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中國大冶有色金屬礦業有限公司
China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of the directors (the "Directors") of China Daye Non-Ferrous Metals Mining Limited (the "Company", together with its subsidiaries, the "Group") announces the audited consolidated results of the Group for the year ended 31 December 2016 prepared in accordance with Hong Kong Financial Reporting Standards as follows (together with the comparative figures for the corresponding period of the previous year):

HIGHLIGHTS

	2016	2015	**Changes**	
	RMB'000	*RMB'000*	***RMB'000***	%
Revenue	**38,915,713**	39,361,792	**(446,079)**	(1.13)
Gross profit	**676,996**	53,532	**623,464**	1,164.66
Loss for the year	**(164,752)**	(1,190,225)	**1,025,473**	(86.16)
Loss for the year attributable to owners of the Company	**(163,484)**	(976,337)	**812,853**	(83.26)
Basic loss per share	**RMB(0.91) fen**	RMB(5.52) fen	**RMB4.61 fen**	(83.51)

During the year, revenue decreased by 1.13% to RMB38,915,713,000, compared with RMB39,361,792,000 in the same period of 2015. Gross profit increased by RMB623,464,000 to RMB676,996,000, compared with RMB53,532,000 in the same period of 2015.

Loss for the year decreased by 86.16% to RMB164,752,000, compared with RMB1,190,225,000 in the same period of 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	Year ended 31 December 2016 RMB'000	2015 RMB'000
Revenue	3, 4	**38,915,713**	39,361,792
Cost of sales and services rendered		**(38,238,717)**	(39,308,260)
Gross profit		**676,996**	53,532
Other income	5	**95,516**	107,036
Selling expenses		**(49,232)**	(57,844)
Administrative expenses		**(355,127)**	(337,119)
Other operating expenses		**(10,281)**	(16,570)
Other gains and losses	6	**(66,183)**	(779,006)
Finance costs	7	**(416,556)**	(461,799)
Share of results of joint ventures		**8,119**	39,215
Loss before tax		**(116,748)**	(1,452,555)
Income tax (expense)/credit	8	**(48,004)**	262,330
Loss for the year	9	**(164,752)**	(1,190,225)
Other comprehensive expense			
Items that may be reclassified subsequently 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 year		**–**	(71,164)
Other comprehensive expense for the year		**–**	(71,164)
Total comprehensive expense for the year		**(164,752)**	(1,261,389)
Loss for the year attributable to:			
Owners of the Company		**(163,484)**	(976,337)
Non-controlling interests		**(1,268)**	(213,888)
		(164,752)	(1,190,225)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(163,484)**	(1,047,501)
Non-controlling interests		**(1,268)**	(213,888)
		(164,752)	(1,261,389)
Loss per share	11		
– Basic		**RMB(0.91) fen**	RMB(5.52) fen
– Diluted		**RMB(0.91) fen**	RMB(5.52) fen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

		As 31 December	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,550,233**	7,244,278
Exploration and evaluation assets		**63,427**	125,045
Prepaid lease payments		**693,460**	701,497
Intangible assets		**637,768**	605,210
Interests in joint ventures		**48,538**	40,419
Deferred tax assets		**182,020**	230,818
Restricted bank deposits		**39,000**	–
Long term deposits		**70,710**	47,733
		9,285,156	8,995,000
CURRENT ASSETS			
Prepaid lease payments		**20,951**	20,443
Inventories		**4,806,747**	4,662,894
Trade and bills receivables	*12*	**423,874**	298,800
Prepayments and other receivables		**337,489**	746,772
Derivative financial instruments		**69,431**	5,201
Restricted deposits and bank balances		**35,691**	549,236
Bank and other deposits, bank balances and cash		**1,116,752**	1,293,899
		6,810,935	7,577,245
CURRENT LIABILITIES			
Trade and bills payables	*13*	**2,032,182**	1,657,143
Other payables and accrued expenses		**1,041,550**	1,472,135
Bank and other borrowings		**2,488,269**	3,579,419
Derivative financial instruments		**197,845**	82,109
Convertible note/bonds		**880,609**	669,908
Early retirement obligations		**4,380**	5,630
Income tax payable		**–**	866
		6,644,835	7,467,210
NET CURRENT ASSETS		**166,100**	110,035
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,451,256**	9,105,035

		As 31 December	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
CAPITAL AND RESERVES			
Share capital		**727,893**	727,893
Share premium and reserves		**1,733,066**	1,896,550
Equity attributable to owners of the Company		**2,460,959**	2,624,443
Non-controlling interests		**158,140**	159,408
TOTAL EQUITY		**2,619,099**	2,783,851
NON-CURRENT LIABILITIES			
Bank and other borrowings		**6,293,293**	5,259,341
Convertible note		**–**	760,451
Payables for purchase of property, plant and equipment		**259,802**	–
Provision for mine rehabilitation, restoration and dismantling		**42,801**	41,554
Deferred income		**225,661**	243,720
Early retirement obligations		**10,600**	15,839
Deferred tax liabilities		**–**	279
		6,832,157	6,321,184
		9,451,256	9,105,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 "Hong Kong Stock Exchange").

The address of the registered office and principal place of business of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 18th Floor, 8 Queen's Road Central, Central, Hong Kong, respectively.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is China Non-ferrous Metal Mining (Group) Co., Ltd., a state-owned enterprise established in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Amendments to HKFRS that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

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 HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

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

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

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Sale of goods	**38,878,059**	39,309,093
Rendering of services	**37,654**	52,699
	38,915,713	39,361,792

4. SEGMENT INFORMATION

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

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Sales of goods:		
Copper cathodes	**21,273,301**	27,655,532
Other copper products	**1,062,384**	871,361
Gold and other gold products	**10,592,743**	6,669,341
Silver and other silver products	**5,432,849**	3,411,282
Sulphuric acid and sulphuric concentrate	**107,943**	269,376
Iron ores	**117,055**	91,880
Others	**291,784**	340,321
	38,878,059	39,309,093
Rendering of services:		
Copper processing	**32,577**	43,675
Others	**5,077**	9,024
	37,654	52,699
Total revenue	**38,915,713**	39,361,792

Geographical information

The Group operates in three principal geographical areas – the PRC, Hong Kong and The Republic of Mongolia ("Mongolia"). The Group's information about its non-current assets (excluding deferred tax assets and financial instruments) by location of assets are detailed below:

	Non-current assets at 31 December	
	2016	2015
	RMB'000	*RMB'000*
PRC	**9,014,861**	8,722,641
Hong Kong	**49,050**	41,290
Mongolia	**225**	251
	9,064,136	8,764,182

The Group's revenue from external customers by location of customers are detailed below:

	Revenue from external customers for the year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
PRC	**38,050,232**	38,716,751
Hong Kong	**599,745**	143,608
Others	**265,736**	501,433
	38,915,713	39,361,792

Information about major customers

Details of customers of the corresponding years contributing over 10% or more of the total revenue are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Customer A – in respect of sales of gold	**10,488,053**	6,553,114
Customer B – in respect of sales of copper cathodes	**5,241,045**	5,615,271
	15,729,098	12,168,385

5. OTHER INCOME

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Interest income from banks	**51,106**	59,866
Interest income from Daye Nonferrous Metals Group Finance Co., Ltd. ("Daye Finance Company")	**10,238**	5,180
Value-added tax refund	**13,165**	12,366
Government grants *(Note)*	**3,000**	11,142
Deferred income recognised	**18,007**	18,482
	95,516	107,036

Note: The government grants in the current year mainly represented subsidies for research and development expenses of which the relevant expenses had been previously charged to profit or loss. The government grants in the prior year mainly represented subsidies for interest incurred on imported copper ores.

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment, net	**(4,640)**	(1,688)
Impairment recognised in respect of:		
Property, plant and equipment	**(1,859)**	(344,705)
Prepaid lease payments	**–**	(982)
Mining rights	**–**	(221,966)
Fair value changes from:		
Commodity derivatives contracts	**5,903**	7,280
Currency forward contracts	**24,835**	280
Gold forward contracts	**(192,437)**	–
Gold loans and silver loans designated as financial liabilities at fair value through profit or loss	**171,211**	(31,237)
(Impairment loss)/reversal of impairment loss, net on:		
Trade receivables	**(169)**	781
Other receivables	**(5)**	117
Fair value gain on derivative component of convertible note	**19,381**	5,120
Exchange losses, net	**(83,319)**	(194,277)
Premium on redemption of convertible bonds	**(10,397)**	–
Others	**5,313**	2,271
Total other gains and losses	**(66,183)**	(779,006)

7. FINANCE COSTS

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**277,298**	286,782
Interest on loans from Daye Nonferrous Metals Group Holding Co., Ltd. ("Daye Group")	**60,206**	75,986
Interest on loans from Daye Finance Company	**15,763**	6,763
Interest on loans from a fellow subsidiary	**4,411**	–
Interest on convertible note/bonds	**102,219**	134,306
Unwind interest of provision for mine rehabilitation, restoration and dismantling	**1,247**	1,210
Unwind interest of early retirement obligations	**460**	900
Total borrowing costs	**461,604**	505,947
Less: Borrowing costs capitalised in the cost of qualifying assets	**(45,048)**	(44,148)
	416,556	461,799

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a weighted average capitalisation rate of 5.66% (2015: 5.59%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSES/(CREDIT)

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**77**	774
Hong Kong	**–**	556
Over provision in prior years:		
Hong Kong	**(592)**	–
Deferred tax	**48,519**	(263,660)
	48,004	(262,330)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both years.

No provision for Hong Kong profits tax for the year has been made as the Group has no assessable profit generated in Hong Kong for the year. Hong Kong profits tax for the prior year was calculated at 16.5% of the estimated assessable profit for that year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment **	**531,206**	534,735
Amortisation of intangible assets **	**37,060**	29,947
Amortisation of prepaid lease payments **	**20,951**	20,443
Auditor's remuneration	**3,682**	3,361
Employee benefits expense (including Directors' remuneration) ***:		
Salaries, wages and welfare	**507,568**	606,249
Retirement benefit schemes contributions	**123,874**	135,511
Total staff costs	**631,442**	741,760
Cost of sale and services rendered:		
Cost of inventories recognised as an expense*	**38,206,107**	39,233,691
Direct operating expense arising from services provided	**32,610**	74,569
	38,238,717	39,308,260
Research costs recognised as an expense	**8,670**	6,905
Minimum lease payments in respect of land and buildings	**16,637**	15,194

* Write-down of inventories of RMB14,110,000 (2015: RMB612,280,000), which is included in cost of inventories, is mainly attributable to the decline in the price of certain raw materials. The materials are written down to net realisable value when the costs of the finished products are expected to exceed their net realisable values.

** During the year, depreciation of property, plant and equipment of RMB514,665,000 (2015: RMB525,328,000), and amortisation of intangible assets and prepaid lease payments totaling RMB27,944,000 (2015: RMB28,928,000) was capitalised to inventories.

*** During the year, employee benefits expenses of RMB553,795,000 (2015: RMB662,656,000) were capitalised to inventories.

10. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

11. 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:

	Year ended 31 December 2016 *RMB'000*	2015 *RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(163,484)**	(976,337)
	'000	*'000*
Number of ordinary shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	**17,895,580**	17,694,734

The computation of diluted loss per share for the years ended 31 December 2016 and 2015 does not assume the conversion of the Company's outstanding convertible note and convertible bonds since their exercise would result in a decrease in loss per share for the years ended 31 December 2016 and 2015.

12. TRADE AND BILLS RECEIVABLES

	At 31 December 2016 *RMB'000*	2015 *RMB'000*
Trade receivables	**298,967**	136,594
Less: Allowance of doubtful debts	**(10,522)**	(10,353)
	288,445	126,241
Bills receivables:		
Bills receivable on hand	**40,201**	23,468
Endorsed to suppliers	**54,228**	55,730
Discounted to Daye Finance Company	**2,000**	59,138
Discounted to banks	**39,000**	34,223
	135,429	172,559
Total trade and bills receivables	**423,874**	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 normally 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 for doubtful debts.

	At 31 December	
	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**272,382**	111,732
More than 1 year, but less than 2 years	**1,832**	14,168
More than 2 years, but less than 3 years	**13,890**	195
Over 3 years	**341**	146
	288,445	126,241

Except for an aggregate receivables of RMB13,890,000 (2015: RMB13,890,000) which are pledged by equity shares of a private company established in the PRC, the Group does not hold any collateral over trade receivables.

13. TRADE AND BILLS PAYABLES

	At 31 December	
	2016	2015
	RMB'000	*RMB'000*
Trade payables	**1,750,521**	1,657,143
Bills payables	**281,661**	–
	2,032,182	1,657,143

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

	At 31 December	
	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**1,729,314**	1,634,751
More than 1 year, but less than 2 years	**12,673**	14,551
More than 2 years, but less than 3 years	**898**	225
Over 3 years	**7,636**	7,616
	1,750,521	1,657,143

The maturity period of bills payables are within 6 months.

14. CONTINGENT LIABILITIES

As at 31 December 2016, the Group issued financial guarantees to a bank in respect of banking facilities for letter of credits granted to a joint venture with an aggregate amount of RMB150,000,000 (2015: nil), which represented the amount that could be required to be paid if guarantees were called upon in entirety, of which RMB145,500,000 had been utilised by the joint venture as at 31 December 2016.

15. EVENTS AFTER THE REPORTING PERIOD

(a) The zero coupon convertible note (the "Note") issued by the Company to China Times Development Limited ("China Times") matured on 7 March 2017 (the "Maturity Date"). The Note had been redeemed in full on the Maturity Date by issuance of a promissory note (the "Promissory Note") by the Company to China Times for the Renminbi equivalent of the outstanding principal amount of the Note, which had taken effect on the Maturity Date (the "Effective Date"). China Times and the Company have acknowledged and agreed that the issue of the Promissory Note will constitute full satisfaction of the amount payable by the Company to China Times on the redemption of the Note on the Maturity Date.

The principal amount together with accrued interest of the Promissory Note shall be paid either in full or by installments by no later than 6 March 2022. The interest payable under the Promissory Note shall accrue at the rate of 4.75% per annum on the outstanding principal amount from the Effective Date. Payment under the Promissory Note shall be made, at the option by the Company, by:

(i) The payment of immediately available funds in Renminbi by wire transfer to the China Time's bank account designated by China Times in writing; and/or

(ii) The allotment and issue of shares of the Company to China Times subject to compliance with applicable laws, regulations and the Listing Rules.

(b) Subsequent to the end of the reporting period, on 12 March 2017, a partial dam failure occurred at the northwestern corner of the tailings pond at Tonglvshan Mine of the Group located in Hubei Province, the PRC. The operation of the tailings pond has been suspended, while other production of such copper mine remains normal. The cause of the incident is under investigation. Please refer to the Company's announcement dated 13 March 2017 for further details of the above incident.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the year ended 31 December 2016 amounted to approximately RMB38,915,713,000 (2015: RMB39,361,792,000), representing a year-on-year decline of approximately 1.13%. Loss for the year was approximately RMB164,752,000 (2015: RMB1,190,225,000), representing a year-on-year decrease of approximately 86.16%, mainly attributable to the significant decrease in the recognition of write-down of inventories and impairment of assets for the year ended 31 December 2016.

During the year, a total of approximately 27,100 tonnes of mined copper was produced by the Group, down by 4.58% from the previous year. The Group also produced approximately 429,000 tonnes of copper cathode, down by 8.84% from the previous year; approximately 1,149.95 tonnes of precious metals (including approximately 20.18 tonnes of gold, approximately 1,113.3 tonnes of silver, approximately 12 kg of platinum, approximately 158 kg of palladium and approximately 16.30 tonnes of tellurium), up by 4.35% year-on-year; approximately 1,001,700 tonnes of chemical products (including approximately 1,000,000 tonnes of sulphuric acid, approximately 607 kg of ammonium perrhenate, approximately 392 tonnes of nickel sulphate, approximately 1,086 tonnes of copper sulfate and approximately 184 tonnes of crude selenium), down by 2.94% year-on-year; approximately 242,000 tonnes of iron concentrate, down by 6.42% year-on-year; and approximately 86 tonnes of molybdenum concentrate, down by 22.52% year-on-year.

Despite various challenges including the industry slowdown and fluctuation of market price in 2016, we managed to maintain our strategic positioning and achieved steady progress in active compliance with new requirements on safety and environment:

1. Operating quality was steadily improved against the backdrop of industry slowdown through quality and efficiency enhancement. Long-term high-efficient production was achieved for high-return systems equipped with advanced technologies. Reasonable arrangement on production and infrastructure construction for the purpose to achieve higher efficiency has driven a sustainable development of mines.

2. Resource exploitation and mine construction proceeded steadily. Throughout the year, the Group fulfilled its drilling depth plan of internal mines, with a new progress made in deep prospecting in Tonglvshan Mine. Mine construction also progressed well. The mining work of No. XI ore body of Tonglvshan Mine passed inspection. Construction of the new tailings storage facility of Tongshankou Mine was completed. The reconstruction projects of underground ventilation and trackless maintenance system of Sareke Copper Mine were put into operation in succession respectively. Mechanisation and automisation of the Group's mine system were further improved.

3. Smelting system was further improved. The fugitive gas collection project was implemented and the acid waste sludge landfill put into operation. Construction of compliance project on waste water and gas emission of rare and precious metal plant was completed. Smelting systems have undergone green transformation. Plant environment got obvious improvement. Capacity expansion of silver electrolysis system in rare and precious metal plant was completed, enhancing the productivity and stability of the system.

MARKET PROSPECTS

However, the world economy is still struggling to recover in 2017. Uncertainties exist in future policy direction of the new U.S. administration, post Brexit process and general election in many key EU members. Against the backdrop of depressed global trade and rising elements of complexity, instability and uncertainty threatening the world economy, the Group is facing more risks and challenges, which heightens the difficulty in market occupation and risk control by the Group. Despite ongoing stable development of China's economy with new growing momentum and accumulated favorable factors, there are still many downward pressures on the economy and various sharp conflicts and issues during the course of economy development. The non-ferrous metals industry is developing in a stable manner, though slowly. However, volatility of many economy indices are intensifying and accelerating, prices of non-ferrous metals often overreact to sudden events with rising unpredictability and it lacks a solid base for a sustained recovery of economic efficiency.

In conclusion, in 2017, we must seek improvements during stable development and work hard in all aspects of our business following existing development strategy and ideas, and be determined to enhance quality and efficiency.

OPERATING OBJECTIVES AND STRATEGIES IN 2017

The main production targets of the Group for 2017 include producing 30,900 tonnes of mined copper, 482,500 tonnes of copper cathode, 20 tonnes of gold, 1,000 tonnes of silver, 1,040,000 tonnes of sulphuric acid, 240,000 tonnes of iron concentrate, 12 kg of platinum, 180 kg of palladium, 380 tonnes of nickel sulfate (containing metal), 190 tonnes of crude selenium, 20 tonnes of tellurium, 1,000 tonnes of copper sulfate, 600 kg of ammonium perrhenate and 84 tonnes of molybdenum concentrate.

In order to achieve the above targets, the Group will implement various working measures, which mainly include the following aspects:

1. **To make persistent efforts to promote the first and foremost strategy of exploring resources**

   The Group will strengthen cooperation in mineral exploitation and resource exploitation, enhance the support capability of resource and accelerate the construction and development of mines with the aim to turn resource superiority into favorable economic conditions, thus intensifying the solid support of improving quality and effectiveness.

   The Group will pay special attention to the project of resource exploitation by advancing the mine exploration of fringe and in-depth of its mines, in order to increase the resource reserves. The Group will step up its efforts in mine exploration for mine production for the purpose of increasing the minable ore, while upgrading the reserve category of such mines.

   The Group will focus on the construction of mining infrastructure by accelerating the construction of the development of No. XI ore body of Tonglvshan Mine and the development of ramps in in-depth of southern edges of Fengshan Copper Mine, so as to ensure that the work progress is satisfactory. Besides, the Group will speed up the development of Sareke Copper Mine, thereby facilitating the steady and continued production of the mines.

2. **To make persistent efforts to promote the development of Green Daye (環保有色)**

The Group will adhere to the concept "to be in compliance with laws and regulations, to promote green development, to implement energy conservation and emission reduction as well as promoting cleaner production" so as to respond to additional changes and requirements of environmental protection in an active manner. By accurately grasping the above importance and difficulty, the Group strives to make further breakthrough in developing Green Daye (環保有色).

The Group will accelerate the construction of energy conservation and emission reduction works. In this regard, we will make sure that the centralized scrap copper recycling project with a capacity of 200,000 tonnes is completed during the year. The Group will focus on the environment control and transformation. Specifically, it will further consolidate the basis of emission control work for smelting plant and accelerate the projects including smoke and gas discharge control of converter to make sure that the emission is up to standards, while reinforcing online monitoring and management to guarantee that the indicator of each discharge point is immediately available. Meanwhile, the Group will pay great attention to the reduction work of waste discharge by enhancing the management on water balance, so as to control the discharge of water to areas outside smelting plant to below 1,500 tonnes/day.

3. **To make persistent efforts to promote technological innovation**

The Group will intensify its efforts in the development of key technologies, and then make full use of its achievement and popularize its application, so that technological innovation will play a more important role in improving quality and effectiveness.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2016, the Group recorded revenue of approximately RMB38,915,713,000 (2015: RMB39,361,792,000), representing a decrease of approximately 1.13% from the previous year. The decrease was mainly attributable to the decline of quantity sold of copper cathodes.

Cost of sales and services rendered

For the year ended 31 December 2016, the cost of sales and services rendered of the Group amounted to approximately RMB38,238,717,000 (2015: RMB39,308,260,000), representing a decrease of approximately 2.72% from the previous year, which was primarily due to the decrease in the quantity of purchase of raw materials.

Gross profit

Gross profit increased by RMB623,464,000 to RMB676,996,000, compared with RMB53,532,000 in the same period of 2015. This increase in gross profit was mainly due to the decrease in write-down of inventories for the year ended 31 December 2016. There was a write-down of inventories amounting to approximately RMB612,280,000 due to a significant decline in copper price for the year ended 31 December 2015.

Write-down of inventories of RMB14,110,000 (2015: RMB612,280,000), which is included in cost of inventories in the year ended 31 December 2016, is mainly attributable to the decline in the price of certain raw materials. The materials are written down to net realisable value when the costs of the finished products are expected to exceed their net realisable values.

Other income

Other income for the year ended 31 December 2016 amounted to approximately RMB95,516,000 (2015: RMB107,036,000), representing a decrease of approximately 10.76% from the previous year. The decrease was primarily due to the decrease in government grants recognised.

Administrative expenses

Administrative expenses for the year ended 31 December 2016 amounted to approximately RMB355,127,000 (2015: RMB337,119,000), representing an increase of approximately 5.34% from the previous year. The increase was primarily due to the increase in the repairs and maintenance expense when compared with the previous year.

Other gains and losses

Other gains and losses for the year ended 31 December 2016 amounted to a net loss of approximately RMB66,183,000 (2015: a net loss of RMB779,006,000), representing a decrease of approximately 91.50% from the previous year. The decrease was primarily due to the decrease in the recognition of impairment of assets when compared with the previous year.

Finance costs

Finance costs for the year ended 31 December 2016 amounted to approximately RMB416,556,000 (2015: RMB461,799,000), representing a decrease of approximately 9.80% from the previous year. The Company redeemed the outstanding principal amount of the convertible bonds of RMB684,000,000 in full on 30 May 2016. The interest expense derived from the convertible bonds decreased significantly when compared with the previous year, which caused the decrease in finance costs.

Income tax (expense)/credit

Income tax expense for the year ended 31 December 2016 amounted to approximately RMB48,004,000 (2015: an income tax credit of RMB262,330,000). The income tax credit in the prior year mainly represented the deferred tax credit relating to write-down of inventories. The change mainly reflects the decrease in the write-down of inventories in the current year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had restricted deposits and bank balances, bank and other deposits, bank balances and cash of approximately RMB1,191,443,000 (2015: RMB1,843,135,000), of which the majority were denominated in Renminbi. The Group's current ratio was approximately 1.02 (2015: 1.01), based on current assets of approximately RMB6,810,935,000 (2015: RMB7,577,245,000) divided by current liabilities of approximately RMB6,644,835,000 (2015: RMB7,467,210,000). The Group's gearing ratio as at 31 December 2016 was approximately 345.36% (2015: 326.33%), based on net debts (which included 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, gold forward contracts and currency forward contracts) and bank balances, bank and other deposits, bank balances and cash) of approximately RMB8,499,169,000 (2015: RMB8,564,240,000) divided by equity attributable to owners of the Company of approximately RMB2,460,959,000 (2015: RMB2,624,443,000). The increase in gearing ratio was attributable to the decrease in equity attributable to owners of the Company due to the effect of the loss for the year.

As at 31 December 2016, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2016, the Group's total debts (which comprise non-current and current bank and other borrowings and convertible note) amounted to approximately RMB9,662,171,000 (2015: RMB10,269,119,000). The decrease in debts was primarily due to the redemption by the Company of the outstanding principal amount of the convertible bonds of RMB684,000,000 in full on 30 May 2016.

As at 31 December 2016, the Group had bank and other borrowings of approximately RMB2,488,269,000 (2015: RMB3,579,419,000) and RMB6,293,293,000 (2015: RMB5,259,341,000) which was due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. Included in bank and other borrowings of RMB41,000,000 (2015: RMB93,361,000) were advances from banks and Daye Nonferrous Metals Group Finance Co., Ltd. for discounted bills with the same amount. The majority of the Group's bank and other borrowings were at fixed interest rate.

FOREIGN EXCHANGE RISK

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

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

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2016.

CHARGES ON ASSETS

As at 31 December 2016, other deposits which amounted to RMB28,441,000 (2015: RMB138,256,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative, gold forward contracts and currency forward contracts, and other financing were secured by bank deposits and balances amounting to RMB46,250,000 (2015: RMB410,980,000).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group issued financial guarantees to a bank in respect of banking facilities for letter of credits granted to a joint venture, the details of which are disclosed in note 14 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 15 to the consolidated financial statements, the Group had no other material event after the reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had 7,705 employees (2015: 8,345). The Group's total staff costs for the year was approximately RMB631,442,000 (2015: RMB741,760,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate.

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

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun. The Audit Committee has reviewed the final results of the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange 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 year ended 31 December 2016.

CORPORATE GOVERNANCE CODE COMPLIANCE

For the year ended 31 December 2016, the Company had complied with the code provisions of the Corporate Governance Code ("CG Code") except for deviations from code provision A.4.1 of the CG Code as summarized below:

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company were not appointed for a specific term in their 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2016 and as of the date of this announcement.

REMUNERATION COMMITTEE

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

The Remuneration Committee currently comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun.

NOMINATION COMMITTEE

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

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

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.hk661.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2016 annual report and the notice of the annual general meeting will be despatched to the shareholders of the Company and available on the same websites in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

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

Hong Kong, 31 March 2017

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.