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)

UPDATE ON ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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 annual results of the Group for the year ended 31 December 2019 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

	2019	2018
	RMB'000	*RMB'000*
Revenue	**32,805,685**	30,749,010
Gross profit	**1,017,668**	942,736
Profit/(loss) for the year	**173,548**	(86,602)
Profit/(loss) for the year attributable to owners of the Company	**146,664**	(100,959)
Basic earnings/(loss) per share	**RMB0.82 fen**	RMB(0.56) fen

During the year, revenue increased by approximately 6.69% to approximately RMB32,805,685,000, compared with approximately RMB30,749,010,000 in the same period of 2018. Gross profit increased by approximately 7.95% to approximately RMB1,017,668,000, compared with approximately RMB942,736,000 in the same period of 2018.

Profit for the year increased by approximately RMB260,150,000 to approximately RMB173,548,000, compared with the loss of approximately RMB86,602,000 in the same period of 2018.

Reference is made to the announcement of the Company dated 31 March 2020 and 27 April 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the "2019 Results Announcement") and delay in publication of audited annual results. Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as set out on the 2019 Results Announcement.

As stated in the 2019 Results Announcement, the unaudited annual results for the year ended 31 December 2019 contained therein was not yet agreed by the Group's auditor as required under Rule 13.49(2) of the Listing Rules at the time of publication.

The Board of the Company wishes to announce that on 15 May 2020, the Group's auditor, Messrs. Deloitte Touche Tohmatsu, has completed the audit work and agreed on the 2019 annual results (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019) as set out in this announcement (the "2019 Annual Results"). The 2019 Annual Results contained in this announcement has no material changes as compared to the unaudited annual results of the Group as set out in the 2019 Results Announcement except updates on the following items:

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Items as at 31 December 2019	**Disclosure in this announcement** *(RMB'000)*	**Disclosure in the 2019 Results Announcement** *(RMB'000)*	**Difference** *(RMB'000)*	**Note**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Other payables and accrued expenses	758,085	690,145	67,940	1
Provisions	–	67,940	(67,940)	1
Bank and other borrowings (under current liabilities)	5,567,350	5,449,350	118,000	1
Bank and other borrowings (under non-current liabilities)	3,898,781	4,016,781	(118,000)	1

Note 1: The differences represent a reclassification of provisions to other payables and accrued expenses and a reclassification of certain bank and other borrowings from non-current liabilities to current liabilities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	Year ended 31 December **2019** ***RMB'000***	 2018 *RMB'000*
Revenue	*4, 5*	**32,805,685**	30,749,010
Cost of sales and services rendered	*11*	**(31,788,017)**	(29,806,274)
Gross profit		**1,017,668**	942,736
Other income	*6*	**160,719**	75,704
Selling expenses		**(58,374)**	(64,394)
Administrative expenses		**(350,706)**	(325,692)
Other operating expenses		**(8,295)**	(111,488)
Impairment losses under expected credit loss model, net	*7*	**(93,949)**	(1,651)
Other gains and losses	*8*	**13,802**	(121,132)
Finance costs	*9*	**(454,620)**	(424,571)
Share of results of joint ventures		**–**	(15,962)
Profit/(loss) before tax		**226,245**	(46,450)
Income tax expenses	*10*	**(52,697)**	(40,152)
Profit/(loss) and total comprehensive income/(expense) for the year	*11*	**173,548**	(86,602)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**146,664**	(100,959)
Non-controlling interests		**26,884**	14,357
		173,548	(86,602)
Earnings/(loss) per share	*13*		
– Basic		**RMB0.82fen**	RMB(0.56)fen
– Diluted		**RMB0.82fen**	RMB(0.56)fen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

		At 31 December	
		2019	2018
	NOTES	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,789,956**	7,045,432
Right-of-use assets		**824,883**	–
Exploration and evaluation assets		**8,074**	49,479
Prepaid lease payments		**–**	676,764
Intangible assets		**659,513**	623,545
Investments in joint ventures		**–**	–
Deferred tax assets		**71,324**	121,738
Other deposits		**76,311**	46,916
Restricted deposits		**44,776**	43,355
		8,474,837	8,607,229
CURRENT ASSETS			
Prepaid lease payments		**–**	21,611
Inventories		**4,869,157**	5,079,176
Trade and bills receivables	*14*	**1,009,800**	745,415
Other deposits		**111,228**	69,095
Prepayments and other receivables		**172,029**	1,444,472
Derivative financial instruments		**220,429**	119,966
Structured bank deposits		**440,000**	–
Restricted and pledged deposits		**–**	23,304
Cash, deposits and bank balances		**1,501,884**	861,616
		8,324,527	8,364,655
CURRENT LIABILITIES			
Trade and bills payables	*15*	**1,808,990**	1,903,197
Other payables and accrued expenses		**758,085**	815,115
Contract liabilities		**43,781**	82,398
Bank and other borrowings		**5,567,350**	5,178,212
Lease liabilities		**4,495**	–
Derivative financial instruments		**24,053**	58,108
Early retirement obligations		**38,820**	44,850
Current income tax liabilities		**2,196**	1,531
		8,247,770	8,083,411
NET CURRENT ASSETS		**76,757**	281,244
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,551,594**	8,888,473

	NOTES	At 31 December 2019 RMB'000	2018 RMB'000
CAPITAL AND RESERVES			
Share capital		**727,893**	727,893
Share premium and reserves		**1,656,232**	1,509,568
Equity attributable to owners of the Company		**2,384,125**	2,237,461
Non-controlling interests		**485,437**	178,553
TOTAL EQUITY		**2,869,562**	2,416,014
NON-CURRENT LIABILITIES			
Other payables		**278,333**	287,855
Bank and other borrowings		**3,898,781**	4,837,197
Promissory note		**1,011,039**	968,692
Provision for mine rehabilitation, restoration and dismantling		**51,332**	45,407
Deferred income		**176,087**	189,768
Lease liabilities		**142,570**	–
Early retirement obligations		**123,890**	143,540
		5,682,032	6,472,459
		8,551,594	8,888,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 Suite No. 10B, 16/F, Tower 3, China Hong Kong City, China Ferry Terminal, 33 Canton Road, Kowloon, 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 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 (the "PRC").

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

2. BASIS OF PREPARATION

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

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

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

HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015-2017 Cycle*

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 positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within twelve months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of lands in the PRC was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.9%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	**267,870**
Less: Impact on value-added tax	**(22,115)**
	245,755
Lease liabilities discounted at relevant incremental borrowing rates	**151,383**
Less: Recognition exemption – short-term leases	**(33)**
Lease liabilities as at 1 January 2019	**151,350**
Analysed as:	
Current	**4,285**
Non-current	**147,065**
	151,350

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	151,350
Reclassified from prepaid lease payments (Note)	698,375
	849,725
By class:	
Leasehold lands	849,725

Note: Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB21,611,000 and RMB676,764,000 respectively were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Sales and leaseback transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the year, no sale and leaseback transaction was entered into by the Group.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 January 2019**
	RMB'000	*RMB'000*	***RMB'000***
Non-current assets			
Prepaid lease payments	676,764	(676,764)	**–**
Right-of-use assets	–	849,725	**849,725**
Current assets			
Prepaid lease payments	21,611	(21,611)	**–**
Current liabilities			
Lease liabilities	–	(4,285)	**(4,285)**
Non-current liabilities			
Lease liabilities	–	(147,065)	**(147,065)**

4. REVENUE

Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Sales of goods	**32,755,962**	30,694,020
Rendering of services	**49,723**	54,990
	32,805,685	30,749,010
Timing of revenue recognition:		
A point in time	**32,755,962**	30,694,020
Over time	**49,723**	54,990
	32,805,685	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 of each sale 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 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.

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 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	
	2019	2018
	RMB'000	*RMB'000*
Sales of goods:		
Copper cathodes	**23,586,954**	23,633,368
Other copper products	**302,789**	274,042
Gold and other gold products	**3,370,499**	2,699,093
Silver and other silver products	**4,849,590**	3,417,266
Sulphuric acid and sulphuric concentrate	**158,628**	228,203
Iron ores	**164,077**	135,685
Others	**323,425**	306,363
	32,755,962	30,694,020
Rendering of services:		
Copper processing	**37,991**	44,151
Others	**11,732**	10,839
	49,723	54,990
Total revenue	**32,805,685**	30,749,010

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	
	2019	2018
	RMB'000	*RMB'000*
PRC	**8,358,420**	8,416,388
Hong Kong	**243**	25,626
Mongolia	**74**	122
	8,358,737	8,442,136

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

	Revenue from external customers for the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
PRC	**30,879,754**	28,914,452
Hong Kong	**871,898**	399,814
Others	**1,054,033**	1,434,744
	32,805,685	30,749,010

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	
	2019	2018
	RMB'000	*RMB'000*
Customer A – in respect of sales of gold and silver	**3,823,921**	N/A*

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

6. OTHER INCOME

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interest income from banks	**12,996**	20,981
Interest income from Daye Nonferrous Metals Group Holdings Company Limited ("Daye Group")	**13,746**	2,732
Interest income from Nonferrous Mining Group Finance Company Limited ("Finance Company")	**6,954**	9,084
Interest income from a joint venture	**3,652**	4,854
Government grants (Note)	**98,945**	4,241
Deferred income recognised	**21,235**	20,922
Others	**3,191**	12,890
	160,719	75,704

Note: The government grants in the current year mainly represented subsidies for early retirement benefit of which the relevant expenses had been previously charged to profit or loss.

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Impairment losses/(reversal of impairment loss), net, on:		
Trade receivables – goods and services	**(177)**	383
Loans to and amounts due from a joint venture	**91,592**	–
Other receivables	**2,534**	1,268
	93,949	1,651

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment, net	**(391)**	(42,414)
Fair value changes from:		
Commodity derivatives contracts	**(218)**	10,856
Currency forward contracts	**(1,200)**	5,136
Currency exchange swap contracts	**7,402**	–
Currency option contracts	**6,029**	8,468
Gold forward contracts	**59,420**	110,152
Gold loans designated as financial liabilities at fair value through profit or loss ("FVTPL")	**(58,319)**	(155,960)
Exchange losses, net	**(3,120)**	(57,008)
Insurance compensation	**101,912**	–
Other losses	**(91,436)**	(362)
Write-off of prepayments	**(6,277)**	–
Total other gains and losses	**13,802**	(121,132)

9. FINANCE COSTS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**367,976**	329,644
Interest on loans from Daye Group	**19,086**	28,888
Interest on loans from Finance Company	**13,012**	15,584
Interest on loans from a fellow subsidiary	**4,684**	8,438
Interest on amounts due to a fellow subsidiary	**12,858**	11,934
Interest on lease liabilities	**7,416**	–
Interest on promissory note	**42,348**	42,348
Unwind interest of provision for mine rehabilitation, restoration and dismantling	**1,304**	1,322
Unwind interest of early retirement obligations	**4,980**	7,980
Total borrowing costs	**473,664**	446,138
Less: Borrowing costs capitalised in the cost of qualifying assets	**(19,044)**	(21,567)
	454,620	424,571

10. INCOME TAX EXPENSES

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**2,283**	1,531
Deferred tax	**50,414**	38,621
	52,697	40,152

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.

11. PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR

Profit/(loss) and total comprehensive income/(expense) for the year has been arrived at after charging:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment (Note (i))	**629,942**	617,808
Amortisation of intangible assets (Note (i))	**54,958**	50,823
Amortisation of prepaid lease payments (Note (i))	**–**	21,610
Amortisation of right-of-use assets (Note (i))	**29,326**	-
Employee benefits expense (including directors' remuneration) (Note (ii)):		
Salaries, wages and welfare	**571,564**	494,491
Retirement benefit scheme contributions	**129,210**	123,179
Provision for early retirement obligations	**–**	96,580
Total staff costs	**700,774**	714,250
Cost of sales and services rendered:		
Cost of inventories recognised as an expense	**31,747,435**	29,762,127
Direct operating expense arising from services provided	**40,582**	44,147
	31,788,017	29,806,274

Notes:

(i) During the year, depreciation of property, plant and equipment of RMB617,046,000 (2018: RMB606,696,000), and amortisation of intangible assets and right-of-use assets (2018: prepaid lease payments) totaling RMB36,945,000 (2018: RMB33,125,000) was capitalised to inventories.

(ii) During the year, employee benefits expense of RMB562,186,000 (2018: RMB551,393,000) were capitalised to inventories.

12. DIVIDENDS

No dividend was paid or proposed for shareholders of the Company during 2019 nor has any dividend been proposed since the end of the reporting period (2018: Nil).

13. EARNINGS/(LOSS) PER SHARE

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Earnings/(loss)		
Earnings/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**146,664**	(100,959)
Number of ordinary shares	***'000***	*'000*
Number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**17,895,580**	17,895,580

The computation of diluted earnings/(loss) per share for both years does not assume the conversion of the promissory note as the issue price is determined by reference to the market price of the shares of the Company.

14. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**259,610**	367,306
Less: Allowance for credit losses	**(10,705)**	(10,882)
	248,905	356,424
Bills receivables:		
On hand	**149,241**	137,436
Endorsed to suppliers	**56,420**	33,505
Discounted to banks	**555,234**	218,050
	760,895	388,991
Total trade and bills receivables	**1,009,800**	745,415
Analysed for reporting purpose as:		
Trade and bills receivables measured at amortised cost	**1,009,800**	737,906
Trade receivables measured at FVTPL	**–**	7,509
Total trade and bills receivables	**1,009,800**	745,415

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, which 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	
	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**240,489**	354,622
More than 1 year, but less than 2 years	**7,177**	369
More than 2 years, but less than 3 years	**365**	1,238
Over 3 years	**874**	195
	248,905	356,424

15. TRADE AND BILLS PAYABLES

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables	**1,780,050**	1,840,697
Bills payables	**28,940**	62,500
	1,808,990	1,903,197

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

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**1,759,310**	1,828,020
More than 1 year, but less than 2 years	**8,212**	2,664
More than 2 years, but less than 3 years	**2,549**	844
Over 3 years	**9,979**	9,169
	1,780,050	1,840,697

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 2019 amounted to approximately RMB32,805,685,000 (2018: RMB30,749,010,000), representing a year-on-year increase of approximately 6.69%. Profit for the year was approximately RMB173,548,000 (2018: loss of RMB86,602,000), representing a year-on-year increase of approximately RMB260,150,000. The increase was primarily attributable to (i) rising prices of precious and rare metal products such as gold and silver; (ii) enhanced efficiencies by the improved production volume output of mined copper cathode, and (iii) receipts of government grants in relation to early employee retirement.

In 2019, the Group produced a total of approximately 28,700 tonnes of mined copper, a decrease of approximately 4.33% over the same period last year; approximately 505,000 tonnes of copper cathode, an increase of approximately 0.92% over the same period last year; approximately 896.30 tonnes of precious metals (including approximately 10.00 tonnes of gold, approximately 850.00 tonnes of silver, approximately 18.00 kg of platinum, approximately 280.00 kg of palladium and approximately 36.00 tonnes of tellurium), a decrease of approximately 18.09% over the same period last year; approximately 973,600 tonnes of chemical products such as the production of sulphuric acid (including approximately 970,000 tonnes of sulphuric acid, approximately 400.00 tonnes of nickel sulphate, approximately 3,000.00 tonnes of copper sulfate and approximately 180.00 tonnes of crude selenium), a decrease of approximately 4.70% over the same period last year; approximately 210,000 tonnes of iron concentrate, a decrease of approximately 14.46% over the same period last year; and approximately 80.00 tonnes of molybdenum concentrate, a decrease of approximately 3.33% over the same period last year.

In 2019, with more complicated and volatile macroeconomic environment, the copper industry faced severe challenges particularly because of the sharp decline in copper smelting processing fees and sulfuric acid price which exerted great pressure on achieving our operating objectives for the year. Against this background, we strived to overcome difficulties despite pressure and spared no efforts to "reduce costs and increase efficiency, prevent and control risks, optimise audit, deepen reform, enhance capabilities and improve people's livelihood" for improvement under market-oriented objectives and measures as well as enterprise reform initiated by the State-Owned Assets Supervision and Administration Commission (the "SASAC"), with all tasks achieving further effectiveness.

(I) Improving quality and efficiency with total achievement in operating objectives

The Ausmelt furnace has gone through upgrades twice in three years, realising industry-leading level in terms of life span, while the utilisation rate of the smelting system under operation reached a record high of 95.5% since commencement of production. The Company scientifically arranged production to fill the gap of production volume in a timely manner, with economic indicators steadily improving to realise technical efficiency, reducing costs and expenses to realise cost reduction and efficiency enhancement, and steady progress of market expansion to realise market efficiency was achieved.

(II) Committing to the principal business with ongoing optimisation of the industrial layout

The progress of mine development projects exceeded the annual scheduled target and the project with a capacity of 400,000 tonnes was in progress as scheduled. We fully leveraged our comparative advantages including scale, technology, talents, location and management to realise innovative investment research model. At the beginning of 2019, we completed reviewing the feasibility study report on our projects, laying a foundation for the progress of the projects. Circular economy has become the highlight for the year. The synergy effect of the smelting system was given full play due to the combination of Ausmelt furnace and the circuit board processing project. The project received fund support of RMB2,170,000 provided by Global Environment Facility, which was jointly developed by the Ministry of Ecology and Environment and the United Nations Development Programme.

(III) Deepening reform with breakthroughs in key areas

With focus on improving results, enhancing efficiency and strengthening vitality, we promoted implementation of enterprise reform initiated by the SASAC and comprehensively deepened our reform work. We optimised organisation structure by conducting comprehensive appraisal on all mid-level management personnel, selecting candidates with outstanding performance, and steadily promoting the reform of position and rank, which further expanded the career development path for management and technical personnel. New progress was made in streamlining the management and corporate structure. To align with the market requirements, the Company established a "6 + 2" management and control model with hierarchical positioning and hierarchical management, continuously adjusting and optimising the functional departments of the headquarter and all units, and re-examined every institution and their personnel. The issues caused by the restructuring were properly dealt with, and the settlement of personnel from the Tonglvshan Mine and Tongshankou Mine after the large-scale restructure was completed. The Company also continued to strengthen its effort on turning losses into profits.

(IV) Risk prevention and control to achieve compliance operation

We continued to optimise the systems of the Company, devoted our staff and resources into the preparation of the Company's System Handbook (《公司制度選編》), and strengthened the implementation of some major management systems. The Company formulated the Administrative Measures for the Company's System (《公司制度管理辦法》) and established a list of system framework to standardise system management. Great efforts were made to prevent and control operational risks. Guiding Opinions on Strengthening Financial Supervision and Management (《加強財務監督管理的指導意見》) was enacted to strengthen capital supervision and form a financial audit inspection mechanism. The Company formulated the Measures for the Implementation of Accountability for Illegal Operation and Investment (《違規經營投資責任追究實施辦法》) to strengthen the accountability of illegal operation, raise the awareness on compliance operation, and improve the risk prevention and control system. The Company completed the tailings storage facility close-down of Tonglvshan Mine and carried out the treatment of underground water in Tonglvshan Mine. Tongshankou Mine and Sareke Copper Mine in Xinjiang completed the construction of green mines, and were listed, along with the Fengshan Copper Mine, in the list of national green mines, which facilitated the green development of mines. We solidified the bottom line for integrity risk control, sorted out the systems of key areas such as engineering construction, investment decision-making and material procurement as well as the key procedures to further improve the supervision, control and prevention measures. The Company has established a procurement management system to integrate the requirements for integrity as well as risk prevention and control into all aspects of material procurement and operation, so as to strengthen the binding effect of the system through supervision, inspection and assessment.

(V) Cultivating talents to strengthen their capabilities for supporting our development

The Company continued to strengthen capability improvement, talent recruitment, technology innovation and basic management to provide support for its fast and high-quality development.

We continued to carry out rotation trainings for management and technical personnel to further improve their comprehensive ability and business quality, and sent technical and management personnel to participate intensively in the preliminary design of the project with capacity of 400,000 tonnes and the research on the idea of intelligent factory construction, hence strengthening practical training. The Accounting Committee was newly established to enhance learning, exchange and communication among employees, promote finance and business integration, and to better support major decisions, major projects and professional management. The Company continued to strengthen the training of high-calibre employees and pair leaders with young talents of the Company. We introduced remuneration policies and home purchase incentives for attracting talents, and continuously expanded various talent introduction channels for recruiting talents from all fields to alleviate the shortage of talents. Internal selection of talents was carried out properly to support and guarantee provision of human resources. We also continuously pushed forward technology innovation, and systematically revised The Administrative Measures for Scientific Research (《科研管理辦法》), the Incentive Measures for Science and Technology (《科技獎勵辦法》) and the Appraisal Measures for the Technology Committee (《技術委員會考核辦法》), hence improving the incentive mechanism for technology innovation.

MARKET PROSPECTS

By the end of January 2020, the COVID-19 virus began to spread in Wuhan, Hubei Province, the PRC, and as a result, Huangshi City, where the Group's headquarter is based, was also under certain impact. The Group adopts strict prevention and control measures, including ongoing purchase of masks, disinfectants, protective suits and other supplies for its employees to use on the job, recording employees' temperature and other health indicators on a daily basis, and keeps reminding employees to be aware of health and epidemic prevention etc., so as to protect the health of employees in the production base. During the period of the epidemic, the procurement of production materials and sales of products were carried out normally, and therefore the uninterrupted production of products can be ensured. With the efforts of the government and all the citizens, the number of new cases in Huangshi area had been zero for many consecutive days, which is an indication that the epidemic is under control. Currently, the Group continues to maintain a high degree of preparedness for the epidemic, and all production and operation are in normal progress.

The world today is facing unprecedented huge changes in the century, and the trend of accelerated global evolution is becoming more obvious. With rising global resources nationalism and protectionism, Sino-US trade frictions have shown signs of long-term, global and complicated development. As China is in a critical period of transforming development model, optimising economic structures and shifting growth drivers, intertwining structural, institutional and cyclical issues will have an increasingly profound impact on China. On the macro side, complexity and volatility will still exist with increasing unstable and uncertain factors, leading to greater challenges for risk control.

As China enters the medium and late phase of industrialisation, the consumption of non-ferrous metal products will be close to the peak, and the growth rate will slow down. Although currently the production, apparent consumption and absolute consumption of copper are still growing, intensity of copper consumption per trillion RMB of production value has been decreasing, and it is expected that demand for refined copper consumption may reach the plateau phase during the "14th Five-Year Plan" period and the turning point may appear afterwards. Meanwhile, the scale of domestic copper smelting is still expanding even more rapidly. It has become a general trend in the future to resolve overcapacity and increase industry concentration through integration and restructuring. The integration and restructuring as well as market clearing of the steel industry have created market mechanisms and external conditions for the sustainable and healthy development of the industry. As a result, with increasing downward pressure on the economy and intensifying competition in the copper industry, the opportunities for restructuring and integration may arise any time under the combined effect of significant decrease in copper smelting processing fees and tightening liquidity.

The more complicated the world economy has become, the more severe the downward pressure on the economy will affect the market and intensify competition. The Company has set cost control as its objective for 2020, with focus on cost reduction to promote enhancement of quality and efficiency. We will prepare in advance and react to the circumstances and changes, staying open-minded to actively grasp any strategic opportunities arising from industry restructuring and integration. We shall be well-prepared for the difficulties ahead and strengthen our efforts in risk prevention and control so as to achieve stable and healthy development. We shall also pay close attention to the changes in the industry and strive to seize opportunities of feasible restructuring and integration as they arise.

OPERATING OBJECTIVES AND STRATEGIES IN 2020

The production volume targets of the Group for 2020 include producing 28,700 tonnes of mined coppers, 505,000 tonnes of copper cathode, 10 tonnes of gold, 850 tonnes of silver, 970,000 tonnes of sulphuric acid, 210,000 tonnes of iron concentrate, 18 kg of platinum, 280 kg of palladium, 400 tonnes of nickel sulfate (containing metal), 180 tonnes of crude selenium, 36 tonnes of tellurium, 3,000 tonnes of copper sulfate and 80 tonnes of molybdenum concentrate.

The Group would satisfactorily fulfill all objectives including the following:

To implement comprehensive cost management measures

The Group will supervise all units to establish and improve the comprehensive cost management system, and explore the room for cost reduction during its business process with focus on the source to start the process.

To optimise production organisation and reduce cost

Guided by its production plan, the Company will take into account the three-level balance of mining reserve, cost efficiency and other factors, and flexibly adjust the production organisation method and production volume arrangement. The Company shall step up its effort in making breakthroughs in core technologies of the smelting industry value chains as well as the transformation and application thereof, and continue to optimise the four major production systems for smelting, leaching, chemical process and precious metals as well as optimising the transportation models, raw material structure and energy system with focus on achieving the annual production volume target of the melting plants.

To strengthen resource development and enhance resource reserves

The Company will carry out full-scale exploration of fringe and in-depth mines, and increase copper reserves by more than 20,000 tonnes through the exploration.

To promote diversification of raw materials and strengthen the synergy of smelting

With the rapid development of the circular economy industry, expanding market of raw materials with benefit will be the key to improvement of competitiveness in the industry. The Group will increase the purchase of raw materials containing high gold and silver, palladium-containing and nickel-containing materials and blister copper.

To ensure achieving the target milestones of the 400,000-ton project

The Group will fully promote the construction of the 400,000-ton project, and simultaneously promote the establishment and optimisation of organisation structure, human resources, systems and procedures, so as to make early preparation for raw materials and human resources.

To improve corporate governance

The Group will optimise the corporate governance system, improve the management system, optimise the management and control model of the Group, strengthen risk prevention and control and strengthen on-site management.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the Group recorded revenue of approximately RMB32,805,685,000 (2018: RMB30,749,010,000), representing an increase of approximately 6.69% from the previous year, attributable to (i) rising prices of precious and rare metal products such as gold and silver; (ii) increases in production and sales volume of mined copper cathode.

Cost of sales and services rendered

For the year ended 31 December 2019, the cost of sales and services rendered of the Group amounted to approximately RMB31,788,017,000 (2018: RMB29,806,274,000), representing an increase of approximately 6.65% from the previous year, which was attributable to increases in production and sales volume of copper cathode.

Gross profit

Gross profit increased by approximately 7.95% to approximately RMB1,017,668,000, compared with approximately RMB942,736,000 in the same period of 2018. The increase in gross profit was mainly attributable to rising prices of precious and rare metal products such as gold and silver.

Other income

Other income for the year ended 31 December 2019 amounted to approximately RMB160,719,000 (2018: RMB75,704,000), representing an increase of approximately 112.30% from the previous year, which was primarily attributable to the receipt of government grants for early employee retirement.

Other operating expenses

Other operating expenses decreased by approximately 92.56% to approximately RMB8,295,000, compared with approximately RMB111,488,000 in the same period of 2018. 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 2019 amounted to a net gain of approximately RMB13,802,000 (2018: a net loss of RMB121,132,000), representing an increase of approximately RMB134,934,000 from the previous year. The increase was primarily due to the decline in the effect of exchange losses and disposal of assets.

Income tax expenses

Income tax expense for the year ended 31 December 2019 amounted to approximately RMB52,697,000 (2018: RMB40,152,000), representing an increase of approximately 31.24% 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 2019, the Group had restricted and pledged deposits, and cash, deposits and bank balances of approximately RMB1,546,660,000 (2018: RMB928,275,000), the majority of which were denominated in Renminbi. The Group's current ratio was approximately 1.01 (2018: 1.03), based on current assets of approximately RMB8,324,527,000 (2018: RMB8,364,655,000) divided by current liabilities of approximately RMB8,247,770,000 (2018: RMB8,083,411,000). The Group's gearing ratio as at 31 December 2019 was approximately 380.75% (2018: 449.43%), based on net debts (which included bank and other borrowings, lease liabilities and promissory note less restricted and pledged deposits, and cash, deposits and bank balances) of approximately RMB9,077,575,000 (2018: RMB10,055,826,000) divided by equity attributable to owners of the Company of approximately RMB2,384,125,000 (2018: RMB2,237,461,000). The decrease in gearing ratio was attributable to the decrease in net debts and the effect of the profit for the year.

As at 31 December 2019, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2019, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB10,477,170,000 (2018: RMB10,984,101,000).

As at 31 December 2019, the Group had bank and other borrowings of approximately RMB5,567,350,000 (2018: RMB5,178,212,000) and approximately RMB3,898,781,000 (2018: RMB4,837,197,000) 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

On 28 August 2019, Daye Non-ferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司), (a non-wholly owned subsidiary of the Company), China No. 15 Metallurgical Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司) (a limited liability company established in the PRC and a wholly-owned subsidiary of CNMC), Huangshi Xingang Development Co., Ltd.* (黃石新港開發有限公司) (a limited liability company established in the PRC) and Huangshi State-owned Assets Management Co., Ltd.* (黃石市國有資產經營有限公司) (a limited liability company established in the PRC), entered into a capital contribution agreement to establish Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司) (the "Joint venture company"), pursuant to which Daye Metal has agreed to contribute RMB1.3 billion to the capital of the Joint venture company, representing 52% of the equity interests in the Joint venture company. The scope of business of the Joint venture company shall consist of, among other things, smelting and processing of non-ferrous metals, processing of gold and silver products and trading of non-ferrous metals. The management of the Joint venture company would be governed in accordance with the relevant terms of the capital contribution agreements in respect of the composition of the board of directors and supervisory committee of the Joint venture company and the articles of association of the Joint venture company.

The Joint venture company has agreed to purchase, the land use rights of a piece of land parcel located to the north of Haizhou Avenue and the west of Hejin Provincial Road at Yangxi County, Huangshi, Hubei Province, the PRC (parcel no. G(2019)X022), with a total site area of approximately 281,356 square metres for the Consideration of RMB62,440,000.

Please refer to the announcement of the Company dated 30 August 2019 and 8 January 2020 and the circular of the Company dated 25 October 2019 for details.

Save as disclosed above, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2019.

CHARGES ON ASSETS

As at 31 December 2019, other deposits which amounted to approximately RMB111,228,000 (2018: RMB69,095,000) 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 RMB44,776,000 (2018: RMB66,659,000).

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no contingent liabilities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in RMB) in short term deposits with authorized institutions in Hong Kong and the PRC.

EVENTS AFTER THE REPORTING PERIOD

Mr. Li Ka Fai has resigned as the company secretary, authorised representative of the Company for the purpose of accepting service of process and notices on behalf of the Company in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 3 January 2020. Mr. Wong Yat Tung has been appointed as the company secretary and authorized representative of the Company in place of Mr. Li. Please refer to the announcement of the Company dated 3 January 2020 for details.

On 8 January 2020, the Joint venture company and State Land and Resources Branch Bureau of Xingang (Logistics) Industrial Park, Yangxin County State Land Bureau* (陽新縣國土資源局新港(物流)工業園區國土分局) ("Xingang Land and Resources Bureau") entered into the Transfer Contract, pursuant to which Xingang Land and Resources Bureau has agreed to sell, and the Joint venture company has agreed to purchase, the land use rights of a piece of land parcel located to the north of Haizhou Avenue and the west of Hejin Provincial Road at Yangxi County, Huangshi, Hubei Province, the PRC (parcel no. G(2019)X022), with a total site area of approximately 281,356 square metres for a consideration of RMB62,440,000. Please refer to the announcement of the Company dated 30 August 2019 and 8 January 2020 and the circular of the Company dated 25 October 2019 for details.

Save as disclosed above, the Group had no material event after the reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 5,952 employees (2018: 6,723). The Group's total staff costs for the year was approximately RMB700,774,000 (2018: RMB714,250,000). 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 2019.

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 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 2019.

CORPORATE GOVERNANCE CODE COMPLIANCE

For the year ended 31 December 2019, 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMASTSU

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 2019 as set out in this further 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 as approved by the Board of Directors on 15 May 2020. 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 further announcement.

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 2019 annual report and the notice of the annual general meeting will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
China Daye Non-Ferrous Metals Mining Limited
Wang Yan
Chairman

Hong Kong, 15 May 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wang Yan, Mr. Long Zhongsheng, Mr. Yu Liming and Mr. Chen Zhimiao; and three independent non-executive Directors, namely Mr. Wang Qihong, Mr. Wang Guoqi and Mr. Liu Jishun.