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 UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board (the "Board") of directors (the "Directors") of China Daye Non-Ferrous Metals Mining Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in the previous year as follows:

HIGHLIGHTS

	Six months ended 30 June	
	2013	2012
	RMB million	*RMB million*
Revenue	**16,944.3**	14,722.7
Gross profit	**455.6**	413.2
Impairment of goodwill and mining rights	**(2,220.7)**	–
(Loss)/profit before tax	**(2,169.7)**	90.3
Profit attributable to owners of the Company excluding the impairment of goodwill and mining rights	**48.3**	80.3
(Loss)/profit attributable to owners of the Company	**(2,066.3)**	80.3
(Loss)/basic earnings per share	**RMB(11.92) fen**	RMB0.52 fen

During the period, revenue increased by 15.1% to RMB16,944.3 million, compared with RMB14,722.7 million in the same period of 2012. Gross profit grew by RMB42.4 million to RMB455.6 million, compare with RMB413.2 million in the same period of 2012.

Profit attributable to owners of the Company excluding the impairment of goodwill and mining rights was RMB48.3 million, compared with RMB80.3 million in the same period of 2012. However, when the impairment of goodwill and mining rights is taken into account, the Group recorded a loss attributable to owners of the Company of RMB2,066.3 million during the period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Audited)
Revenue	*4, 5*	**16,944,254**	14,722,695
Cost of sales/services		**(16,488,664)**	(14,309,485)
Gross profit		**455,590**	413,210
Other income	*6*	**24,567**	44,147
Selling expenses		**(35,071)**	(22,182)
Administrative expenses		**(205,773)**	(162,009)
Other operating expenses		**(19,744)**	(16,218)
Impairment of goodwill	*13*	**(1,961,656)**	–
Other gains and losses, net	*7*	**(188,474)**	3,841
Finance costs	*8*	**(239,184)**	(170,446)
(Loss)/profit before tax		**(2,169,745)**	90,343
Income tax credit/(expense)	*9*	**36,362**	(6,531)
(Loss)/profit for the period	*10*	**(2,133,383)**	83,812
Other comprehensive income for the period:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,045**	1,160
Other comprehensive income for the period, net of income tax		**2,045**	1,160
Total comprehensive (expense)/income for the period		**(2,131,338)**	84,972

	Notes	**Six months ended 30 June** **2013** ***RMB'000*** **(Unaudited)**	 2012 *RMB'000* (Audited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(2,066,303)**	80,309
Non-controlling interests		**(67,080)**	3,503
		(2,133,383)	83,812
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(2,066,189)**	81,469
Non-controlling interests		**(65,149)**	3,503
		(2,131,338)	84,972
(Loss)/earnings per share	*12*		
— Basic		**RMB(11.92) fen**	RMB0.52 fen
— Diluted		**N/A**	RMB0.49 fen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2013

	Notes	**At 30 June 2013** *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,889,435**	5,619,479
Exploration and evaluation assets		**97,491**	90,240
Prepaid lease payments		**727,734**	738,982
Intangible assets		**885,646**	1,156,395
Goodwill	*13*	**–**	1,961,656
Restricted bank deposits		**171,993**	–
Deferred tax assets		**107,860**	104,781
Deposits for acquisition of intangible assets		**32,116**	32,690
Deposits for acquisition of property, plant and equipment		**86,349**	91,750
		7,998,624	9,795,973
CURRENT ASSETS			
Prepaid lease payments		**20,261**	20,510
Inventories		**5,176,283**	4,764,501
Trade, bills and notes receivables	*14*	**1,018,108**	634,328
Prepayments and other receivables		**909,348**	663,469
Available-for-sale investments		**1,196,423**	–
Derivative financial instruments		**974**	1,361
Restricted deposits and bank balances		**501,415**	444,892
Bank deposits, bank balances and cash		**1,418,901**	1,030,709
		10,241,713	7,559,770
CURRENT LIABILITIES			
Trade payables	*15*	**1,679,869**	1,383,121
Other payables and accrued expenses		**838,143**	795,420
Current income tax liabilities		**2,896**	1,179
Derivative financial instruments		**147,666**	954
Bank and other borrowings — due within one year	*16*	**7,322,791**	4,970,952
Provisions		**47,381**	48,642
Cumulative redeemable preference shares		**885**	900
Convertible notes	*17*	**167,791**	163,682
Early retirement obligation		**12,347**	14,560
		10,219,769	7,379,410
NET CURRENT ASSETS		**21,944**	180,360

	Notes	**At 30 June 2013** *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,020,568**	9,976,333
CAPITAL AND RESERVES			
Issued equity		**705,506**	705,506
Share premium and reserves		**2,720,753**	4,786,942
Equity attributable to owners of the Company		**3,426,259**	5,492,448
Non-controlling interests		**367,891**	433,040
TOTAL EQUITY		**3,794,150**	5,925,488
NON-CURRENT LIABILITIES			
Convertible notes/bonds	*17*	**1,316,861**	521,841
Bank and other borrowings — due after one year	*16*	**2,394,841**	2,982,384
Deferred income		**196,380**	185,458
Provisions		**170,151**	171,967
Early retirement obligation		**40,780**	46,790
Deferred tax liabilities		**107,405**	142,405
		4,226,418	4,050,845
		8,020,568	9,976,333

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NET CASH USED IN OPERATING ACTIVITIES	**(336,752)**	(485,646)
NET CASH USED IN INVESTING ACTIVITIES	**(1,696,243)**	(267,026)
NET CASH FROM FINANCING ACTIVITIES	**2,421,661**	1,130,513
NET INCREASE IN CASH AND CASH EQUIVALENTS	**388,666**	377,841
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**1,030,709**	328,364
Effect of foreign exchange rate changes	**(474)**	1,160
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,418,901**	707,365
Represented by:		
Non-restricted bank deposits with original maturity of less than three months when acquired	**–**	187,961
Bank balances and cash	**1,418,901**	519,404
	1,418,901	707,365

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 exploration of mineral resources, mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company (the "Directors"), the ultimate holding company is China Nonferrous Metal Mining (Group) Co., Ltd., a company incorporated with limited liability under the laws of the PRC.

The functional currency of the Group is Renminbi ("RMB") and these condensed consolidated financial statements have been presented in RMB.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first times, the following new and revised Hong Kong Accounting Standards ("HKASs"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretation issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Saved as discussed below, the application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time, HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11, HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation — Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee, and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors made an assessment as at the date of initial application of HKFRS 10 (i.e 1 January 2013) as to whether the introduction of the new definition of control under HKFRS 10 has resulted in a change of control over the existing entities treated as subsidiaries of the Company. Previously, the Directors concluded that the Group has control over the existing subsidiaries because the Group has power to govern the financial and operating policies of these subsidiaries so as to obtain benefits from their activities. The power existed because the Group owned more than half of the voting power by virtue of these subsidiaries, and/or has power to cast majority votes at the board of directors meeting. Additionally, the Group has the power over these entities including but not limited to power to appoint, reassign, remove the key management personnel such as executive director of an entity, who has ability to direct relevant activities of that entity which include primarily the sale and purchase, working capital, investments and financing activities.

Accordingly, the Directors concluded that the adoption of HKFRS 10 has had no material impact on the Group's condensed consolidated financial statements for the current or prior periods because the Group's control over the existing subsidiaries remained unchanged in accordance with the new definition of control under HKFRS 10.

HKAS 19 Employee Benefits (as revised in 2011)

In the current interim period, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a "net interest" amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

As the Group does not have defined benefit obligations in the current and prior periods, the Directors concluded that the adoption of HKAS 19 (as revised in 2011) has had no impact on the Group's condensed consolidated financial statements for the current or prior periods.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements, and replaces those requirements previously included in various HKFRSs.

HKFRS 13 applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under the current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosures requirements.

The application of HKFRS 13 has no material impact on the Group's profit or loss, other comprehensive income and financial position in the current and prior periods.

HK(IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC) – Int 20 "Stripping Costs in the Production Phase of a Surface Mine" applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 "Inventories". The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

As the Group's accounting treatment in the prior periods is consistent with HK(IFRIC) – Int 20, the adoption of HK(IFRIC) – Int 20 has had no material impact on the Group's condensed consolidated financial statements for the current and prior periods.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and the presentation of items of other comprehensive income had no material impact on the Group's condensed consolidated statement of profit or loss and other comprehensive income for the current or prior periods.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services 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	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from sale of goods	**16,921,433**	14,691,325
Revenue from the rendering of services	**22,821**	31,370
	16,944,254	14,722,695

5. SEGMENT INFORMATION

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

As the Group is mainly involved in exploration of mineral resources, mining and processing of mineral ores and selling/trading of metal products, the Group has one reportable operating segment. No operating segment information is presented other than entity-wide disclosures. The chief executive officer 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	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Sales of goods		
— copper cathodes	**11,240,594**	9,633,243
— other copper products	**1,757,594**	318,624
— gold and other gold products	**1,860,281**	3,388,631
— silver and other silver products	**1,148,970**	1,060,951
— sulphuric and sulphuric concentrate	**95,152**	114,746
— iron ores	**116,809**	120,103
— others	**702,033**	55,027
	16,921,433	14,691,325
Rendering of services		
— copper processing	**11,651**	28,614
— others	**11,170**	2,756
	22,821	31,370
Total revenue	**16,944,254**	14,722,695

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 is detailed below:

	Revenue from external customers		**Non-current assets**	
	Six months ended 30 June		**30 June**	31 December
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
PRC	**13,943,744**	14,703,035	**7,422,636**	9,689,568
Hong Kong	**3,000,510**	19,660	**295,585**	937
Mongolia	**–**	–	**550**	687
	16,944,254	14,722,695	**7,718,771**	9,691,192

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	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Percentage to consolidated revenue		
— Customer A	**10.7%**	22.7%

6. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest income on bank deposits	**10,314**	15,897
Value-added tax refund	**638**	–
Government grants received *(Note)*	**10,037**	25,835
Deferred income recognised	**3,578**	2,080
Others	**–**	335
	24,567	44,147

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

7. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Losses on disposal of property, plant and equipment, net	**(6,932)**	–
Impairment for mining rights *(Note)*	**(259,000)**	–
Fair value changes (transactions not qualified as fair value hedges) from:		
— Commodity derivatives contracts	**(48,458)**	5,033
— Currency forward contracts	**(6,640)**	9,603
— Gold loans designated as financial liabilities at fair value through profit or loss	**49,944**	(11,594)
— Provisionally priced sales agreement	**(14,805)**	–
Fair value changes (transactions qualified as fair value hedges) from:		
— Inventory hedged by commodity futures contracts	**63,506**	(2,024)
— Fair value gains (losses) of commodity futures contracts designated as hedging instrument	**(65,692)**	2,142
Gain on derivative component on convertible notes/bonds *(Note 17 (a) and (c))*	**52,965**	2,778
Effect of maturity date extension of convertible notes	**–**	4,973
Exchange gains (losses), net	**46,195**	(251)
Allowance for impairment of:		
— trade receivables	**(45)**	(122)
— other receivables	**(1,108)**	(5,953)
Others	**1,596**	(744)
	(188,474)	3,841

Note: The impairment for mining rights was made in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region in view of the unfavourable future prospect of these copper mines due to the forecasted fall of selling price of their copper products and expected decrease in profit margins as a result of the slowdown of the global economy.

The impairment loss was provided based on value in use calculations which use cash flow projections based on financial budgets, taken into account of the most recent copper price, approved by the Directors over the life of these copper mines and a discount rate of 18.18%.

8. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest on bank and other borrowings:		
— wholly repayable within five years	**(162,311)**	(110,686)
— wholly repayable beyond five years	**(8,075)**	(2,572)
— interest on loans from an intermediate holding company	**(29,088)**	(48,598)
Interest expenses on convertible notes/bonds	**(44,483)**	(19,707)
Unwind interest of provisions	**(3,210)**	(4,706)
Unwind interest of early retirement obligation	**(844)**	(1,030)
Total borrowing costs	**(248,011)**	(187,299)
Less: Borrowing costs capitalised in construction in progress	**8,827**	16,853
	(239,184)	(170,446)
The weighted average capitalisation rate on funds borrowed, generally (per annum)	**4.45%**	3.95%

9. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PRC Enterprise Income Tax	**(1,717)**	(612)
Deferred income tax	**38,079**	(5,919)
	36,362	(6,531)

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.

10. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	**217,984**	165,003
Amortisation of intangible assets (included in administrative expenses)	**11,749**	14,197
Amortisation of prepaid lease payments	**11,497**	10,130
Auditor's remuneration	**–**	1,300
Staff costs:		
Salaries, wages and welfare	**328,494**	264,546
Retirement benefit schemes contributions	**31,643**	33,067
Total staff costs	**360,137**	297,613
Cost of inventories recognised as an expense	**16,488,664**	14,263,657
Research costs	**5,272**	4,351
Donations	**128**	614
Minimum lease payments in respect of land and buildings	**7,182**	7,341

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 2012: RMB2,000) on its 16,485 cumulative redeemable preference shares. Such accrued dividends are included in finance costs of the Group.

12. (LOSS)/EARNINGS PER SHARE

The calculations of the basic and diluted/(loss) earnings per share attributable to the ordinary shareholders of the Company are based on the following data:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic earnings per share ((Loss)/profit for the period attributable to owners of the Company)	**(2,066,303)**	80,309
Effect of dilutive potential ordinary shares:		
— 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	**N/A**	75,958
	'000	*'000*
	(Unaudited)	(Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**17,327,911**	15,300,335
Effect of dilutive potential ordinary shares:		
— 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	**N/A**	15,415,240

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 Limited 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 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 since its exercise would result in an increase in earnings per share for the six months ended 30 June 2012.

The computation of diluted loss per share for the six months ended 30 June 2013 does not assume the conversion of the Company's outstanding HK$220,000,000 1% convertible notes, HK$1,003,836,048 zero coupon convertible note, cumulative redeemable preference shares and RMB820,000,000 0.5% convertible bonds since their exercise would result in a decrease in loss per share for the six months ended 30 June 2013.

The computation of diluted loss and earnings per share for the six months ended 30 June 2013 and 2012, respectively does not assume the exercise of the Company's options because the exercise price of those options was higher than the market prices of the Company's ordinary shares for these periods.

13. GOODWILL

On 7 March 2012, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application was completed, the Group acquired the entire issued share capital of Prosper Well Group Limited ("Prosper Well") 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 Holdings Limited "Daye Corporation", the then ultimate holding company and the current intermediate holding company of the Company) and 6.82% by Cinda HK (an independent third party), respectively, immediately before the completion of the reverse takeover transaction (the "Reverse Takeover Transaction"). The details of the Reverse Takeover Transaction are set out in the Company's circular dated 29 December 2011 and the Company's supplemental circular dated 17 February 2012.

The Directors consider the Company and its subsidiaries upon completion of the Reverse Takeover Transaction as a whole would benefit from the synergies of the Reverse Takeover Transaction, thus, the goodwill arose from the Reverse Takeover Transaction of RMB1,961,656,000 is allocated to one cash generating unit, being the Group after the completion of the Reverse Takeover Transaction, which also represents the single operating segment of the Group as disclosed in note 5 and they would be under one operating segment.

During the period, the Directors decided that full impairment for the goodwill of RMB1,961,656,000 be charged to the condensed consolidated statement of profit or loss and other comprehensive income in the current period due to the unfavourable future prospect of the business of the Group due to the forecasted fall of selling price of the Group's products and expected decrease in profit margins as a result of the slowdown of the global economy.

The impairment loss was provided based on value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period and a discount rate of 18.18% (31 December 2012: 17.11%). Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 3% per annum (31 December 2012: 3% per annum) growth rate which is the projected long-term average growth rate for the industry.

14. TRADE, BILLS AND NOTES RECEIVABLES

	At 30 June 2013 *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Trade receivables	**627,478**	258,003
Less: Allowance of doubtful debts	**(4,767)**	(4,722)
	622,711	253,281
Bills receivable:		
— On hand	**71,919**	60,682
— Discounted to banks *(Note 16)*	**45,800**	21,850
— Endorsed to suppliers	**217,678**	238,015
Notes receivable on hand	**–**	500
Notes receivable discounted to banks *(Note 16)*	**60,000**	60,000
Total trade, bills and notes receivables	**1,018,108**	634,328

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, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognized, net of allowance for doubtful debts.

	At 30 June 2013 *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Trade receivables, net		
— Less than 1 year	**621,957**	252,806
— 1–2 years	**389**	311
— 2–3 years	**212**	155
— Over 3 years	**153**	9
	622,711	253,281

The Group's notes receivable represents the commercial acceptance notes issued by third parties. The maturity period of both bills receivables and notes receivable are normally 6 months.

15. TRADE PAYABLES

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

	At 30 June 2013 *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Within 1 year	**1,671,256**	1,371,670
More than 1 year, but less than 2 years	**3,448**	4,850
More than 2 years, but less than 3 years	**2,234**	608
Over 3 years	**2,931**	5,993
	1,679,869	1,383,121

16. BANK AND OTHER BORROWINGS

	At 30 June 2013 *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Bank borrowings		
— secured *(Note (a))*	**394,733**	37,713
— unsecured *(Note (b))*	**6,515,898**	5,573,766
Other borrowings		
— Loans from Daye Corporation, unsecured *(Note (c))*	**1,365,581**	2,260,007
— Advance from banks for discounted bills	**45,800**	21,850
— Advance from banks for discounted notes	**60,000**	60,000
— Gold loans *(Note (d))*	**535,620**	–
— Short-term notes *(Note (e))*	**800,000**	–
	9,717,632	7,953,336
Carrying amounts repayable:		
Within one year and on demand	**7,322,791**	4,970,952
More than one year, but not exceeding two years	**355,404**	1,249,007
More than two years, but not exceeding five years	**1,938,437**	1,616,500
More than five years	**101,000**	116,877
	9,717,632	7,953,336
Less: Amounts shown under current liabilities	**(7,322,791)**	(4,970,952)
	2,394,841	2,982,384

Notes:

(a) As at 30 June 2013, secured bank borrowings of the Group amounting to RMB394,733,000 (31 December 2012: RMB37,713,000) were secured by bank deposits of RMB393,266,000 (31 December 2012: RMB37,713,000).

(b) As at 30 June 2012, included in unsecured bank borrowings of the Group amounting to RMB5,363,170,000 were guaranteed by Daye Corporation whereas, as at 30 June 2013, none of the Group's unsecured bank borrowings was secured by any guarantee.

(c) The details of unsecured loans from Daye Corporation, an intermediate holding company of the Company, are as follows:

Interest rate	**Terms of repayment**	**At 30 June 2013** *RMB'000* **(Unaudited)**	At 31 December 2012 *RMB'000* (Audited)
Fixed rate at 4.98% per annum	Repayable on 15 October 2015	**490,000**	490,000
Fixed rate at 4.98% per annum	Repayable on 1 December 2016	**90,000**	90,000
Fixed rate at 5.79% per annum	Repayable on 17 January 2017	**500,000**	500,000
Floating rate quoted by People's Bank of China	Not demand for repayment before 2 January 2014	**–**	1,180,007
Floating rate quoted by People's Bank of China	Not demand for repayment before 1 July 2014	**285,581**	–
		1,365,581	2,260,007

(d) The unrealised gain arising from change in fair value of gold loans designated as financial instruments of RMB49,944,000 has been credited to profit or loss for the six months ended 30 June 2013.

(e) On 17 May 2013, the Group issued unsecured short-term notes at par value of RMB800,000,000 which bear interest at a fixed rate of 4.44% per annum and have a maturity of 365 days from the date of insurance.

17. CONVERTIBLE NOTES/BONDS

	At 30 June 2013 RMB'000 (Unaudited)	At 31 December 2012 RMB'000 (Audited)
Liability component:		
HK$220,000,000 1% convertible notes *(Note (a))*	**167,778**	158,793
HK$1,003,836,048 zero coupon convertible note *(Note (b))*	**540,548**	521,841
RMB820,000,000 0.5% convertible bonds *(Note (c))*	**674,207**	–
	1,382,533	680,634
Derivative component:		
HK$220,000,000 1% convertible notes *(Note (a))*	**13**	4,889
RMB820,000,000 0.5% convertible bonds *(Note (c))*	**102,106**	–
	102,119	4,889
	1,484,652	685,523
Analysed as:		
Current	**167,791**	163,682
Non-current	**1,316,861**	521,841
	1,484,652	685,523

Notes:

(a) HK$220,000,000 1% convertible notes

The HK$220,000,000 1% convertible notes comprises 3 tranches:

(i) The first tranche

The first tranche of the HK$220,000,000 1% convertible notes in the principal sum of HK$110 million was issued by the Company on 22 July 2010 to the notes holder and recognised as its fair value on 7 March 2012 pursuant to the Reverse Takeover Transaction.

(ii) The second tranche

The second tranche of the HK$220,000,000 1% convertible notes in the principal sum of HK$89 million was delivered by the Company to the notes holder on 8 August 2012.

(iii) The third tranche

The third tranche of the HK$220,000,000 1% convertible notes in the principal sum of HK$21 million was delivered by the Company to the notes holder on 31 December 2012.

The HK$220,000,000 1% convertible notes carry coupon interest rate of 1% per annum, which shall be payable by the Company upon redemption of the notes and entitle the notes holder to convert into ordinary shares of the Company at an initial conversion price of HK$0.618 (subject to adjustments in accordance with the terms of the convertible notes) at any time during the period commencing from the date of issue of the HK$220,000,000 1% convertible notes. The conversion price has been changed from HK$0.618 to HK$0.528 upon completion of the Reverse Takeover Transaction. Due to the effect of certain adjustments to conversion price, the conversion option may not result in the conversion of the HK$220,000,000 1% convertible notes into a fixed number of the Company's ordinary shares. Hence, the conversion option is accounted for as a derivative.

Unless previous converted and cancelled by the Company, the Company shall redeem any outstanding convertible notes at the principal amount together with accrued interest on the maturity date which is the date falling two years after the issue date.

Pursuant to the supplemental agreement entered with the notes holder on 30 January 2012, if the notes holder does not exercise the conversion right attached to the HK$220,000,000 1% convertible notes on or before the maturity date (that is, 22 July 2012) (the "Original Maturity Date"), the Company has the right to choose either:

(i) defer the Company's payment obligation on redemption of the HK$220,000,000 1% convertible notes at its principal amount together with interest outstanding to 31 October 2013. No interest will be accrued on principal amount together with interest under the HK$220,000,000 1% convertible notes for the period from 22 July 2012 to 31 October 2013. For the avoidance of doubt, the notes holder cannot exercise the conversion right attached to the convertible notes after 22 July 2012; or

(ii) amend the terms of the HK$220,000,000 1% convertible notes and extend the maturity date and the conversion period of the convertible notes to 30 June 2013. No interest will be accrued on principal amount together with interest under the HK$220,000,000 1% convertible notes for the period from 22 July 2012 to 31 October 2013.

Pursuant to the supplemental agreements with the notes holder dated 31 May 2012 and 29 June 2012, respectively, the Original Maturity Date has been extended from 22 July 2012 to 31 December 2013 (the "New Maturity Date"), on which the HK$220,000,000 1% convertible notes shall be redeemed by the Company at its principal amount together with interest outstanding; and interest on the HK$220,000,000 1% convertible notes shall be accrued on and from the date of issue of the HK$220,000,000 1% convertible notes up to and including the Original Maturity Date only. No interest shall be accrued on the HK$220,000,000 1% convertible notes for the period from the Original Maturity Date to the New Maturity Date.

Details of the HK$220,000,000 1% convertible notes are set out in the Company's announcements dated 16 April 2010, 16 July 2010, 30 December 2010, 30 August 2011, 31 January 2012, 31 May 2012, 29 June 2012, 8 August 2012, 12 October 2012 and 31 December 2012.

The Company determined the fair value of the derivative component (conversion right of the HK$220,000,000 1% convertible notes holder) on 7 March 2012 for the first tranche of the HK$220,000,000 1% convertible notes, on 3 August 2012 for the second tranche of the HK$220,000,000 1% convertible notes and on 31 December 2012 for the third tranche of the HK$220,000,000 1% convertible notes of overall HK$220 million 1% convertible notes based on the valuations performed by Jones Lang LaSalle using the Binominal Model and such amounts are carried as derivative components until extinguished on conversion or redemption. Changes in fair value of derivative components are recognised in profit or loss.

The liability component of the HK$220,000,000 1% convertible notes was initially measured at fair value and subsequently measured at amortised cost basis until extinguished on conversion or redemption. The effective interest rates of the first, second and third tranche of the HK$220,000,000 1% convertible notes were 14.50%, 14.64% and 14.79%, respectively.

The movement of the liability component and the derivative component of the HK$220,000,000 1% convertible notes for the period is as below:

	Liability component *RMB'000*	**Derivative component** *RMB'000*	**Total** *RMB'000*
At 1 January 2013(Audited)	158,793	4,889	163,682
Interest expense	11,891	–	11,891
Fair value adjustment	–	(4,837)	(4,837)
Exchange realignment	(2,906)	(39)	(2,945)
At 30 June 2013 (Unaudited)	167,778	13	167,791

(b) HK$1,003,836,048 zero coupon convertible note

Part of the consideration in respect of the Reverse Takeover Transaction was the issue of HK$1,003,836,048 zero coupon convertible note to China Times on 7 March 2012.

The HK$1,003,836,048 zero coupon convertible note entitles the holders to convert to ordinary shares of the Company at an initial conversion price of HK$0.5 (subject to the anti-dilutive adjustments in accordance with the terms of the HK$1,003,836,048 zero coupon convertible note) at any time during the period commencing from the issue date of the HK$1,003,836,048 zero coupon convertible note.

Unless previous converted and cancelled by the Company, the Company shall redeem any outstanding of the HK$1,003,836,048 zero coupon convertible note at the principal amount on the maturity date which is the date falling five years after the issue date.

The Group determined the fair value of the liability component of the HK$1,003,836,048 zero coupon convertible note at inception based on the valuations performed by Jones Lang LaSalle using discounted cash flow approach. The effective interest rate is 11.2%. The residual amount was assigned as the equity component of the HK$1,003,836,048 zero coupon convertible note for the conversion option and was included in the convertible note equity reserve of the Group.

The liability component of the HK$1,003,836,048 zero coupon convertible note is carried as a non-current liability on an amortised cost basis until extinguished on conversion or redemption.

The movements of the liability component and equity component of the HK$1,003,836,048 zero coupon convertible note for the period is as follows:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
At 1 January 2013 (Audited)	521,841	336,884	858,725
Interest expense	28,151	–	28,151
Exchange realignment	(9,444)	–	(9,444)
At 30 June 2013 (Unaudited)	540,548	336,884	877,432

(c) RMB820,000,000 0.5% convertible bonds (the "Bonds")

The Bonds were issued by the Company on 30 May 2013 (the "Issue Date") in the aggregate principal amount of RMB820,000,000 (in registered form in the denomination of RMB1,000,000 each or integral multiples thereof) and are listed on the Mainboard of the Stock Exchange.

The Bonds are convertible into ordinary shares of the Company's ordinary shares (the "Shares") at any time on or after 10 July 2013 up to the close of business on the tenth day prior to 30 May 2018 (the "Maturity Date") (both days inclusive), unless previously redeemed, converted, or purchased and cancelled. The conversion price (subject to adjustments according to the "Terms and Conditions" of the Bonds) (the "Conversion Price") is initially HK$0.30 per Share at the fixed exchange rate of HK$1.00 = RMB0.79859.

The Bonds bear interest from and including the 30 May 2013 up to but excluding the Maturity Date at the rate of 0.50% per annum of the principal amount of the Bonds and payable in United States Dollar ("US$") at the US$ equivalent semi-annually in arrears on 30 November and 30 May in each year subject to the Terms and Conditions. The first interest payment date will be 30 November 2013. After the conversion rights of the Bonds have been exercised or where such Bond is redeemed or repaid pursuant to the Terms and Conditions, each Bond will not bear any interest.

Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Company shall redeem each Bond at the US$ equivalent of 102.56% of the RMB principal amount on the Maturity Date.

The Company shall, at the option of the holders of the Bonds (the "Bondholders"), redeem all or some only of such Bondholders on 30 May 2016 at 101.52% of their RMB principal amount. The US$ equivalent of amount equal to 100% of the RMB principal amount of the Bond redeemed plus the applicable amount which will provide the Bondholder a gross compound yield of 1.00% per annum calculated on a semi-annual basis (the "Early Redemption Amount") plus any accrued but unpaid interest.

A Bondholder shall have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of such Bondholder's Bonds at the US$ equivalent of the Early Redemption Amount on the date fixed for redemption upon (i) the Shares ceasing to be listed or admitted to trading or suspended for a period of more than 30 consecutive trading days on the Stock Exchange or, if applicable, the alternative stock exchange; or (ii) any person or persons (other than Daye Corporation and China Times) acting together acquires more than 50% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board; or (iii) if Daye Corporation and/or China Times and/or their respective successors directly or indirectly, acting individually or together, ceases to hold at least 30% of the voting rights of the issued share capital of the Company; or (iv) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person; or (v) one or more persons (other than such persons referred to in (ii) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company.

The Bonds are subject to redemption at the option of the Company in whole but not in part at the US$ equivalent of the Early Redemption Amount on the date fixed for redemption plus accrued interest and unpaid interest to such date provided that (i) at any time after 30 May 2016, the closing price of the Shares for each of the 20 consecutive trading days, the last day of which occurs not more than three Stock Exchange business days immediately prior to the date upon which notice of such redemption, is at least 130% of the Early Redemption Amount divided by the "Conversion Ratio" (which is arrived at dividing the principal amount of each Bond by the Conversion Price then in effect immediate prior to the date of the aforesaid notice of such redemption; or (ii) at any time, at least 90% of the principal amount of Bonds originally issued have been converted, redeemed or purchased and cancelled; or (iii) as a result of changes relating to the tax laws in Bermuda or Hong Kong the Company becomes obligated to pay any additional tax amounts but subject to the non-redemption option of each Bondholder.

The Company will undertake that so long as any Bond remains outstanding (as defined in the trust deed), the Company will not, and will ensure that none of its Principal Subsidiaries (as defined in the Terms and Conditions) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any relevant indebtedness, or any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any relevant indebtedness unless, at the same time or prior thereto, the Company's obligations under the Bonds (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the trustee in its absolute discretion shall deem to be not materially less beneficial to the interests of the Bondholders or as shall be approved by an extraordinary resolution of the Bondholders.

The Bonds have the benefit of the irrevocable standby letter of credit issued in favour of the trustee, on behalf of the Bondholders, by Bank of China Limited, Macau Branch (the "Letter of Credit") until 29 June 2016 or such earlier date as specified below. The Letter of Credit shall be drawable by the trustee as beneficiary under the Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT sent by the trustee to the effect that (i) the Company has failed to pay the pre-funding an amount that is payable under the Terms and Conditions; or (ii) an event of default has occurred and the trustee has given notice to the Company that the Bonds are immediately due and payable; or (iii) the Company has failed to pay the fees and expenses in connection with the Bonds or the trust deed when due and such failure continues for a period of 7 days from the date of the trustee delivering demand therefor to the Company; or (iv) the payment by the SBLC Bank pursuant to a previous demand presented by the trustee in accordance the preceding sub-paragraph (iii) was when converted into US$ not sufficient to discharge in full the fees and expenses in connection with the Bonds; or the trust deed when due. Subject to the Terms and Conditions, the Letter of Credit shall expire on the date falling 3 years and 30 days after the Issue Date. The SBLC Bank's liability under the Letter of Credit shall be expressed and payable in RMB and shall not exceed the sum representing RMB840,000,000 which will from time to time be reduced by (i) each amount drawn and paid under the Letter of Credit; and (ii) redemption, conversion or repurchase and cancellation of the Bonds and receipt by the SBLC Bank of a Reduction Notice (as defined in the Letter of Credit) in relation thereto.

Further details of the Bonds are set out in the Company's announcements dated 9 May 2013 and 30 May 2013.

The Company determined the fair value of the derivative component (conversion right of Bondholders and others) of the Bonds based on the valuations performed by Jones Lang LaSalle using the Binominal Model and such amounts are carried as derivative components until extinguished on conversion or redemption. Changes in fair value of derivative components are recognised in profit or loss.

The liability component of the Bonds was initially measured at fair value and subsequently measured at amortised cost basis until extinguished on conversion or redemption. The effective interest rate is 8.1%.

The movements of the liability component and the derivative component of the Bonds from the issue date to 30 June 2013 are as below:

	Liability component	**Derivative component**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
On issue date (Unaudited)	669,766	150,234	820,000
Interest expense	4,441	–	4,441
Fair value adjustment	–	(48,128)	(48,128)
At 30 June 2013 (Unaudited)	674,207	102,106	776,313

BUSINESS REVIEW

In the first half of 2013, by optimizing our production processes, the Company operated mines at full capacity and maintained stability of the metallurgical system. The Company produced a total of: (1) 183,100 tonnes of copper cathode, up by 50.10% from the corresponding period of the previous year; (2) 235.6 tonnes of precious metals (including approximately 4,145 kg of gold, 231 tonnes of silver, 8 kg of platinum and 97 kg of palladium), up by approximately 32.06% from the corresponding period of the previous year; (3) 504,838 tonnes of chemical products (including 504,220 tonnes of sulfuric acid, 223 kg of ammonium perrhenate, 64 tonnes of selenium dioxide and 7 tonnes of tellurium), up by approximately 50.76% from the corresponding period of the previous year; and (4) 120,770 tonnes of iron concentrate, up by approximately 1.5% from the corresponding period of the previous year.

The Company operated amid the complicated and challenging environment in 2013. The previously rapid growth of the PRC economy slowed down and the rebound at the end of 2012 failed to maintain its momentum. In the face of market changes, the prices of major products of the Company such as gold, silver and copper dropped substantially by 9%, 14% and 6% as compared with the corresponding period of the previous year, respectively. The prices of by-products such as selenium dioxide also decreased at varying rates since the beginning of the year, which resulted in a significant decrease in the Company's profit in the first half of the year.

At the end of May 2013, the Group had successfully issued convertible bonds of RMB820 million which were settled in the US dollar with a term of five years, the net proceeds of which amounted to RMB806 million and will be used as the Group's capital as well as for general purposes. The issuance of such convertible bonds marked a significant move for the Company to attract independent significant shareholders who share a similar vision with the Company and may introduce the best international practice to the business strategies and corporate governance of the Company. In addition, it also created favourable opportunities for the Company to attract more quality institutional investors and expand and diversify its shareholder base. It also improved liquidity level and reduced financing cost of the Group.

Under structural adjustment and industrial transformation, the Company carried out restructuring based on environmental protection regulations and in line with the increasing awareness of energy conservation and emission reduction. With higher pressure for better core profitability and environmental protection, the Company had greater operation pressure as compared with the financial crisis in 2009.

According to the General Administration of Customs of the PRC, imported copper by China amounted to approximately 379,951 tonnes in June 2013, representing an increase of 21,279 tonnes as compared with that in May 2013, and an increase of 20% as compared with the corresponding period of the previous year. The total amount of copper imported by China during the first half of 2013 was approximately 2,002,000 tonnes, representing a decrease by 20% as compared with the corresponding period of the previous year on an accumulative basis. Therefore, other enterprises in the industry are facing the same challenges. If the Company can endure the predicament, it will no longer lag behind the rest of its peers and will increase its market share so as to surpass its competitors. At this crucial moment, the Company shall increase production capacity and strive to enhance efficiency while reducing costs. It will be committed to achieving its annual targets despite the adverse environment.

The Company will endeavour to achieve the following objectives:

(I) Strengthen marketing and trading operation

The Company will consolidate its "market-oriented and efficiency-focused" operation principle to enhance marketing and trading operation. First, volatile market may still bring us business opportunities. The Company will capitalise on any favourable opportunities with its experience in marketing. Second, it will carry out reforms in respect of trading operation to turnaround the adverse situation of limited trading goods varieties and single trading model with poor profitability. The Company will put efforts in the innovation of trading model and expansion of trading goods varieties. New trading businesses, such as copper concentrate, blister copper and precious metals, will also be studied. The Company will actively open up new markets in selected regions when incentive policies are introduced. Risk management will be strengthened for the development in trading business.

(II) Reduce production costs

The Company will strive to reduce costs and expenses while optimizing the organization of production units. Focusing on major cost items such as energy consumption and consumption of commodities, it will improve cost monitoring means and measures. By choosing the most economical production process, the Company will refine and optimize cost and expense control and formulate stringent management measures to control various consumption indicators as planned. In particular, post-related cost consumption will be considered in individual performance appraisal to better measure and control consumption indicators.

(III)Strengthen risk management

The Company will formulate and improve the Administrative Measures on Risk Control (風險控制管理辦法). The overall process of risk identification, analysis, evaluation, accountability and appraisal shall be streamlined. The Company will continue to adopt the weekly risk control reporting routine to form an effective risk prevention and management system in respect of economic policies, including spot and futures market risks, exchange rate risks and interest rate risks. Currently, it will place emphasis on preventing market risks and futures operational risks arising from the backlog of inventories of key products and by-products due to significant fluctuation in product prices. The Company will import various markets when the conditions are favourable and enter into future contracts of different duration to ensure the continuous supply. The Company will focus on exchange rate and interest rate management by reasonable selection of exchange rate risk hedging instruments and formulation of exchange rate risk budget control plans by business types. Researches on changes in domestic and international market interest rates will be strengthened. The Company will prevent risks arising from interest rate fluctuations by issuing short-term financing notes and mid- to long-term direct debt financing instruments when the market conditions are favourable.

Last, maintaining overall stability and harmonious organisation will lay a foundation for ensuring the accelerated growth of the Company. The Company will take good advantage of the development opportunities brought by reforms. By broadening the horizon and capacity of key personnel, we will implement centralised decision making and planning as well as expedited reform so as to realize synergistic growth. The Company believes that by capitalizing on the efforts of its management and employees and the support from society, it will achieve sustainable and rapid development.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Riding on the market conditions, as well as operating its mines with stable productivity, the Group has recorded a growth in revenue in the first half of 2013 even under the uncertainty of the global economy.

The Group's revenue rose by 15.1% to RMB16,944.3 million during the period over the same period last year of RMB14,722.7 million. The increase in revenue was mainly attributable to the increase in trading of metals during the period. Gross profit margin was maintained at about 2.7% for the period (six months ended 30 June 2012: 2.8%) and the slight decrease in gross profit margin was mainly due to the thin margin of trading of metals. The Group's EBITDA (being the Group's loss/profit for the period adding back the depreciation and amortization, finance costs, income tax credit/expense and impairment for goodwill and mining rights) for the period amounted to RMB531.3 million, representing an increase of RMB81.2 million from RMB450.1 million in the same period of last year.

The Group reported a loss attributable to owners of the Company of RMB2,066.3 million for the six months ended 30 June 2013, representing a decrease from a profit attributable to owners of the Company of RMB80.3 million reported for the corresponding period last year by RMB2,146.6 million. This significant decrease in results was mainly attributable to the impairment for goodwill and mining rights of RMB2,114.6 million attributable to the owners of the Company made during the period. Such impairment losses were made in relation to the unfavorable future prospect of the Group's business due to the forecasted fall of selling prices of the Group's products and expected decrease in profit margin as a result of the slowdown of the global economy.

Without taking into account these impairment losses, the Group had a profit of RMB48.3 million attributable to the owners of the Company for the six months ended 30 June 2013, representing a decrease of 39.9% from last year and reflects the drop in prices of the Group's products and increase in finance costs and various expenses during the period.

Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2013, the Group incurred RMB496.0 million (six months ended 30 June 2012: RMB637.4 million) for acquisition of property, plant and equipment.

As of 30 June 2013, bank deposits, bank balances and cash of the Group amounted to RMB1,850.7 million (31 December 2012: RMB1,434.5 million).

As at 30 June 2013, the Group had net current assets of RMB21.9 million (31 December 2012: RMB180.4 million), with a current ratio of approximately 1.0 (31 December 2012: 1.0), being calculated based on the current assets of approximately RMB10,241.7 million (31 December 2012: RMB7,559.8 million) divided by current liabilities of approximately RMB10,219.8 million (31 December 2012: RMB7,379.4 million). As at 30 June 2013, the Group's gearing ratio was approximately 273.0% (31 December 2012: 130.4%), being calculated based on the net debts (which represent the bank and other borrowings, convertible notes/bonds and cumulative redeemable preference shares of approximately RMB11,203.2 million (31 December 2012: RMB8,639.8 million) less the bank deposits, bank balances and cash of the Group) divided by the equity attributable to owners of the Company of approximately RMB3,426.3 million (31 December 2012: RMB5,492.4 million).

As at 30 June 2013, the Group had bank and other borrowings, convertible notes/bonds and cumulative redeemable preference shares amounting to approximately RMB7,491.5 million (31 December 2012: RMB5,135.5 million) and RMB3,711.7 million (31 December 2012: RMB3,504.2 million) which will be due within one year and after one year respectively.

The Group believes its current assets, funds and future revenue will be sufficient to finance the future expansion and working capital requirements of the Group.

Employees, Remuneration Policy and Share Option Scheme

As at 30 June 2013, the Group had a total of 9,269 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 conditions, and the qualification and performance of the individual employee. The remuneration packages are periodically reviewed 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. On 26 March 2013, the directors of the Company passed a resolution to cancel all of the outstanding share options.

Foreign Exchange Exposure

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from the 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 and associated companies

The Group did not make any material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2013.

Contingent liabilities

As at 30 June 2013, the Group had no contingent liabilities.

Charges on assets

As at 30 June 2013, bank deposits of RMB399.2 million (31 December 2012: RMB162.3 million) were pledged to banks as security for certain banking facilities of the Group. Bank balances of RMB32.5 million (31 December 2012: RMB241.6 million) were held in designated bank accounts as security for the Group's letter of credits. In addition, other deposits of RMB241.7 million (31 December 2012: RMB41.1 million) were held in certain financial institutions as security for the commodities derivative and currency forward contracts.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's securities.

AUDIT COMMITTEE

The Company has established its audit committee in accordance with the requirements of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 announcement for the six months ended 30 June 2013.

REMUNERATION COMMITTEE

The Company has established its 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 2013.

NOMINATION COMMITTEE

The Company has established its nomination committee with specific terms of reference. The nomination committee is responsible for reviewing the structure, size and composition of the Board, identifying individuals suitable ad qualified to become board members and making recommendations to the Board (regarding the selection of individuals nominated for directorship, the appointment of the Directors and their succession planning) and assessing the independence of the independent non-executive Directors.

The nomination committee comprises one executive director, namely Mr. Zhang Lin; three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Guanzhou.

CODE ON CORPORATE GOVERNANCE

The Company executes a high standard of business ethics and corporate governance practices. The Board considers such commitment essential in achieving high levels of transparency and accountability and in 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 2013, in compliance with the principles and code provisions of the CG Code (except, as was the case for the year ended 31 December 2012 as disclosed in the Company's 2012 annual report, code A.4.1 — which specifies that non-executive Directors should be appointed for a specific term, subject to re-election. However, as was the case for the year ended 31 December 2012 as disclosed in the Company's 2012 annual report, all Directors (including executive and non-executive Directors) of the Company are subject to retirement by rotation at least once every three years at the annual general meetings of the Company in accordance with the bye-laws of the Company. As such, the Board continues to consider 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.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.hk661.com. An interim report for the six months ended 30 June 2013 will be despatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

I would like to take this opportunity to thank my fellow Directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, customers and business partners for their support.

By order of the Board
China Daye Non-Ferrous Metals Mining Limited
Zhang Lin
Chairman

Hong Kong, 29 August 2013

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