – For high carbon ferrochromium, the sales volume decreased by 43.6% to 23,523 tonnes (2009: 41,674 tonnes) for year 2010 compared with year 2009 despite the average selling prices increased by 29.2% to HK$9,872/tonne (2009: HK$7,638/tonne) following the general rise in commodity prices. The reasons for drop in volume are similar to that of silicomanganese alloy.

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

	Year ended 31 December							
	2010				2009			
	Cost of sales *(HK$'000)*	**Unit cost of sales** *(HK$/ tonne)*	**Gross profit** *(HK$'000)*	**Gross profit/ Loss margin** *(%)*	Cost of sales *(HK$'000)*	Unit cost of sales *(HK$/ tonne)*	Gross profit *(HK$'000)*	Gross profit/ Loss margin *(%)*
Manganese mining and ore processing								
Manganese concentrate	**23,713**	**152**	**68,350**	**74.2**	21,317	139	82,074	79.4
Natural discharging manganese	**65,446**	**697**	**129,199**	**66.4**	26,876	797	92,145	77.4
Sub-Total	**89,159**	**356**	**197,549**	**68.9**	48,193	258	174,219	78.3
Manganese downstream processing								
EMM	**1,143,543**	**12,087**	**349,977**	**23.4**	708,037	10,032	207,199	22.6
Manganese sulfate	**61,975**	**2,962**	**11,044**	**15.1**	51,181	2,783	14,706	22.3
Silicomanganese alloy	**263,160**	**6,733**	**23,900**	**8.3**	359,862	5,931	41,088	10.2
EMD	**74,045**	**7,756**	**14,876**	**16.7**	73,368	8,446	(325)	(0.4)
Other alloys	**12,240**	**10,794**	**(3,495)**	**(40.0)**	8,648	11,231	(3,329)	(62.6)
Sub-Total	**1,554,963**	**9,407**	**396,302**	**20.3**	1,201,096	7,650	259,339	17.7
Non-manganese ferroalloy processing								
High carbon ferrochromium	**228,686**	**9,722**	**3,542**	**1.5**	309,341	7,423	8,954	2.8
Other business								
Trading	**98,380**	**6,366**	**11,092**	**10.1**	62,786	3,027	22,436	26.3
Inventory provision	**(1,010)**		**1,010**		35,225		(35,225)	
Total	**1,970,178**		**609,495**	**23.6**	1,656,641		429,723	20.6

Cost of Sales

Cost of sales increased by HK$313 million or 18.9%, to HK$1,970 million in year 2010, as compared to HK$1,657 million in year 2009. The increase was primarily due to the increases in the cost of direct materials, labour costs, electricity and fuel consumed in our operations. This cost increase can be primarily attributed to the overall increase in sales volume during 2010 as well as the increased price of direct materials and fuel which are in line with the recovery of the economy in general.

The unit cost of manganese mining and ore processing segment increased by 38.0% to HK$356/ tonne (2009: HK$258/tonne). This increase was mainly attributable to (i) the depletion of ore reserves at Tuoren East and Tuoren West sub-regions of Tiandeng Mine, which led to inefficiency and higher per unit fixed cost at Tiandeng Mine (ii) composition of product mix changed as mentioned in revenue above and (iii) increase in the unit costs of fuel consumed for this segment's operation.

Unit cost of EMM increased by 20.5% to HK$12,087/tonne (2009: HK$10,032/tonne). This was mainly attributable to the increase in labour costs and unit costs of auxiliary materials such as sulfuric acid and selenium dioxide.

Unit cost of silicomanganese alloy increased by 13.5% to HK$6,733/tonne (2009: HK$5,931/tonne). This was mainly due to the rise in unit cost of high-grade manganese concentrates imported from independent suppliers and consumed as blending material for our silicomanganese alloy production. Electricity supply control by local bureau in the fourth quarter of 2010 also affected our production giving upward pressures on our unit cost.

Unit cost of high carbon ferrochromium increased by 31.0% to HK$9,722/tonne (2009: HK$7,423/tonne) because of the increase in price of chromium ores, primarily in line with the market recovery of chromium products.

Gross Profit

For year 2010, the Group recorded a gross profit of HK$609.5 million (2009: HK$429.7 million), representing an increase of HK$179.8 million or 41.8% over last year. The Group's overall gross profit margin was 23.6%, representing an increase of 3% over last year's 20.6%. The improved gross profit margin was mainly attributable to (i) gross profit for EMM increased by HK$142.8 million as gross profit margin for EMM increased from 22.6% to 23.4%. It was mainly benefited from rise in commodity prices, especially in the special steel market and gradual rebound in EMM demand. In addition, our expansion and upgrade of existing production capacity for our products also helped to meet higher market demand (ii) due to the increase in sales volume, our manganese mining and ore processing segment gross profit increased by HK$23.3 million to HK$197.5 million (2009: HK$174.2 million) and (iii) write down of inventories to net realizable values decreased from HK$35.2 million to write back of HK$1.0 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses in the year 2010 have increased by 57.6% to HK$78.0 million (2009: HK$49.5 million). The significant increase was mainly attributable to the increase in transportation and freight charges resulting from the increase in sales volume of our products and upward adjustment of toll charges in Guangxi imposed by the transportation authorities since the second half of 2009.

Administrative Expenses

Administrative expenses increased by 8.0% from HK$202.9 million for year 2009 to HK$219.1 million for year 2010. The increase was mainly attributable to the increase in staff cost paid to our administrative staff as well as the increase in research and development expenses in order to maintain our products' competitive edges.

Finance Cost

For the year 2010, our Group's finance cost was HK$95.7 million (2009: HK$107.2 million), representing a decrease of 10.7% from last year. This was due to the capitalized interest of HK$14.2 million relating to the increased amount of construction in progress before they are put into operation in the PRC and Gabon.

Income Tax

Our tax expenses increased to HK$14.3 million for the year ended 31 December 2010 (2009: HK$11.6 million) primarily due to an increase in our taxable profit. However, the effective tax rate dropped to 5.5% (2009: 15.4%) as no withholding tax is provided for the Group's attributable profit of PRC subsidiaries for the fourth quarter of the year following the confirmation of our Listing and the Board proposed not to distribute final dividend for the year.

Profit Attributable to Shareholders

For the year 2010, the Group's profit attributable to shareholders was HK$229.1 million (2009: HK$48.6 million), representing an increase of 371.4% over the year 2009.

Earnings per share

For the year 2010, earnings per share attributable to ordinary equity holders of the Company amounted to approximately HK$0.13 (2009: HK$0.03), representing an increase of approximately 333.3% from last year.

Dividend

Prior to the Reorganization and Listing, we declared in June 2010 dividends of HK$508.0 million to its then two founding shareholders.

As the Listing was not long before the year end and the profit attributable to the shareholders of the Company from the date of Listing to the year end does not warrant a distribution of dividend, the directors do not recommend the payment of final dividend to its existing shareholders for the year 2010 (2009: Nil).

Use of Proceeds from IPO

The net proceeds from the Company's issue of new shares in connection with its listing on the Stock Exchange, after deducting the underwriting commissions and other expenses amounted to HK$1,983 million. The proceeds received from the IPO will be applied to further our strategies to be the world's leading integrated resource company with a focus on manganese. As the IPO was close to the year end, we have not yet utilized any of the proceeds as of 31 December 2010.

Subsequent to 31 December 2010 and up to 28 February 2011, we utilized the net proceeds in the accordance with the uses set out in the Prospectus as follows:

	Description	**Amount designated in accordance with the Prospectus** *(HK$ Million)*	**Amount utilized** *(HK$ Million)*	**% utilized**
1	Expansion project at Daxin EMD Plant	79	3	4.3%
2	Expansion project of underground mining and ore processing at Daxin Mine	278	11	3.9%
3	Expansion and construction projects of our EMM production facilities	516	21	4.1%
4	Construction project at Chongzuo Base	59	6	10.6%
5	Development of Bembélé manganese mine and associated facilities	119	–	0.0%
6	Technological improvement and renovation projects at our production facilities	40	7	18.4%
7	Acquisition of mines and mining right	397	–	0.0%
8	Repayment on a portion of our bank borrowings	297	285	95.9%
9	Working capital & other corporate purposes	198	190	96.0%
	Total	1,983	523	26.4%

The remaining unutilized net proceeds of HK$1,460 million are and will continue to be kept as short-term deposits with licensed banks and/or financial institutions in Hong Kong and/or the PRC.

Liquidity and financial resources

During the year 2010, the Group's primary sources of funding were cash generated from operating and financing activities, including (i) the issues of new shares upon Reorganization and IPO and (ii) net increase in bank loans. Our principal liquidity requirements were the acquisition of the 34.5% shareholding interest in the major operating subsidiary, namely Citic Dameng Mining, capital expenditure and dividends declared and paid before the IPO. As at 31 December 2010, the Group's net borrowings amounted to only HK$34.6 million (2009: HK$1,173 million) because of the significant increase of cash and bank balances to HK$2,652 million (2009: HK$538.2 million) due principally to the successful IPO. The strong liquidity position is also reflected in the improvement of net current assets to HK$2,085 million (2009 (restated): net current liabilities of HK$219 million).

To manage liquidity risk, the Group will continue to monitor current and expected liquidity requirements to ensure that it maintains sufficient balance of cash in the short and long term as well as facilities from banks and financial institutions.

Equity attributable to owners of the parent surged to HK$3,332 million (2009: HK$555.6 million) mainly due to the (i) capitalization of shareholders' loans and issues of shares upon Reorganization and (ii) shares issued upon the IPO. Total assets increased to HK$6,836 million (2009: HK$3,767 million).

Bank and other borrowings

As at 31 December 2010, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**31 December 2010** *HK$ million*	31 December 2009 *HK$ million*
Secured borrowings	**324.7**	313.5
Unsecured borrowings	**2,362.2**	1,397.7
	2,686.9	1,711.2

Maturity profile	**31 December 2010** *HK$ million*	31 December 2009 *HK$ million*
Repayable:		
On demand or within one year	**1,172.7**	875.3
After one year and within two years	**480.0**	335.0
After two years and within five years	**897.7**	429.3
After five years	**136.5**	71.6
	2,686.9	1,711.2

Currency denomination	**31 December 2010** *HK$ million*	31 December 2009 *HK$ million*
Denominated in:		
RMB	**2,413.0**	1,623.3
USD	**273.9**	87.9
	2,686.9	1,711.2

As at 31 December 2010, borrowings as to the amounts of HK$375.3 million and HK$2,311.6 million, carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 4.70% to 5.94%. The floating rate borrowings carry interest at a discount of 5% to 10% below the Benchmark Borrowing Rates of the People's Bank of China, except the US$ loan which carries interest at a rate of LIBOR+ 0.85%.

Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Our loans bearing floating interest rates are subject to adjustment by our lenders in accordance with changes in relevant PBOC regulations as well as movements in LIBOR. If the PBOC increases interest rates or LIBOR moves up, our finance cost will be increased. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, 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

Before the Gabon operations commence any sales transaction which is currently scheduled for the early second quarter of 2011, the Group's operations are primarily in the PRC and products are sold to customers in PRC and various foreign countries. Our exposure to exchange rate fluctuations results partially from the sales receipts denominated in foreign currencies. We expect that the ores mined from our Gabon operations will principally be sold to customers in the PRC and such sales will be denominated in US$. In addition, a depreciation of RMB will increase the price of goods with imported content which we source from our suppliers. An appreciation of the RMB, would, however on a relative basis, adversely affect the value of the HK$ proceeds we receive from the Global Offering and any subsequent overseas equity or debt offering if they are not converted into RMB in a timely manner. Out of the net proceeds from our Listing, we have already remitted an amount equivalent to RMB960 million in the form of capital injection into a PRC subsidiary and such amount has already been converted into RMB. We did not enter into any foreign exchange contracts or derivatives transactions to hedge against foreign exchange fluctuations. However, we make rolling forecasts on our foreign currency revenue and expense and monitor the currency and the amount incurred, so as to alleviate the impact on our business due to foreign exchange rate fluctuations.

Key Financial Ratios of the Group

	2010	2009
Current ratio	**2.1**	0.9
Quick ratio	**1.9**	0.7
Net Gearing ratio	**17.6%**	64.2%

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

Net Gearing ratio	=	Calculated as net debt divided by the sum of total equity (including non-controlling interests) and net debt. Net debt is defined as the sum of interest-bearing bank and other borrowings, trade payables, other payables and accruals, amounts due to related companies, amounts due to the intermediate holding company, amounts due to minority shareholders of subsidiaries and amount due to a shareholder less cash and bank balances and pledged deposits.

Business Review

Review of 2010

Our principal business demonstrated steady growth in 2010. Taking advantage of the gradual recovery of the global economy and industry consolidation encouraged by the national and local governments, we leveraged our economies of scale and vertically integrated business model to expand our production capacity, resulting in further expansion of our production capacity, continuous increase in profits and enhance our resistance capability to the market risk. Our major products continue to maintain the leading position both in the domestic and overseas markets.

Mining operations

During 2010, we strengthened our production management, optimized our mining plan, rationalised the operation procedures of concentration plants, resulting in an increase of our mining capacity. The mining capacity of Daxin Branch reached the highest historical record. We have also fully completed the land acquisition for the new mining block of Tiandeng Branch. The ore production of the Company will increase significantly after the new mining block commences operation.

Manganese mine in Gabon

During the first visit of the President of Gabon to the PRC in May 2010, he had shown keen interest in the progress of the Bembélé Manganese Mine project in Gabon. With the support of the Gabon government, we entered into a mining convention with the relevant government authorities of Gabon, as well as a transportation framework agreement with the railway administration of Gabon. As of today, the major construction work has been completed. We have commenced operation of the mine and the concentrating plant. Highways and railways have been opened for transportation. We have been delivering ores to the Port of Libreville since mid-March 2011. It is expected that we will start the first shipment of the ore to the PRC in mid-April.

Ore processing operations

We aim at expanding the production capacity of EMM and strengthening the cost control. During the year, the production of EMM reached 94,608 tonnes, representing an increase of 21% over last year. During the year, the production volume and market share of EMM of the Company continued to rank the top position in the PRC.

Financial position

We have strong asset position and are in solid financial condition. As at 31 December 2010, bank balances and cash of the Company amounted to HK$2,581 million, and the ratio of short-term borrowings to long-term borrowings was approximately 4:6. Internal cash resources are sufficient for our medium-term investment plan.

Development of new products

CITIC Dameng (Chongzuo) New Materials Company Limited at Chongzuo, Guangxi commenced operation. At present, technology research and design of production procedures in respect of high-purity manganese sulphate for lithium manganese oxide have been completed, making large-scale production possible. In 2011, we will launch a pilot production line with an annual production capacity of 500 tonnes of EMD which is suitable to produce lithium manganese oxide. We have completed the preliminary pilot-scale research and experiment of the high grade lithium manganese oxide suitable for powering the electric cars. Our contribution and performance regarding high and new technology have been recognized by the relevant government authorities with certification of high and new technology enterprise issued by Guangxi Zhuang autonomous region government which enable us to enjoy the tax concessions given to high and new technology enterprises.

Future strategy and outlook

In 2011, we will further strengthen our management and improve the technology and equipment of the existing mines and concentration plants. We will strive to reduce cost and increase production volume. We will also improve the auxiliary facilities of Gabon mine, increase the transportation capacity of the railway, and reach the target production capacity as soon as possible. We will also make good use of our strengths in terms of scientific research and technology to speed up the development and application of our products and create new income streams. We will explore opportunities to acquire manganese resources and auxiliary production facilities with a view to expand our reserves and production capacity, to further increase our market share and strengthen our leading position in the industry.

The year 2011 is the first year of the 12th Five-Year Plan (2011-2015) of the PRC government. Chinese economy will grow rapidly and large-scale development of residential housing will be carried out across the nation, boosting the demand for manganese products. With the gradual recovery of the global economy, rising demand for manganese products is expected, but the global supply of manganese ore grows slowly due to a number of restrictions. As a result, the market has presented CITIC Dameng with excellent growth opportunities.

It is the management's view that we will achieve significant improvement in terms of the production volume, product quality, profitability and manganese ore reserve in 2011 and create even better returns and values to our shareholders.

Resources and reserves

Below is the information on our mineral resources and ore reserves in accordance with JORC Code as of 31 December 2010:

Summary of our manganese mineral resources

Mining Block	Ownership percentage	Resource category	Million tonnes 31.12.2010	Average manganese grade (%)	Million tonnes 30.6.2010	Average manganese grade (%)
Daxin Mine	100%	Proved	7.20	24.28	7.59	24.24
		Indicated	69.60	21.11	69.83	21.11
		Subtotal	76.80	21.41	77.42	21.42
		Inferred	0.43	21.23	0.43	21.23
		Total	77.23	21.41	77.86	21.41
Tiandeng Mine	100%	Proved	0.87	17.05	0.88	16.80
		Indicated	3.27	16.40	3.29	16.27
		Subtotal	4.13	16.58	4.17	16.38
		Inferred	3.65	14.27	3.65	14.27
		Total	7.79	15.48	7.82	15.40
Bembélé Manganese Mine	51%	Proved	–	–	–	–
		Indicated	18.59	33.17	18.59	33.17
		Subtotal	18.59	33.17	18.59	33.17
		Inferred	12.37	32.74	12.37	32.74
		Total	30.96	33.00	30.96	33.00
Total			115.98		116.64	

Summary of our manganese ore reserves

Mine	Ownership percentage	Resource category	Million tonnes 31.12.2010	Average manganese grade (%)	Million tonnes 30.6.2010	Average manganese grade (%)
Daxin Mine	100%	Proved	6.98	21.86	7.37	21.95
		Probable	67.07	18.87	67.30	18.88
		Total	74.05	19.15	74.67	19.18
Tiandeng Mine	100%	Proved	0.83	15.99	0.85	15.78
		Probable	3.15	15.40	3.17	15.28
		Total	3.98	15.52	4.02	15.38
Bembélé Manganese Mine	51%	Proved	–	–	–	–
		Probable	18.54	31.59	18.54	31.59
		Total	18.54	31.59	18.54	31.59
Total			96.57		97.23	

Human Resources

As at 31 December 2010, the Group had approximately 3,055 (2009: 2,811) full-time employees in HK and the PRC. For the year ended 31 December 2010, the total employee costs amount to HK$237.9 million (2009: HK$212.7 million).

The Group offers a competitive remuneration and welfare package to its employees and will review its remuneration scheme annually to ensure remuneration packages are market-competitive. Other benefits offer to the employees includes comprehensive medical, life and disability insurance plans and retirement schemes.

In January 2011, share options of the Company have also been granted to Directors and selected employees of the Group for rewarding and retaining talents. The Group will also provide training programmes to its eligible employees to enhance staff quality, technical knowledge and team spirit.

OTHER INFORMATION

Dividends

The Board do not recommend payment of final dividend. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

Annual General Meeting

It is proposed that the Annual General Meeting of the Company will be held on Wednesday, 21 June 2011. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

Purchase, Sale or Redemption of the Company's Securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2010.

Audit Committee

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an audit committee comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2010.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance. As corporate governance requirements change from time to time, the Board periodically reviews its corporate governance practices to meet the rising expectations of shareholders and to comply with increasingly stringent regulatory requirements. In the opinion of the Directors, the Company applied the principles and complied with the relevant code provisions in the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2010.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2010.

Publication of Final Results and Annual Report on the Stock Exchange

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

Our Appreciation

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

GLOSSARY OF TERMS

Apexhill	Apexhill Investments Limited, a company incorporated in the British Virgin Islands with limited liability on 3 November 2004, which is wholly-owned by CITIC United Asia Limited. Apexhill is a shareholder and connected person of our Company
Bembélé Mine	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by CICMHZ, a company in which we indirectly hold a 51% equity interest
Board or Board of Directors	our board of Directors
China or PRC	the People's Republic of China, but for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
CITIC Dameng Investments	CITIC Dameng Investments Limited (中信大錳投資有限公司)
CITIC Dameng Mining	CITIC Dameng Mining Industries Limited (中信大錳礦業有限責任公司)
CITIC Group	CITIC Group (中國中信集團公司), 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
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
Daxin Mine	CITIC Dameng Mining Industries Limited Daxin Manganese Mine (中信大錳礦業有限責任公司大新錳礦)
Director(s)	the director(s) of our Company
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Dameng	Guangxi Dameng Manganese Industry Co., Ltd. (廣西大錳錳業有限公司), a state-owned limited liability company established under the laws of the PRC on 30 July 2001, which is a connected person of our Company. Guangxi Dameng is wholly-owned by the government of Guangxi

Guangxi Dameng BVI	Guinan Dameng International Resources Limited (桂南大錳國際資源有限公司)
Highkeen	Highkeen Resources Limited, a company incorporated in the British Virgin Islands on 28 January 2005 with limited liability, which is indirect wholly-owned by CITIC RESOURCES Holdings Limited. Highkeen is an immediate controlling shareholder of our Company
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
IPO	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010
JORC	the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 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
Prospectus	the prospectus of the Company dated 8 November 2010
Reorganization	the Reorganization of our Group underwent in preparation for the Listing, details of which are set out in the section headed "Corporate Structure and History – Reorganization" in the Prospectus
Stock Exchange	the Stock Exchange of Hong Kong Limited
Tiandeng Mine	CITIC Dameng Mining Industries Limited Tiandeng Manganese Mine (中信大錳礦業有限責任公司天等錳礦)
tonne	metric tonne

By Order of the Board
Qiu Yiyong
Chairman

Hong Kong, 18 March 2011

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

* *For identification purpose only*