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 2018

The board (the "Board") of 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 2018 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

	2018	2017
	RMB'000	*RMB'000*
Revenue	**30,749,010**	33,529,012
Gross profit	**942,736**	927,215
Loss for the year	**(86,602)**	(91,191)
Loss for the year attributable to owners of the Company	**(100,959)**	(97,247)
Basic loss per share	**RMB(0.56) fen**	RMB(0.54) fen

During the year, revenue decreased by approximately 8.29% to approximately RMB30,749,010,000, compared with approximately RMB33,529,012,000 in the same period of 2017. Gross profit increased by approximately RMB15,521,000 to approximately RMB942,736,000, compared with approximately RMB927,215,000 in the same period of 2017.

Loss for the year decreased by approximately 5.03% to approximately RMB86,602,000, compared with approximately RMB91,191,000 in the same period of 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Revenue	*3, 4*	**30,749,010**	33,529,012
Cost of sales and services rendered		**(29,806,274)**	(32,601,797)
Gross profit		**942,736**	927,215
Other income	*5*	**75,704**	81,528
Selling expenses		**(64,394)**	(76,603)
Administrative expenses		**(325,692)**	(352,600)
Other operating expenses		**(111,488)**	(198,591)
(Impairment losses)/reversal of impairment losses, net		**(1,651)**	892
Other gains and losses	*6*	**(121,132)**	(39,956)
Finance costs	*7*	**(424,571)**	(404,131)
Share of results of joint ventures		**(15,962)**	(7,284)
Loss before tax		**(46,450)**	(69,530)
Income tax expenses	*8*	**(40,152)**	(21,661)
Loss and total comprehensive expense for the year	*9*	**(86,602)**	(91,191)
(Loss)/profit and total comprehensive (expense)/ income for the year attributable to:			
Owners of the Company		**(100,959)**	(97,247)
Non-controlling interests		**14,357**	6,056
		(86,602)	(91,191)
Loss per share	*11*		
– Basic		**RMB(0.56)fen**	RMB(0.54)fen
– Diluted		**RMB(0.56)fen**	RMB(0.54)fen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Notes	At 31 December 2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,045,432**	7,346,061
Exploration and evaluation assets		**49,479**	44,294
Prepaid lease payments		**676,764**	698,534
Intangible assets		**623,545**	666,249
Investments in joint ventures		**–**	41,254
Deferred tax assets		**121,738**	160,359
Other deposits		**46,916**	71,390
Restricted bank deposits		**43,355**	39,000
		8,607,229	9,067,141
CURRENT ASSETS			
Prepaid lease payments		**21,611**	21,451
Inventories		**5,079,176**	4,813,802
Trade and bills receivables	*12*	**745,415**	518,557
Other deposits		**69,095**	141,414
Prepayments and other receivables		**1,444,472**	295,834
Derivative financial instruments		**119,966**	17,245
Restricted and pledged bank deposits		**23,304**	39,985
Cash and bank balances		**861,616**	957,112
		8,364,655	6,805,400
CURRENT LIABILITIES			
Trade and bills payables	*13*	**1,903,197**	2,484,878
Other payables and accrued expenses		**815,115**	1,034,416
Contract liabilities		**82,398**	–
Bank and other borrowings		**5,178,212**	3,058,032
Derivative financial instruments		**58,108**	50,734
Early retirement obligations		**44,850**	38,350
Current income tax liabilities		**1,531**	–
		8,083,411	6,666,410
NET CURRENT ASSETS		**281,244**	138,990
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,888,473**	9,206,131

	Notes	At 31 December 2018 RMB'000	2017 RMB'000
CAPITAL AND RESERVES			
Share capital		**727,893**	727,893
Share premium and reserves		**1,509,568**	1,635,819
Equity attributable to owners of the Company		**2,237,461**	2,363,712
Non-controlling interests		**178,553**	164,196
TOTAL EQUITY		**2,416,014**	2,527,908
NON-CURRENT LIABILITIES			
Other payables		**287,855**	312,735
Bank and other borrowings		**4,837,197**	5,085,477
Promissory note		**968,692**	926,344
Provision for mine rehabilitation, restoration and dismantling		**45,407**	44,085
Deferred income		**189,768**	206,492
Early retirement obligations		**143,540**	103,090
		6,472,459	6,678,223
		8,888,473	9,206,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

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.

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*
Amendments to HKAS 40	*Transfers of Investment Property*

Except as described below, the application of the new and 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.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and the related interpretations.

The Group recognises revenue from the mining and processing of mineral ores and selling/trading of metal products.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018***
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accrued expenses	1,034,416	(100,396)	934,020
Contract liabilities	–	100,396	100,396

* The amounts in this column are before the adjustments from the application of HKFRS 9.

As at 1 January 2018, receipts in advances from customers of RMB100,396,000 in respect of sales contracts previously included in other payables and accrued expenses were reclassified to contract liabilities on the face of the consolidated statement of financial position.

The following table summaries the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported	**Adjustments**	**Amounts without application of HKFRS 15**
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accrued expenses	815,115	82,398	897,513
Contract liabilities	82,398	(82,398)	–

HKFRS 9 Financial Instruments **and the related amendments**

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, financial guarantee contracts) and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Investments in joint ventures *RMB'000*	**Accumulated losses** *RMB'000*
Opening balance as 31 December 2017 – HKAS 39	41,254	(349,194)
Effect arising from initial application of HKFRS 9		
Remeasurement for impairment under ECL model (note)	(25,292)	(25,292)
Opening balance at 1 January 2018	15,962	(374,486)

Note:

The effect arising from the initial application of HKFRS 9 by joint ventures in respect of ECL provision for the respective financial assets at amortised cost, which consequently resulted in remeasurement loss recognised by the Group through equity accounting. The effect on 1 January 2018 was a decrease in the carrying amounts of investments in joint ventures of RMB25,292,000 with corresponding adjustments to accumulated losses by RMB25,292,000.

Upon initial application of HKFRS 9, the Group's trade receivables under provisionally priced sales arrangements were reclassified as trade receivables at fair value through profit or loss ("FVTPL") and are measured in its entirety as at FVTPL because the cash flows of these receivables do not represent solely payments of principal and interest on the principal amount outstanding. However, the fair value of the embedded commodity derivative component arising from the provisionally priced sales arrangements as at 31 December 2017 is insignificant.

Impacts on opening consolidated statement of financial position arising from the application of all new standards and amendments

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item affected.

	At 31 December 2017 *RMB'000* (Audited)	HKFRS 15 *RMB'000*	HKFRS 9 *RMB'000*	**At 1 January 2018** ***RMB'000*** **(Restated)**
Non-current assets				
Investments in joint ventures	41,254	–	(25,292)	**15,962**
Current liabilities				
Other payables and accrued expenses	1,034,416	(100,396)	–	**934,020**
Contract liabilities	–	100,396	–	**100,396**
Capital and reserves				
Accumulated losses	(349,194)	–	(25,292)	**(374,486)**
Total equity	2,527,908	–	(25,292)	**2,502,616**

3. REVENUE

3.1 For the year ended 31 December 2018

Disaggregation of revenue from contracts with customers for the year ended 31 December 2018

	RMB'000
Sales of goods	**30,694,020**
Rendering of services	**54,990**
	30,749,010
Timing of revenue recognition:	
A point in time	**30,694,020**
Over time	**54,990**
	30,749,010

Performance obligations for contracts with customers

The Group sells non-ferrous metals and other materials directly to external customers and revenue is recognised when control of goods has transferred to the customers, being when the goods have been delivered to the customers. The majority of sales are made under contractual arrangements whereby a significant portion of transaction price is received before delivery or promptly after delivery. The advance payments received from customers are recorded as contract liabilities until the control of the goods is transferred to the customers.

Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts for rendering of services are typically have a 1-year non-cancellable term in which the Group bills based on the value of services rendered. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has a right to invoice.

All other contracts are for periods of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

3.2 An analysis of the Group's revenue for the year ended 31 December 2017 is as below:

	RMB'000
Sales of goods	**33,456,125**
Rendering of services	**72,887**
	33,529,012

4. 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 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	
	2018	2017
	RMB'000	*RMB'000*
Sales of goods:		
Copper cathodes	**23,633,368**	24,538,613
Other copper products	**274,042**	694,625
Gold and other gold products	**2,699,093**	3,825,024
Silver and other silver products	**3,417,266**	3,820,342
Sulphuric acid and sulphuric concentrate	**228,203**	197,976
Iron ores	**135,685**	112,648
Others	**306,363**	266,897
	30,694,020	33,456,125
Rendering of services:		
Copper processing	**44,151**	61,408
Others	**10,839**	11,479
	54,990	72,887
Total revenue	**30,749,010**	33,529,012

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	
	2018	2017
	RMB'000	*RMB'000*
PRC	**8,416,388**	8,825,933
Hong Kong	**25,626**	41,675
Mongolia	**122**	174
	8,442,136	8,867,782

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

	Revenue from external customers for the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
PRC	**28,914,452**	31,736,447
Hong Kong	**399,814**	605,138
Others	**1,434,744**	1,187,427
	30,749,010	33,529,012

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	
	2018	2017
	RMB'000	*RMB'000*
Customer A – in respect of sales of gold	**N/A***	3,790,775

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest income from banks	**20,981**	32,483
Interest income from Daye Nonferrous Metals Group Holding Co., Ltd. ("Daye Group")	**2,732**	–
Interest income from Daye Nonferrous Metals Group Finance Co., Ltd. ("Daye Finance Company")	**9,084**	9,942
Interest income from a joint venture	**4,854**	532
Government grants (Note)	**4,241**	5,479
Deferred income recognised	**20,922**	18,459
Others	**12,890**	14,633
	75,704	81,528

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

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment, net	**(42,414)**	(601)
Gain on disposal of prepaid lease payments	**–**	212
Fair value changes from:		
Commodity derivatives contracts	**10,856**	(12,951)
Currency forward contracts	**5,136**	(26,939)
Currency option contracts	**8,468**	(26,369)
Gold forward contracts	**110,152**	195,329
Gold loans designated as financial liabilities at fair value through profit or loss	**(155,960)**	(211,842)
Fair value gain on derivative component of convertible note (Note (a))	**–**	1
Exchange gains/(losses), net	**(57,008)**	78,726
Other losses (Note (b))	**(362)**	(35,522)
Total other gains and losses	**(121,132)**	(39,956)

Notes:

(a) The amount in the prior year represented fair value changes of the conversion option attached to a convertible note in the aggregate principal amount of HK$1,003,836,048 issued to China Times Development Limited ("China Times"), the immediate holding company of the Company, in relation to a restructuring arrangement of the Group in 2012. The Note matured on 7 March 2017 and was redeemed in full by the issuance of a promissory note by the Company to China Times.

(b) The amount in the prior year mainly represented compensation paid of RMB35,522,000 in relation to a partial dam failure occurred on 12 March 2017 at the northwestern corner of tailings pond at Tonglvshan Mine of the Group located in Hubei Province, the PRC. Up to 31 December 2018, the Group has received advance compensation totaling RMB47,000,000 (31 December 2017: RMB21,000,000) from an insurance company, which was recorded under "Other payables and accrued expenses".

7. FINANCE COSTS

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**329,644**	290,320
Interest on loans from Daye Group	**28,888**	50,961
Interest on loans from Daye Finance Company	**15,584**	15,411
Interest on loans from a fellow subsidiary	**8,438**	5,364
Interest on amounts due to a fellow subsidiary	**11,934**	11,353
Interest on convertible note	**–**	17,210
Interest on promissory note	**42,348**	34,807
Unwind interest of provision for mine rehabilitation, restoration and dismantling	**1,322**	1,284
Unwind interest of early retirement obligations	**7,980**	4,890
Total borrowing costs	**446,138**	431,600
Less: Borrowing costs capitalised in the cost of qualifying assets	**(21,567)**	(27,469)
	424,571	404,131

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a weighted average capitalisation rate of 3.65% (2017: 3.95%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**1,531**	–
Deferred tax	**38,621**	21,661
	40,152	21,661

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

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

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

Loss and total comprehensive expense for the year has been arrived at after charging:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment (Note (ii))	**617,808**	600,015
Amortisation of intangible assets (Note (ii))	**50,823**	47,902
Amortisation of prepaid lease payments (Note (ii))	**21,610**	21,451
Employee benefits expense (including directors' remuneration) (Note (iii)):		
Salaries, wages and welfare	**494,491**	519,407
Retirement benefit scheme contributions	**123,179**	109,325
Provision for early retirement obligations (Note (iv))	**96,580**	186,700
Total staff costs	**714,250**	815,432
Cost of sales and services rendered:		
Cost of inventories recognised as an expense (Note (i))	**29,762,127**	32,537,614
Direct operating expense arising from services provided	**44,147**	64,183
	29,806,274	32,601,797
Research costs recognised as an expense	**8,828**	6,947
Minimum lease payments in respect of lands and buildings	**14,039**	18,951

Notes:

(i) Write-down of inventories of RMB29,005,000 (2017: RMB8,728,000), which was included in cost of inventories, was 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.

(ii) During the year, depreciation of property, plant and equipment of RMB606,696,000 (2017: RMB583,989,000), and amortisation of intangible assets and prepaid lease payments totaling RMB33,125,000 (2017: RMB30,544,000) was capitalised to inventories.

(iii) During the year, employee benefits expense of RMB551,393,000 (2017: RMB565,231,000) were capitalised to inventories.

(iv) The provision was included in "other operating expenses".

10. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during 2018 nor has any dividend been proposed since the end of the reporting period (2017: 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	
	2018	2017
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(100,959)**	(97,247)
	'000	*'000*
Number of ordinary shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	**17,895,580**	17,895,580

The computation of diluted loss per share for the year ended 31 December 2017 did not assume the conversion of the Company's outstanding convertible note since its conversion would result in a decrease in loss per share for the year ended 31 December 2017.

The computation of diluted loss per share does not assume the conversion of the promissory note as the issue price is determined by reference to the then market price of the shares of the Company.

12. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**367,306**	342,991
Less: Allowance for credit losses	**(10,882)**	(10,499)
	356,424	332,492
Bills receivables:		
On hand	**137,436**	134,193
Endorsed to suppliers	**33,505**	48,872
Discounted to banks	**218,050**	–
Held by banks for collection	**–**	3,000
	388,991	186,065
Total trade and bills receivables	**745,415**	518,557

The majority of sales are made under contractual arrangements whereby a significant portion of transaction price is received before delivery or promptly after delivery. Bills receivables are matured within 1 year.

Certain trade receivables are under provisionally priced sales arrangements, the fair value of the embedded commodity derivative component arising from provisionally priced sales arrangement at 31 December 2017 is insignificant. Upon initial application of HKFRS 9, these trade receivables under provisionally priced sales arrangements are measured in its entirety as at FVTPL.

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 credit losses.

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**354,622**	151,473
More than 1 year, but less than 2 years	**369**	180,794
More than 2 years, but less than 3 years	**1,238**	31
Over 3 years	**195**	194
	356,424	332,492

13. TRADE AND BILLS PAYABLES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**1,840,697**	2,484,878
Bills payables	**62,500**	–
	1,903,197	2,484,878

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

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**1,828,020**	2,465,848
More than 1 year, but less than 2 years	**2,664**	9,794
More than 2 years, but less than 3 years	**844**	1,385
Over 3 years	**9,169**	7,851
	1,840,697	2,484,878

The maturity period of bills payables are within 6 months based on the invoice date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the year ended 31 December 2018 amounted to approximately RMB30,749,010,000 (2017: RMB33,529,012,000), representing a year-on-year decline of approximately 8.29%. Loss for the year was approximately RMB86,602,000 (2017: RMB91,191,000), representing a year-on-year decrease of approximately 5.03%. The decrease was primarily due to the increase in the gross profit of precious metals.

In 2018, the Group produced a total of approximately 30,000 tonnes of mined copper, substantially remaining at the same level over the same period last year; approximately 500,400 tonnes of copper cathode, an increase of approximately 4.88% over the same period last year; approximately 1,094.19 tonnes of precious metals (including approximately 9.97 tonnes of gold, approximately 1,053.90 tonnes of silver, approximately 26.50 kg of platinum, approximately 237.00 kg of palladium and approximately 30.06 tonnes of tellurium), an increase of approximately 21.28% over the same period last year; approximately 1,021,600 tonnes of chemical products such as the production of sulphuric acid (including approximately 1,016,500 tonnes of sulphuric acid, approximately 629.26 tonnes of nickel sulphate, approximately 4,252.73 tonnes of copper sulfate and approximately 168.79 tonnes of crude selenium), a decrease of approximately 2.15% over the same period last year; approximately 245,500 tonnes of iron concentrate, an increase of approximately 8.82% over the same period last year; and approximately 82.76 tonnes of molybdenum concentrate, a decrease of approximately 8.04% over the same period last year.

With a broad vision and a liberal mindset, the Group laid out its work agendas in 2018 to fully align with market mechanism and deepened reforms in all areas. Through these initiatives, the Group managed to gain new progress on all tasks.

1. Continuously enhanced risk management

The official termination procedure of the project for tackling hidden peril in the Tongshankou Mine tailings storage facility close-down under listed supervision was completed. The water management project for smelting plant also achieved substantial progress. The goal of exceeding 96.5% in the reuse rate of industrial water for smelting production has been achieved. Operational risk and environmental risk were also put under efficient control.

2. Aligned with the market for enhancing operational efficiency

Through efforts in revamping production process to achieve higher efficiencies, there witnessed a significant growth in the turnout of products with good efficiencies. Through raising technical and economic indices, the Tongshankou Mine realised major breakthrough in the recovery rate of copper concentrator, whereas the total recovery rate from the smelting process also reached historic high.

3. Proactively promoted all of the Group's projects

The Group had completed a series of key projects such as the ore grinding and flotation transformation of Tongshankou Mine and the integrated recycling project with a capacity of 200,000 tonnes of scrap copper for the smelting plant, to further improve the competitiveness of the Group.

MARKET PROSPECTS

On the macro side, there existed upheavals and reservations over both domestic and international economies amid rough certainty. The significant rise in unstable factors and the uncertainties brought on by the Sino-US trade friction will impact the price of bulk commodities and key economic indicators. In terms of the non-ferrous metals industry, risks and challenges posed to resources exploration will be further aggravated owing to the impact of resource nationalism, trade protectionism and tax policies. On the overall industry development, the expansion of domestic production capacity of the copper smelting industry accelerated significantly, hand in hand with intensified industry competitions. At the same time, the "rigid bounds" on environmental protection were continuously strengthened.

In 2019, the Group will continue to align with market mechanism and deepened reforms in all areas, as well as speed up development with a pragmatic attitude.

OPERATING OBJECTIVES AND STRATEGIES IN 2019

The production volume targets of the Group for 2019 include producing 28,610 tonnes of mined copper, 515,000 tonnes of copper cathode, 10 tonnes of gold, 1,000 tonnes of silver, 1,050,000 tonnes of sulphuric acid, 210,000 tonnes of iron concentrate, 25 kg of platinum, 225 kg of palladium, 550 tonnes of nickel sulfate (containing metal), 165 tonnes of crude selenium, 30 tonnes of tellurium, 1,400 tonnes of copper sulfate and 80 tonnes of molybdenum concentrate.

The Group would satisfactorily fulfill all objectives including the following:

1. To enhance operational efficiency by leveraging market-oriented operation mechanism

On mine production, the Group will seek to achieve reasonable production scheduling and optimise its production organisation to achieve balance in mining reserves and production capacity, and the balance between mining and filling and between exploration and mining, in consideration of its overall objectives such as costs, efficiency and employees' salaries.

In terms of smelting production, the Group will seek to enhance facility management to ensure that its facilities operate in a steady and efficient manner. In addition, the Group aims at repair and maintenance no-go within the year for its Ausmelt furnace, to further enhance furnace maintenance as well as fully utilise its capacity.

The Group seeks to refine its precious and rare metal production by raising indices, cutting costs and optimising the management. The Group will also step up its efforts in metal balance management to further raise the recovery rate of all metal types.

2. To closely monitor the progress in mines replacement

The Group is looking to carry out its design for the development of -665m to -725m IV ore bodies at the northern edges of Tonglvshan Mine. The Group will also accelerate the in-depth mining works at -440m to -540m at the southern edges of Fengshan Mine, and strengthen its research on the open pit ecological restoration project, and to resolve issues relating to the discharges of tailings on the later stages of production. The Group is also looking to speed up the development of the middle portion of the Tongshankou Mine at -220m to -280m, the geological exploration of the southern mine at the Sareke Copper Mine and the research on the preliminary stages of development.

3. **To strengthen technological breakthrough**

The Group will improve the research on and development of safe mining technology and strengthen its core technologies with an emphasis on copper production chain. The Group will also devote greater efforts to the transformation and application of technological breakthroughs and scientific achievements to optimise the smelting production system. The Group is also enhancing its technological innovation works to provide technical support to the Group's production and operation.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB30,749,010,000 (2017: RMB33,529,012,000), representing a decrease of approximately 8.29% from the previous year. The decrease was mainly attributable to the decrease in trading volume.

Cost of sales and services rendered

For the year ended 31 December 2018, the cost of sales and services rendered of the Group amounted to approximately RMB29,806,274,000 (2017: RMB32,601,797,000), representing a decrease of approximately 8.57% from the previous year, which was primarily due to the decrease in trading volume when compared with the previous year.

Gross profit

Gross profit increased by approximately RMB15,521,000 to approximately RMB942,736,000, compared with approximately RMB927,215,000 in the same period of 2017. The increase in gross profit was mainly due to the improvement of cost control measures during the year ended 31 December 2018.

Other income

Other income for the year ended 31 December 2018 amounted to approximately RMB75,704,000 (2017: RMB81,528,000), representing a decrease of approximately 7.14% from the previous year, which was primarily due to the decrease in interest income from banks.

Other operating expenses

Other operating expenses decreased by approximately RMB87,103,000 to approximately RMB111,488,000, compared with approximately RMB198,591,000 in the same period of 2017. The decrease was primarily due to the decline in additional provision for early retirement obligations.

Other gains and losses

Other gains and losses for the year ended 31 December 2018 amounted to a net loss of approximately RMB121,132,000 (2017: a net loss of RMB39,956,000), representing an increase of approximately 203.16% from the previous year. The increase was primarily due to the effect of exchange losses and loss on disposal of assets.

Income tax expenses

Income tax expense for the year ended 31 December 2018 amounted to approximately RMB40,152,000 (2017: RMB21,661,000), representing an increase of approximately 85.37% from the previous year, which was primarily due to the increase in deferred tax expense when compared with the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had restricted and pledged bank deposits, and cash and bank balances of approximately RMB928,275,000 (2017: RMB1,036,097,000), the majority of which were denominated in Renminbi. The Group's current ratio was approximately 1.03 (2017: 1.02), based on current assets of approximately RMB8,364,655,000 (2017: RMB6,805,400,000) divided by current liabilities of approximately RMB8,083,411,000 (2017: RMB6,666,410,000). The Group's gearing ratio as at 31 December 2018 was approximately 449.43% (2017: 339.88%), based on net debts (which included bank and other borrowings and promissory note less restricted and pledged bank deposits, and cash and bank balances) of approximately RMB10,055,826,000 (2017: RMB8,033,756,000) divided by equity attributable to owners of the Company of approximately RMB2,237,461,000 (2017: RMB2,363,712,000). The increase in gearing ratio was attributable to the increase in net debts and the effect of the loss for the year.

As at 31 December 2018, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2018, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB10,984,101,000 (2017: RMB9,069,853,000).

As at 31 December 2018, the Group had bank and other borrowings of approximately RMB5,178,212,000 (2017: RMB3,058,032,000) and approximately RMB4,837,197,000 (2017: RMB5,085,477,000) 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. 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 Renminbi 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 and currency option contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts and currency option 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 2018.

CHARGES ON ASSETS

As at 31 December 2018, other deposits which amounted to approximately RMB69,095,000 (2017: RMB141,414,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative and gold forward contracts, and other financing were secured by bank deposits and balances amounting to approximately RMB66,659,000 (2017: RMB78,985,000).

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had 6,723 employees (2017: 7,253). The Group's total staff costs for the year was approximately RMB714,250,000 (2017: RMB815,432,000). 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.

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 for the year ended 31 December 2018.

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 2018.

CORPORATE GOVERNANCE CODE COMPLIANCE

For the year ended 31 December 2018, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") except for deviation 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 were not appointed for a specific term under 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 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 2018 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 2018 as set out in the 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 the preliminary announcement.

By order of the Board
China Daye Non-Ferrous Metals Mining Limited
Tan Yaoyu
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Tan Yaoyu, Mr. Long Zhong Sheng, Mr. Zhai Baojin and Mr. Yu Liming; and three independent non-executive Directors, namely Mr. Wang Qihong, Mr. Wang Guoqi and Mr. Liu Jishun.