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 2013

FINANCIAL HIGHLIGHTS

- Turnover amounted to HK$2,915.8 million for 2013, representing a decrease of 2.4% from HK$2,986.4 million of 2012.
- The Group's loss after tax decreased by 36.3% to HK$317.7 million for 2013 (2012: loss after tax of HK$498.8 million).
- Loss attributable to owners of the parent decreased by 38.7% to HK$243.2 million for 2013 (2012: loss attributable to owners of the parent of HK$396.9 million).
- Equity attributable to owners of the parent dropped to HK$3,460.3 million (2012: HK$3,617.1 million) while total assets decreased to HK$9,262.8 million as at 31 December 2013 (2012: HK$9,313.3 million).

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

Business development review

In 2013, the economy was turbulent and complicated. In the international community, there were US subprime mortgage crisis, US debt crisis, the European debt crisis and the unrest in the Arab world. The aftermath of all these political and economic crises continued to affect the recovery of the world's economy, leading to decline in commodity demand, fragile commodity market, sluggish selling prices for commodities products and the financial market turmoil. In China, a slowdown in economic growth rate was recorded and there were more interventions by the government in the real estate sector. These coupled with industrial overcapacity but inadequate demand, resulted in continuing decline in steel price and the counterparts of steel industry recorded losses generally.

Amid such complex economic environment, we adjusted our business strategy on a timely manner by implementing cost reduction and efficiency enhancement measures and refining our management arrangement ranging from production, purchasing to sales and other sectors, thereby facilitating our total production cost in 2013 to be maintained at the same level of 2012 and contributing a stable development of our businesses.

Our cost reduction and efficient enhancement measures recorded results and our loss was significantly reduced

As a result of implementation of innovative measures, including comprehensive energy-saving improvements and innovation measures, we have achieved remarkable results. During the year, we implemented 26 improvement and innovation measures, of which 21 patents applications were filed and accepted. Through the adoption of new technologies by Daxin branch and Qinzhou Ferroalloy Plant, various energy consumption indicators were reduced and metal recovery rates were increased, resulting in decrease in the total production cost. Our loss after tax for the year was significantly reduced by HK$180 million as compared to 2012.

Scale production for our Gabon manganese ores were achieved

As a result of our arduous works in the past years in Gabon, we successfully completed the transportation and logistics system from our Bembélé Manganese Mine to Owendo port. During the year, four shipments totalling approximately 180,000 tonnes of manganese ores were shipped to China.

In 2013, the selling price of imported manganese ores in China continued to decline. Despite such stringent market conditions, we overcame difficulties and recorded a profit in respect of our manganese ores operation in Gabon, demonstrating a high earnings potential of the project. Our Gabon manganese ore production is estimated to reach 400,000 tonnes in the year 2014, bringing a more stable income to the Group.

Zunyi Hui Xing Company has completed the change of land use right from industrial land to commercial and residential land, thereby enhancing our corporate value

During the year, the Group has successfully completed the change of land use right of our 750 mu of land in Zhoushuiqiao District, Guizhou Province. The successful change of the original industrial land into commercial and residential land enhanced our corporate value and the potential for enterprise development. Future property development will become a new profit growing point in addition to our existing mainstream manganese business.

Continue our investment on technical renovation and further develop the "New Energy" Project

The Group places great emphasis on technical renovation as well as research and development ("**R & D**"). In the past year, the Group continued to increase its investment in these areas and recorded remarkable achievements. The national high technology R & D project undertaken by the Group i.e. the lithium manganese oxide dedicated "Research and Production on High-performance EMD" project has proceeded to commercial production. In addition, the technical renovation for high grade manganese sulfate has recorded significant advancements.

Outlook

In 2014, with the gradual recovery of the world economy, the continuation of China's reform, the implementation of urbanization, these will support the demand of the steel industry and therefore is conducive to the development of manganese sector. However, the overcapacity in the steel industry will continue for quite some time, and therefore opportunities and challenges will coexist in the manganese industry.

In the forthcoming year, we will implement the "*Enhancing the Renovation, Continuing the Innovation Measures, Reducing the Production Cost and Maintaining the Steady Development*" strategies with our emphasis on technological innovation and meticulous management, in order to further reducing energy and material consumption as well as production and administration expenses, thereby improving our profitability.

The Board believes that, as a result of the collective efforts of our staff, the Group will record better results in 2014.

I hereby express my sincerest gratitude to the members of the Board and all employees of the Group and thank the shareholders for your support of the Group.

Qiu Yiyong
Chairman
Hong Kong, 19 February 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
REVENUE	*4*	**2,915,756**	2,986,444
Cost of sales		**(2,587,482)**	(2,735,987)
Gross profit		**328,274**	250,457
Other income and gains	*4*	**180,629**	142,582
Selling and distribution costs		**(94,021)**	(88,515)
Administrative expenses		**(434,874)**	(470,811)
Share option expense		**(20,392)**	(37,818)
Other expenses		**(50,909)**	(95,629)
Finance costs	*5*	**(214,157)**	(144,660)
LOSS BEFORE TAX	*6*	**(305,450)**	(444,394)
Income tax expense	*7*	**(12,239)**	(54,436)
LOSS FOR THE YEAR		**(317,689)**	(498,830)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		**64,149**	25,885
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(253,540)**	(472,945)
Total loss attributable to:			
Owners of the parent		**(243,246)**	(396,880)
Non-controlling interests		**(74,443)**	(101,950)
		(317,689)	(498,830)
Total comprehensive loss attributable to:			
Owners of the parent		**(177,184)**	(373,059)
Non-controlling interests		**(76,356)**	(99,886)
		(253,540)	(472,945)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**(HK cents 8.04)**	(HK cents 13.12)
Diluted		**(HK cents 8.04)**	(HK cents 13.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,833,679**	3,467,428
Investment properties		**91,108**	84,193
Prepaid land lease payments		**549,646**	485,329
Intangible assets		**865,332**	866,384
Available-for-sale equity investment		**4,723**	4,619
Deferred tax assets		**79,171**	87,825
Prepayments and deposits		**199,163**	181,515
Total non-current assets		**5,622,822**	5,177,293
CURRENT ASSETS			
Inventories		**931,687**	802,876
Trade and notes receivables	*10*	**768,826**	823,053
Prepayments, deposits and other receivables		**436,369**	304,441
Due from related companies		**6**	4,329
Tax recoverable		**8,918**	2,960
Pledged deposits	*11*	**192,840**	210,286
Cash and cash equivalents	*11*	**1,301,339**	1,988,071
Total current assets		**3,639,985**	4,136,016
CURRENT LIABILITIES			
Trade payables	*12*	**425,876**	524,706
Other payables and accruals		**910,070**	678,785
Interest-bearing bank and other borrowings	*13*	**816,227**	1,809,706
Short-term notes	*14*	**763,140**	248,780
Due to related companies		**20,532**	17,274
Total current liabilities		**2,935,845**	3,279,251
NET CURRENT ASSETS		**704,140**	856,765
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,326,962**	6,034,058

	Notes	**2013**	2012
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**1,653,976**	1,770,019
Medium-term notes	*14*	**635,950**	–
Deferred tax liabilities		**214,129**	210,060
Other long-term liabilities		**12,497**	7,544
Deferred income		**131,086**	133,963
Total non-current liabilities		**2,647,638**	2,121,586
Net assets		**3,679,324**	3,912,472
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**302,480**	302,480
Reserves		**3,157,865**	3,314,657
		3,460,345	3,617,137
Non-controlling interests		**218,979**	295,335
Total equity		**3,679,324**	3,912,472

NOTES TO FINANCIAL STATEMENTS
31 December 2013

1. CORPORATE INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, at the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First Time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financing Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	*Amendments to a Number of HKFRSs Issued in June 2012*

Other than as further explained below regarding the impact of HKFRS 7 Amendments, HKFRS 13, HKAS 1 Amendments, HKAS 19 (2011) and *Annual Improvements 2009-2011 Cycle*, the adoption of these new and revised HKFRSs has no significant financial effect on these financial statements.

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurement.

HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified. The amendments will have affected the presentation only and have had no impact on the financial position or performance of the Group. The amendments have affected the presentation only and have no impact on financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; make retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments – Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK (IFRIC)-Int 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to 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 amortised 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 as 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 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.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

The amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

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. The Group expects to adopt the amendments from 1 January 2014.

The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The Group expects that the amendments will not have any impact on the Group as hedge accounting does not applied to the Group.

HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The Group expects to adopt the interpretation from 1 January 2014.

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 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 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, 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 PRC HK$'000	Gabon HK$'000	Manganese downstream processing PRC HK$'000	Non-manganese processing PRC HK$'000	Others PRC HK$'000	Total HK$'000
Year ended 31 December 2013						
Segment revenue:						
Sales to external customers	159,672	187,668	2,350,836	113,116	104,464	2,915,756
Intersegment sales	151,144	–	–	–	–	151,144
Other revenue	17,353	24,770	51,193	2,524	49,186	145,026
	328,169	212,438	2,402,029	115,640	153,650	3,211,926
Reconciliation:						
Elimination of intersegment sales						(151,144)
Revenue from operations						3,060,782
Segment results	(23,141)	5,595	(30,712)	(3,190)	39,519	(11,929)
Reconciliation:						
Interest income						35,603
Corporate and other unallocated expenses						(114,967)
Finance costs						(214,157)
Loss before tax						(305,450)
Income tax expense						(12,239)
Loss for the year						(317,689)
Assets and liabilities						
Segment assets	1,493,369	862,249	4,509,249	168,181	68,874	7,101,922
Reconciliation:						
Corporate and other unallocated assets						2,160,885
Total assets						9,262,807
Segment liabilities	417,635	818,798	1,075,506	28,854	15,581	2,356,374
Reconciliation:						
Corporate and other unallocated liabilities						3,227,109
Total liabilities						5,583,483
Other segment information:						
Depreciation and amortisation	54,491	44,433	250,890	3,910	–	353,724
Unallocated depreciation and amortisation						7,520
Total depreciation and amortisation						361,244
Capital expenditure*	156,247	20,838	538,364	4,517	–	719,966
Unallocated capital expenditure						9,059
Total capital expenditure						729,025
Gain/(loss) on disposal of items of property, plant and equipment	3,186	–	2,054	(15)	–	5,225
Impairment losses recognised in profit or loss	13,128	–	60,964	1,571	599	76,262
Fair value gains on investment properties	–	–	–	–	4,255	4,255

	Manganese mining and ore processing PRC HK$'000	Gabon HK$'000	Manganese downstream processing PRC HK$'000	Non-manganese processing PRC HK$'000	Others PRC HK$'000	Total HK$'000
Year ended 31 December 2012						
Segment revenue:						
Sales to external customers	173,155	29,229	2,305,291	161,523	317,246	2,986,444
Intersegment sales	122,631	8,049	–	–	1,628	132,308
Other revenue	12,418	6,156	30,794	3,219	44,741	97,328
	308,204	43,434	2,336,085	164,742	363,615	3,216,080
Reconciliation:						
Elimination of intersegment sales						(132,308)
Revenue from operations						3,083,772
Segment results	(17,199)	(39,838)	(93,342)	(8,148)	(28,838)	(187,365)
Reconciliation:						
Interest income						45,254
Corporate and other unallocated expenses						(157,623)
Finance costs						(144,660)
Loss before tax						(444,394)
Income tax expense						(54,436)
Loss for the year						(498,830)
Assets and liabilities						
Segment assets	1,463,951	913,927	4,620,077	271,473	78,070	7,347,498
Reconciliation:						
Corporate and other unallocated assets						1,965,811
Total assets						9,313,309
Segment liabilities	288,291	824,093	1,251,247	94,546	3,987	2,462,164
Reconciliation:						
Corporate and other unallocated liabilities						2,938,673
Total liabilities						5,400,837
Other segment information:						
Depreciation and amortisation	55,225	28,760	216,105	6,223	8,578	314,891
Unallocated depreciation and amortisation						5,663
Total depreciation and amortisation						320,554
Capital expenditure*	80,042	55,308	604,525	7,741	24,004	771,620
Unallocated capital expenditure						15,308
Total capital expenditure						786,928
Gain/(loss) on disposal of items of property, plant and equipment	2,404	(39)	6,532	(45)	278	9,130
Unallocated loss on disposal of items of property, plant and equipment						(36)
Total gain on disposal of items of property, plant and equipment						9,094
Impairment losses recognised in profit or loss	8,194	–	35,064	8,592	64,180	116,030
Fair value losses on investment properties	–	–	–	–	1,595	1,595

* 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***

	2013	2012
	HK$'000	*HK$'000*
Mainland China	**2,444,092**	2,694,305
Asia (excluding Mainland China)	**278,569**	251,881
Europe	**118,317**	11,808
North America	**51,149**	12,208
Other countries	**23,629**	16,242
	2,915,756	2,986,444

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

(b) ***Non-current assets***

	2013	2012
	HK$'000	*HK$'000*
Segment assets:		
Mainland China and Hong Kong	**4,982,585**	4,538,418
Africa	**556,343**	546,431
	5,538,928	5,084,849

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

Information about major customers

Revenue of approximately HK$684,000,000 for the year ended 31 December 2013 (2012: HK$460,000,000 and HK$373,000,000 respectively) was derived from sales by the manganese downstream processing segment to a single customer (2012: two customers), including sales to group of entities which were under common control.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**2,915,756**	2,986,444
Other income and gains		
Interest income	**35,603**	45,254
Foreign exchange gains, net	**37,249**	10,972
Gain on disposal of items of property, plant and equipment	**5,225**	9,094
Subsidy income	**68,723**	38,941
Sale of scraps	**19,284**	23,026
Rental income	**7,353**	8,752
Dividend income from an unlisted investment	**–**	600
Fair value gains on investment properties	**4,255**	–
Others	**2,937**	5,943
	180,629	142,582

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**215,200**	174,405
Finance costs for discounted notes receivable	**3,477**	4,413
Other finance costs	**31,273**	–
Less: Interest capitalised	**(35,793)**	(34,158)
	214,157	144,660

6. LOSS BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**2,558,766**	2,699,179
Depreciation	**325,436**	288,603
Amortisation of prepaid land lease payments	**13,040**	11,976
Amortisation of intangible assets	**22,768**	19,975
Auditors' remuneration	**3,656**	3,772
Minimum lease payments under operating leases, land and buildings	**7,932**	8,846
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**353,548**	305,817
Equity-settled share option expense	**6,303**	14,320
Pension scheme contributions	**51,641**	48,204
Other employee welfare	**30,348**	38,659
	441,840	407,000
Gain on disposal of items of property, plant and equipment*	**(5,225)**	(9,094)
Foreign exchange gains, net*	**(37,249)**	(10,972)
Write-down of inventories to net realisable value, net#	**28,716**	36,808
Impairment of trade and other receivables, net*	**16,450**	79,222
Impairment of property, plant and equipment and intangible assets, net*	**31,096**	–
Changes in fair value of investment properties*	**(4,255)**	1,595

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

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

7. INCOME TAX

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

	2013	2012
	HK$'000	*HK$'000*
Group:		
Current – PRC		
Charge for the year	**2,158**	12,952
Deferred	**10,081**	41,484
Total tax charge for the year	**12,239**	54,436

Hong Kong profits tax

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

PRC corporate income tax ("CIT")

Pursuant to the PRC Income Tax Law and the respective regulations, except for the preferential tax treatment available to CITIC Dameng Mining, which is recognised as a High and New Technology Enterprise and is entitled to a preferential CIT rate of 15%, 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 is subject to annual review by tax authorities, other companies of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income.

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

Group

	2013	2012
	HK$'000	*HK$'000*
Loss before tax	**(305,450)**	(444,394)
Tax at the statutory PRC corporate income tax rate	**(76,363)**	(111,099)
Lower tax rates/tax holidays or concessions	**10,534**	14,932
Income not subject to tax	**(9,964)**	(13,261)
Expenses not deductible for tax	**31,241**	16,406
Tax losses utilised from previous periods	**(2,353)**	–
Tax losses not recognised	**52,925**	88,860
Deferred tax expense arising from a write-down of deferred tax assets	**6,219**	58,598
Tax charge reported in the consolidated statement of profit or loss and other comprehensive income	**12,239**	54,436
Effective income tax rate	**(4.0%)**	(12.2%)

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,024,795,000 (2012: 3,024,795,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**243,246**	396,880
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**3,024,795,000**	3,024,795,000

9. DIVIDENDS

The board does not recommend the payment of any dividend for the years ended 31 December 2013 and 2012.

10. TRADE AND NOTES RECEIVABLES

Group

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**576,486**	600,136
Notes receivable	**238,449**	255,512
	814,935	855,648
Less: Impairment	**(46,109)**	(32,595)
	768,826	823,053

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 as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

Group

	2013	2012
	HK$'000	*HK$'000*
Within one month	**292,259**	259,136
One to two months	**216,592**	248,660
Two to three months	**105,443**	99,137
Over three months	**154,532**	216,120
	768,826	823,053

Transferred financial assets that are derecognised in their entirety

At 31 December 2013, 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 RMB236,340,000 (equivalent to HK$300,601,000) (2012: RMB175,633,000, equivalent to HK$218,470,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

During the year ended 31 December 2013, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively. The endorsement has been made evenly throughout the year.

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

Group

	2013	2012
	HK$'000	*HK$'000*
At beginning of year	**32,595**	15,006
Impairment losses recognised	**31,539**	18,181
Impairment losses reversed	**(17,777)**	(887)
Write-off	**(1,185)**	(30)
Exchange realignment	**937**	325
At end of year	**46,109**	32,595

Included in the above provision for impairment of trade and notes receivables are provisions for individually impaired trade receivables of HK$46,109,000 (2012: HK$32,595,000) with a carrying amount before provision of approximately HK$110,972,000 (2012: HK$47,792,000) as at 31 December 2013. The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of these receivables is expected to be recovered.

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

Group

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**614,294**	606,933
One to three months past due	**130,070**	188,317
Over three months past due	**24,462**	27,803
	768,826	823,053

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

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

As at 31 December 2013, the Group has pledged notes receivable of HK$50,876,000 (2012: HK$33,884,000) to secure bank and other borrowings (note 13(a)).

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
		2013	2012	**2013**	2012
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances		**1,494,179**	2,198,357	**5,000**	121,607
Less: Pledged deposits					
– Pledged for long-term bank loans	*13(a)*	**(152,639)**	(195,996)	**–**	–
– Pledged for bank acceptance notes		**(40,201)**	(14,290)	**–**	–
Cash and cash equivalents		**1,301,339**	1,988,071	**5,000**	121,607

As at 31 December 2013, cash and bank balances of the Group denominated in RMB amounting to HK$723,185,000 (2012: HK$1,214,415,000) were deposited in Mainland China. The RMB is not freely convertible in PRC 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 and pledged deposits are deposited with creditworthy banks with no recent history of default.

12. TRADE PAYABLES

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

Group

	2013	2012
	HK$'000	*HK$'000*
Within one month	**174,217**	188,486
One to two months	**80,422**	40,727
Two to three months	**46,592**	104,776
Over three months	**124,645**	190,717
	425,876	524,706

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2013			2012		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured *(Note (a))*	**6.00**	**2014**	**35,613**	5.00-6.89	2013	99,512
Bank loans – unsecured	**6.00-6.30**	**2014**	**317,975**	5.99-6.89, LIBOR+0.85	2013	896,149
Current portion of long-term bank loans – secured *(Note (a))*	**LIBOR+2.10**	**2014**	**77,538**	6.55	2013	62,195
Current portion of long-term bank loans – unsecured	**5.99-6.65**	**2014**	**335,782**	5.99-6.65	2013	743,852
Other loans – secured *(Note (a))*	**LIBOR+1.3**	**2014**	**49,319**	5.04-7.00	2013	7,998
			816,227			1,809,706
Non-current						
Bank loans – secured *(Note (a))*	**6.15, LIBOR+2.10**	**2015-2017**	**739,098**	6.55, LIBOR+2.10	2014-2017	687,827
Bank loans – unsecured	**5.76-6.65**	**2015-2016**	**914,878**	5.76-6.72	2014-2016	1,082,192
			1,653,976			1,770,019
			2,470,203			3,579,725

	2013	2012
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**766,908**	1,801,708
In the second year	**820,661**	405,889
In the third to fifth years, inclusive	**833,315**	1,364,130
	2,420,884	3,571,727
Other loans repayable:		
Within one year or on demand	**49,319**	7,998
	2,470,203	3,579,725

Notes:

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

	Notes	2013 HK$'000	2012 HK$'000
Property, plant and equipment		**155,436**	143,742
Prepaid land lease payments		**–**	45,273
Notes receivable	*10*	**50,876**	33,884
Pledged deposits	*11*	**152,639**	195,996
		358,951	418,895

(b) Except for bank loans of HK$738,765,000 (2012: HK$684,636,000) which were denominated in United States dollars, all borrowings were in Renminbi as at 31 December 2013.

14. SHORT-TERM NOTES AND MEDIUM-TERM NOTES

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

Short-term notes	2013 HK$'000	2012 HK$'000
The First Tranche Notes – Nominal value of 5.2% fixed rate notes maturing in November 2013 – unsecured	**–**	248,780
The Second Tranche Notes – Nominal value of 4.48% fixed rate notes maturing in May 2014 – unsecured	**763,140**	–
	763,140	248,780
Medium-term notes		
The First Tranche Notes – Nominal value of 5.0% fixed rate notes maturing in April 2016 – unsecured	**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 December 2012, the Group issued the First Tranche Notes of RMB200 million (equivalent to HK$248,780,000) in the PRC with a tenor of one year, and carrying interest at a fixed rate of 5.2% per annum. The First Tranche Notes has been matured in November 2013. 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.

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$635,950,000) in the PRC with a tenor of three years and carrying interest at a fixed rate of 5.0% per annum.

15. SHARE CAPITAL

Shares

	2013	2012
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2012: 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 (2012: 3,024,795,000) ordinary shares of HK$0.10 each	**302,480**	302,480

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Overview

Global economy was still struggling and outlook remained blurred during 2013. While tentative signs of recovery in US and Europe had not yet transferred into a sustained upsurge in consumer demand and confidence, China targeted to slower its GDP growth to turn its economy from heavy reliance on investments and exports to favour higher domestic consumption. All these combined would probably extend the duration of steel overcapacity adjustment. This in turn would exert pressures and contracted demands on mineral resources in short to medium term. Moreover, general oversupply of steel products without significant growth in steel demand in PRC forced the upstream of steel to contain the average selling prices of manganese-related products, including our major product, EMM.

To counter these unfavourable factors, we imposed stringent cost control measures, improved efficiency and reduce our cost by controlling unit consumption such as raw materials and power consumption. In terms of sales quantity, we successfully maintained growth, though a mild single-digit, of sales quantity of our major products, EMM and EMD, while manganese briquette, a new product introduced in 2012, recorded a 171% growth, through our devoted efforts. Nonetheless, in terms of market forces, the negative impact of decrease in the price of EMM exceeded the decrease in the prices of raw materials, auxiliary materials and power tariff. Although we also endeavored to contain unit cost consumption but we ended up the year as a second consecutive year of loss.

In respect of production of a minor product, ferromanganese alloy, we suspended the non-profitable operation of Tiandeng Manganese Materials and Dabao ferroalloy plants and an aggregate impairment provision of HK$31.1 million was charged against certain of their production assets during the year.

In Gabon, we had a large step forward with its ore sales quantity increased by 541.6% which was attributable to the learning curve effect brought from the year 2012 and hence more stabilising shipments from Gabon to our customers in the PRC during the year. Gabon ore now accounted for 6.4% of our total sales for Year 2013. We are confident that we can significantly increase our Gabon ore sales in 2014 as a further step, following the recognition and familiarisation of our Gabon ore by customers. This has been evidenced by a customer's repeated bulk order.

Summarizing all of the factors above, net loss attributable to the owners of the parent amounted to HK$243.2 million, representing an improvement of 38.7% from net loss attributable to owners of the parent of HK$396.9 million in 2012.

Comparison with the 2012

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

	Year ended 31 December,							
	2013				2012			
	Sales Volume	**Average Selling Price**	**Revenue**	**% of Total Revenue**	Sales Volume	Average Selling Price	Revenue	% of Total Revenue
	(tonnes)	***(HK$/ tonne)***	***(HK$'000)***	***(%)***	*(tonnes)*	*(HK$/ tonne)*	*(HK$'000)*	*(%)*
Manganese mining and ore processing								
Gabon ore	**166,142**	**1,130**	**187,668**	**6.4**	25,894	1,129	29,229	1.0
Manganese concentrate	**134,805**	**655**	**88,269**	**3.0**	174,656	561	98,007	3.3
Natural discharging manganese powder and sand	**26,175**	**2,728**	**71,403**	**2.4**	26,372	2,850	75,148	2.5
Sub-Total	**327,122**	**1,062**	**347,340**	**11.8**	226,922	892	202,384	6.8
Manganese downstream processing								
EMM	**107,992**	**13,880**	**1,498,977**	**51.4**	102,741	15,122	1,553,689	52.0
Manganese briquette	**9,332**	**14,885**	**138,903**	**4.8**	3,449	14,208	49,005	1.7
	117,324	**13,960**	**1,637,880**	**56.2**	106,190	15,093	1,602,694	53.7
Silicomanganese alloy	**56,720**	**7,558**	**428,699**	**14.8**	57,198	7,638	436,894	14.6
EMD	**19,736**	**9,269**	**182,935**	**6.3**	19,626	9,188	180,329	6.0
Manganese sulfate	**19,471**	**4,248**	**82,722**	**2.8**	17,239	4,488	77,361	2.6
Lithium manganese oxide (new energy materials)	**198**	**33,187**	**6,571**	**0.2**	138	32,688	4,511	0.2
Others	**4,450**	**2,703**	**12,029**	**0.4**	344	10,180	3,502	0.1
Sub-Total	**217,899**	**10,789**	**2,350,836**	**80.7**	200,735	11,484	2,305,291	77.2
Non-manganese processing								
Lithium cobalt oxide	**607**	**186,353**	**113,116**	**3.9**	584	194,709	113,710	3.8
High carbon ferrochromium	**–**	**–**	**–**	**–**	5,120	9,338	47,813	1.6
Sub-Total	**607**	**186,353**	**113,116**	**3.9**	5,704	28,317	161,523	5.4
Other business								
Trading	**21,217**	**4,924**	**104,464**	**3.6**	50,440	6,290	317,246	10.6
Total	**566,845**	**5,144**	**2,915,756**	**100.0**	483,801	6,173	2,986,444	100.0

Revenue

In 2013, the Group's revenue was HK$2,915.8 million (2012: HK$2,986.4 million), representing a decrease of 2.4% as compared with 2012. Even though average selling price of manganese products had a mild rebound starting from 3Q 2013, price level continues to be far below the level before the slide seen in 4Q 2012 to 2Q 2013. Similarly, the average selling price and hence revenue of our manganese related trade products which also include EMM dropped when comparing with 2012. Average selling price manganese related trade products had been continuing to stay at the trough amongst commodities down cycle throughout 2013.

Manganese mining and ore processing – Revenue of manganese mining and ore processing segment increased by 71.6% to HK$347.3 million (2012: HK$202.4 million). This was particularly attributable to the increased sales volume of our Gabon ore to 166,142 tonnes in 2013 as contrast to the trial sales of only 25,894 tonnes in the year 2012. Nevertheless, this increased sales quantity was partly offset by the temporary suspension of sales of our Hui Xing ore sales which used to carry a lower average selling price. We are now in a strategic move to invest in concentrating equipment in Hui Xing with a view to enhancing the value of our Hui Xing ore prior to sales. As a result, sales volume of manganese concentrate produced in the PRC decreased by 22.8% to 134,805 tonnes (2012: 174,656 tonnes). Therefore, average selling price of manganese concentrate produced in the PRC improved slightly from 2012. The absence of lower price Hui Xing ore sales in 2013 and more Gabon ore sales pushed up our average selling price of this segment during the year.

Manganese downstream processing – Revenue from manganese downstream processing increased by 2.0% from HK$2,305.3 million to HK$2,350.8 million. Despite a drop of our average selling price of our major product, EMM, by 8.2% to HK$13,880/tonne (2012: HK$15,122/tonne), we expanded our product line in 2012 by introducing manganese briquette, which is a compressed form of EMM in regular shape. The combined sales quantities of EMM and manganese briquette increased by 10.5% to 117,324 tonnes in 2013 (2012: 106,190 tonnes) and fully compensated the drop of average selling price of manganese downstream processing products. Combined EMM and manganese briquette now constituted 56.2% (2012: 53.7%) of our total sales. On the other hand, both average selling price and sales quantity of silicomanganese alloy and EMD remained more or less stable at the 2012 level.

Non-manganese processing – Both the sales volume and average selling price of lithium cobalt oxide remained steady from the year 2012. However, there is no more sales of high carbon ferrochromium in the year because its production had been ceased in prior year and the sales in 2012 represented only the then all its remaining stocks.

Trading – Trading sales is used to be volatile. Volume of this line dropped in the year because our internal production capacity of EMM and manganese ore, which are also the major trading product category, have been increased and hence less on-sale is required to fulfill customer needs.

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

Cost of Sales

	Year ended 31 December, 2013 Cost of Sales (HK$'000)	2013 Unit Cost of Sales (HK$/tonne)	2013 Gross Profit/(Loss) (HK$'000)	2013 Gross Profit/(Loss) Margin (%)	2012 Cost of Sales (HK$'000)	2012 Unit Cost of Sales (HK$/tonne)	2012 Gross Profit/(Loss) (HK$'000)	2012 Gross Profit/(Loss) Margin (%)
Manganese mining and ore processing								
Gabon ore	**144,352**	**869**	**43,316**	**23.1**	34,360	1,327	(5,131)	(17.6)
Manganese concentrate	**29,473**	**219**	**58,796**	**66.6**	60,851	348	37,156	37.9
Natural discharging manganese powder and sand	**18,434**	**704**	**52,969**	**74.2**	19,895	754	55,253	73.5
Sub-Total	**192,259**	**588**	**155,081**	**44.6**	115,106	507	87,278	43.1
Manganese downstream processing								
EMM	**1,384,863**	**12,824**	**114,114**	**7.6**	1,429,102	13,910	124,587	8.0
Manganese briquette	**124,939**	**13,388**	**13,964**	**10.1**	43,839	12,711	5,166	10.5
	1,509,802	**12,869**	**128,078**	**7.8**	1,472,941	13,871	129,753	8.1
Silicomanganese alloy	**412,786**	**7,278**	**15,913**	**3.7**	450,497	7,876	(13,603)	(3.1)
EMD	**155,842**	**7,896**	**27,093**	**14.8**	158,468	8,074	21,861	12.1
Manganese sulfate	**65,350**	**3,356**	**17,372**	**21.0**	63,897	3,707	13,464	17.4
Lithium manganese oxide (new energy materials)	**5,288**	**26,707**	**1,283**	**19.5**	4,134	29,957	377	8.4
Others	**14,580**	**3,276**	**(2,551)**	**(21.2)**	5,658	16,448	(2,156)	(61.6)
Sub-Total	**2,163,648**	**9,930**	**187,188**	**8.0**	2,155,595	10,739	149,696	6.5
Non-manganese processing								
Lithium cobalt oxide	**108,025**	**177,965**	**5,091**	**4.5**	103,127	176,587	10,583	9.3
High carbon ferrochromium	**–**	**–**	**–**	**–**	46,300	9,043	1,513	3.2
Sub-Total	**108,025**	**177,965**	**5,091**	**4.5**	149,427	26,197	12,096	7.5
Other business								
Trading	**123,550**	**5,823**	**(19,086)**	**(18.3)**	315,859	6,262	1,387	0.4
Total	**2,587,482**	**4,565**	**328,274**	**11.3**	2,735,987	5,655	250,457	8.4

Overall, cost of sales decreased by HK$148.5 million or 5.4%, to HK$2,587.5 million in 2013, as compared to HK$2,736.0 million in 2012. This cost decrease was primarily due to the decrease in purchases directly for trading as a result of drop in trading activities.

The unit cost of manganese mining and ore processing segment during 2013 increased by 16.0% to HK$588/tonne (2012: HK$507/tonne). This was mainly attributable to the shift of sales mix to Gabon ore, which has a comparatively higher unit cost because of higher metal content and transportation cost from West Africa to PRC.

In 2013, unit cost of EMM decreased by 7.8% to HK$12,824/tonne (2012: HK$13,910/tonne). This was mainly attributable to the decrease in unit costs of auxiliary materials such as sulphuric acid and selenium dioxide and to a less extent our effort to contain the unit cost consumption by ways of improving our production efficiency and effectiveness.

Gross Profit

In 2013, the Group recorded a gross profit of HK$328.3 million (2012: HK$250.5 million), representing an increase of HK$77.8 million or 31.1%. The Group's overall gross profit margin was 11.3%, representing an increase of 2.9% from 8.4% of 2012. Improved overall gross profit margin was mainly attributable to (i) improvement in gross profit margin of Gabon ore from -17.6% in 2012 to 23.1% in 2013 through economies of scale and better cost control measures after trial production in the year 2012; and (ii) we ceased the non-profitable ferroalloy plants of Tiandeng Manganese Materials and Dabao ferroalloy plants.

Selling and Distribution Expenses

The Group's selling and distribution expenses in 2013 have increased by 6.2% to HK$94.0 million (2012: HK$88.5 million) as: (1) there was an increase in EMM export sales by 67% following the abolishment of PRC export duty on EMM with effect from 1 January 2013; (2) substantial growth in manganese briquette more than 50% sales of which are export sales; and (3) shift of sales mix of ferroalloy to Qinzhou ferroalloy plant which has higher transportation cost amongst our ferroalloy plants.

Administrative Expenses

Administrative expenses decreased by 7.6% to HK$434.9 million for 2013 (2012: HK$470.8 million) and was mainly attributable to: (1) our effective cost control measures imposed to contain expenses of our subsidiaries; and (2) additional provision provided for prior years' Hui Xing Mine Rehabilitation Fund expenses in year 2012.

Finance Cost

For 2013, our Group's finance cost was HK$214.2 million (2012: HK$144.7 million), representing an increase of 48.0% and was mainly due to the increase in bank loans and other interest bearing liabilities (including short and medium-term notes as well as bank advance for discount bill) to finance the capital expenditure projects and working capital during the year.

Other Expenses

Other expenses decreased by 46.8% to HK$50.9 million (2012: HK$95.6 million) as there was no impairment loss (2012: HK$61.5 million) against an entrusted loan to a downstream customer recorded this year.

Income Tax

Though the Group made a loss, it recorded a tax charge because tax charge is provided on an entity basis. Tax expenses amounted to HK$12.2 million for the year ended 31 December 2013 and were mainly attributable to: (1) income tax provided for the Gabon subsidiary which was profitable during the year and (2) reversal of deferred tax asset previously made following the realization of inventory and trade receivables during the year.

In 2012, an impairment provision totalling HK$55.9 million was made for deferred tax assets after we reviewed the prior years' tax losses of certain of our PRC subsidiaries in the context of the permitted time limit for the utilisation of such tax losses.

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

Use of Proceeds from IPO

Up to 31 December 2013, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

	Description	**Amount designated in Prospectus** *(HK$ Million)*	**Amount utilized up to 31.12.2013** *(HK$ Million)*	**% utilized**	**Amount utilized up to 31.12.2012** *(HK$ Million)*	**% utilized**
1	Expansion project at Daxin EMD Plant	79	72	91.1%	60	75.9%
2	Expansion project of underground mining and ore processing at Daxin Mine	278	153	55.0%	114	41.0%
3	Expansion and construction projects of our EMM production facilities	516	448	86.8%	381	73.8%
4	Construction project at Chongzuo Base	59	15	25.4%	11	18.6%
5	Development of Bembélé manganese mine and associated facilities	119	119	100.0%	119	100.0%
6	Technological improvement and renovation projects at our production facilities	40	40	100.0%	40	100.0%
7	Acquisition of mines and mining right	397	282	71.0%	277	69.8%
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	1,624	81.9%	1,497	75.5%

Liquidity and financial resources

As at 31 December 2013, our cash and bank balances including pledged deposits were HK$1,494.2 million (2012: HK$2,198.4 million) while the Group's aggregate borrowings (inclusive of short-term notes and medium-term notes) amounted to HK$3,869.3 million (2012: HK$3,828.5 million). The Group's net borrowings increased to HK$2,375.1 million (2012: HK$1,630.1 million) and was mainly attributable to our capital expenditure in the PRC and loss incurred during the year.

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

Bank and other Borrowings

As at 31 December 2013, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	**2013**	2012
	HK$ million	*HK$ million*
Secured borrowings	**901.6**	857.5
Unsecured borrowings	**2,967.7**	2,971.0
	3,869.3	3,828.5

Maturity profile	**2013**	2012
	HK$ million	*HK$ million*
Repayable:		
On demand or within one year	**1,579.3**	2,058.5
After one year and within two years	**820.7**	405.9
After two years and within five years	**1,469.3**	1,364.1
	3,869.3	3,828.5

Currency denomination	**2013**	2012
	HK$ million	*HK$ million*
Denominated in:		
RMB	**3,130.6**	3,143.9
USD	**738.7**	684.6
	3,869.3	3,828.5

As at 31 December 2013, borrowings as to the amounts of HK$2,007.1 million (2012: HK$2,033.8 million) and HK$1,862.2 million (2012: HK$1,794.7 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 4.48% to 6.30%. 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 ("PBOC"), except the USD loans which carry interest at rates of LIBOR+2.1% and LIBOR+2.0%.

Overall, aggregate borrowings were contained at HK$3,869.3 million which is similar to the last year level. During the year, the Group strived to improve total borrowing structure by way of issuance of the 1st tranche of medium-term notes and the 2nd tranche of short-term notes in the PRC, of RMB500 million (approximately HK$636 million) and RMB600 million (approximately HK$763 million) respectively. With these refinancing arrangements, future savings in our Group's borrowing cost could be achieved through refinancing with these lower cost debts and repaid some bank loans with higher interest costs.

Credit risk

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

In 2013, 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 remaining sales in RMB. Major expenses including sea freight are also denominated in US dollars with comparatively minor expenses incurred locally and denominated in XAF which is pegged to Euros. 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 with a focus 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 31 December 2013, the Group's property, plant, equipment, prepaid land lease payments and notes receivable with an aggregate net carrying amount of HK$206.3 million (2012: HK$222.9 million) and bank balances of HK$152.6 million (2012: HK$196.0 million) were pledged to secure certain of the Group's bank borrowings.

Contingent liabilities

As at 31 December 2013, the Group did not have any significant outstanding contingent liabilities.

Key Financial Ratios of the Group

	2013	2012
Current ratio	**1.24**	1.26
Quick ratio	**0.92**	1.02
Net Gearing ratio	**68.6%**	45.1%

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

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

Business Review

Resources and reserves

Below is the information on our mineral resources and ore reserves in accordance with JORC Code as of 31 December 2013:

Summary of our manganese mineral resources

Mining Block	Ownership Percentage	JORC Resource Category	Million tonnes	Average Manganese Grade (%)	Million tonnes	Average Manganese Grade (%)
			31.12.2013		31.12.2012	
Daxin Mine	100%	Measured	**5.57**	**24.19**	6.06	24.28
		Indicated	**67.38**	**21.16**	68.37	21.14
		Subtotal	**72.95**	**21.39**	74.43	21.40
		Inferred	**0.43**	**21.23**	0.43	21.23
		Total	**73.38**	**21.39**	74.86	21.39
Tiandeng Mine	100%	Measured	**0.65**	**17.90**	0.72	17.52
		Indicated	**2.93**	**16.60**	3.06	16.48
		Subtotal	**3.58**	**16.84**	3.78	16.68
		Inferred	**3.52**	**14.23**	3.62	14.26
		Total	**7.10**	**15.55**	7.40	15.50
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**	3.19	20.45
		Indicated	**14.67**	**20.32**	14.67	20.32
		Subtotal	**17.75**	**20.34**	17.86	20.34
		Inferred	**4.22**	**20.5**	4.22	20.05
		Total	**21.97**	**20.37**	22.08	20.29
Bembélé Manganese Mine	51%	Measured	**–**	**–**	–	–
		Indicated	**17.15**	**32.13**	17.86	32.18
		Subtotal	**17.15**	**32.13**	17.86	32.18
		Inferred	**12.37**	**32.74**	12.37	32.74
		Total	**29.52**	**32.39**	30.23	32.41
Total			**133.51**		136.11	

Summary of our manganese ore reserves

Mine	**Ownership Percentage**	**JORC Resource Category**	**Million tonnes**	**Average Manganese Grade** *(%)*	Million tonnes	Average Manganese Grade *(%)*
			31.12.2013		31.12.2012	
Daxin Mine	100%	Proved	**5.35**	**21.02**	5.84	21.38
		Probable	**64.85**	**18.85**	65.84	18.86
		Total	**70.20**	**19.01**	71.68	19.06
Tiandeng Mine	100%	Proved	**0.61**	**15.76**	0.68	15.58
		Probable	**2.81**	**15.53**	2.94	15.45
		Total	**3.42**	**15.57**	3.62	15.48
Waifu Manganese Mine	100%	Proved	**–**	**–**	–	–
		Probable	**–**	**–**	–	–
		Total	**–**	**–**	–	–
Changgou Manganese Mine	64%	Proved	**3.06**	**20.45**	3.17	20.45
		Probable	**14.67**	**20.32**	14.66	20.32
		Total	**17.73**	**20.34**	17.83	20.34
Bembélé Manganese Mine	51%	Proved	**–**	**–**	–	–
		Probable	**17.14**	**31.53**	17.85	31.58
		Total	**17.14**	**31.53**	17.85	31.58
Total			**108.49**		110.98	

Note:

(1) The manganese resources and manganese ores reserves for Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine were based on the 2010 estimates 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 ores reserves in the aforesaid mines during the year were largely due to mining extraction. The year end amounts have been confirmed our internal experts.

(2) The manganese resources and manganese ores reserves for Changgou Managanese Mine is based on the technical report dated November 2009 prepared by China Ye Jin Di Zhi Zong Ju Zhong Nan Ju Nanning Di Zhi Diao Cha Suo (中國冶金地質總局中南局南寧地質調查所) which was prepared in accordance with mineral reserves verification report drafting regulation (固體礦產資源儲量核實報告編寫規定) issued by Guizhou Mineral Reserves Committee (貴州省礦產儲量委員會). The decrease of manganese resources and manganese ores reserves of the mine during the year were largely due to mining extraction. The year end amounts have been confirmed by our internal experts.

(3) The manganese resources and manganese ores reserves for Waifu Manganese Mine is based on the accreditation report of《靖西縣湖潤外伏錳礦礦產資源量核實地質報告》dated 17th July 2004 prepared by Nanning Qu Wei Resources Limited Company (南寧儲偉資源有限責任公司). The year end amounts were confirmed by our internal experts.

Exploration, Development, and Mining Activities

I) Exploration

Overview

During the year, we continued our exploration works on Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine and our exploration drilling works continued to focus on Tiandeng Mine and Bembélé Manganese Mine. Exploration drilling totalled 2,644.8 metres. Details are set out below:

Project	Drilling type	Average drilling diameter (mm)	Number of holes	Average length (meter)
Daxin Mine	–	–	–	–
Tiandeng Mine	Core	75	14	178
Waifu Manganese Mine	–	–	–	–
Changgou Manganese Mine	–	–	–	–
Bembélé Manganese Mine	Core	77.5	2	76.4

Daxin Mine

During the year, we continued to carry out the drilling results analysis in respect of the northern and central mining blocks within the mining area of Daxin Mine and will apply to the Land and Resources Department of Guangxi for accreditation and record.

Tiandeng Mine

During the year, we obtained the accreditation opinion of the Planning Institute of Land and Resources of Guangxi in respect of our production exploration design at depth above 440 meters of the mining blocks of Tuoren East, Tuoren West, Luli and Dongmeng of Tiandeng Mine, which are within the scope of our mining right. At the same time, we also obtained the exploration licence for such mining blocks at depth below 440 meters, which is outside the scope of our mining right at Tiandeng Mine.

Since August 2013, the Centralsouthern Bureau of China Metallurgical Geology Bureau (中國冶金地質總局中南局廣西地勘院), which we retained, has commenced the exploration drilling work. During the year, we have completed 14 drilling holes, totaling 2,498 meters, which have gone through several ore bodies. We have obtained the laboratory results for 499 core samples, with an average length of 0.89 meters. The average thickness of the carbonate manganese, which we have delineated, is about 8.26 meters, with an average 11.96% manganese content per tonne. As at December 2013, we have began the tunnel construction work. Exploration drilling work will continue in year 2014.

Waifu Manganese Mine

During the year, we did not conduct any exploration work.

Changgou Manganese Mine

During the year, we did not conduct any exploration work.

Bembélé Manganese Mine

Mining Area

During the year, we continued to carry out production exploration within the existing mining areas of Bembélé Manganese Mine in order to increase and extend our manganese resources. Our production exploration has marked some success. In locations ZK-59-1 and ZK-61 at the depths of 30.8 meters and 50.9 meters respectively, we record drilling samples of 12.6 meters and 11.8 meters long containing 23.31% and 36.03% manganese content/per tonne respectively, the majority of them are oxide manganese.

Exploration Area

In addition, we also carried out the selection of prospecting targets for manganese in the surrounding areas of Bembélé Manganese Mine in order to prepare the exploration work in the next stage.

II) Development

Daxin Mine

During the year, we continued the 600,000 tonnes/year expansion project for the underground mining at Daxin Mine.

Tiandeng Mine

During the year, there were no significant development work performed at Tiandeng Mine.

Waifu Manganese Mine

During the year, there were no significant development work performed at Waifu Manganese Mine.

Changgou Manganese Mine

During the year, there were no significant development work performed at Changgou Manganese Mine.

Bembélé Manganese Mine

During the year, we continued to improve the transportation and logistic system from the mining areas of Bembélé Manganese Mine to Ndjole City Manganese Mine Yard, Gabon. Furthermore, Gabon telecommunication company has completed the telecommunication network installation in Bembélé Manganese Mine so that cell phone signals can be extended to the Bembélé Concentration Plant, the living areas of our workers as well as most part of the mining areas of Bembélé Manganese Mine.

Furthermore, we have successfully entered into commercial production and four shipments totalling about 180,700 tonnes manganese ores were shipped to the PRC ports.

III) Mining activities

(1) Mining operations

Daxin Mine	**2013**	2012
Open pit mining		
Mine production volume (thousand tonnes)	**1,121**	951
Underground mining		
Mine production volume (thousand tonnes)	**334**	315
Total mine production (thousand tonnes)	**1,455**	1,266
Average manganese grade		
Manganese carbonate ore	**17.3%**	16.6%
Manganese oxide ore	**28.9%**	29.4%

Tiandeng Mine	**2013**	2012
Open pit mining		
Mine production volume (thousand tonnes)	**208**	311
Average manganese oxide grade	**14.7%**	14.6%

Waifu Manganese Mine

During the year, there were no mining production.

Changgou Manganese Mine	**2013**	2012
Underground mining		
Mine production volume (thousand tonnes)	**95.3**	162
Average manganese carbonate grade	**16.6%**	16.8%

Bembélé Manganese Mine	**2013**	2012
Open pit mining		
Mine production volume (thousand tonnes)	**514**	447
Average manganese oxide grade	**31.0%**	30.5%

(2) *Ore processing operations*

- Concentrating

Production volume (thousand tonnes)	**2013**	2012
Daxin Concentration Plant		
Manganese carbonate ore	**867**	761
Manganese oxide ore	**90**	55
Total:	**957**	816
Average manganese grade of concentrate		
Manganese carbonate ore	**18.5%**	18.9%
Manganese oxide ore	**27.3%**	29.3%
Tiandeng Concentration Plant		
Manganese oxide ore	**96**	126
Average manganese grade of concentrate	**21.5%**	22.1%
Bembélé Concentration Plant		
Manganese oxide ore	**381**	326
Average manganese grade of concentrate	**31.9%**	32.1%

- Grinding

Production volume (thousand tonnes)	**2013**	2012
Daxin Grinding Plant		
Powder produced	**687**	699

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 at the year end of 2013 include the additional production line of Daxin EMM Plant. Details of EMM production are set out below:

Production (thousand tonnes)	**2013**	2012
Daxin EMM Plant	**63.9**	71
Daxin Manganese EMM Plant	**25.0**	14
Tiandeng EMM Plant	**12.5**	N/A
Start EMM Plant	**11.5**	13
Tiandong EMM Plant	**3.5**	9
Total	**116.4**	107

- Manganese briquette

Production (thousand tonnes)	**2013**	2012
Chongzuo Branch	**9.3**	4.8

- Manganese sulfate

Production (thousand tonnes)	**2013**	2012
Daxin Manganese Sulfate Plant	**18.4**	18

- EMD

Production (thousand tonnes)	**2013**	2012
Daxin EMD Plant	**25**	18

- Silicomanganese alloy

Production (thousand tonnes)	**2013**	2012
Tiandeng Ferroalloy Plant (Production ceased)	**0**	15
Dabao Ferroalloy Plant (Production ceased)	**0**	3
Qinzhou Ferroalloy Plant	**56**	42
Total	**56**	60

- Manganese tetroxide

Production (thousand tonnes)	**2013**	2012
Chongzuo Branch	**0.12**	0

- Lithium manganese oxide

Production (thousand tonnes)	**2013**	2012
Chongzuo Branch	**0.24**	0

(2) Non-manganese processing operations

- Lithium cobalt oxide

Production (thousand tonnes)	**2013**	2012
Chongzuo Branch	**0.62**	0.60

V) Exploration, development and mining cost of the Group

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

(HK$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Drilling and analysis	1,682.7	625.9	–	–	–	2,308.6
Transportation	–	–	–	–	116.9	116.9
Others	–	–	–	–	204.7	204.7
	1,682.7	625.9	–	–	321.6	2,630.2
Development activities (including mine construction)						
Purchases of assets and equipment	–	267.5	–	350.1	3,713.5	4,331.1
Construction of mines, tunnels and roads	15,626.6	–	–	–	9,168.5	24,795.1
Staff cost	–	–	–	–	–	–
Sub-contracting fee	33,332.8			23,883.8	–	57,216.6
Others	3,467.0	–	–	76.0	7,142.0	10,685.0
	52,426.4	267.5	–	24,309.9	20,024.0	97,027.8
Mining activities*						
Staff cost	20,804.5	3,024.3	–	10,921.1	2,041.6	36,791.5
Consumables	15,347.3	2,007.8	–	1,968.5	3,992.5	23,316.1
Fuel, electricity, water and other services	20,259.2	2,868.2	–	3,621.8	2,262.1	29,011.3
Transportation	3,954.6	–	–	2,273.3	3,528.0	9,755.9
Sub-contracting fee	83,114.4	–	–	12,031.8	–	95,146.2
Depreciation	18,624.0	2,180.1	–	954.3	5,823.7	27,582.1
Others	–	7,984.0	–	7,099.8	1,806.4	16,890.2
	162,104.0	18,064.4	–	38,870.6	19,454.3	238,493.3

(* Concentrating not included)

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2012 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	26,229.7	–	–	–	891.8	27,121.5
Transportation	–	–	–	–	21.5	21.5
Others	–	–	–	–	373.2	373.2
	26,229.7	–	–	–	1,286.5	27,516.2
Development activities (including mine construction)						
Purchases of assets and equipment	278.9	2,503.9	–	1,759.9	8,680.8	13,223.5
Construction of mines, tunnels and roads	51,859.0	–	–	8,134.0	30,889.7	90,882.7
Staff cost	217.3	–	–	3,156.2	–	3,373.5
Others	900.6	–	298.5	3,130.7	2,404.4	6,734.2
	53,255.8	2,503.9	298.5	16,180.8	41,974.9	114,213.9
Mining activities*						
Staff cost	15,152.4	3,550.2	–	17,692.5	2,039.4	38,434.5
Consumables	15,553.4	3,058.8	–	9,782.0	3,297.5	31,691.7
Fuel, electricity, water and other services	20,597.7	5,664.6	–	7,155.5	2,209.5	35,627.3
Transportation	2,929.2	–	–	–	4,410.3	7,339.5
Sub-contracting charges	72,664.9	–	–	14,253.1	–	86,918.0
Others	–	6,899.8	–	9,183.5	383.8	16,467.1
Depreciation	16,997.1	2,172.7	–	2,572.0	6,030.3	27,772.1
	143,894.7	21,346.1	–	60,638.6	18,370.8	244,250.2

(* Concentrating not included)

Business Model and Strategy

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

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

(2) enhance our operational efficiency and profitability; and

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

Human Resources

As at 31 December 2013, the Group had approximately 8,241 (2012: 8,793) full-time employees in HK and the PRC; approximately 269 (2012: 239) full-time employees in Gabon. The Group offers a competitive remuneration and welfare package to its employees and will regularly review its remuneration scheme to ensure remuneration packages are market-competitive. Other benefits including comprehensive medical, life and disability insurance plans and retirement schemes are offered to eligible employees.

The Group operates the following retirement schemes for its employees:

(a) a central pension scheme operated by local municipal government in the PRC for PRC employees;

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

(c) a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's contributions as an employer vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives. In January 2011, share options of the Company were granted to Directors and selected employees of the Group for rewarding and retaining talents. The Group also provide training programmes to its directors and eligible employees to enhance staff quality, technical knowledge and team spirit.

OTHER INFORMATION

Annual General Meeting

It is proposed that the annual general meeting of the Company will be held on Wednesday, 25 June 2014. Notice of the annual general meeting will be published and issued to shareholders in due course.

Book Closure

The transfer books and register of members of the Company will be closed from Friday, 20 June 2014, to Wednesday, 25 June 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 19 June 2014.

Purchase, Sale or Redemption of the Company's Securities

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

Audit Committee

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Company has an audit committee comprising three Independent Non-executive Directors. The Audit Committee has reviewed the accounting policies adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2013.

Financial Information

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2013, but represents an extract from those accounts. The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditors, Ernst & Young.

Corporate Governance

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

Model Code for Securities Transactions by Directors

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

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

Publication of Final Results and Annual Report on the Stock Exchange

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

Our Appreciation

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

FORWARD LOOKING STATEMENTS

This announcement contains 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.

GLOSSARY OF TERMS

"associate"	has the meaning ascribed thereto in the Listing Rules
"Bembélé Concentration Plant"	the concentration plant associated with Bembélé Manganese Mine
"Bembélé Manganese Mine"	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by La Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (華州礦業（加蓬）工貿有限公司), a company in which we indirectly hold 51% equity interest
"Board or Board of Directors"	our board of Directors
"Changgou Manganese Mine"	貴州遵義匯興鐵合金有限責任公司長溝錳礦 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company Changgou Manganese Mine)
"China or PRC"	the People's Republic of China, but for the purpose of this announcement, excluding 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)
"Chongzuo New Materials"	中信大錳（崇左）新材料有限公司 (CITIC Dameng (Chongzuo) New Materials Co., Limited)
"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 Act"	The Companies Act 1981 of Bermuda
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company or our Company"	CITIC Dameng Holdings Limited
"Controlling Shareholder"	has the meaning ascribed to it in the Listing Rules
"Dabao Ferroalloy Plant"	a ferroalloy production plant owned and operated by 廣西大新縣大寶鐵合金有限公司 (Guangxi Daxin Dabao Ferroalloy Co., Ltd.), a company in which we indirectly hold 60% equity interest
"Daxin 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.)
"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 Ferroalloy Plant"	the ferroalloy production plant associated with Changgou Manganese Mine
"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))
"HZ BVI Group"	Huazhou Mining Investment Limited together with its subsidiaries (including Companie Industrielle et Commerciale des Mines de Huazhou)
"IPO"	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010
"JORC"	the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by JORC of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Prospectus"	the prospectus of the Company dated 8 November 2010
"Qinzhou Ferroalloy Plant"	the ferroalloy production plant located near Qinzhou Harbour and owned and operated by 中信大錳(欽州)新材料有限公司 (CITIC Dameng (Qinzhou) New Materials Co., Ltd.), a company in which we indirectly hold 70% equity interest
"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

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

Hong Kong, 19 February 2014

As at the date of this announcement, the executive Directors are Mr. Qiu Yiyong, Mr. Li Weijian, Mr. Tian Yuchuan and Mr. Yin Bo; the non-executive Directors are Mr. Zeng Chen 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*