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 2015

The board (the "**Board**") of directors (the "**Directors**") of China Daye Non-Ferrous Metals Mining Limited (the "**Company**") is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015 are as follows (together with the comparative figures for the corresponding period in the previous year):

## HIGHLIGHTS

| | **Six months ended 30 June** | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB million*** | *RMB million* |
| | **(Unaudited)** | (Unaudited) |
| Revenue | **18,363.0** | 16,443.5 |
| Gross profit | **201.0** | 423.5 |
| Loss before tax | **(327.1)** | (46.4) |
| Loss attributable to owners of the Company | **(200.3)** | (54.4) |
| Loss per share | **RMB(1.14) fen** | RMB(0.31) fen |

During the period, revenue increased by 11.7% to RMB18,363.0 million, compared with RMB16,443.5 million in the same period of 2014. Gross profit decreased by 52.5% to RMB201.0 million, compared with RMB423.5 million in the same period of 2014.

Loss attributable to owners of the Company increased by 268.0% to RMB200.3 million, compared with RMB54.4 million in the same period of 2014.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2015*

| | Notes | Six months ended 30 June<br>**2015**<br>***RMB'000***<br>**(unaudited)** | <br>2014<br>*RMB'000*<br>(unaudited) |
|---|---|---|---|
| Revenue | *5, 6* | **18,362,966** | 16,443,523 |
| Cost of sales/services | | **(18,161,961)** | (16,020,020) |
| Gross profit | | **201,005** | 423,503 |
| Other income | *7* | **52,378** | 92,066 |
| Selling expenses | | **(24,667)** | (32,166) |
| Administrative expenses | | **(187,723)** | (184,963) |
| Other operating expenses | | **(7,671)** | (20,174) |
| Other losses, net | *8* | **(142,810)** | (10,503) |
| Finance costs | *9* | **(258,841)** | (281,467) |
| Share of results of joint ventures | | **41,207** | (32,723) |
| Loss before tax | | **(327,122)** | (46,427) |
| Income tax credit (expense) | *10* | **83,442** | (11,448) |
| Loss for the period | *11* | **(243,680)** | (57,875) |
| Other comprehensive (expense) income | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising from translation | | **–** | (8,622) |
| Share of net fair value gain on available-for-sale financial assets of joint ventures | | **–** | 67,491 |
| Reclassification adjustments relating to share of net fair value gain on available-for-sale financial assets of joint ventures disposed during the period | | **(71,164)** | – |
| Total comprehensive (expense) income for the period | | **(314,844)** | 994 |
| Loss for the period attributable to: | | | |
| Owners of the Company | | **(200,258)** | (54,412) |
| Non-controlling interests | | **(43,422)** | (3,463) |
| | | **(243,680)** | (57,875) |
| Total comprehensive (expense) income for the period attributable to: | | | |
| Owners of the Company | | **(271,422)** | 4,817 |
| Non-controlling interests | | **(43,422)** | (3,823) |
| | | **(314,844)** | 994 |
| Loss per share | *13* | | |
| — Basic | | **RMB(1.14) fen** | RMB(0.31) fen |
| — Diluted | | **RMB(1.14) fen** | RMB(0.31) fen |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2015*

| | *Notes* | **At 30 June 2015 *RMB'000* (unaudited)** | At 31 December 2014 *RMB'000* (audited) |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **7,407,308** | 7,410,599 |
| Exploration and evaluation assets | | **122,335** | 188,361 |
| Prepaid lease payments | | **693,807** | 704,205 |
| Intangible assets | | **713,649** | 777,917 |
| Interests in joint ventures | | **83,008** | 112,965 |
| Deferred tax assets | | **137,839** | 87,950 |
| Deposits for acquisition of property, plant and equipment | | **50,765** | 47,380 |
| | | **9,208,711** | 9,329,377 |
| CURRENT ASSETS | | | |
| Prepaid lease payments | | **20,446** | 20,456 |
| Inventories | | **4,614,365** | 4,494,964 |
| Trade and bills receivables | *14* | **349,333** | 487,194 |
| Prepayments and other receivables | | **847,379** | 500,241 |
| Derivative financial instruments | | **9,190** | 40,354 |
| Restricted deposits and bank balances | *15* | **1,837,532** | 892,832 |
| Bank and other deposits, bank balances and cash | *15* | **1,533,121** | 1,401,186 |
| | | **9,211,366** | 7,837,227 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | *16* | **1,426,147** | 1,133,451 |
| Other payables and accrued expenses | | **1,267,830** | 1,269,965 |
| Current income tax liabilities | | **–** | 631 |
| Derivative financial instruments | | **67,065** | 61,548 |
| Bank and other borrowings — due within one year | *17* | **5,597,360** | 5,021,480 |
| Convertible bonds | *18* | **643,872** | – |
| Early retirement obligation | | **7,539** | 7,530 |
| | | **9,009,813** | 7,494,605 |
| NET CURRENT ASSETS | | **201,553** | 342,622 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **9,410,264** | 9,671,999 |

| | Notes | At 30 June 2015 RMB'000 (unaudited) | At 31 December 2014 RMB'000 (audited) |
|---|---|---|---|
| CAPITAL AND RESERVES | | | |
| Share capital | *19* | **727,893** | 705,506 |
| Reserves | | **2,672,629** | 2,840,265 |
| Equity attributable to owners of the Company | | **3,400,522** | 3,545,771 |
| Non-controlling interests | | **329,874** | 373,296 |
| TOTAL EQUITY | | **3,730,396** | 3,919,067 |
| NON-CURRENT LIABILITIES | | | |
| Convertible note/bonds | *18* | **702,460** | 1,377,919 |
| Bank and other borrowings — due after one year | *17* | **4,607,739** | 3,961,088 |
| Deferred income | | **223,321** | 230,432 |
| Provisions for mine rehabilitation, restoration and dismantling | | **40,949** | 40,344 |
| Early retirement obligation | | **17,881** | 22,078 |
| Deferred tax liabilities | | **87,518** | 121,071 |
| | | **5,679,868** | 5,752,932 |
| | | **9,410,264** | 9,671,999 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
*FOR THE SIX MONTHS ENDED 30 JUNE 2015*

## 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 address of the registered office and the 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 Nonferrous Metal Mining (Group) Co., Ltd., a company incorporated with limited liability under the laws of the People's Republic of China (the "**PRC**").

## 2. BASIS OF PREPARATION

The Transaction (as defined hereinunder) has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 *Business Combination* because the issuance of the 10,799,762,092 and 936,953,542 ordinary shares of the Company with nominal value of HK$0.05 each to China Times Development Limited ("**China Times**") and China Cinda (HK) Asset Management Co., Limited, respectively, and the issuance of HK$1,003,836,048 zero coupon convertible note to China Times in exchange of the entire shareholding in Prosper Well Group Limited ("**Prosper Well**") resulted in China Times, previously holding 20.8% of the shareholding in the Company, becoming the controlling shareholder of the Company holding 69.04% of equity interests (the "**Transaction**") that was completed on 7 March 2012. For accounting purpose, the Company (together with its subsidiaries before the completion of the Transaction, collectively referred as the "**Existing Group**") is deemed to have been acquired by Prosper Well which is deemed as the accounting acquirer. These condensed consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Prosper Well Group and accordingly:

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

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

## 3. RETROSPECTIVE CHANGE OF FUNCTIONAL CURRENCY OF THE COMPANY

In prior years, the functional currency of the companies comprising the Group is Renminbi ("**RMB**"), except that the functional currency of the Company and its certain subsidiaries is Hong Kong Dollar ("**HK$**"). The Company's functional currency was determined as Hong Kong Dollar by applying the provisions in HKAS 21 *The Effects of Changes in Foreign Exchange Rates* as Hong Kong Dollar was the currency of the economic environment in which the Company primarily generated and expended cash in Hong Kong Dollar.

The Company completed the Transaction on 7 March 2012. In the current period, the Directors re-assessed the accounting policy in determining the functional currency of the Company and considered paragraph 9 of HKAS 21 together with the other factors set out in paragraph 10 of HKAS 21. The Directors have determined that RMB better reflects the economic substance of the Company and its business activities as an investment holding company with subsidiaries mainly operating in the PRC in light of the mixed currencies situation of its primary sources of revenue.

The Directors determined that the primary economic environment has been substantially changed since the date of completion of the Transaction. Accordingly, the functional currency of the Company was retrospectively changed from HK$ to RMB. The retrospective change of functional currency of the Company has no material effects on the financial positions of the Group as at 31 December 2014, 30 June 2014, 31 December 2013 and 1 January 2013 and the results of the Group for the six months periods ended 30 June 2014 and 2013 and as such no restated financial information has been presented.

## 4. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below and note 3, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the annual financial statements of China Daye Non-Ferrous Metals Mining Limited for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010–2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011–2013 Cycle |

The application of the above amendments to 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.

## 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 period.

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

| | **Six months ended 30 June** | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Revenue from sale of goods | **18,342,942** | 16,416,993 |
| Revenue from the rendering of services | **20,024** | 26,530 |
| | **18,362,966** | 16,443,523 |

## 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 reviews 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:

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Sales of goods | | |
| — copper cathodes | **12,028,253** | 11,864,870 |
| — other copper products | **554,578** | 352,386 |
| — gold and other gold products | **3,691,587** | 2,598,942 |
| — silver and other silver products | **1,640,533** | 1,319,086 |
| — sulphuric acid and sulphuric concentrate | **120,330** | 76,915 |
| — iron ores | **33,408** | 97,449 |
| — others | **274,253** | 107,345 |
| | **18,342,942** | 16,416,993 |
| Rendering of services | | |
| — copper processing | **20,024** | 21,073 |
| — others | **–** | 5,457 |
| | **20,024** | 26,530 |
| Total revenue | **18,362,966** | 16,443,523 |

**Geographical information**

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

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

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | **Six months ended 30 June 2015** | Six months ended 30 June 2014 | **At 30 June 2015** | At 31 December 2014 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) | **(unaudited)** | (audited) |
| PRC | **17,862,191** | 15,118,940 | **9,001,626** | 9,175,568 |
| Hong Kong | **500,775** | 1,324,583 | **68,839** | 65,411 |
| Mongolia | **–** | – | **407** | 448 |
| | **18,362,966** | 16,443,523 | **9,070,872** | 9,241,427 |

## 7. OTHER INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Interest income | **34,531** | 31,223 |
| Value-added tax refund | **8,765** | 50,397 |
| Government grants received | **1,431** | 3,496 |
| Deferred income recognised | **7,651** | 6,950 |
| | **52,378** | 92,066 |

## 8. OTHER LOSSES, NET

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| (Losses) gains on disposal of property, plant and equipment, net | **(233)** | 278 |
| Impairment for mining rights *(Note)* | **(125,987)** | (57,088) |
| Fair value changes (transactions not qualified as fair value hedges) from: | | |
| — Commodity derivatives contracts | **42,544** | 24,040 |
| — Currency forward contracts | **2,656** | 12,968 |
| — Gold loans designated as financial liabilities at fair value through profit or loss | **(29,741)** | (27,439) |
| — Provisionally priced sales agreement | **15,645** | (2,545) |
| Fair value changes (transactions qualified as fair value hedges) from: | | |
| — Inventory hedged by commodity futures contracts | **22,478** | 19,044 |
| — Fair value losses of commodity futures contracts designated as hedging instrument | **(22,478)** | (19,044) |
| (Loss) gain on derivative component on convertible note/bonds *(Note 18(b))* | **(27,391)** | 77,207 |
| Exchange losses, net | **(20,135)** | (44,372) |
| Reversal of (allowance for) impairment of: | | |
| — trade receivables | **40** | (128) |
| — other receivables | **(738)** | 98 |
| Others | **530** | 6,478 |
| | **(142,810)** | (10,503) |

*Note:*

For the six months ended 30 June 2015, the Group recognised losses on impairment for mining rights of RMB13,888,000 (Six months ended 30 June 2014: (unaudited) RMB57,088,000) and RMB112,099,000 (Six months ended 30 June 2014: (unaudited) 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.

As at 30 June 2015, the recoverable amounts of the mining rights of Tong Xing and Hui Xiang have been determined at approximately RMB17 million and RMB229 million, respectively, on the basis of their fair values less costs of disposal determined using the income approach. Same bases have been applied in determining the fair values of the mining rights of Tong Xing and Hui Xiang for impairment assessment in prior years.

Major assumptions included, amongst others, the following:

- Future cash inflows with reference to the latest mine reserves.

- Future copper price with reference to the market estimation taken into account the historical fluctuation.

- Future production costs with anticipated growth of inflation at 2% per annum under current production technology.

- The discount rate of approximately 16% per annum.

The Directors believe these major assumptions are reasonable and achievable.

## 9. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Interest on bank and other borrowings: | | |
| — wholly repayable within five years | **(138,006)** | (185,676) |
| — not wholly repayable within five years | **(60)** | (27) |
| Interest on loans from Daye Nonferrous Metals Corporation Holdings Limited ("**Daye Corporation**", an intermediate holding company of the Company) | **(55,478)** | (44,523) |
| Interest on loans from Daye Nonferrous Metals Group Finance Co., Ltd. ("**Daye Finance Company**", a fellow subsidiary of the Company) | **(7,845)** | – |
| Interest expenses on convertible note/bonds | **(67,195)** | (63,215) |
| Unwind interest of provisions for mine rehabilitation, restoration and dismantling and early retirement obligation | **(1,405)** | (587) |
| Total borrowing costs | **(269,989)** | (294,028) |
| Less: Amounts capitalised in the cost of qualifying assets | **11,148** | 12,561 |
| | **(258,841)** | (281,467) |
| The weighted average capitalisation rate on funds borrowed, generally (per annum) | **5.11%** | 5.28% |

## 10. INCOME TAX CREDIT (EXPENSE)

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| PRC Enterprise Income Tax | **–** | – |
| Deferred income tax | **83,442** | (11,448) |
| Income tax credit (expense) for the period | **83,442** | (11,448) |

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.

## 11. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Depreciation of property, plant and equipment | **264,532** | 232,957 |
| Amortisation of intangible assets (included in administrative expenses) | **14,285** | 24,448 |
| Amortisation of prepaid lease payments | **10,223** | 10,063 |
| Staff costs: | | |
| Salaries, wages and welfare | **220,307** | 317,823 |
| Retirement benefit schemes contributions | **96,061** | 138,892 |
| Total staff costs | **316,368** | 456,715 |
| Cost of inventories recognised as an expense | **17,855,373** | 16,020,020 |
| Write down on inventories | **241,740** | – |
| Research costs | **1,889** | 1,055 |
| Donations | **–** | 180 |
| Minimum lease payments in respect of land and buildings | **6,522** | 8,530 |

## 12. DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2015, nor has any dividend been proposed since the end of the reporting period (Six months ended 30 June 2015: (unaudited) Nil).

## 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:

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| **Loss** | | |
| Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company) | **(200,258)** | (54,412) |

| | Six months ended 30 June | |
|---|---|---|
| | **2015** | 2014 |
| | ***'000*** | *'000* |
| | **(unaudited)** | (unaudited) |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | **17,490,560** | 17,327,911 |

The computation of diluted loss per share does not assume the conversion of the Company's outstanding HK$1,003,836,048 zero coupon convertible note and the outstanding RMB820,000,000 0.5% convertible bonds since their conversion would result in a reduction in loss per share for both periods.

## 14. TRADE AND BILLS RECEIVABLES

| | **At 30 June 2015** *RMB'000* **(unaudited)** | At 31 December 2014 *RMB'000* (audited) |
|---|---|---|
| Trade receivables | **218,186** | 321,080 |
| Less: Allowance of doubtful debts | **(11,094)** | (11,134) |
| | **207,092** | 309,946 |
| Bills receivable: | | |
| — On hand | **46,834** | 29,187 |
| — Endorsed to suppliers | **71,407** | 97,386 |
| — Discounted to Daye Finance Company | **24,000** | 50,675 |
| Total trade and bills receivables | **349,333** | 487,194 |

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.

| | **At 30 June 2015** *RMB'000* **(unaudited)** | At 31 December 2014 *RMB'000* (audited) |
|---|---|---|
| Trade receivables, net | | |
| — Less than 1 year | **192,353** | 309,301 |
| — 1–2 years | **14,591** | 524 |
| — 2–3 years | **31** | 121 |
| — over 3 years | **117** | – |
| | **207,092** | 309,946 |

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

The maturity period of bills receivable are within 6 months.

## 15. BANK AND OTHER DEPOSITS, BANK BALANCES AND CASH

### (i) Restricted deposits and balances

| | **At 30 June 2015** *RMB'000* **(unaudited)** | At 31 December 2014 *RMB'000* (audited) |
|---|---|---|
| Current | | |
| Bank deposits *(Note (a))* | **1,352,093** | 767,490 |
| Bank balances *(Note (b))* | **–** | 8,093 |
| Other deposits *(Note (c))* | **485,439** | 117,249 |
| | **1,837,532** | 892,832 |

*Notes:*

(a) Bank deposits are pledged to banks as security for secured bank loans and secured gold loans of the Group. The effective interest rates of these bank deposits are as follows:

| | **At 30 June 2015** **%** **(unaudited)** | At 31 December 2014 % (audited) |
|---|---|---|
| Weighted average effective interest rate (per annum) | **1.36%** | 1.15% |

Further details are set out in note 17(a) and (c).

(b) As at 31 December 2014, bank balances were held in designated bank accounts as security for the Group's bills payable and letters of credit. Bank balances earned interest at floating rates based on daily bank deposit rates.

(c) Other deposits are held in certain financial institutions as security for the commodities derivative and currency forward contracts.

### (ii) Bank and other deposits, bank balances and cash

At the end of reporting period, bank and other deposits, bank balances carry interest at market rates ranging from 0.39% to 4.95% (31 December 2014: (audited) 0.35% to 4.13%) per annum.

Included in the bank and other deposits, bank balances and cash are deposits with Daye Finance Company amounting to RMB461,536,000 (31 December 2014: (audited) RMB460,842,000) which earns interest at rates ranging from 0.39% to 1.36% (31 December 2014: (audited) 0.35% to 1.15%) per annum and is repayable on demand.

## 16. TRADE AND BILLS PAYABLES

| | **At 30 June 2015** | At 31 December 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade payables | **1,366,147** | 1,008,951 |
| Bills payable | **60,000** | 124,500 |
| | **1,426,147** | 1,133,451 |

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

| | **At 30 June 2015** | At 31 December 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Within 1 year | **1,347,267** | 991,920 |
| More than 1 year, but less than 2 years | **9,191** | 7,874 |
| More than 2 years, but less than 3 years | **1,756** | 2,610 |
| Over 3 years | **7,933** | 6,547 |
| | **1,366,147** | 1,008,951 |

The maturity period of bills payable are within 6 months.

## 17. BANK AND OTHER BORROWINGS

| | **At 30 June 2015** | At 31 December 2014 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Bank borrowings | | |
| — secured *(Note (a))* | **595,320** | 755,697 |
| — unsecured | **5,644,810** | 4,759,747 |
| Other borrowings | | |
| — Loans from Daye Corporation, unsecured *(Note (b))* | **2,174,127** | 1,758,009 |
| — Loans from Daye Finance Company, unsecured *(Note (b))* | **283,000** | 228,000 |
| — Advance from Daye Finance Company for discounted bills, secured | **24,000** | 50,675 |
| — Gold loans *(Note (c))* | **1,483,842** | 1,430,440 |
| | **10,205,099** | 8,982,568 |
| Carrying amounts repayable: | | |
| Within one year and on demand | **5,597,360** | 5,021,480 |
| More than one year, but not exceeding two years | **2,696,556** | 1,692,900 |
| More than two year, but not exceeding five years | **1,903,982** | 688,127 |
| More than five years | **7,201** | 1,580,061 |
| | **10,205,099** | 8,982,568 |
| Less: Amounts shown under current liabilities | **(5,597,360)** | (5,021,480) |
| Non-current portion | **4,607,739** | 3,961,088 |
| Total borrowings: | | |
| — at fixed rates | **7,800,587** | 7,401,946 |
| — at floating rates* | **2,404,512** | 1,580,622 |

* The borrowings bear floating rates based on London Inter Bank Offer Rate or benchmark interest rates quoted by People's Bank of China.

*Notes:*

(a) As at 30 June 2015, secured bank borrowings of the Group are secured by the Group's certain bank deposits amounting to RMB 773,013,000 (31 December 2014: (audited) RMB767,490,000). Further details are set out in note 15(i)(a).

(b) The details of unsecured loans from Daye Corporation and Daye Finance are as follows:

| Interest rate | Terms of repayment | At 30 June 2015 *RMB'000* (unaudited) | At 31 December 2014 *RMB'000* (audited) |
|---|---|---|---|
| **Daye Corporation** | | | |
| Fixed rate at 4.98% per annum | Repayable on 15 October 2015 | **490,000** | 490,000 |
| Floating rate quoted by People's Bank of China | Not demand for repayment before 1 January 2020 | **994,127** | 493,009 |
| 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 |
| Fixed rate at 6.15% per annum | Repayable on 29 April 2017 | **50,000** | 115,000 |
| Fixed rate at 6.15% per annum | Repayable on 30 April 2017 | **20,000** | 40,000 |
| Fixed rate at 6.15% per annum | Repayable on 4 May 2017 | **30,000** | 30,000 |
| | | **2,174,127** | 1,758,009 |
| **Daye Finance Company** | | | |
| Fixed rate at 5.04% per annum | Repayable on 4 January 2016 | **–** | 100,000 |
| Fixed rate at 5.40% per annum | Repayable on 5 January 2016 | **–** | 100,000 |
| Fixed rate at 5.04% per annum | Repayable on 4 January 2017 | **55,000** | – |
| Fixed rate at 5.40% per annum | Repayable on 5 January 2017 | **100,000** | – |
| Fixed rate at 6.00% per annum | Repayable on 21 October 2015 | **128,000** | 28,000 |
| | | **283,000** | 228,000 |
| | | **2,457,127** | 1,986,009 |

(c) The unrealised loss arising from change in fair value of gold loans designated as financial instruments of RMB9,098,000 (Six months ended 30 June 2014: (unaudited) a loss of RMB27,439,000) has been charged to profit or loss for the six months ended 30 June 2015. Included in gold loans amounting to RMB543,362,000 as at 30 June 2015 (31 December 2014: (audited) Nil) are secured by the Group's certain bank deposits amounting to RMB579,080,000 (31 December 2014: (audited) Nil), the remainder are unsecured.

## 18. CONVERTIBLE NOTE/BONDS

| | **At 30 June 2015** *RMB'000* **(unaudited)** | At 31 December 2014 *RMB'000* (audited) |
|---|---|---|
| Liability component *(Note (a))*: | | |
| HK$1,003,836,048 zero coupon convertible note *(the "Note")* | **650,950** | 616,816 |
| RMB820,000,000 0.5% convertible bonds *(the "Bonds")* | **643,872** | 736,984 |
| | **1,294,822** | 1,353,800 |
| Derivative component of the Note/Bonds *(Note (b))* | **51,510** | 24,119 |
| | **1,346,332** | 1,377,919 |
| Less: Amounts shown under current liabilities | **(643,872)** | – |
| Non-current portion | **702,460** | 1,377,919 |

*Notes:*

(a) The movements of liability components of the Note and Bonds of the Group, which are carried as liabilities on an amortised cost basis until extinguished on conversion or redemption, during the period are as follows:

| | **The Note** *RMB'000* | **The Bonds** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| At 1 January 2015 (audited) | 616,816 | 736,984 | 1,353,800 |
| Interest expense (unaudited) | 34,134 | 33,061 | 67,195 |
| Conversion of the Bonds for new ordinary shares (unaudited) | – | (126,173) | (126,173) |
| At 30 June 2015 (unaudited) | 650,950 | 643,872 | 1,294,822 |

(b) Due to the change of the functional currency of the Company as detailed in note 3, the Company reassessed the derivative components of the Note and the Bonds and recognised the fair value of the derivative component (conversion right of holders) of the Note that was determined based on the valuations performed by Jones Lang LaSalle using the Binomial Model and such amount was carried as derivative component until being extinguished on conversion or redemption. Changes in the fair value of derivative component are recognised in profit or loss.

(c) The details of the Note and the Bonds are as follows:

(i) The Note

Part of the consideration in respect of the Transaction was the issue of the Note to China Times on 7 March 2012.

The Note entitles the holder 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 Note) at any time during the period commencing from the issue date of the convertible note.

Unless previously converted and cancelled by the Company, the Company shall redeem any outstanding Note at the principal amount on the maturity date which is the date falling five years after the issue date.

(ii) 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 Hong Kong 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 Hong Kong 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 business days of the Hong Kong Stock Exchange 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 Bank of China Limited, Macau Branch (the "**SBLC Bank**") pursuant to a previous demand presented by the trustee in accordance the preceding subparagraph (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.

During the six months ended 30 June 2015, an aggregate principal amount of RMB136,000,000 (Six months ended 30 June 2014: (unaudited) Nil) of the Bonds were converted into 567,668,520 new ordinary shares of HK$0.05 each.

## 19. SHARE CAPITAL

**Ordinary share capital of the Company**

| | **Number of shares** | **Amount** |
|---|---|---|
| | | *HK$'000* |
| | (unaudited) | (unaudited) |
| Authorised: | | |
| Ordinary shares of HK$0.05 each | | |
| At 31 December 2014 and 30 June 2015 | 30,000,000,000 | 1,500,000 |
| | | *RMB'000* |
| | (unaudited) | (unaudited) |
| Issued and fully paid: | | |
| Ordinary shares of HK$0.05 each | | |
| At 1 January 2015 | 17,327,911,186 | 705,506 |
| Issue of ordinary shares in respect of conversion of the Bonds | 567,668,520 | 22,387 |
| At 30 June 2015 | 17,895,579,706 | 727,893 |

During the six months ended 30 June 2015, the Company issued 567,668,520 new ordinary shares (Six months ended 30 June 2014: (unaudited) Nil) of HK$0.05 each in respect of the conversion of the Bonds. Further details of which are set out in note 18(c)(ii).

## CHAIRMAN'S STATEMENT

### Business Review

In the first half of 2015, the global economy was in a stage of deep adjustment. With diverging growth of the major economies, excessive volatility of the international financial market and bulk commodity prices and increasing geopolitical instability, the global economy is still suffering from both downward pressure and unpredictable risks. As the growth rate of the domestic economy further slowed down, the enterprises were experiencing sluggish economic recovery with weak momentum. At the industry level, the demand for non-ferrous metals continued to slow down. Under the dual pressure of a continuous decline in prices and the relatively high cost suffered by the whole industry, the prices of non-ferrous metals have been declining. However, this challenging condition, which is industry-wide will be difficult to change in the short term.

The Company has encountered various difficulties during operation and development, which is even more severe than the situation during the financial crisis in 2008 in many aspects. The main products of the Company, except iron concentrate, recorded noticeable growth as compared to the corresponding period of the previous year. However, under the influence of various unfavourable factors such as low product prices, the scale and efficiency of operation were still lower than the expected targets, despite the effect of a series of corresponding measures implemented by the Company. In the first half of 2015, the Company produced a total of: (1) 201,132 tonnes of copper cathode, up by 3.38% from the corresponding period of the previous year; (2) 523.6 tonnes of precious metals (including approximately 11,109 kg of gold, 504.9 tonnes of silver, 7.5 kg of platinum, 100 kg of palladium and 7.5 tonnes of tellurium), up by approximately 57.5% from the corresponding period of the previous year; (3) approximately 457,713 tonnes of chemical products (including 456,953 tonnes of sulfuric acid, 328 kg of ammonium perrhenate, 491 tonnes of copper sulphate, 184 tonnes of nickel sulphate and 85 tonnes of crude selenium), up by approximately 2.72% from the corresponding period of the previous year, and (4) 113,790 tonnes of iron concentrate, down by approximately 22.6% from the corresponding period of the previous year.

In the first half of 2015, the prices of major products dropped significantly. The selling prices of copper cathode, gold, silver and iron concentrate decreased by 13.61%, 6.31%, 14.97% and 42.86%, respectively, compared with the corresponding period of the previous year. In addition, under the increasingly difficult situation with rapid increase in costs and expenses as well as the concentration of operational risks, the profit of the Company was affected to a certain extent. The Company would consistently implement appropriate measures with a focus to enhance quality and efficiency and maintain a stable and rapid development as a whole.

The Company will strive to achieve the following targets to ensure completion of annual production and efficiency based targets:

**(1) Ensure the completion of production for products with profit margin**

We shall complete the product output of Tonglvshan Mine after moderate adjustments. Meanwhile, we are also determined to complete the infrastructure and exploration work that might have an impact on the production in the coming year. A monthly reporting and quarterly inspection system should be implemented in order to maintain the mining and filling balance at Sareke Copper Mine. The overall planning of underground infrastructure and trial production of Tongshankou Mine shall be in place in early August. With the new market price, the smelting plants will be prepared at all times by taking timely actions as appropriate for its mineral resources and blister copper production, with a focus to address the problems arose in the first half of the year, including a breakdown of equipment and protection for raw materials.

**(2) Strengthen efforts in marketing and trading**

We shall deepen our market penetration, and at the same time learn from the innovative business model of the trading companies. We are determined to achieve the profit-making targets in both marketing and trading. Meanwhile, we will put in our every endeavour in the detailed plan of the innovation of marketing systems and mechanisms, which shall be in place in the third quarter.

**(3) Enhance risk management**

We must establish a risk prevention mechanism. Risks are inevitable in business operation. Therefore, the main focuses of this mechanism should be how risks are identified, what are the fundamental work required to provide a basis for risk identification and what are the measures to be taken for risk prevention.

**(4) Cost reduction and efficiency enhancement**

— Reinforce safety management and reduce safety cost.

— Strengthen environmental protection management while lowering our environmental protection expenses. We shall also strictly adhere to our cost saving policy and further cut down non-productive expenses.

— Improve technology management. In particular, we shall step up our efforts in metal balance management and technical advancement to enhance the copper content in the slag of two of our furnaces. We shall also take full advantage of our technical equipment to enhance the level of comprehensive recycling and reuse of resources. Moreover, we shall make strenuous effort to improve the filtration of electrolyte and drive technical advancement to reduce the silver content in copper cathode.

— Enhance energy management. Taking the establishment of energy management system as an opportunity, we shall rationalize and improve various fundamental work of the system, including the use and allocation of energy, measurement and network, equipment with high energy consumption as well as energy targets and standards. We also exercised systematic management and control over the process of energy consumption as well as rationalized, identified and controlled the opportunity for energy improvement, thereby successfully obtained the certification for its energy management system during the year.

— Exercise more stringent control on expenses and prices in various aspects, including the procurement of raw materials and materials as well as product sales. We shall also strive to reduce the sales and procurement expenses with a view to improving and optimising our management model. On the other hand, we shall further improve the tender management model. The Company's tender office shall study and improve our tender evaluation for public tender. Among which, we shall check the result of tender evaluation to ensure all raw materials and products are in compliance with the market requirements.

For resources development, the Company wishes to secure additional annual copper production of 800,000 tonnes equivalent or above. The Company will continue to conduct physical exploration of both within and outside the mining area, and organise in-depth exploration and reserve upgrade exploration for the four mines owned by the Company, so as to ensure completion of the annual drilling targets.

Last but not least, the Company wishes to grasp every growth opportunity in spite of the adverse environment and to achieve rapid development with the joint efforts of our management and employees.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Company operated amid the complicated and challenging environment in the first half of 2015. The Group still operated its mines with stable productivity and recorded an increase in revenue in the first half of 2015.

The Group's revenue increased by 11.7% to RMB18,363.0 million during the period over the same period last year of RMB16,443.5 million. The increase in revenue was mainly attributable to the increase in the quantities of products sold during the period. Gross profit margin was decreased to about 1.1% for the period (six months ended 30 June 2014: 2.6%) and the decrease in gross profit margin was mainly due to the significant decline in copper price for the six months ended 30 June 2015.

The Group reported a loss attributable to owners of the Company of RMB200.3 million for the six months ended 30 June 2015, representing a significant increase of 268.0% from the loss attributable to owners of the Company of RMB54.4 million reported for the corresponding period last year. This significant increase was mainly attributable to the impairment of inventory of RMB241.7 million recorded in the six months ended 30 June 2015 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, while for the corresponding period last year, no impairment of inventory was recorded.

### Capital Structure, Liquidity and Financial Resources

As at 30 June 2015, the Group had restricted deposits and bank balances, bank and other deposits, bank balances and cash of approximately RMB3,370.7 million (31 December 2014: RMB2,294.0 million), of which the majority were denominated in Renminbi, with a current ratio of 1.02 (31 December 2014: 1.05), based on the current assets of approximately RMB9,211.4 million (31 December 2014: RMB7,837.2 million) and current liabilities of approximately RMB9,009.8 million (31 December 2014: RMB7,494.6 million). The Group's gearing ratio was 254.8% (31 December 2014: 230.8%) based on the net debts (which includes bank and other borrowings and convertible note/bonds less restricted deposits (excluded other deposits held in certain financial institutions as security for the commodities derivative and currency forward contracts) and bank balances, bank and other deposits, bank balances and cash) of approximately RMB8,666.2 million (31 December 2014: RMB8,183.7 million) and equity attributable to owners of the Company of approximately RMB3,400.5 million (31 December 2014: RMB3,545.8 million). The increase in gearing ratio was mainly due to the increase in bank and other borrowings of the Group.

As at 30 June 2015, the Group had bank and other borrowings of approximately RMB5,597.4 million (31 December 2014: RMB5,021.5 million) and RMB4,607.7 million (31 December 2014: RMB3,961.1 million) which will be due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. The Group had pledged its bank deposits of RMB1,352.1 million (31 December 2014: RMB767.5 million) to the banks for securing certain bank loans and facilities granted to the Group. The majority of the Group's bank and other borrowings are at fixed interest rate.

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 and Remuneration Policy**

As at 30 June 2015, the Group had a total of 8,853 employees (including Hong Kong and PRC offices) (30 June 2014: 9,390). The Group's total staff costs for the six months ended 30 June 2015 was approximately RMB316,368,000 (six months ended 30 June 2014: RMB456,715,000). The remuneration packages consist of basic salary, retirement benefits scheme contributions, medical insurance and other benefits considered as appropriate. Remuneration packages are generally structured with reference to market terms, individual qualification and performance of the employee. They are periodically reviewed based on individual merit and other market factors.

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

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

**Material Acquisition and Disposal of Subsidiaries and Associated Companies**

The Group did not make any material acquisition or disposal of subsidiaries and associated companies during the six months period ended 30 June 2015.

**Contingent Liabilities**

As at 30 June 2015, the Group had no contingent liabilities.

**Charges on Assets**

As at 30 June 2015, secured bank loans and secured gold loans of the Group amounting to RMB1,138.7 million (31 December 2014: RMB755.7 million) and other financing were secured by bank deposits and balances amounting to RMB1,352.1 million (31 December 2014: RMB775.6 million). In addition, other deposits of RMB485.4 million (31 December 2014: RMB117.2 million) were held in certain financial institutions as security for commodities derivative and currency forward contracts.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's listed securities.

## AUDIT COMMITTEE

The Company has established an 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 of the Company (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 interim results of the Company for the six months ended 30 June 2015.

## 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 has established a nomination committee (the "**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 and 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, with due regard to the Nomination Committee's board diversify policy) and assessing the independence of the independent non-executive Directors.

The Nomination Committee currently comprises one executive Director, namely Mr. Zhang Lin, and three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 six months ended 30 June 2015.

## CORPORATE GOVERNANCE CODE COMPLIANCE

The Company had complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") throughout the six months ended 30 June 2015, 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 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, accomplishes the same purpose as having the non-executive Directors being appointed for a specific term.

## PUBLICATION OF THIS RESULTS ANNOUNCEMENT AND INTERIM REPORT

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 2015 will be despatched to shareholders of the Company and be 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, suppliers, customers and business partners for their support.

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

Hong Kong, 31 August 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.*