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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: 00661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board of the directors (the "Board") of China Daye Non-Ferrous Metals Mining Limited (the "Company", together with its subsidiaries, the "Group") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 prepared in accordance with Hong Kong Financial Reporting Standards as follows (together with the comparative figures for the corresponding period of the previous year):

HIGHLIGHTS

	2014	2013	**Changes**	
	RMB'000	*RMB'000*	***RMB'000***	%
Revenue	**42,808,295**	43,598,452	**(790,157)**	(1.81%)
Gross profit	**798,227**	896,040	**(97,813)**	(10.92%)
Loss before tax	**(158,210)**	(1,937,336)	**1,779,126**	(91.83%)
Loss for the year attributable to owners of the Company	**(95,553)**	(1,949,229)	**1,853,676**	(95.10%)
Basic loss per share	**RMB(0.55) fen**	RMB(11.25) fen	**RMB10.70 fen**	(95.11%)
Diluted loss per share	**RMB(0.59) fen**	N/A	**N/A**	N/A

During the period, revenue decreased by 1.81% to RMB42,808,295,000, compared with RMB43,598,452,000 in the same period of 2013. Gross profit decreased by RMB97,813,000 to RMB798,227,000, compared with RMB896,040,000 in the same period of 2013.

Loss attributable to owners of the Company for 2014 decreased by 95.10% to RMB95,553,000, compared with RMB1,949,229,000 in the same period of 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Revenue	*5, 6*	**42,808,295**	43,598,452
Cost of sales/services		**(42,010,068)**	(42,702,412)
Gross profit		**798,227**	896,040
Other income	*7*	**174,823**	78,452
Selling expenses		**(75,994)**	(75,472)
Administrative expenses		**(346,574)**	(344,211)
Other operating expenses		**(19,598)**	(50,180)
Other (losses) gains, net	*8*	**(137,191)**	56,492
Impairment of goodwill	*9*	**–**	(1,961,656)
Finance costs	*10*	**(529,002)**	(536,801)
Share of results of joint ventures		**(22,901)**	–
Loss before tax		**(158,210)**	(1,937,336)
Income tax credit (expense)	*11*	**31,641**	(30,389)
Loss for the year	*12*	**(126,569)**	(1,967,725)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation		**1,872**	14,837
Share of net fair value gain on available-for-sale financial assets of joint ventures		**71,164**	–
		73,036	14,837
Total comprehensive expense for the year		**(53,533)**	(1,952,888)

	Notes	**2014**	2013
		RMB'000	*RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(95,553)**	(1,949,229)
Non-controlling interests		**(31,016)**	(18,496)
		(126,569)	(1,967,725)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(22,517)**	(1,936,629)
Non-controlling interests		**(31,016)**	(16,259)
		(53,533)	(1,952,888)
Loss per share	*13*		
— Basic		**RMB(0.55) fen**	RMB(11.25) fen
— Diluted		**RMB(0.59) fen**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**7,410,599**	6,640,509
Exploration and evaluation assets		**188,361**	161,023
Prepaid lease payments		**704,205**	718,894
Intangible assets	16	**777,917**	916,267
Interests in joint ventures		**112,965**	64,702
Restricted bank deposits		**–**	171,993
Deferred tax assets		**87,950**	76,056
Deposit for acquisition of intangible assets		**–**	31,696
Deposits for acquisition of property, plant and equipment		**47,380**	114,731
		9,329,377	8,895,871
CURRENT ASSETS			
Prepaid lease payments		**20,456**	20,299
Inventories		**4,494,964**	5,354,078
Trade, bills and notes receivables	17	**487,194**	643,273
Prepayments and other receivables		**500,241**	1,141,164
Derivative financial instruments		**40,354**	5,057
Restricted deposits and bank balances		**892,832**	301,972
Bank and other deposits, bank balances and cash		**1,401,186**	1,433,470
		7,837,227	8,899,313
CURRENT LIABILITIES			
Trade and bills payables	18	**1,133,451**	1,255,860
Other payables and accrued expenses		**1,269,965**	1,523,233
Income tax payable		**631**	–
Derivative financial instruments		**61,548**	154,006
Bank and other borrowings — due within one year		**5,021,480**	5,901,963
Cumulative redeemable preference shares		**–**	873
Early retirement obligation		**7,530**	9,710
		7,494,605	8,845,645
NET CURRENT ASSETS		**342,622**	53,668
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,671,999**	8,949,539

	2014	2013
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Issued equity	**705,506**	705,506
Share premium and reserves	**2,840,265**	2,862,782
Equity attributable to owners of the Company	**3,545,771**	3,568,288
Non-controlling interests	**373,296**	404,312
TOTAL EQUITY	**3,919,067**	3,972,600
NON-CURRENT LIABILITIES		
Convertible note/bonds	**1,377,919**	1,354,274
Bank and other borrowings — due after one year	**3,961,088**	3,194,645
Deferred income	**230,432**	217,023
Provision for mine rehabilitation, restoration and dismantling	**40,344**	39,169
Early retirement obligation	**22,078**	30,153
Deferred tax liabilities	**121,071**	141,675
	5,752,932	4,976,939
	9,671,999	8,949,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 "Hong Kong 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 18th Floor, 8 Queen's Road Central, 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 (the "Directors"), the ultimate holding company of the Company is China Non-ferrous Metal Mining (Group) Co., Ltd., a company incorporated with limited liability under the laws of the People's Republic of China (the "PRC").

The functional currency of the companies comprising the Group is Renminbi ("RMB"), except for the functional currency of the Company and its certain subsidiaries is Hong Kong Dollar ("HK$"), and these consolidated financial statements have been presented in RMB.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 7 March 2012, the Group acquired the entire issued share capital of Prosper Well Group Limited ("Prosper Well", a company incorporated in British Virgin Islands ("BVI") 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 (the "Transaction").

Prosper Well and its subsidiaries (the "Prosper Well Group") are principally engaged in mining and processing of mineral ores and selling/trading of metal products in the PRC. The details of the Transaction are set out in the Company's circular dated 29 December 2011 and the Company's supplemental circular dated 17 February 2012.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Except for the early application of amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets, the Group has applied, for the first time, an interpretation and certain amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

HK(IFRIC)-Int 21 Levies

HK(IFRIC)-Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC)-Int 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The application of amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Directors are still assessing the impacts on the application of HKFRS 9, HKFRS 15, and amendments to HKAS 16 and HKAS 38 on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of these standards until the Group performs a detailed review.

Other than set out above, the Directors do not anticipate that the application of other amendments to HKFRSs will have a material impact on the amounts reported in Group's consolidated financial statements and/or disclosures set out in these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

5. 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 year.

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

	2014	2013
	RMB'000	*RMB'000*
Revenue from sale of goods	**42,747,781**	43,543,030
Revenue from the rendering of services	**60,514**	55,422
	42,808,295	43,598,452

6. 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 performance focuses on types of goods or services delivered or provided. The chief operating decision maker regularly review revenue by respective products and services and the consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole. However, no further discrete financial information is available. Accordingly, no operating segment information is presented other than entity-wide disclosures.

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

	2014	2013
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**29,020,454**	30,148,297
— other copper products	**897,076**	4,845,557
— gold and other gold products	**8,628,869**	5,258,387
— silver and other silver products	**3,269,413**	2,357,760
— sulphuric acid and sulphuric concentrate	**204,621**	143,668
— iron ores	**255,293**	231,534
— others	**472,055**	557,827
	42,747,781	43,543,030
Rendering of services		
— copper processing	**49,910**	45,039
— others	**10,604**	10,383
	60,514	55,422
Total revenue	**42,808,295**	43,598,452

7. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Interest income	**67,220**	47,574
Value-added tax refund	**12,729**	9,400
Government grants received *(Note)*	**81,339**	11,633
Deferred income recognised	**13,535**	9,845
	174,823	78,452

Note: The government grants mainly represented subsidies for interest (incurred on imported copper ores) and employees medical expenses. The relevant interest expense and employees medical expenses had been previously charged to profit or loss.

8. OTHER (LOSSES) GAINS, NET

	2014	2013
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment, net	**(1,832)**	(10,623)
Gain on disposal of subsidiaries	**–**	42,072
Impairment of mining rights	**(175,636)**	(186,183)
Fair value changes (transactions not qualified as fair value hedges) from:		
— Commodity derivative contracts	**113,730**	(121,918)
— Currency forward contracts	**6,573**	(10,034)
— Gold loans designated as financial liabilities at fair value through profit or loss	**(145,219)**	127,485
Fair value changes (transactions qualified as fair value hedges) from:		
— Inventory hedged by commodity derivative contracts	**818**	8,464
— Fair value gains of commodity derivative contracts designated as hedging instrument	**(818)**	(8,464)
Gain on derivative component on convertible notes/bonds	**92,525**	38,440
Exchange (losses) gains, net	**(36,793)**	89,532
(Allowance for) reversal of impairment of:		
— trade receivables	**(6,691)**	(53)
— other receivables	**13,633**	(7,752)
Reversal of provision upon obligation discharged	**–**	90,976
Others	**2,519**	4,550
	(137,191)	56,492

9. IMPAIRMENT OF GOODWILL

In June 2013, the Directors decided that full impairment for the goodwill of RMB1,961,656,000 be charged to the consolidated statement of profit or loss and other comprehensive income in view of the unfavourable future prospect of the business of the Group due to the forecasted low selling price of the Group's products and expected decrease in profit margins as a result of the slowdown of the global economy.

The goodwill was arisen from the Transaction as disclosed in note 2. The Directors consider the Company and its subsidiaries upon completion of the Transaction as a whole would benefit from the synergies of the Transaction. Therefore, goodwill is allocated to one cash generating unit, being the Group after the completion of the Transaction, which also represents the single operating segment of the Group as disclosed in note 6 and they would be under one operating segment.

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% per annum. 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 growth rate which is the projected long-term average growth rate for the industry.

10. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other borrowings:		
— wholly repayable within five years	**(380,524)**	(366,740)
— not wholly repayable within five years	**(8,674)**	(5,865)
Interest on loans from Daye Non-Ferrous Metals Corporation Holdings Limited	**(57,984)**	(70,358)
Interest on loans from Daye Non-Ferrous Metals Finance Company Limited ("Daye Finance Company")	**(3,513)**	–
Interest on convertible notes/bonds	**(129,630)**	(108,061)
Unwind interest of provision for mine rehabilitation, restoration and dismantling and employees medical obligation	**(1,175)**	(1,141)
Unwind interest of provision for employees medical obligation	**–**	(5,281)
Unwind interest of early retirement obligation	**(1,580)**	(1,620)
Total borrowing costs	**(583,080)**	(559,066)
Less: Amounts capitalised in the cost of qualifying assets	**54,078**	22,265
	(529,002)	(536,801)
The weighted average capitalisation rate on funds borrowed, generally (per annum)	**5.67%**	5.43%

11. INCOME TAX CREDIT (EXPENSE)

	2014	2013
	RMB'000	*RMB'000*
PRC Enterprise Income Tax	**(886)**	(115)
Deferred income tax	**32,527**	(30,274)
	31,641	(30,389)

No provision for Hong Kong profits tax has been made as the Group has no assessable profit generated in Hong Kong for both years. 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 years.

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2014	2013
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**469,849**	439,970
Amortisation of intangible assets	**29,027**	28,639
Amortisation of prepaid lease payments	**20,457**	20,299
Auditor's remuneration	**3,350**	3,329
Staff costs (including Directors' remuneration):		
— Salaries, wages and welfare	**537,200**	591,904
— Retirement benefit schemes contributions	**145,990**	145,310
Total staff costs	**683,190**	737,214
Cost of inventories recognised as an expense	**41,961,210**	42,654,791
Research costs	**6,008**	8,829
Donations	**6**	274
Minimum lease payments in respect of land and buildings	**15,263**	18,560

13. LOSS PER SHARE

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

	2014	2013
Loss		
Loss for purpose of basic loss per share (Loss for the year attributable to owners of the Company (in RMB'000))	**(95,553)**	(1,949,229)
Effect of dilutive potential ordinary shares:		
— RMB820,000,000 0.5% convertible bonds		
• Interest on convertible bonds	**66,118**	N/A
• Gain on derivative component	**(92,525)**	N/A
Loss for the purpose of diluted loss per share	**(121,960)**	N/A
Number of shares		
Number of ordinary shares for the purpose of basic loss per share ('000)	**17,327,911**	17,327,911
Effect of dilutive potential ordinary shares:		
— RMB820,000,000 0.5% convertible bonds	**3,422,699**	N/A
Loss for the purpose of diluted loss per share	**20,750,610**	N/A

The computation of diluted loss per share for the year ended 31 December 2014 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 a decrease in loss per share for the year ended 31 December 2014.

The computation of diluted loss per share for the year ended 31 December 2013 does not assume the conversion of the Company's outstanding HK$1,003,836,048 zero coupon convertible note, RMB820,000,000 0.5% convertible bonds and HK$220,000,000 1% convertible notes since their exercise would result in a decrease in loss per share for the year ended 31 December 2013.

The computation of diluted loss per share for the year ended 31 December 2013 does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price of the Company's ordinary shares for 2013.

14. DIVIDENDS

No dividend was paid or proposed during 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group had additions to property, plant and equipment amounting to RMB1,242,366,000 (2013: RMB1,472,895,000).

16. INTANGIBLE ASSETS

As at 31 December 2014, the Directors performed impairment assessment on the Group's mining rights and the Group recognised losses on impairment of mining rights of RMB94,636,000 (2013: RMB186,183,000) and RMB81,000,000 (2013: Nil) in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region held by 新疆同興礦業有限責任公司 (Xinjiang Tong Xing Mining Company Limited) ("Tong Xing", a non-wholly owned subsidiary of the Company) and 新疆滙祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Co., Ltd.) ("Hui Xiang", a non-wholly owned subsidiary of the Company), respectively, in view of the unfavourable future prospects of the relevant copper mines due to the forecasted low selling price of their copper products and expected decrease in profit margin as a result of the slowdown of the global economy.

The recoverable amounts of the mining rights of Tong Xing and Hui Xiang have been determined using cash flow projections of the respective copper mines based on financial budgets over their life as approved by the Directors.

The Directors believe these major assumptions are reasonable and achievable.

17. TRADE, BILLS AND NOTES RECEIVABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade receivables	**321,080**	55,246
Less: Allowance of doubtful debts	**(11,134)**	(4,443)
	309,946	50,803
Bills receivable:		
— On hand	**29,187**	304,557
— Endorsed to suppliers	**97,386**	267,913
— Discounted to Daye Finance Company	**50,675**	–
Notes receivable discounted to banks	**–**	20,000
Total trade, bills and notes receivables	**487,194**	643,273

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 recognised, net of allowance for doubtful debts.

	2014 *RMB'000*	2013 *RMB'000*
Trade receivables, net		
— Less than 1 year	**309,301**	50,670
— 1–2 years	**524**	133
— 2–3 years	**121**	–
	309,946	50,803

The Group's bills and notes receivable represent the bank bills and commercial acceptance notes issued by bank and third parties, respectively.

The maturity period of both bills and notes receivable are within 6 months.

18. TRADE AND BILLS PAYABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade payables	**1,008,951**	1,255,860
Bills payable	**124,500**	–
	1,133,451	1,255,860

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**991,920**	1,245,292
More than 1 year, but less than 2 years	**7,874**	3,371
More than 2 years, but less than 3 years	**2,610**	1,564
Over 3 years	**6,547**	5,633
	1,008,951	1,255,860

The maturity period of bills payable are within 6 months.

BUSINESS REVIEW

2014 was a challenging year for the Company. Economic growth of China continued to slow down. Non-ferrous metal prices remained low and operational risks continued to increase. Nonetheless, with the support from every unit, the Company maintained a stable and rapid growth despite the above unfavourable conditions.

Revenue from business operations for the year ended 31 December 2014 amounted to approximately RMB42,808,295,000 (2013: RMB43,598,452,000), representing a year-on-year decline of approximately 1.81%. Loss attributable to owners of the Company was approximately RMB95,553,000 (2013: approximately RMB1,949,229,000), mainly attributable to a decrease in product prices and the impairment for mining rights of RMB175,636,000 made during the year. Comparing with 2013, the Group's impairment of goodwill and mining rights decreased by RMB1,972,203,000.

OPERATION RESULTS

Production targets for the year were fulfilled thanks to the efforts of different units. A total of approximately 25,000 tonnes of mined copper was produced, up by 14.16%. The Company also produced 461,000 tonnes of copper cathode, up by 7.05% from the previous year; 896 tonnes of precious metals (including 20 tonnes of gold, 865 tonnes of silver, 5.5 kg of platinum and 265.5 kg of palladium and 11 tonnes of tellurium), up by 63.81% year-on-year; 1,023,000 tonnes of chemical products (including 1,022,000 tonnes of sulphuric acid, 609 kg of ammonium perrhenate, 417 tonnes of nickel sulphate, 921 tonnes of copper sulfate and 152.3 tonnes of crude selenium), up by approximately 4.23% year-on-year; and 297,000 tonnes of iron concentrate.

In 2014, the production and operation of the Company faced numerous challenges and difficulties. The unfavourable factors affecting the Company are as follows:

1. Market price: Despite the significant increase in the production capacity of mines, expected profits are unlikely to be realised due to the decrease in copper price.

2. Soaring costs: Costs including labour costs, expenses for environmental protection and finance costs are soaring.

3. Increasing risks: Attributable to the unpredictability of the financial market and mounting exchange rate and interest rate risks under the pressure of economic downturn, risks of receivables and contract performance increased.

4. Effects of policies: Support from the government has been decreasing. In order to create a fair market environment, the government is not likely to promulgate large-scale stimulus policies again and has started to reduce specific policies and financial support for state-owned enterprises.

SAREKE COPPER MINE

The mining and recovery project of a daily capacity of 3,500 tonnes in Sareke Copper Mine was completed in June 2014 and has been on trial production since 29 July 2014. DCS automatic control system, a sophisticated and upgraded system, was used for the project. The production of the project is of high standards and has room for future expansion. The production facilities, production process and operation parameters were fully tested and improved during the trial production. The data collected during the trial operation will be very useful for future production projects in highlands. The production and environmental protection of the copper mining operation in Sareke Copper Mine is of the highest standards in China.

In order to meet the demand of mineral resources of the selection facilities, the Company further expanded exploration activities and significant progress has been made. According to the estimates of SRK on the basis of JORC code, the geographic resources (metal resources) of the mining belt on the north of the mine increased from 60,000 tonnes to 210,000 tonnes. The Sareke Copper Mine has a daily recovery capacity of 3,500 tonnes per day. The annual capacity will be 1.15 million tonnes when the facilities are fully utilized. The annual production of copper and copper concentrate will be 9,000 tonnes and 8,000 kilograms, respectively. The Sareke Copper Mine will be the largest copper extraction and selection mine in southern Xinjiang.

MARKET PROSPECTS

The global economy remains highly uncertain in 2015. From a maro-economic prospective, the global economy is yet to recover from the international financial crisis while trade protectionism emerges as a major issue in international trade. There are signs of economic recovery but at difference paces for different countries and the recovery is very fragile. The non-ferrous metals industry is still very weak and the market is full of uncertainties, making it hard to manage the market risks. On the other hand, the world's major economies are still showing different development trends. The U.S. dollar will continue to strengthen as it becomes more appealing to investors who seek safe-haven currencies for investment, which will bring pressure on copper prices. However, the Chinese economy is still in a transitional period of structural adjustment. Despite the overall steady economic conditions of China, copper consumption will see slower growth due to changes in production demand in various aspects.

Copper prices are expected to remain at low level in 2015, mainly due to the continuous appreciation of U.S. dollar, higher interest rate of U.S. bonds and weaker demand from global economies for non-ferrous metals.

According to the International Copper Study Group, the global output of copper concentrate and copper concentrate in 2015 is expected to increase by 4.29% and 7% to 23,056,000 tonnes and 19,816,000 tonnes respectively. Global copper smelting projects will continue to increase and China will account for a major share in terms of the distribution structure in 2015. Moreover, with rising human resources and environmental protection costs for non-ferrous metal enterprises in 2015, significant improvement in financing costs faced by non-ferrous metals enterprises is unlikely in the short-term. As such, the operation environment for non-ferrous enterprises in 2015 will continue to be challenging.

According to the General Administration of Customs of the People's Republic of China, copper concentrate imports in 2014 amounted to 11,863,300 tonnes, representing an increase of 17.8% over last year, mainly due to increased copper concentrate imports of smelting plants which resulted from the rising processing fees and the decline in import prices of copper concentrate. In 2015, the copper concentrate imports of China is expect to reach 14,236,000 tonnes, among which 700,000 tonnes is expected to be imported by the Group. Moreover, the Group will endeavour to further improve its productivity to generate higher income.

Based on the above uncertainties, the Group will focus on resolving the development challenges and the inherent problems of the industry. In addition, the Company intends to carry out reforms and innovations to enhance staff quality and efficiency. It will also attach great importance to anti-corruption activities and strengthen process management so as to maintain its competitive edges and improve competitiveness. Moreover, the Group will try to take advantage of low copper price and seize appropriate merger and acquisition investment projects.

OPERATING OBJECTIVES AND STRATEGIES IN 2015

The world economy is still in the period of adjustment. China's economy is no exception and with the increasing labour cost, the operation of the Group is under pressure.

The main production targets of the Group for 2015 include producing 35,600 tonnes of mined copper, 550,000 tonnes of copper cathode, 20 tonnes of gold, 1,000 tonnes of silver, 1,050,000 tonnes of sulphuric acid, 345,000 tonnes of iron concentrate, 120 tonnes of molybdenum concentrate (containing molybdenum), 15 kg of platinum, 200 kg of palladium, 550 kg of ammonium perrhenate (containing metal), 400 tonnes of nickel sulfate (containing metal), 150 tonnes of crude selenium, 15 tonnes of tellurium and 150,000 tonnes of copper rods.

In order to achieve the above production targets, we will strive for reform and innovation to improve quality and efficiency. Therefore, we will adopt the following measures in order to optimize operational efficiency:

1. To increase productivity through organized production

Grasping the opportunities in developing from the infrastructure construction stage to the production stage, we will organize production at full capacity and capture economic benefits by leveraging on our advantages in resources. We aim to achieve an annual production of mined copper of 35,600 tonnes. Production and exploration of Tonglvshan Mine will be strengthened through better planning and logistics system of mines. For Fengshan Mine, we will expand mine exploration in the southern edge in order to extend its production life, and raise productivity in the northern edge, so as to ensure mine production in both edges meet the required standards. The underground system of Tongshankou Mine will commence full operation by the end of March, and the new tailings pond will start to discharge sand in the first half of the year. Sareke Copper Mine will complete its filing system test by the end of May. We will strive to meet our production targets as soon as possible through the optimization of the new mine-selection system.

In respect of the metallurgy and metal segment, we will make full use of the refined smelting system and the improved efficiency in metallurgy, as well as the advantage of technology to achieve economies of scale of metallurgy. We will optimise production structure of our melting plants, with a focus on achieving full-capacity production of the Ausmelt furnace and the new 300,000-tonne electrolysis system, in order to lower production cost with our advanced technology and facilities. We will closely monitor key areas affecting production, such as recovery rates of the Ausmelt furnace and converter, feeding volume of the Ausmelt furnace per hour and operating hours of the Ausmelt furnace, in order to secure the minimum annual production of 295,000 tonnes of crude copper and reach the production target of 300,000 tonnes. As for our rare and precious metal plant, we aim to achieve the production target in the rare and precious metal industrial park, improve the production technologies and standards and refine the production structure to reduce production cost.

2. To raise efficiency through effective operation

We will increase our efforts in mergers and acquisitions and restructuring in order to expand and control cost. Grasping the special opportunities from the present economic downturn, we will actively pursue mergers and acquisitions and restructuring opportunities and actively make use of the capital market. To raise technological level, we will actively seek opportunities for restructuring and cooperation with enterprises with quality resource projects, technological advantage, sound development potential, development which is in line with the industrial trend and advanced business model.

3. **To ensure operation results by strengthening risk prevention**

   In order to further refine the risk prevention system, we have established a risk prevention team, appointed a specific department and personnel to take charge of the risk control responsibilities and adopted management measures for risk prevention, so as to refine the risk management system and procedure.

4. **To achieve growth with innovation**

   We will refine the working mechanism for cooperation in technology with production enterprises, academics institutions and research centers, and increase our efforts in the recruitment of talents in the high technology field and accelerate the establishment of a national technology centre, postdoctoral scientific research working station, provincial engineering centre and key laboratory. Capitalizing on our advantages, we strive to develop a technology platform for the extraction selection of non-ferrous metal as well as integration in the use of precious metals, analysis and testing, registration protection and other matters.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2014, the Group recorded revenue of approximately RMB42,808,295,000 (2013: RMB43,598,452,000), representing a decrease of approximately 1.81% from the previous year. The decrease was mainly attributable to the decrease in product prices and lower trading revenue earned following the disposal of subsidiaries in 2013 (which are currently accounted for as joint ventures), upon which their revenue was no longer consolidated in 2014.

Cost of sales/services

For the year ended 31 December 2014, the cost of sales/services of the Group amounted to approximately RMB42,010,068,000 (2013: RMB42,702,412,000), representing a decrease of approximately 1.62% from the previous year, which was primarily due to the decreases in sales coupled with our implementation of cost control measures to lower production costs.

Gross profit

Gross profit decreased by RMB97,813,000 to RMB798,227,000, compared with RMB896,040,000 in the same period of 2013. This decrease in gross profit was mainly due to the effect of the decrease in product prices while production costs remained high.

Other income

Other income for the year ended 31 December 2014 amounted to approximately RMB174,823,000 (2013: RMB78,452,000), representing an increase of approximately 122.84% from the previous year. The increase is primarily due to the increase in subsidies for interest (incurred on imported copper ores) and employees medical expenses.

Administrative expenses

Administrative expenses for the year ended 31 December 2014 amounted to approximately RMB346,574,000 (2013: RMB344,211,000), representing an increase of approximately 0.69% from the previous year. The increase was primarily due to the increase in the various office expenses as a result of our continuous expansion of our business.

Other losses/gains, net

Other losses, net for the year ended 31 December 2014 amounted to approximately RMB137,191,000 (2013: a net gain of RMB56,492,000), representing a decrease of approximately 342.85% from the previous year. The decrease is primarily due to the increase in gains on fair value changes from commodity derivatives contracts and derivative component on convertible notes/bonds, offset by the loss on fair value changes from gold loans designated as financial liabilities at fair value and net exchange losses during the year. Besides, the Group recognised reversal of provision upon obligation discharged and gain on disposal of subsidiaries in 2013 that were not incurred in 2014.

Finance costs

Finance costs for the year ended 31 December 2014 amounted to approximately RMB529,002,000 (2013: RMB536,801,000), representing a decrease of approximately 1.45% from the previous year, which was primarily due to the increase in capitalisation of borrowing costs in the cost of qualifying assets during the year due to the continuous expansion of our production capacity.

Share of results of joint ventures

Share of results of joint ventures for the year ended 31 December 2014 amounted to a loss of approximately RMB22,901,000 (2013: Nil). Upon the Group's disposal of certain subsidiaries on 27 December 2013, these companies have been accounted for as joint ventures of the Group. The loss during the year is primarily due to the decrease in profit from non-ferrous metals trading margin and increased borrowing costs in the facilitation of their trading activities.

Income tax credit/expense

Income tax credit for the year ended 31 December 2014 amounted to approximately RMB31,641,000, representing an increase of approximately 204.12% from the previous year (2013: income tax expense RMB30,389,000). The increase mainly reflects the deferred tax effect recognised due to the impairment loss of mining right.

Loss attributable to owners of the Company

The Group reported a loss attributable to owners of the Company of RMB95,553,000 for the year ended 31 December 2014, representing a decrease in the loss attributable to owners of the Company of RMB1,949,229,000 reported for the corresponding period last year by RMB1,853,676,000. This significant decrease in loss was mainly attributable to the decrease in impairment for goodwill and mining rights by RMB1,972,203,000 in 2014. Such impairment losses were made in relation to the unfavorable future prospect of the Group's business due to the forecasted low selling prices of the Group's products and expected decrease in profit margin as a result of the slowdown of the global economy.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's current ratio was approximately 1.05 (2013: 1.01), based on current assets of approximately RMB7,837,227,000 (2013: RMB8,899,313,000) divided by current liabilities of approximately RMB7,494,605,000 (2013: RMB8,845,645,000). The Group's gearing ratio as at 31 December 2014 was approximately 230.80% (2013: 247.71%), based on net debts of approximately RMB8,183,718,000 (2013: RMB8,838,872,000) divided by total equity of approximately RMB3,545,771,000 (2013: RMB3,568,288,000). The decrease in gearing ratio was attributable to the Group's increase in restricted bank deposits and bank balances, bank and other deposits, bank balances and cash of the Group as at 31 December 2014 because the Group intended to keep more bank deposits/balances for working capital.

As at 31 December 2014, the Group had a net cash position and had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

During the year ended 31 December 2014, the Group incurred capital expenditure of approximately RMB27,338,000 (2013: RMB70,783,000) for exploration activities.

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2014, the Group's total debts (which comprise non-current and current bank and other borrowings and convertible notes) amounted to approximately RMB10,360,487,000 (2013: RMB10,451,755,000). The decrease in debts was primarily due to the repayment of the Group's bank and other borrowings for the year ended 31 December 2014.

As at 31 December 2014, certain bank and other borrowings of the Group were secured by bank deposits of RMB767,490,000 (2013: RMB171,993,000) and bills receivable of RMB50,675,000 (2013: notes receivable of RMB20,000,000).

As at 31 December 2014, 17.60% of our bank and other borrowings were made at floating interest rates.

FOREIGN EXCHANGE RISK

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$) and certain borrowings that are denominated in US$.

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$.

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 year, certain currency forward contracts had been entered by the Group.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 9,231 employees (2013: 9,529). The Group's total staff cost for the year was approximately RMB683,190,000 (2013: approximately RMB737,214,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate.

Remuneration of the employees of the Group is determined by reference to the market, individual performance and their respective contribution to the Group.

The emoluments of the directors of the Company (the "Directors") are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to Directors' duties, abilities, reputation and performance.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the company laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

CONVERTIBLE PREFERENCE SHARES

As disclosed in the prospectus of the Company dated 31 January 1992, the Company issued HK$34,000,000 6 per cent. convertible preference shares at the issue price of HK$5 each (the "Convertible Preference Shares"), which was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 421).

On 17 October 2014, pursuant to the terms and conditions of the Convertible Preference Shares, the Company had fully redeemed all outstanding 16,485 Convertible Preference Shares at 100% of their notional value, being HK$5 per Convertible Preference Share, together with accrued dividend, in an aggregate redemption amount of HK$146,716.50 in cash. The redeemed outstanding Convertible Preference Shares were cancelled upon the redemption.

The Convertible Preference Shares were de-listed from the Stock Exchange with effect from 4:00 p.m. on 27 October 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in the section headed "Convertible Preference Shares" above, during the year under review, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun. The Audit Committee has reviewed the final results of the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2014.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company had complied with the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2014, save for the deviation as summarized below:

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company were not appointed for a specific term in their letters of appointment. However, they are still subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company pursuant to the relevant provisions of the Company's Bye-laws, which, in the opinion of the directors of the Company, accomplishes the same purpose as having the non-executive Directors being appointed for a specific term.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "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 currently comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") with specific written terms of reference. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying individuals suitable and qualified to become the Board members and making recommendations to the Board with due regard to Nomination Committee's board diversity policy.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.hk661.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2014 annual report and the notice of the annual general meeting will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 31 March 2015

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. Liu Jishun.