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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: 661)

ANNOUNCEMENT OF UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 2016 (together with the comparative figures for the corresponding period in the previous year) are as follows:

HIGHLIGHTS

	Six months ended 30 June	
	2016	2015
	RMB million	*RMB million*
	(Unaudited)	(Unaudited)
Revenue	**17,994.5**	18,363.0
Gross profit	**323.0**	201.0
Loss before tax	**(42.9)**	(327.1)
Loss attributable to owners of the Company	**(117.7)**	(200.3)
Loss per share	**RMB(0.66) fen**	RMB(1.14) fen

During the period, revenue decreased by 2.0% to RMB17,994.5 million, compared with RMB18,363.0 million in the same period of 2015. Gross profit increased by 60.7% to RMB323.0 million, compared with RMB201.0 million in the same period of 2015.

Loss before tax of the Company decreased by 86.9% to RMB42.9 million, compared with RMB327.1 million in the same period of 2015.

Loss attributable to owners of the Company decreased by 41.2% to RMB117.7 million, compared with RMB200.3 million in the same period of 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4, 5*	**17,994,461**	18,362,966
Cost of sales and services rendered		**(17,671,420)**	(18,161,961)
Gross profit		**323,041**	201,005
Other income	*6*	**53,661**	52,378
Selling expenses		**(18,611)**	(24,667)
Administrative expenses		**(182,332)**	(187,723)
Other operating expenses		**(5,443)**	(7,671)
Other gains and losses	*7*	**(29,315)**	(142,810)
Finance costs	*8*	**(219,928)**	(258,841)
Share of results of joint ventures		**35,980**	41,207
Loss before tax		**(42,947)**	(327,122)
Income tax (expense)/credit	*9*	**(79,713)**	83,442
Loss for the period	*10*	**(122,660)**	(243,680)
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
Share of net gain on revaluation of available-for-sale financial assets of joint ventures reclassified for inclusion in profit or loss upon disposal during the period		**–**	(71,164)
Other comprehensive expense for the period		**–**	(71,164)
Total comprehensive expense for the period		**(122,660)**	(314,844)

	NOTES	Six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		**(117,745)**	(200,258)
Non-controlling interests		**(4,915)**	(43,422)
		(122,660)	(243,680)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(117,745)**	(271,422)
Non-controlling interests		**(4,915)**	(43,422)
		(122,660)	(314,844)
Loss per share	*12*		
– Basic		**RMB(0.66) fen**	RMB(1.14) fen
– Diluted		**RMB(0.66) fen**	RMB(1.14) fen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	NOTES	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**7,197,751**	7,244,278
Exploration and evaluation assets		**130,388**	125,045
Prepaid lease payments		**704,063**	701,497
Intangible assets		**588,271**	605,210
Interests in joint ventures		**76,399**	40,419
Deferred tax assets		**150,847**	230,818
Restricted bank deposits	*14*	**39,000**	–
Deposits for acquisition of property, plant and equipment		**47,056**	47,733
		8,933,775	8,995,000
CURRENT ASSETS			
Prepaid lease payments		**20,878**	20,443
Inventories		**4,811,960**	4,662,894
Trade and bills receivables	*13*	**382,928**	298,800
Prepayments and other receivables		**616,402**	746,772
Derivative financial instruments		**224,827**	5,201
Short-term investments		**100,691**	–
Restricted deposits and bank balances	*14*	**224,919**	549,236
Bank and other deposits, bank balances and cash	*14*	**936,989**	1,293,899
		7,319,594	7,577,245
CURRENT LIABILITIES			
Trade and bills payables	*15*	**1,748,021**	1,657,143
Other payables and accrued expenses		**1,155,040**	1,472,135
Bank and other borrowings	*16*	**3,372,697**	3,579,419
Derivative financial instruments		**37,438**	82,109
Convertible note/bonds	*17*	**798,323**	669,908
Early retirement obligations		**5,350**	5,630
Income tax payable		**145**	866
		7,117,014	7,467,210
NET CURRENT ASSETS		**202,580**	110,035
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,136,355**	9,105,035

	NOTES	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital		**727,893**	727,893
Share premium and reserves		**1,778,805**	1,896,550
Equity attributable to owners of the Company		**2,506,698**	2,624,443
Non-controlling interests		**154,493**	159,408
TOTAL EQUITY		**2,661,191**	2,783,851
NON-CURRENT LIABILITIES			
Bank and other borrowings	*16*	**6,184,856**	5,259,341
Convertible note	*17*	**–**	760,451
Deferred income		**235,305**	243,720
Provisions for mine rehabilitation, restoration and dismantling		**42,177**	41,554
Early retirement obligations		**12,826**	15,839
Deferred tax liabilities		**–**	279
		6,475,164	6,321,184
		9,136,355	9,105,035

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 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 state-owned enterprise established in the People's Republic of China (the "PRC").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which most of the group entities operate.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2015.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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 HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 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.

4. REVENUE

Revenue represents the net invoiced value of goods sold and serviced rendered, after trade discounts and sales related tax, for the period.

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sale of goods	**17,978,001**	18,342,942
Rendering of services	**16,460**	20,024
	17,994,461	18,362,966

5. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The CODM of the Company 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	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Sales of goods:		
Copper cathodes	**11,919,848**	12,028,253
Other copper products	**438,919**	554,578
Gold and other gold products	**3,643,969**	3,691,587
Silver and other silver products	**1,757,548**	1,640,533
Sulphuric acid and sulphuric concentrate	**52,827**	120,330
Iron ores	**52,467**	33,408
Others	**112,423**	274,253
	17,978,001	18,342,942
Rendering of services:		
Copper processing	**13,852**	20,024
Others	**2,608**	–
	16,460	20,024
Total revenue	**17,994,461**	18,362,966

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 financial instruments) by location of assets are detailed below:

	Revenue from external customers For the six months ended 30 June		Non-current assets	
			At 30 June	At 31 December
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
PRC	**17,994,461**	17,862,191	**8,709,847**	8,722,641
Hong Kong*	**–**	500,775	**33,854**	41,290
Mongolia	**–**	–	**227**	251
	17,994,461	18,362,966	**8,743,928**	8,764,182

* Revenue generated from Hong Kong represents sale of non-ferrous metals. During the current interim period, no sales were made due to the market fluctuation of the non-ferrous metals trading market. In the opinion of the Directors, the Group will continue to conduct the above trading business in Hong Kong in the future.

6. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income	**28,688**	34,531
Value-added tax refund	**–**	8,765
Government grants*	**1,100**	1,431
Deferred income recognised	**8,978**	7,651
Others	**14,895**	–
	53,661	52,378

* The government grants mainly represented subsidies for interest incurred on imported copper ores.

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment, net	**(704)**	(233)
Impairment recognised in respect of mining rights*	**–**	(125,987)
Fair value changes from:		
Commodity derivatives contracts	**999**	58,189
Currency forward contracts	**14,965**	2,656
Gold loans and silver loans designated as financial liabilities at fair value through profit or loss	**(8,943)**	(29,741)
Reversal of impairment loss/(impairment loss) on:		
Trade receivables	**–**	40
Other receivables	**(633)**	(738)
Fair value gain/(loss) on derivative component of convertible note	**18,821**	(27,391)
Exchange losses, net	**(44,114)**	(20,135)
Premium on redemption of convertible bonds *(Note 17)*	**(10,397)**	–
Others	**691**	530
Total other gains and losses	**(29,315)**	(142,810)

* For the six months ended 30 June 2015, the Group recognised losses on impairment for mining rights in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region 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.

8. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank and other borrowings	**(137,421)**	(138,066)
Interest on loans from Daye Nonferrous Metals Group Holding Co., Ltd. ("**Daye Group**", an intermediate holding company)	**(42,056)**	(55,478)
Interest on loans from Daye Nonferrous Metals Group Finance Co., Ltd. ("**Daye Finance Company**", a fellow subsidiary)	**(9,110)**	(7,845)
Interest on convertible note/bonds	**(46,439)**	(67,195)
Unwind interest of provisions for mine rehabilitation, restoration and dismantling	**(623)**	(1,405)
Total borrowing costs	**(235,649)**	(269,989)
Less: Borrowing costs capitalised in the cost of qualifying assets	**15,721**	11,148
	(219,928)	(258,841)

9. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	**(21)**	–
Hong Kong	**–**	–
Deferred tax	**(79,692)**	83,442
	(79,713)	83,442

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment**	**266,935**	264,532
Amortisation of intangible assets**	**18,120**	14,285
Amortisation of prepaid lease payments**	**10,439**	10,223
Employee benefits expense:		
Salaries, wages and welfare	**246,997**	220,307
Retirement benefit schemes contributions	**61,798**	96,061
Total staff costs	**308,795**	316,368
Cost of sale and services rendered:		
Cost of inventories recognised as an expense*	**17,661,103**	18,097,113
Direct operating expense arising from services provided	**10,317**	64,848
	17,671,420	18,161,961
Research costs recognised as an expense	**2,746**	1,889
Minimum lease payments in respect of land and buildings	**7,396**	6,522

* Included in cost of inventories are write-down of inventories of RMB241,740,000 (unaudited) (six months ended 30 June 2016: nil) during the six months ended 30 June 2015, which is mainly attributable to the decline in the price of certain raw materials.

** During the current interim period, depreciation of property, plant and equipment of RMB252,126,000 (unaudited) (six months ended 30 June 2015: RMB249,070,000 (unaudited)), and amortisation of intangible assets and prepaid lease payments totaling RMB14,611,000 (unaudited) (six months ended 30 June 2015: RMB13,801,000 (unaudited)) was capitalised to inventories.

11. DIVIDENDS

No dividend was paid, declared or proposed during the current interim period (six months ended 30 June 2015: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

12. 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	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(117,745)**	(200,258)
Number of ordinary shares		
Number of ordinary shares for the purpose of basic loss per share ('000)	**17,895,580**	17,490,560

The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's outstanding convertible note and convertible bonds during the periods since their exercise would result in a decrease in loss per share for both periods.

13. TRADE AND BILLS RECEIVABLES

	At 30 June	At 31 December
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**273,388**	136,594
Less: Allowance of doubtful debts	**(10,353)**	(10,353)
	263,035	126,241
Bills receivable:		
Bills receivable on hands	**57,840**	23,468
Endorsed to suppliers	**40,053**	55,730
Discounted to Daye Finance Company	**–**	59,138
Discounted to banks	**22,000**	34,223
	119,893	172,559
Total trade and bills receivables	**382,928**	298,800

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 to 1 year after delivery.

The ageing of bills receivables, based on the revenue recognition date, are within 1 year.

The following is an ageing 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 of doubtful debts.

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Within 1 year	**262,339**	111,732
More than 1 year, but less than 2 years	**501**	14,168
More than 2 years, but less than 3 years	**–**	195
Over 3 years	**195**	146
	263,035	126,241

14. BANK AND OTHER DEPOSITS, BANK BALANCES AND CASH

Restricted deposits and balances

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Classified under current assets:		
Bank deposits *(Note (a))*	**–**	400,000
Bank balances *(Note (b))*	**95,127**	10,980
Other deposits *(Note (c))*	**129,792**	138,256
	224,919	549,236
Classified under non-current assets:		
Bank deposits *(Note (d))*	**39,000**	–

Notes:

(a) The bank deposits as at 31 December 2015 were pledged to banks as security for certain banking facilities of a joint venture. The related borrowings were fully repaid during the current period.

(b) Bank balances represent pledged bank deposits for corporate credit card and balances held in designated bank accounts as security for the Group's bills payables and letters of credit.

(c) Other deposits represent deposits in margin accounts held in Shanghai Future Exchange and other futures exchanges and certain financial institutions as security for the commodities derivative and currency forward contracts.

(d) The bank deposits as at 30 June 2016 were pledged to a financing company as security for the borrowings of the Group, details are set out in Note 16.

Bank and other deposits, bank balances and cash

As at 30 June 2016, the amount included deposits in Daye Finance Company of RMB369,592,000 (unaudited) (31 December 2015: RMB575,591,000), which bear interest at rate ranging from 0.53% to 1.15% (31 December 2015: 1.15% to 1.49%) per annum and repayable on demand.

15. TRADE AND BILLS PAYABLES

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Trade payables	**1,207,021**	1,657,143
Bills payables	**541,000**	–
	1,748,021	1,657,143

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

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Within 1 year	**1,155,092**	1,634,751
More than 1 year, but less than 2 years	**35,609**	14,551
More than 2 years, but less than 3 years	**8,539**	225
Over 3 years	**7,781**	7,616
	1,207,021	1,657,143

The maturity period of bills payables is within 6 months.

16. BANK AND OTHER BORROWINGS

	At 30 June 2016 *RMB'000* (unaudited)	At 31 December 2015 *RMB'000* (audited)
Bank borrowings, unsecured	**5,212,220**	5,728,792
Other borrowings:		
Loans from Daye Group, unsecured *	**1,718,249**	1,504,612
Loans from Daye Finance Company, unsecured *	**418,000**	373,000
Advance from Daye Finance Company for discounted bills	**–**	59,138
Advance from banks for discounted bills	**22,000**	34,223
Gold loans	**1,687,084**	1,134,663
Silver loans	**–**	4,332
Other loan **	**500,000**	–
	9,557,553	8,838,760
Less: Amounts due within one year shown under current liabilities	**(3,372,697)**	(3,579,419)
Amounts shown under non-current liabilities	**6,184,856**	5,259,341
Fixed-rate borrowings	**3,998,608**	4,802,427
Variable-rate borrowings	**5,558,945**	4,036,333
Total borrowings	**9,557,553**	8,838,760

* The loans from Daye Group bear interests ranging from 3.92% to 6.15% (31 December 2015: 4.98% to 6.15%) per annum and are repayable in various maturity dates up to 1 January 2020. The loans from Daye Finance Company bear interests ranging from 3.92% to 5.61% (31 December 2015: 3.92% to 5.61%) per annum and are repayable within one year.

** On 23 December 2015, the Group entered into an agreement with a financing company whereby the Group has agreed to transfer the ownership of certain equipment to the financing company (the "Equipment") at a consideration of RMB500,000,000 and lease back the Equipment for a period of 8 years subject to the terms and conditions of the agreement. The transaction was completed in January 2016.

Upon discharging all the Group's obligations under the agreement, the financing company will return the ownership of the Equipment to the Group for a nominal amount of RMB1. Despite the agreement involves a legal form of a lease, the Group accounted for the agreement as collateralised borrowing in accordance with the actual substance of such agreement.

The above other loan was pledged by the Group's bank deposits of RMB39,000,000.

17. CONVERTIBLE NOTE/BONDS

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Debt component:		
HK$1,003,836,048 zero coupon convertible note (the "Note")	**798,145**	741,452
RMB820,000,000 0.5% convertible bonds (the "Bonds")*	**–**	669,908
	798,145	1,411,360
Derivative component of the Note	**178**	18,999
	798,323	1,430,359
Less: Amounts shown under current liabilities	**(798,323)**	(669,908)
Amount shown under non-current liabilities	**–**	760,451

* During the current interim period, the holders of the Bonds have exercised their rights to require the Company to redeem all of the outstanding Bonds at 101.52% of their RMB principal amount of RMB684,000,000. The premium on redemption of RMB10,397,000 was charged to profit or loss under other gains and losses. The corresponding convertible bonds equity reserve of RMB104,639,000 were reclassified to retained earnings upon the redemption. During the prior interim period, an aggregate principal amount of RMB136,000,000 of the Bonds was converted into 567,668,520 new ordinary shares of HK$0.05 each.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As the global economy has been undergoing in-depth adjustment amid weak demand and excess capacity, the non-ferrous metals industry has been under the pressure resulting from the economic downturn. The only way to get out of this predicament is to seek business transformation and upgrading and quality and efficiency enhancement. During the first half of 2016, the Group endeavored to overcome the difficulties resulting from continuous economic downturn and persistent weakness of non-ferrous metals industry and maintained a steady and rapid development momentum.

In the first half of 2016, the Group produced a total of (1) 200,967 tonnes of copper cathode, no material change when compared with the same period last year; (2) 559.7 tonnes of precious metals (including approximately 10,778 kg of gold, 541.4 tonnes of silver, 6 kg of platinum, 73.2 kg of palladium and 7.5 tonnes of tellurium), up by approximately 6.9% from the corresponding period of the previous year; (3) approximately 448,511 tonnes of chemical products (including 447,828 tonnes of sulphuric acid, 263 kg of ammonium perrhenate, 425 tonnes of copper sulfate, 174 tonnes of nickel sulphate and 84 tonnes of crude selenium), down by approximately 2.0% from the corresponding period of the previous year; and (4) 105,500 tonnes of iron concentrate, down by approximately 7.3% from the corresponding period of the previous year.

Outlook

The Group will focus on boosting quality and efficiency through reform and innovation in the second half of 2016. To achieve the annual business objectives, the Group will continue to use its best endeavors in every aspect, including:

(1) Elaborately organise production according to market changes

The electrolysis systems of smelting plant shall be running at full capacity to ensure the fulfilment of the annual targets. The rare and precious metal plant shall fulfil the output targets of gold, silver and other products in an effective and efficient way and reasonably arrange production schedules for by-products according to market prices. For the Tonglvshan Mine, break-even price of copper and corresponding cut-off grade shall be determined and production and operation plans will be developed for the next three to five years. For the Fengshan Copper Mine, production activities shall be organised on a reasonable basis to accomplish the annual cost control target. As for the Sareke Copper Mine, preliminary work for mining operations at the southern mine shall be completed to lay a sound foundation for follow-up work.

(2) Accelerate the renovation projects of mines and major smelting systems

The construction of key infrastructure projects at each mine shall be accelerated to improve mining efficiency. The acid waste sludge treatment projects at smelting plant shall be completed and put into use by the end of the year so as to improve acid waste treatment. The construction works of the upgrade project for centralised scrap copper recycling with a capacity 200,000 tonnes shall be completed as scheduled by the end of the year, and commence production by the end of 2017.

(3) Maintain production safety and environmental protection

The Group will continue to improve its flood control and heatstroke prevention measures and optimise its environmental tasks to ensure a stable production and operation environment.

Financial Review

The Group's revenue decreased by 2.0% to RMB17,994.5 million during the period over the same period last year of RMB18,363.0 million. The decrease in revenue was mainly attributable to the decline of average selling price of major products such as copper cathodes and other copper products. Gross profit margin was increased to about 1.8% for the period (six months ended 30 June 2015: 1.1%) and the increase in gross profit margin was mainly due to there being no write-down of inventories recognised for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB241.7 million) and enhancement of production efficiency of the Group.

Other gains and losses for the six months ended 30 June 2016 amounted to a net loss of approximately RMB29.3 million (six months ended 30 June 2015: a net loss of RMB142.8 million), representing a decrease of approximately 79.5% from the previous period. The decrease was primarily attributable to no impairment recognised in respect of mining rights during the period. For the six months ended 30 June 2015, the Group recognised losses on impairment for mining rights in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region 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.

Income tax expense for the six months ended 30 June 2016 amounted to approximately RMB79.7 million (six months ended 30 June 2015: income tax credit of RMB83.4 million). The increase in income tax expense mainly reflects the deferred tax effect relating to the write-down of inventories.

Capital Structure, Liquidity and Financial Resources

As at 30 June 2016, the Group had restricted bank deposits, restricted deposits and bank balances, bank and other deposits, bank balances and cash of approximately RMB1,200.9 million (31 December 2015: RMB1,843.1 million), of which the majority were denominated in Renminbi, with a current ratio of 1.03 (31 December 2015: 1.01), based on the current assets of approximately RMB7,319.6 million (31 December 2015: RMB7,577.2 million) and current liabilities of approximately RMB7,117.0 million (31 December 2015: RMB7,467.2 million). The Group's gearing ratio was 370.40% (31 December 2015: 326.33%) based on the net debts (which includes bank and other borrowings and convertible note/bonds less restricted bank deposits, restricted deposits (excluding other deposits held in futures exchanges and 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 RMB9,284.8 million (31 December 2015: RMB8,564.2 million) and equity attributable to owners of the Company of approximately RMB2,506.7 million (31 December 2015: RMB2,624.4 million). The increase in gearing ratio was mainly due to the effect of the loss for the period.

As at 30 June 2016, the Group had bank and other borrowings of approximately RMB3,372.7 million (31 December 2015: RMB3,579.4 million) and RMB6,184.9 million (31 December 2015: RMB5,259.3 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 majority of the Group's bank and other borrowings bear interest at variable rates. The Group did not use derivative financial instruments to hedge its interest rate risk during the period.

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 2016, the Group had a total of 7,230 employees (including Hong Kong and PRC offices) (30 June 2015: 8,853). The Group's total staff costs for the six months ended 30 June 2016 was approximately RMB308.8 million (six months ended 30 June 2015: RMB316.4 million). 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, Associates and Joint Ventures

The Group did not make any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months period ended 30 June 2016.

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities.

Charges on Assets

As at 30 June 2016, other deposits which amounted to RMB129.8 million (31 December 2015: RMB138.3 million) were held in futures exchanges and certain financial institutions as security for the commodities derivative and currency forward contracts, and other financing were secured by bank deposits and balances amounting to RMB134.1 million (31 December 2015: RMB411.0 million).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2016, 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 2016.

The Company's independent auditor, Deloitte Touche Tohmatsu, has reviewed the interim financial information of the Group for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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 2016.

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 2016, save for the deviation as summarised 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 respective letter of appointment. However, they are still subject to retirement by rotation and re-election at least once every three years (after he was elected or re-elected) at the annual general meetings of the Company pursuant to the relevant provisions of the Company's Bye-laws, which achieves the same effect 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 2016 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 2016

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.