中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 661)

ANNOUNCEMENT OF AUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of China Daye Non-Ferrous Metals Mining Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012, which have been audited by its external auditors, together with the comparative figures for the corresponding period in the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
			(restated)
			(Note 2)
Revenue	*4, 5*	**14,722,695**	13,672,158
Cost of sales/services		**(14,309,485)**	(13,132,953)
Gross profit		**413,210**	539,205
Other income	*6*	**44,147**	24,851
Selling expenses		**(22,182)**	(20,005)
Administrative expenses		**(162,009)**	(168,610)
Other operating expenses		**(16,218)**	(11,691)
Other gains/(losses), net	*7*	**3,841**	(117,922)
Finance costs	*8*	**(170,446)**	(108,560)
Profit before tax		**90,343**	137,268
Income tax expense	*9*	**(6,531)**	(14,575)

	Notes	Six months ended 30 June 2012 RMB'000	2011 RMB'000 (restated) (Note 2)
Profit for the period	*10*	**83,812**	122,693
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**1,160**	–
Total comprehensive income for the period		**84,972**	122,693
Profit for the period attributable to:			
Owners of the Company		**80,309**	93,521
Non-controlling interests		**3,503**	29,172
		83,812	122,693
Total comprehensive income for the period attributable to:			
Owners of the Company		**81,469**	93,521
Non-controlling interests		**3,503**	29,172
		84,972	122,693
Earnings per share	*12*		
– Basic		**RMB0.52 fen**	RMB0.95 fen
– Diluted		**RMB0.49 fen**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000 (restated) (Note 2)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,710,738**	4,150,573
Exploration and evaluation assets		**65,750**	63,091
Prepaid lease payments		**752,499**	761,269
Intangible assets		**927,724**	565,023
Goodwill		**1,961,656**	–
Restricted bank deposits		**5,948**	124,553
Deferred tax assets		**111,440**	120,052
Deposit for acquisition		**138,584**	–
Prepayments and others		**123,758**	55,488
		8,798,097	5,840,049
CURRENT ASSETS			
Prepaid lease payments		**20,358**	20,322
Inventories		**4,410,918**	3,831,801
Trade and bills receivables	*13*	**383,767**	657,132
Prepayments and other receivables		**279,234**	144,246
Derivative financial instruments		**8,712**	925
Restricted deposits and bank balances		**711,215**	537,166
Bank deposits, bank balances and cash		**707,365**	691,023
		6,521,569	5,882,615
CURRENT LIABILITIES			
Trade payables	*14*	**1,005,277**	1,309,683
Other payables and accrued expenses		**709,991**	784,743
Current income tax liabilities		**–**	9,170
Derivative financial instruments		**7,489**	14,479
Bank and other borrowings – due within one year		**4,682,745**	3,705,157
Provisions		**34,983**	22,586
Cumulative redeemable preference shares		**904**	–
Early retirement obligation		**18,430**	18,430
		6,459,819	5,864,248
NET CURRENT ASSETS		**61,750**	18,367
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,859,847**	5,858,416

	Notes	At **30 June** **2012** ***RMB'000***	At 31 December 2011 *RMB'000* (restated) *(Note 2)*
CAPITAL AND RESERVES			
Issued equity	*15*	**705,506**	–
Share premium and reserves		**4,705,719**	3,606,072
Equity attributable to owners of the Company		**5,411,225**	3,606,072
Non-controlling interests		**340,330**	176,111
TOTAL EQUITY		**5,751,555**	3,782,183
NON-CURRENT LIABILITIES			
Convertible notes		**579,527**	–
Bank and other borrowings – due after one year		**2,006,161**	1,696,503
Deferred income		**132,227**	112,967
Provisions		**192,969**	207,174
Early retirement obligation		**50,461**	59,589
Deferred tax liabilities		**146,947**	–
		3,108,292	2,076,233
		8,859,847	5,858,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. GENERAL INFORMATION

China Daye Non-Ferrous Metals Mining Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 2001, World Wide House, 19 Des Voeux Road Central, Hong Kong, respectively. The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company, as at 30 June 2012, the ultimate holding company is Daye Non-Ferrous Metals Corporation Holdings Limited ("Daye Corporation"), a company incorporated with limited liability under the laws of the People's Republic of China (the "PRC") and is controlled and 51% owned by the State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government, the PRC.

Upon the completion of the Reverse Takeover Transaction (as defined hereinunder), the Group changed the presentation currency of its consolidated financial statements from Hong Kong Dollar ("HK$") to Renminbi ("RMB") because, in the opinion of the directors of the Company, this could better reflect the Group's business (majority of which is located in the PRC) since then and could provide users with more comparable information with other companies in the similar industry. Comparative figures have been represented in RMB.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 7 March 2012, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application were completed. The Group acquired the entire issued share capital of Prosper Well Group Limited ("Prosper Well", a company incorporated in British Virgin Islands with limited liability) from China Times Development Limited ("China Times"), and China Cinda (HK) Asset Management Co., Limited ("Cinda HK") by the allotment and issue of 10,799,762,092 and 936,953,542 ordinary shares of the Company with nominal value of HK$0.05 each (collectively referred to as the "Consideration Shares") to China Times and Cinda HK, respectively, as well as the issue of HK$1,003,836,048 zero coupon convertible note to China Times. Prosper Well is an investment holding company which is owned as to 93.18% by China Times (a company wholly-owned by Daye Corporation) and 6.82% by Cinda HK (an independent third party), respectively, immediately before the completion of the reverse takeover transaction (the "Reverse Takeover Transaction"). Prosper Well and its subsidiaries (the "Prosper Well Group") are principally engaged in the mining and processing of mineral ores and trading of metal concentrate in the PRC. The details of the above transaction are set out in the Company's circular dated 29 December 2011 and the Company's supplemental circular dated 17 February 2012.

The Reverse Takeover Transaction

The Reverse Takeover Transaction has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 (Revised 2008) "Business Combination" ("HKFRS 3 (Revised 2008)") because the issuance of the Consideration Shares and the convertible note in exchange of the entire shareholding in Prosper Well resulted in China Times, previously holding 20.8% shareholding in the Company, becoming the controlling shareholder of the Company holding 69.04% equity interest upon completion of the Reverse Takeover Transaction. For accounting purpose, the Company (together with its subsidiaries before the completion of the Reverse Takeover Transaction, collectively referred as the "Existing Group") is deemed to have been acquired by Prosper Well which is deemed as the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of Prosper Well and its subsidiaries (collectively referred to as the "Prosper Well Group") and accordingly:

(i) The assets and liabilities of the Prosper Well Group are recognised and measured at their carrying amounts;

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3 (Revised 2008);

(iii) The comparative information presented in these consolidated financial statements is restated to be that of the Prosper Well Group.

In preparing these consolidated financial statements, the Prosper Well Group has applied the acquisition method to account for the acquisition of the Existing Group. In applying the acquisition method, the consideration deemed to be given by Prosper Well was HK$2,775,156,000 (equivalent to approximately RMB2,259,809,000), which is the sum of (i) the deemed consideration of HK$2,711,730,000 (equivalent to approximately RMB2,208,161,000) (calculated based on the market price of HK$0.485 each of the Company's 5,591,195,552 ordinary shares in issue on 7 March 2012 immediately before the completion of the Reverse Takeover Transaction); and (ii) the fair value of Company's share options outstanding on 7 March 2012 immediately before the completion of the Reverse Takeover Transaction classified as equity of HK$63,426,000 (equivalent to approximately RMB51,648,000) (collectively referred to as the "Deemed Consideration"). The separately identifiable assets and liabilities of the Existing Group were recorded in the consolidated statement of financial position at their fair value upon the completion date of the Reverse Takeover Transaction. Goodwill arising on the acquisition of the Existing Group of approximately RMB1,961,656,000, being the excess of the Deemed Consideration over the identifiable assets and liabilities of the Existing Group upon the completion date of the Reverse Takeover Transaction, was recorded. The results of the Existing Group have been consolidated to the Company's consolidated financial statements since the completion date of the Reverse Takeover Transaction.

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements of the Group for the six months ended 30 June 2012 are substantially the same as those followed in the preparation of the consolidated financial statements of the Prosper Well Group for the six months ended 30 June 2011 underlying the accountants' report included in the circular of the Company dated 29 December 2011.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the consolidated financial statements.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and serviced rendered, after trade discounts and sales related tax, for the period.

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Revenue from sale of goods	**14,691,325**	13,632,071
Revenue from the rendering of services	**31,370**	40,087
	14,722,695	13,672,158

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

As the Existing Group are mainly involved in exploration of mineral resources and are integrated into those of the Prosper Well Group upon the completion of the Reverse Takeover Transaction, the Group has one reportable operating segment, being production and sale of copper and other related products. No operating segment information is presented other than entity-wide disclosures. The executive directors of the Company reviewed the consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole.

The following is an analysis of the Group's revenue by major product and service categories:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Sales of goods		
– copper cathodes	**9,633,243**	10,444,758
– other copper products	**318,624**	400,597
– gold and other gold products	**3,388,631**	1,443,066
– silver and other silver products	**1,060,951**	984,515
– sulphuric and sulphuric concentrate	**114,746**	114,129
– iron ores	**120,103**	151,340
– others	**55,027**	93,666
	14,691,325	13,632,071
Rendering of services		
– copper processing	**28,614**	37,451
– others	**2,756**	2,636
	31,370	40,087
Total revenue	**14,722,695**	13,672,158

Geographical information

The Group operates in three principal geographical areas – the PRC, Hong Kong and The Republic of Mongolia ("Mongolia").

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding deferred tax assets and restricted bank deposits) by location of assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 June		**30 June**	31 December
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
				(restated)
PRC	**14,703,035**	13,614,927	**8,676,535**	5,595,444
Hong Kong	**19,660**	57,231	**1,364**	–
Mongolia	**–**	–	**2,810**	–
	14,722,695	13,672,158	**8,680,709**	5,595,444

Information about major customers

Details of customers who accounted for 10% or more of total consolidated revenue are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Percentage to consolidated revenue		
– Customer A	**22.7%**	10.3%

6. OTHER INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Interest income	**15,897**	8,444
Value-added tax refund	**–**	4,045
Government grants received *(Note)*	**25,835**	9,842
Deferred income recognised	**2,080**	1,822
Others	**335**	698
	44,147	24,851

Note: The government grants mainly represented subsidies for imported copper ores and refunds of river mention maintenance fees.

7. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Losses on disposal of property, plant and equipment, net	**–**	(545)
Fair value changes (transactions not qualified as fair value hedges):		
Realised gains/(losses) from:		
– Commodity derivatives contracts	**10,781**	(150,286)
– Currency forward contracts	**4,774**	–
– Gold loans designated as financial liabilities at fair value through profit or loss	**(12,552)**	–
Unrealised gains/(losses) from:		
– Commodity derivative contracts	**(5,748)**	4,190
– Currency forward contracts	**4,829**	–
– Gold loans designated as financial liabilities at fair value through profit or loss	**958**	(2,852)
Transactions qualified as fair value hedges:		
– Inventory hedged by commodity futures contracts	**(2,024)**	544
– Fair value gains/(losses) of commodity futures contracts designated as hedging instrument	**2,142**	(642)
Gain on derivative component on convertible notes	**2,778**	–
Effect of maturity date extension of convertible notes	**4,973**	–
Exchange gains/(losses), net	**(251)**	37,744
Allowance for impairment of:		
– trade receivables	**(122)**	(212)
– other receivables	**(5,953)**	(2,366)
Others	**(744)**	(3,497)
	3,841	(117,922)

8. FINANCE COSTS

	Six months ended 30 June 2012 *RMB'000*	2011 *RMB'000* (restated)
Interest on bank and other borrowings:		
– wholly repayable within five years	**(110,686)**	(105,587)
– wholly repayable beyond five years	**(2,572)**	(2,334)
– Interest on loans from Daye Corporation	**(48,598)**	(21,937)
Interest expenses on convertible notes	**(19,707)**	–
Unwind interest of provisions	**(4,706)**	(4,450)
Unwind interest of early retirement obligation	**(1,030)**	(767)
Total borrowing costs	**(187,299)**	(135,075)
Less: Borrowing costs capitalised in construction in progress	**16,853**	26,515
	(170,446)	(108,560)
The weighted average capitalisation rate on funds borrowed, generally (per annum)	**3.95%**	3.19%

9. INCOME TAX EXPENSE

	Six months ended 30 June 2012 *RMB'000*	2011 *RMB'000* (restated)
PRC Enterprise Income Tax	**(612)**	(7,126)
Deferred income tax	**(5,919)**	(7,449)
	(6,531)	(14,575)

No provision for Hong Kong profits tax has been made as the Group has no assessable profit generated in Hong Kong for both periods. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both periods.

Income tax expense for the period can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Profit before tax	**90,343**	137,268
Tax at applicable income tax rate of 25%	**(22,586)**	(34,317)
Effect of tax concession	**287**	2,319
Income not subject to tax *(Note)*	**20,584**	18,744
Expenses not deductible for tax purposes	**(1,607)**	(1,321)
Tax losses not recognised	**(1,824)**	–
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	**(1,385)**	–
Income tax expense for the period	**(6,531)**	(14,575)
Effective tax rate	**7.2%**	10.6%

Note: Income not subject to tax mainly represents exempted income from the Group's sales of metal products produced using prescribed resources, including silver and vitriol, pursuant to the Article 33 of the EIT Law and the Article 99 of the PRC EIT Detailed Implementation Regulations. According to these tax regulations, 10% of the income derived from the sales of particular products can be deducted from taxable income of an entity if it utilises certain prescribed resources, that are not restricted or prohibited by the PRC government and satisfy the relevant State and industrial criteria, as the major materials in the production of those products.

10. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Depreciation of property, plant and equipment	**165,003**	138,176
Amortisation of intangible assets	**14,197**	14,443
Amortisation of prepaid lease payments	**10,130**	9,674
Auditor's remuneration	**1,300**	539
Staff costs:		
Salaries, wages and welfare (including directors' remuneration)	**264,546**	246,619
Retirement benefit schemes contributions	**33,067**	25,913
Total staff costs	**297,613**	272,532
Cost of inventories recognised as an expense	**14,263,657**	13,104,976
Research costs	**4,351**	7,033
Donations	**614**	1,000
Minimum lease payments in respect of land and buildings	**7,341**	6,378

11. DIVIDENDS

No dividend in respect of ordinary shares has been paid or declared by the Company for both periods.

During the period, the Company accrued dividends of approximately RMB2,000 (Six months ended 30 June 2011: RMB2,000) on its 16,485 cumulative redeemable preference shares.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**80,309**	93,521
Effect of dilutive potential ordinary shares:		
– First tranche of HK$220,000,000 1% convertible notes		
• Interest expenses	**3,398**	
• Effect on maturity date extension	**(4,973)**	
• Gain on derivative component	**(2,778)**	
– Dividends on cumulative redeemable preference shares	**2**	
Earnings for the purpose of diluted earnings per share	**75,958**	N/A

	Six months ended 30 June	
	2012	2011
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**15,300,335**	9,798,911
Effect of dilutive potential ordinary shares:		
– First tranche of HK$220,000,000 1% convertible notes	**113,446**	
– Cumulative redeemable preference shares	**1,459**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**15,415,240**	N/A

The weighted average number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2012 is determined by reference to the pre-combination capital of the Prosper Well Group multiplied by the exchange ratio established in the Reverse Takeover Transaction and the weighted average total actual shares of the Company in issue after the completion of the Reverse Takeover Transaction.

The weighted average number of shares used for the purpose of calculating basic earnings per share for the six months ended 30 June 2011 is determined by reference to the pre-combination capital of the Prosper Well Group multiplied by the exchange ratio established in the Reverse Takeover Transaction.

No diluted earnings per share for the six months ended 30 June 2011 is presented because the Prosper Well Group did not have potential ordinary shares outstanding during that period.

The computation of diluted earnings per share for the six months ended 30 June 2012 does not assume the conversion of the Company's outstanding HK$1,003,836,048 zero coupon convertible note, which was issued upon the completion of the Reverse Takeover Transaction since its exercise would result in an increase in earnings per share for the six months ended 30 June 2012.

The computation of diluted earnings per share for the six months ended 30 June 2012 does not assume the exercise of the Company's options, which were acquired upon the completion of the Reverse Takeover Transaction, because the exercise price of those options was higher than the market prices of the Company's ordinary shares for the six months ended 30 June 2012.

13. TRADE AND BILLS RECEIVABLES

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated)
Trade receivables	**140,635**	132,957
Less: Allowance of doubtful debts	**(4,139)**	(4,017)
	136,496	128,940
Bills receivable:		
– Bills receivable on hand	**48,078**	72,244
– Discounted to banks	**26,800**	12,000
– Endorsed to suppliers	**112,393**	383,948
Notes receivable discounted to banks	**60,000**	60,000
Total trade and bills receivables	**383,767**	657,132

The majority of sales are made under contractual arrangements whereby a significant portion of amount of each sale is received before delivery or promptly after delivery and the remainder is received within 6 months after delivery. The following is an aged analysis of trade receivables, net presented based on the invoice date at the end of the reporting period.

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated)
Trade receivables, net		
– Less than 1 year	**135,804**	128,100
– 1 – 2 years	**352**	592
– 2 – 3 years	**124**	244
– Over 3 years	**216**	4
	136,496	128,940

The Group's notes receivable represents the bank acceptance notes issued by third parties. The maturity period of notes receivable is normally 6 months.

14. TRADE PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date:

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000* (restated)
Within 1 year	**995,098**	1,298,688
More than 1 year, but less than 2 years	**3,743**	4,068
More than 2 years, but less than 3 years	**818**	1,190
Over 3 years	**5,618**	5,737
	1,005,277	1,309,683

15. ISSUED EQUITY

Ordinary share capital of Prosper Well

Prosper Well was incorporated on 1 December 2010 with an initial authorised ordinary share capital of US$50,000 divided into 50,000 shares of US$1 each. On the date of incorporation, 1 ordinary share was issued with ordinary share capital of US$1. Since then, Prosper Well did not have any change in its share capital.

As at 31 December 2011, the issued equity of the Group reflects the ordinary share capital of Prosper Well of US$1.

Ordinary share capital of the Company

	Number of shares	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.05 each		
At 1 January 2011, 31 December 2011 and 30 June 2012	30,000,000,000	1,500,000
Issued and fully paid:		*RMB'000*
Ordinary shares of HK$0.05 each		
At 1 January 2011 and 31 December 2011	5,591,195,552	227,646
Issue of Consideration Shares *(Note)*	11,736,715,634	477,860
At 30 June 2012	**17,327,911,186**	**705,506**

Note:

As disclosed in note 2 above, the consideration of the Reverse Takeover Transaction was partly satisfied by the allotment and issue of 10,799,762,092 ordinary shares of the Company and 936,953,542 ordinary shares of the Company to China Times and Cinda HK, respectively. The Reverse Takeover Transaction was completed on 7 March 2012. The Consideration Shares issued on the completion date was based on the closing price of HK$0.485 per share on 7 March 2012, resulting in credits to ordinary share capital of the Company of RMB477,860,000 (HK$586,836,000) and share premium of the Company of RMB4,157,385,000 (HK$5,105,471,000).

16. **EVENT AFTER THE REPORTING PERIOD**

On 3 August 2012, the Company was informed by 新疆同興礦業有限責任公司 (Xinjiang Tong Xing Mining Company Limited) ("Tong Xing") that the mining licence of the copper mine located about 115 km southwest of Hami, a city in the eastern part of the Xinjiang Uygur Autonomous Region, the PRC, has been granted to Tong Xing by the Department of Land and Resources of Xinjiang Uygur Autonomous Region for a period of two years from 4 May 2012 to 4 May 2014. Pursuant to the supplemental agreement with Alexis Resources Limited (the "Vendor") dated 30 December 2010, the Company delivered the final payment of HK$89 million in the form of a convertible note to the Vendor on 8 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in mining and processing of mineral ores and selling/trading of metal products.

For the six months ended 30 June 2012, the Group recorded an audited revenue of approximately RMB14,722,695,000 (For the six months ended 30 June 2011 (restated): RMB13,672,158,000) and had an audited profit attributable to owners of the Company of approximately RMB80,309,000 whereas profit attributable to owners of the Company of approximately RMB93,521,000 was recorded for the six months ended 30 June 2011 (restated). As at 30 June 2012, the equity attributable to owners of the Company amounted to approximately RMB5,411,225,000 (As at 31 December 2011 (restated): RMB3,606,072,000).

As compared to previous corresponding period, the Group's revenue for the six months ended 30 June 2012 slightly increased by approximately 7.68%.

In addition, the Group's net profit slightly decreased because of the decrease in gross profit margin and increase in finance cost.

Reverse takeover transaction

On 7 March 2012, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application of the Company (the "Reverse Takeover Transaction") were completed. The details of which are set out in note 2 to the consolidated financial statements, the Company's circular dated 29 December 2011 and the Company's supplemental circular dated 17 February 2012.

Tong Xing Project

On 31 May 2012, the Company entered into the mining exploration agreement ("Exploration Agreement") with Alexis Resources Limited ("Vendor") in respect of the exploration of an area of approximately 0.4625 square kilometers which is situated in the east of the copper mine ("the Hami Mine") located about 115 km southwest of Hami, a city in the eastern part of the Xinjiang Uygur Autonomous Region, the PRC ("the New Mining Area"). Pursuant to the Exploration Agreement, the Vendor shall:

1. conduct exploration work with respect to the New Mining Area;

2. provide a report on the reserves of the New Mining Area in compliance with National Instrument 43-101 (The (Canadian) Standards of Disclosure for Mineral Projects) (the "Report") to the Company on or before 31 December 2012;

3. with the assistance of the Company, including 新疆同興礦業有限責任公司 (Xinjiang Tong Xing Mining Company Limited) ("Tong Xing"), obtain the mining license with respect to the New Mining Area by 30 June 2014 (or a later date as agreed between the Company and the Vendor); and

4. be responsible for the payment of all expenses relating to the exploration of the New Mining Area, preparation of the Report and the application of the mining license for the New Mining Area.

The Company is not required to pay any amount to the Vendor if the total amount of indicated copper resources for the New Mining Area reported in the Report is at or below 45,846 tonnes. However, if the amount of indicated copper resources for the New Mining Area reported in the Report exceeds 45,846 tonnes, the Company shall pay to the Vendor the amount of HK$2,081 per tonne in respect of those indicated copper resources exceeding 45,846 tonnes (rounded down to the nearest tonne) (the "Resources Purchase Price"), provided that the Resources Purchase Price shall be capped at the maximum of HK$95,000,000 and the Company shall not be liable to pay any additional consideration for any extra amount of indicated copper resources.

The Exploration Agreement was entered into to encourage the Vendor to strengthen its efforts in conducting the exploration work in respect of the New Mining Area with a view to increase the copper resources reserves of Tong Xing. Therefore, the Company believed that entering into the Exploration Agreement could potentially increase the Group's copper resources reserves and enhance the competitiveness of the Group in the future.

On 3 August 2012, the Company was informed by Tong Xing that the mining license of the Hami Mine has been granted to Tong Xing by the Department of Land and Resources of Xinjiang Uygur Autonomous Region for a period of two years from 4 May 2012 to 4 May 2014.

Details of the above were disclosed in the announcements of the Company dated 31 May 2012 and 7 August 2012.

Aleinuer Mine

On 18 May 2012, the Mongolian National Arbitration Center at the Mongolian National Chamber of Commerce and Industry (the "Mongolian Arbitration Center") issued a final written arbitral award after the re-hearing of the case, pursuant to which the Mongolian Arbitration Center ruled that the mining right to the molybdenum mine located in the Sukhbaatar Province, Mongolia (the "Aleinuer Mine") had to be returned by Reservoir Moly Mongolia LLC, a subsidiary of the Company, to Nomin Deposit LLC ("Mongolian JV Partner"). No further appeal is possible under Mongolian law with respect to this decision of the Mongolian Arbitration Center.

The Aleinuer Mine has not yet commenced any commercial production, and the Company has not yet derived any revenue or profit from the Aleinuer Mine. In addition, in light of the possibility that the mining right to the Aleinuer Mine would be required to be returned by the Group to the Mongolian JV Partner, full impairment for such mining right in the amount of HK$723.8 million has previously been made in the consolidated income statement of the Group for the year ended 31 December 2011, as disclosed in the Company's annual report for the year ended 31 December 2011 and the annual results announcement of the Company dated 30 March 2012. Therefore, the arbitral award given by the Mongolian Arbitration Center on 18 May 2012 would not have a further material adverse effect on the financial results of the Group going forward.

Future Prospects

大冶有色金屬有限責任公司 (Daye Nonferrous Metals Co., Limited) ("Daye Nonferrous") and its subsidiaries and branches (hereafter collectively "Daye Metal Group"), an integrated enterprise operating in ore mining and smelting businesses, joined the Group as a result of the Reverse Takeover Transaction and therefore enabled the Group to generate stable revenue. Currently, Daye Metal Group is in its progress of revamping the production facilities of its mines, aiming to further increase the production capacity of its mines and profitability in the near future. Through identifying suitable opportunities to acquire new mines and continuing exploration of new mineral resources and reserves at the mines currently operated by the Daye Metal Group and the Group, the Group will continue to expand its portfolio of mining assets, upgrade its production facilities, build on its research and development capabilities, improve its production technology and diversify its product portfolio by expanding its mining business. By centralizing the management of the Daye Metal Group and the Group, it is expected that the Group will benefit from its improvement in operational efficiency. The Directors believe that the Group will be able to enhance its core competitiveness, strengthen and enlarge its upstream production of copper ores and increase its sales of products, so as to optimise the value and return to the shareholders of the Company.

Given the continuing economic growth in China, the Board expects that there will be an increase in the demand and application of resources of molybdenum, wolfram, silver and copper, and the Company is confident that the investment in mining and related businesses will produce considerable return to the Company in the future.

Looking ahead, the Group will continue to strengthen development of its internal resources and fortify its foundation while keeping its eyes on cooperation opportunities conducive to its development in order to build a portfolio of strong mining business with an emphasis on high value-added products.

Capital Structure, Liquidity and Financial Resources

As at 30 June 2012, the Group had cash and bank balances of approximately RMB707,365,000, with a current ratio of 1.01, based on the current assets of approximately RMB6,521,569,000 and current liabilities of approximately RMB6,459,819,000. The Group's gearing ratio was 111.1% based on the net debts (which includes bank and other borrowings, convertible notes and cumulative redeemable preference shares) of approximately RMB6,013,126,000 and total equity of approximately RMB5,751,555,000.

As at 30 June 2012, the Group had bank and other borrowings of approximately RMB4,682,745,000 which will be due within one year. The Group had pledged its bank deposits of RMB519,066,000 to the banks for securing bank loans and facilities granted to the Group.

The Group believes that liquid assets, funds and future revenue will be sufficient to finance future expansion and working capital requirement of the Group.

Employees, Remuneration Policy and Share Option Scheme

As at 30 June 2012, the Group had a total of 10,675 employees (including Hong Kong and PRC offices). The remuneration packages consist of basic salary, retirement benefits scheme contributions, medical insurance and other benefits considered as appropriate. Remuneration packages are generally structured with reference to market terms, individual qualification and performance of the employee. They are under periodic review based on individual merit and other market factors.

The Company adopted a share option scheme on 13 October 2003 to enable the Company to grant options to selected participants, including employees and directors of the Group, as incentives or rewards for their contribution to the Group.

Foreign Exchange Exposure

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from international market that are conducted in United States dollars (US$) and Euros (Euro) and certain borrowings that are denominated in US$ and Euro.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Group is exposed to foreign exchange risk primarily with respect to US$ and Euro.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure. During the period, certain currency forward contracts had been entered by the Group.

Material acquisition and disposal of subsidiaries

Save as disclosed in the section headed "Reverse takeover transaction" above, the Group had not made any material acquisition or disposal of subsidiaries during the six months period ended 30 June 2012.

Contingent liabilities

As at 30 June 2012, the Group had no contingent liabilities.

Charges on assets

As at 30 June 2012, secured bank borrowings of the Group amounting to RMB421,924,000 (31 December 2011 (restated): RMB875,272,000) were secured by bank deposits of RMB519,066,000 (31 December 2011 (restated): RMB450,973,000).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

During the period, the Company accrued dividends of approximately RMB2,000 (Six months ended 30 June 2011: RMB2,000) on its 16,485 cumulative redeemable preference shares.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 30 June 2012, the interest and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(i) Long positions in shares of the Company

Name of director	Capacity	Nature of interests	Number of shares	Approximate percentage to the total relevant class of shares in issue as at 30 June 2012
Wang Qihong	Beneficial owner	Personal interest	1,594,000 shares	0.01%
Wang Guoqi	Beneficial owner	Personal interest	600,000 shares	0.01%

(ii) Long positions in underlying shares of the Company

Name of director	Capacity	Nature of interests	Number of underlying shares *(Note)*	Approximate percentage to the total relevant class of shares in issue as at 30 June 2012
Wan Bi Qi	Beneficial owner	Personal interest	50,000,000 shares	0.29%

Note: All of such underlying shares represent the number of shares of the Company which may be issued upon exercise of the subscription rights attaching to the options held by the relevant director.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

The Company's share options scheme was adopted by the Company on 13 October 2003 (the "Scheme") for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

Under the Scheme, the Board may, at its discretion, invite eligible participants (as contained in the Company's circular of 19 September 2003) to take up options to subscribe for shares of the Company. The following table discloses movements in the Company's share options during the six months ended 30 June 2012:

	No. of options outstanding at 31 December 2011	No. of options lapsed/ cancelled/ forfeited during the year	No. of options granted during the year	No. of options outstanding at 30 June 2012
Director				
– Wan Bi Qi	50,000,000	–	–	**50,000,000**
Employees and others	257,700,000	–	–	**257,700,000**
Total	307,700,000	–	–	**307,700,000**

Details of share options granted are as follows:

Date of grant/ acceptance	Exercise period	Exercise price per share	Closing price immediately before date of offer	Closing price immediately before date of grant
19 June 2009	19 June 2009 – 18 June 2019	HK$0.61	HK$0.61	HK$0.60
19 June 2009	19 June 2010 – 18 June 2019	HK$0.61	HK$0.61	HK$0.60

At no time during the six months ended 30 June 2012 was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2012, so far is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Long positions in shares/underlying shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue as at 30 June 2012
China Times Development Limited	Beneficial owner	13,970,671,176 shares	80.63% *(Note 3)*
Daye Nonferrous Metals Corporation Holdings Limited *(Note 1)*	Interest in a controlled corporation	13,970,671,176 shares	80.63% *(Note 3)*
China Cinda (HK) Asset Management Co., Limited *(Note 2)*	Beneficial owner	936,953,542 shares	5.41% *(Note 3)*
China Cinda Asset Management Co., Limited *(Note 2)*	Interest in a controlled corporation	936,953,542 shares	5.41% *(Note 3)*
China Times Development Limited	Beneficial owner	5,495 CPS	33.33% *(Note 4)*
Daye Nonferrous Metals Corporation Holdings Limited *(Note 1)*	Interest in a controlled corporation	5,495 CPS	33.33% *(Note 4)*

Notes:

1. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by Daye Nonferrous Metals Corporation Holdings Limited.

2. These shares were held by China Cinda (HK) Asset Management Co., Limited, the entire issued capital of which were beneficially owned by China Cinda Asset Management Co., Limited.

3. The percentage is calculated based on 17,327,911,186 shares of the Company in issue.

4. The percentage is calculated based on 16,485 convertible cumulative redeemable preference shares ("CPS") in issue.

Save as disclosed above, as at 30 June 2012, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed, no contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 30 June 2012 or during the six months ended 30 June 2012.

EQUITY

As at 30 June 2012, the total number of issued and fully paid ordinary shares of the Company was 17,327,911,186, amounting to a total issued share capital of approximately HK$866,396,000; and there were 16,485 CPS of HK$1 each in issue at 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's securities.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended 30 June 2012.

AUDIT COMMITTEE

The Company established an audit committee in accordance with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("CG Code"), for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive Directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Guanzhou. The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2012.

REMUNERATION COMMITTEE

The Company has established its remuneration committee ("Remuneration Committee") with specific written terms of reference. The remuneration committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company and is delegated by the Board with the responsibility to determine on behalf of the Board the specific remuneration packages for all executive Directors and senior management of the Company.

The remuneration committee comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Guanzhou. The remuneration committee held one meeting during the six months ended 30 June 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company during the six months ended 30 June 2012.

CODE ON CORPORATE GOVERNANCE

The Company executes high standard of business ethics and corporate governance practices. The Board considers such commitment essential in achieving high level of transparency and accountability and it is to the best interest of the shareholders.

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not throughout the six months ended 30 June 2012, in compliance with the principles and code provisions of the Code on Corporate Governance practices (effective until 31 March 2012) and the CG Code (effective from 1 April 2012) (except code A.4.1 – which specifies that non-executive directors should be appointed for a specific term, subject to the re-election and code A.4.2 – which specifies that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years). However, all Directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practice in respect of the above matters are no less exacting than those in the CG Code.

By Order of the Board of
CHINA DAYE NON-FERROUS METALS MINING LIMITED
Zhang Lin
Chairman

Hong Kong, 27 August 2012

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Zhang Lin (Chairman of the Board), Mr. Long Zhong Sheng, Mr. Zhai Baojin, Mr. Tan Yaoyu and Mr. Wan Bi Qi; and three independent non-executive Directors, namely Mr. Wang Qihong, Mr. Wang Guoqi and Mr. Qiu Guanzhou.