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 2020

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 2020 (the "year") 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

	2020	2019
	RMB'000	*RMB'000*
Revenue	**29,387,562**	32,805,685
Gross profit	**1,000,662**	1,017,668
Profit for the year	**301,636**	173,548
Profit for the year attributable to owners of the Company	**306,415**	146,664
Basic earnings per share	**RMB1.71 fen**	RMB0.82 fen

During the year, revenue decreased by approximately 10.42% to approximately RMB29,387,562,000, compared with approximately RMB32,805,685,000 in the same period of 2019. Gross profit decreased by approximately 1.67% to approximately RMB1,000,662,000, compared with approximately RMB1,017,668,000 in the same period of 2019.

Profit for the year increased by approximately 73.81% to approximately RMB301,636,000, compared with the profit of approximately RMB173,548,000 in the same period of 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	**2020** **RMB'000**	2019 *RMB'000*
Revenue	*3, 4*	**29,387,562**	32,805,685
Cost of sales and services rendered		**(28,386,900)**	(31,788,017)
Gross profit		**1,000,662**	1,017,668
Other income	*5*	**79,358**	160,719
Selling expenses		**(57,059)**	(58,374)
Administrative expenses		**(315,615)**	(350,706)
Other operating expenses		**(24,483)**	(8,295)
Impairment losses under expected credit loss model, net	*6*	**(49,221)**	(93,949)
Other gains and losses	*7*	**33,834**	13,802
Finance costs	*8*	**(336,756)**	(454,620)
Share of results of joint ventures		**–**	–
Profit before tax		**330,720**	226,245
Income tax expenses	*9*	**(29,084)**	(52,697)
Profit and total comprehensive income for the year	*10*	**301,636**	173,548
Profit (loss) and total comprehensive income (expense) attributable to:			
Owners of the Company		**306,415**	146,664
Non-controlling interests		**(4,779)**	26,884
		301,636	173,548
Earnings per share			
Basic and diluted	*12*	**RMB1.71 fen**	RMB0.82 fen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS at 31 December 2020

	NOTES	**2020** **RMB'000**	2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,454,696**	6,789,956
Right-of-use assets		**927,420**	824,883
Exploration and evaluation assets		**11,946**	8,074
Intangible assets		**598,795**	659,513
Investments in joint ventures		**–**	–
Deferred tax assets		**52,013**	71,324
Other deposits		**394,279**	76,311
Pledged deposits		**–**	44,776
		8,439,149	8,474,837
CURRENT ASSETS			
Inventories		**4,549,585**	4,869,157
Trade and bills receivables	*13*	**201,176**	1,009,800
Other deposits		**167,937**	111,228
Prepayments and other receivables		**402,453**	172,029
Derivative financial instruments		**175,164**	220,429
Structured bank deposits		**500,000**	440,000
Pledged deposits		**46,049**	–
Cash, deposits and bank balances		**374,735**	1,501,884
		6,417,099	8,324,527
CURRENT LIABILITIES			
Trade and bills payables	*14*	**1,601,151**	1,808,990
Other payables and accrued expenses		**823,710**	758,085
Contract liabilities		**44,806**	43,781
Bank and other borrowings		**3,713,591**	5,567,350
Lease liabilities		**4,715**	4,495
Derivative financial instruments		**112,342**	24,053
Early retirement obligations		**28,320**	38,820
Current income tax liabilities		**4,380**	2,196
		6,333,015	8,247,770
NET CURRENT ASSETS		**84,084**	76,757
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,523,233**	8,551,594

	NOTES	2020 RMB'000	2019 RMB'000
CAPITAL AND RESERVES			
Share capital		**727,893**	727,893
Share premium and reserves		**1,962,647**	1,656,232
Equity attributable to owners of the Company		**2,690,540**	2,384,125
Non-controlling interests		**780,258**	485,437
TOTAL EQUITY		**3,470,798**	2,869,562
NON-CURRENT LIABILITIES			
Other payables		**276,333**	278,333
Bank and other borrowings		**3,282,081**	3,898,781
Lease liabilities		**137,855**	142,570
Promissory note		**1,053,503**	1,011,039
Provision for mine rehabilitation, restoration and dismantling		**52,816**	51,332
Deferred income		**166,227**	176,087
Early retirement obligations		**83,620**	123,890
		5,052,435	5,682,032
		8,523,233	8,551,594

1. GENERAL

China Daye Non-Ferrous Metals Mining Limited (the "Company") 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 "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company is principally engaged in 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 immediate and ultimate holding company of the Company is China Times Development Limited (incorporated in the British Virgin Islands) and China Nonferrous Metal Mining (Group) Co., Ltd., a state-owned enterprise established in the People's Republic of China (the "PRC"), respectively.

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

As at 31 December 2020, the Group had cash, deposits and bank balances and current portion of bank and other borrowings of approximately RMB374,735,000 and RMB3,713,591,000 respectively. Based on the estimation of the future cash flows of the Group, after taking into account of (i) continuous net cash inflows from operating activities; (ii) the unutilised bank facilities of not less than RMB5,830,000,000 and bank borrowings of RMB930,000,000 subsequently raised which fall due after 31 December 2021; and (iii) the ability to renew the current bank loans upon expiry because of the Group's good track records and relationship with the banks, the directors are of the opinion that the Group will have sufficient working capital to finance its normal operation for the twelve months from the end of the reporting period of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKAS 1 and HKAS 8	*Definition of a Material*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts*[5]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds Before Intended Use*[3]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[3]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018 – 2020 Cycle*[3]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective date not yet been determined.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 was revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current to align the corresponding wordings with no change in conclusion.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendments to HKAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with HKAS 2 Inventories.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". HKAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3. REVENUE

Revenue represents the net amounts received and receivable for sales of goods and services rendered net of sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
Sales of goods	**29,341,450**	32,755,962
Rendering of services	**46,112**	49,723
	29,387,562	32,805,685

Disaggregation of revenue by timing of recognition

	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point of time	**29,341,450**	32,755,962
Over time	**46,112**	49,723
Total revenue from contracts with customers	**29,387,562**	32,805,685

Performance obligations for contracts with customers

The performance obligations for contracts with customers include sales of non-ferrous metals and other materials or provision of processing service directly to 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

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

4. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services 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 segments information is presented other than entity-wide disclosures.

The following is an analysis of the Group's revenue by major product and service categories:

	2020	2019
	RMB'000	*RMB'000*
Sales of goods:		
Copper cathodes	**21,818,063**	23,586,954
Other copper products	**494,296**	302,789
Gold and other gold products	**2,323,675**	3,370,499
Silver and other silver products	**4,202,676**	4,849,590
Sulphuric acid and sulphuric concentrate	**66,045**	158,628
Iron ores	**165,013**	164,077
Others	**271,682**	323,425
	29,341,450	32,755,962
Rendering of services:		
Copper processing	**27,992**	37,991
Others	**18,120**	11,732
	46,112	49,723
Total revenue	**29,387,562**	32,805,685

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	
	2020	2019
	RMB'000	*RMB'000*
PRC	**8,386,948**	8,358,420
Hong Kong	**151**	243
Mongolia	**37**	74
	8,387,136	8,358,737

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

	2020	2019
	RMB'000	*RMB'000*
PRC	**28,443,624**	30,879,754
Hong Kong	**289,278**	871,898
Others	**654,660**	1,054,033
	29,387,562	32,805,685

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	RMB'000	*RMB'000*
Customer A – in respect of sales of gold and silver	**–***	3,823,921

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

5. OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Interest income from banks	**14,451**	12,996
Interest income from Daye Nonferrous Metals Group Holdings Company ("**Daye Group**")	**–**	13,746
Interest income from Nonferrous Mining Group Finance Company ("**Finance Company**")	**14,815**	6,954
Government grants *(Note)*	**15,226**	98,945
Deferred income recognised	**25,188**	21,235
Others	**9,678**	6,843
	79,358	160,719

Note: The government grants for the year ended 31 December 2020 mainly represented subsidies for employment support (2019: early retirement benefit) of which the relevant expenses had been previously charged to profit or loss.

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2020	2019
	RMB'000	*RMB'000*
Impairment losses (reversal of impairment losses), net, on:		
Trade receivables – goods and services	**39,865**	(177)
Loans to and amounts due from a joint venture	**2,554**	91,592
Other receivables	**6,802**	2,534
	49,221	93,949

7. OTHER GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Gain (loss) on disposal of property, plant and equipment, net	**6,644**	(391)
Write-off of property, plant and equipment	**(33,062)**	–
Fair value changes from:		
Commodity derivatives contracts	**911**	(218)
Currency forward contracts	**(224)**	(1,200)
Currency exchange swap contracts	**(7,402)**	7,402
Currency option contracts	**9,490**	6,029
Gold forward contracts	**(128,216)**	59,420
Gold loans designated as financial liabilities at fair value through profit or loss ("**FVTPL**")	**147,933**	(58,319)
Exchange gains (losses), net	**49,134**	(3,120)
Impairment loss of property, plant and equipment	**(11,374)**	–
Insurance compensation *(Note)*	**–**	101,912
Other losses *(Note)*	**–**	(91,436)
Write-off prepayments	**–**	(6,277)
	33,834	13,802

Note: Other losses mainly represented land restoration costs and other costs incurred in relation to a partial dam failure at the northwestern corner of tailings pond at Tonglvshan Mine of the Group located in Hubei Province, the PRC. Up to 31 December 2019, an aggregate amount of expenses of RMB127,484,000 was charged to profit or loss, of which land restoration costs payable of RMB67,940,000 as at 31 December 2019 was recorded under "Other payables and accrued expenses". The agreed insurance claim is RMB101,912,000 and the compensation received from the insurance claim up to 31 December 2019 amounted to RMB66,219,000 and the remaining insurance compensation receivable amounted to RMB35,693,000 was recorded under "Other receivables" as at 31 December 2019 which has been settled during the year ended 31 December 2020.

8. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**257,161**	367,977
Interest on loans from Daye Group	**23,684**	19,086
Interest on loans from Finance Company	**12,105**	13,012
Interest on loans from a fellow subsidiary	**431**	4,684
Interest on amounts due to a fellow subsidiary	**1,677**	12,858
Interest on lease liabilities	**7,206**	7,416
Interest on promissory note	**42,464**	42,347
Unwind interest of provision for mine rehabilitation, restoration and dismantling	**1,484**	1,304
Unwind interest of early retirement obligations	**3,950**	4,980
Total finance costs	**350,162**	473,664
Less: Borrowing costs capitalised in the cost of qualifying assets	**(13,406)**	(19,044)
	336,756	454,620

9. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Hong Kong Profits Tax		
– current year	**1,695**	–
PRC Enterprise Income Tax		
– current year	**2,905**	752
– under provision in prior years	**5,173**	1,531
Deferred tax	**19,311**	50,414
	29,084	52,697

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. During the year ended 31 December 2020, one (2019: one) of the PRC subsidiaries of the Group was recognised as high new technology enterprises and entitled to a preferential tax rate of 15%.

According to the PRC income tax law and its relevant regulations issued in 2019, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB1,000,000) or 10% (for taxable income range from RMB1,000,000 to RMB3,000,000). During the year ended 31 December 2020, one (2019: one) of the PRC subsidiaries of the Group was qualified as small and low profit enterprise and entitled to the preferential income tax rate of 5%.

Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit generated in Hong Kong for the year ended 31 December 2019.

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

10. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging:

	2020	2019
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment *(Note i)*	**627,492**	629,942
Depreciation of right-of-use assets *(Note i)*	**30,976**	29,326
Amortisation of intangible assets *(Note i)*	**60,718**	54,958
	719,186	714,226
Auditor's remuneration	**1,887**	3,079
Employee benefits expense (including directors' remuneration) *(Note (ii))*:		
Salaries, wages and welfare	**552,889**	571,564
Retirement benefits scheme contributions	**77,959**	129,210
Total staff costs	**630,848**	700,774
Cost of sales and services rendered:		
Cost of inventories recognised as an expense *(Note (iii))*	**28,350,710**	31,747,435
Direct operating expense arising from services provided	**36,190**	40,582
	28,386,900	31,788,017
Research and development costs	**12,378**	18,077

Notes:

(i) During the year, depreciation of property, plant and equipment of approximately RMB609,142,000 (2019: RMB617,046,000), and depreciation of right-of-use assets and amortisation of intangible assets and totaling approximately RMB48,376,000 (2019: RMB36,945,000) was capitalised to inventories.

(ii) During the year, employee benefits expense of approximately RMB524,423,000 (2019: RMB562,186,000) were capitalised to inventories.

(iii) During the year ended 31 December 2019, write-down of inventories of approximately RMB1,820,000 (2020: Nil), which was included in cost of inventories, was mainly attributable to the decline in the price of certain raw materials. The materials were written down to net realisable value when the costs of the finished products are expected to exceed their net realisable values.

11. DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2020	2019
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**306,415**	146,664

Number of shares

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**17,895,580**	17,895,580

The computation of diluted earnings per share for both years did 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.

13. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**219,910**	259,610
Less: Allowance for credit losses	**(50,570)**	(10,705)
	169,340	248,905
Bills receivables:		
On hand	**31,016**	149,241
Endorsed to suppliers	**820**	56,420
Discounted to banks	**–**	555,234
	31,836	760,895
Total trade and bills receivables	**201,176**	1,009,800

As at 31 December 2020, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB219,910,000 (2019: RMB259,610,000).

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.

As at 31 December 2020, no bills receivable are discounted to banks due to improvement in debt collection.

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.

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**156,355**	240,489
More than 1 year, but less than 2 years	**8,281**	7,177
More than 2 years, but less than 3 years	**4,703**	365
Over 3 years	**1**	874
	169,340	248,905

14. TRADE AND BILLS PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**1,601,151**	1,780,050
Bills payables	**–**	28,940
	1,601,151	1,808,990

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

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**1,572,821**	1,759,310
More than 1 year, but less than 2 years	**17,906**	8,212
More than 2 years, but less than 3 years	**743**	2,549
Over 3 years	**9,681**	9,979
	1,601,151	1,780,050

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 2020 amounted to approximately RMB29,387,562,000 (2019: RMB32,805,685,000), representing a year-on-year decrease of approximately 10.42%. Profit for the year was approximately RMB301,636,000 (2019: RMB173,548,000), representing a year-on-year increase of approximately 73.81%. The increase was primarily attributable to (i) rising prices of non-ferrous metals, cathode copper, gold and silver; (ii) reduction in financial expenditure due to certain preferential loans the Company obtained during the epidemic; and (iii) certain tax incentives and social insurance fee reduction enjoyed by the Company during the epidemic.

In 2020, the Group produced a total of approximately 25,100 tonnes of mined copper, a decrease of approximately 14.77% over the same period last year; approximately 510,000 tonnes of copper cathode, a decrease of approximately 4.33% over the same period last year; approximately 900.09 tonnes of precious metals (including approximately 5.81 tonnes of gold, approximately 856.45 tonnes of silver, approximately 17.40 kg of platinum, approximately 211.00 kg of palladium and approximately 37.60 tonnes of tellurium), a decrease of approximately 29.30% over the same period last year; approximately 1,098,500 tonnes of chemical products such as sulphuric acid (including approximately 1,095,700 tonnes of sulphuric acid, approximately 500.45 tonnes of nickel sulphate, approximately 2,176.35 tonnes of copper sulfate and approximately 157.82 tonnes of crude selenium), a decrease of approximately 6.77% over the same period last year; approximately 182,800 tonnes of iron concentrate, a decrease of approximately 18.43% over the same period last year; and approximately 66.51 tonnes of molybdenum concentrate, a decrease of approximately 14.80% over the same period last year.

The year 2020 was extremely difficult and extraordinary. Simultaneously facing the pandemic of the century, unusual floods, and other shocking external challenges, mines being shut down and low-load production in the smelting system during the first quarter, the Group have received sound guidance and strong support. All staff of the Company were united with the goal to win the "three tough battles (三大硬仗)" of controlling the pandemic, overcoming flooding, and ensuring stable production. The Company pressed ahead with cost control, structural adjustment, further reforms, and major tasks such as a 400,000 tonne project. The followings are our main accomplishments:

(I) Stabilising production and strengthening control, promoting management quality

The Company re-adjusted the development strategy to stabilise production and coordinated to optimise the smelting and mine maintenance arrangements. We also balanced the internal and external operation priorities during the pandemic. The output of main products achieved the expected target in general by means of adjusting raw material procurement, solving bottlenecks limit, strengthening our foothold, and reserved power.

Our cost control was effective. Through the implementation of 23 measures in seven categories, the annual cash unit cost of major products and non-tax and other administrative expenses were reduced. Financial expenses also decreased through measures such as cutting down interest-bearing debts, acquiring preferential loans, and replacing existing high-cost loans and with low-cost finance. In addition, the Company applied for and was granted treatments of 17 preferential policies for reduction, exemption and deferral of payments on certain items.

The combined recovery rate of copper, gold, and silver in smelting was better than planned, and recovery rates of platinum, palladium, selenium, and tellurium all met respective targets.

(II) Strengthening the principal business, seeking new business opportunities and sustaining development of the foundation

The Company tapped the potential of the principal business and improved its quality. The eighth furnace period of Ausmelt furnace in the smelting plant operated stably for 26 months, surpassing the Company's target to upgrade twice in three years. The Ausmelt furnace's lifespan, setting the world new record, far exceeded the industry's general level. The key work of our mining business was steadily proceeded. The Tongshankou Mine's open-pit southern boundary optimisation project completed a topsoil stripping volume that exceeds the planned amount, and the comprehensive utilisation of non-metal resources achieved good results. Tonglvshan Mine strived to improve mining methods, leading to a sharp rise in medium-deep hole mining output. Fengshan Mine started to process and reuse waste rock.

The 400,000 tonne project was progressing well. While the project's design was of high standard, construction was carried out with high efficiency. Without exceeding the original budget, the Company newly added 6 major sub-projects, including transportation corridors and electrolytic smart copper warehouses, reducing the cost of copper smelting per ton through self-initiated processes of optimisation.

Upgrade and Renovation of the Deep Desulphurisation of Acid-Making Tail Gas Project of Smelting Plants

The construction of the project is divided into two phases. In 2020, the sodium-alkali process was applied in desulfurization of acid-making tail gas in lieu of the hydrogen peroxide process. Ozone devices and electric mist eliminators were added to the desulfurization tower of acid-making tail gas.

Upgrade and Renovation of the System of Fugitive Gas Desulphurization

In 2020, the dynamic wave nozzles were applied in place of the rotary cutting nozzles of the desulfurization tower, with spray layers deployed to the interior of the tower. Anonline SO2 monitoring device was added to the inlet of the desulfurization system.

Clean Production Project of Co-processing Multi-based Solid Waste of Ausmelt Furnace

In 2020, we completed improvement projects such as a new copper-containing environmentally friendly mud warehouse (using an old electrolytic III-system plant) and obtained a permit for handling hazardous waste.

(III) Management quality enhanced by management and base strengthened

The Company managed to improve the organisational structure and three system-reforms through streamlining the middle management and promoting professionalism. The Company continued to improve the corporate governance structure through the standardisation of governance, market-based business approach and flexibility of production. The Company continued to enhance the allocation of internal resources through optimisation of resources, rationalisation of factors of production and refining management. Currently, 11 reform plans have been issued and gradually implemented, injecting new impetus into the Company's high-quality development.

Work safety and environmental protection conditions are moderately improving, as reflected by the realisation of the "five zero (五為零)" goal and lower rates of minor accidents and injuries. The Company upgraded and transformed the smelting system and completed the task of reducing heavy metal emissions from its facilities in Hubei Province.

The Company continued to strengthen financial risk prevention and control, regularly conducted situation tracking and risk investigation and carried out financial audit inspections, so that risk control has been effectively promoted as a normal practice. The Company also strengthened capital supervision and centralised management. Implementation "Measures on Seeking Accountability for Illegal Operation and Investment (《違規經營投資責任追究實施辦法》)" which set out procedures for seeking accountability was revised. Moreover, the "Interpretation Manual of Seeking Accountability for Illegal Operation and Investment (《違規經營投資責任追究制度解讀手冊》)" which deepened the employees' awareness towards compliance operations was issued.

The Company obtained fruitful achievements in technological innovations as 40 patents were obtained. 2 achievements of the Company won a number of provincial and ministerial-level scientific and technological achievements awards, among which "Key Technology and Application of Coordinated Large-scale Disposal of Waste Circuit Boards in Copper Concentrate and Oxygen-enriched Smelting (銅精礦富氧頂吹熔煉協同規模處置廢電路板關鍵技術及應用)" won the first prize of China Nonferrous Metals Industry Science and Technology Award. "Key Technology and Application of Efficient recovery of rare and precious metals in the copper smelting process (銅冶煉過程中稀貴金屬高效回收關鍵技術創新與應用)" won the first prize of Hubei Science and Technology Progress Award.

(IV) Anti-pandemic and flood prevention work

During the most critical period of the pandemic, production of smelter plants was carefully organised to maintain the capacity utilisation rate of mined copper and cathode copper. Our commerce department actively expanded sales channels and maintained sales of sulfuric acid. Our logistics department tirelessly improved logistics to ensure smooth delivery of raw materials, chemicals and products. Our mining department seized the opportunity of production suspension to actively carry out equipment maintenance, safety improvement work and personnel training so that the Company was able to resume mining and production earlier than others.

When the main flood season approached, the Company actively responded to the government's call and organised a rescue team within 24 hours to participate in the rescue of the Yangtze River levee. We built 1.2 kilometres of sub-dams, filled more than 50,000 bags of sandbags, and laid 6,000 square meters of protective layer for the initial base dam of the tailings reservoir. Moreover, we fixed two major pipings in time. Overall, we effectively protected the Yangtze River levee and ensured the safety of the tailing ponds along the river during the flood.

Under the challenge to combat the pandemic, sustain production and fight flooding, the entire Company's awareness of the holistic vision was raised and responsibility was actively taken on. During the most severe period of the pandemic, more than 4,000 employees stayed at their positions every day to ensure the continuous operation of the Company's production. During the mission to flight flooding and protect the levee, officials and cadres stood by the Yangtze River levee 24 hours a day, inspiring the team's tenacious determination.

The Company actively responded to the call of our province to help farmers and revive the economy after the pandemic. Employees with outstanding performance during the pandemic prevention and control and the resumption of work and production were arranged to recuperate and living supplies to employees in need during the pandemic were distributed. At the same time, the Company actively supported the local anti-pandemic initiatives, flood relief construction and poverty alleviation programs. Also, the Company cleaned up medical wastes of the mobile clinics in Huangshi City and expressed concerns to more than 600 employees temporarily distressed due to the pandemic. As a result, the image of the Company was further improved.

MARKET PROSPECTS

The international situation is affected by the impact of the COVID-19 pandemic. Additionally, the Sino-US strategic competition has intensified, and the anti-globalisation sentiment has grown. Although the global economic growth is gradually showing a trend of recovery, the risks of sporadic conflicts and unrest have increased and win-win cooperation has shifted further to zero-sum games. The global economic recovery will inevitably be long-term, uneven, and uncertain.

As for the domestic situation, after decades of rapid development, China has entered into the middle and late stages of industrialisation. In general, China is at the key turning point of changing development strategy, optimising economic structure, and transforming growth momentum. However, poor domestic circulation inhibits the potential growth rate of its economy, hence there is a need to devote more time in return of opportunity.

Concerning the situation of the industry, the dual constraints of resources and the environment, the pressure of rising costs, as well as the combined bottlenecks of the sustainability of momentum and the expansion of innovation all impose major challenges towards the current development of the non-ferrous industry. Moreover, the bottleneck in development is expected to remain in the industry for a considerable period. In this context, the non-ferrous metal industry needs to speed up transformation and upgrading, further the supply-side structural reforms and demand-side reforms, and improve the circulation smoothness of supply-demand matching. The evolution of new business modes has intensified. Industry resource integration, industrial layout optimisation, industrial chain extension, technological innovation, clean energy, smart manufacturing, and new infrastructure will speed up further. Quality improvement and innovation for the non-ferrous industry enterprises is ever more urgent.

Regarding market supply and demand, due to various factors such as the continuously growing production capacity of the copper smelting industry, the limited increase of mined copper output of the world, and the global COVID-19 pandemic, the gap between supply and demand of copper raw materials has further widened. Market competition is extremely fierce, and resource supply is unstable. The current processing fee/refining fee for imported ore has fallen to a historical low, which is far below the average minimum processing fee of the smelting industry. While the domestic raw material price has risen simultaneously and the price of sulfuric acid remained low, the profit margins of smelting companies have further narrowed and profit outlook for the industry is gloomy.

Nevertheless, China's development is still in a period full of important strategic opportunities but there are new changes in both opportunities and challenges. We must firmly grasp development opportunities. First, we must grasp the business opportunities brought about by changes in the financial environment. In response to the expected recession caused by the new coronavirus pandemic, global central banks have injected large-scale liquidity into the market and the quantitative easing policy cycle will roll on, the US dollar index will show a weak trend, and the price of risky assets will rise sharply, which will have a significant positive impact on the non-ferrous metals industry. The global real interest rate is at a historical low, which also brings medium and long-term upward momentum to rare and precious metals such as gold and silver. Second, we must seize the long-term policy opportunity for China's economic growth. Although China's economy has been affected by the pandemic, unilateralism, protectionism, hegemonism and other factors, the basic elements and fundamental conditions that support China's economic stability and development remain stable. The development trend of promoting economic transformation with technological innovation is accelerating. According to the forecast of the Development Research Centre of the State Council of China, the average growth rate of China's economy during the 14th Five-Year Plan period will reach 6.2%, once again the highest among major economies in the world. It can be said that the basic trend of China's economic stability and long-term improvement has not changed, and a stable growing environment is bound to bring substantial space and opportunities for growth to enterprises. Third, we must hold on to the market opportunities brought about by the rapid development of emerging industries. Prospects of bulk non-ferrous metals such as copper, nickel, cobalt, rare metals and their related new materials which is closely related with the rapid development of new energy, information technology and other emerging industries are promising. Meanwhile, the rapid development of emerging strategic industries has brought new structural opportunities for sectors of related non-ferrous metals, especially the downstream high-end deep processing and new materials industries. Fourth, grasp the realistic opportunities brought about by the new development strategies of the Group and the Company. The Company has a solid foundation for development. In the next step, we will focus on expanding the scale of copper smelting, expanding mineral resources, developing a circular economy in the industry, and researching and developing new materials with rare and precious metals, which will provide more opportunities and support for the Company's development.

OPERATING OBJECTIVES AND STRATEGIES IN 2021

The production volume targets of the Group for 2021 include producing 28,000 tonnes of mined coppers, 510,000 tonnes of copper cathode, 6.8 tonnes of gold, 750 tonnes of silver, 1,010,000 tonnes of sulphuric acid, 230,000 tonnes of iron concentrate, 16 kg of platinum, 210 kg of palladium, 480 tonnes of nickel sulfate (containing metal), 160 tonnes of crude selenium, 35 tonnes of tellurium, 3,000 tonnes of copper sulfate and 72 tonnes of molybdenum concentrate.

The Group would satisfactorily fulfill all objectives including the following:

(I) To improve quality of our principal business and strengthen industrial basis

To strengthen the smelting sector, smelting plants should integrate and align their business for required changes to ensure maximum synergistic effect. We shall leverage the Ausmelt furnace's high readiness and high running rate after the maintenance to maximise its production capacity. Optimisation of the production system shall be accelerated and copper cathode quality shall also be stabilised in order to stabilise and increase production and realise maximum economic benefits. We shall manage the reconstruction and expansion of the integrated recycling and production system for precious metals to further improve the comprehensive resource utilisation capacity and efficiency. The 400,000-tonnes project should be put into production as required to ensure timely supply of copper sulfate and anode plates. We should also actively well perform in sales and other works of by-products and precious small products.

The mining sector should be enhanced. The mining department shall push on execution of policies like streamlining of the middle management and staff professionalization, emphasising professional management and control in respect of core mining business, coordinating production and capacity expansion, cost control and sustainable development. We shall increase daily processing volume, improve crushing and residual mining intensity, expand medium and deep hole mining volume of Tonglvshan Mine, and accelerate Sareke Copper Mine's operation resumption to ensure the annual copper production volume of our mines. By carrying out full-scale exploration of fringe and in-depth mines, we will strengthen our resource developing effort to increase copper production volume. We will accelerate the implementation of Tongshankou Mine Zhangjiashan waste dump, optimised waste stone utilisation in the southern boundary, comprehensive utilisation of tailings in Fengshan

Copper Mine and other non-metal development and utilisation projects. Through integrating our internal professional mining resources, we aim to prepare for the establishment of our professional mining engineering and mineral processing technology and service teams, thereby providing support for the Company's further development.

We intend to accelerate the construction of our projects especially the 400,000-tonnes project. As quality comes first, we will keep a close eye on, among others, our on-site construction, intelligent factory optimisation, equipment and facility procurement and manufacturing supervision to ensure our project construction quality. In accordance with the principle of combining technical advancement and economic feasibility, we will tighten investment cost control during the stages of bidding, construction, and completion inspection of our 400,000-tonnes project investment, to ensure that our project investment cost do not exceed budget. We will strive to achieve the goal to become the best organisation with highest efficiency and lowest cost in the industry, while accumulating experience for the Company's subsequent organisational structure optimisation.

(II) To strengthen management and realise management efficiency

To achieve more efficient procurement and disposal of raw materials, smelting plants should further increase the procurement and disposal of profitable raw materials including waste circuit boards, recycled mud, and purchased anode slime.

We aim to improve overall value management, optimise production organisation and improve process control standards to reduce cash costs per product unit and reduce non-tax administrative expenses. Also, by introducing market competition to a maximum extent to reduce procurement costs, we expect to strengthen bidding and procurement management. In terms of improving human resource management, we will completely cease employment of outsourced labor to reduce labor costs. We will also strive to facilitate the arrangement of financing and working capital loans for the 400,000-tonnes project. To expand the involvement of financial management in business operation, financial personnel will be involved in all aspects of production and operation activities through the information platforms. Such personnel will participate in cost analysis, profit forecasting, efficiency evaluation, etc., so as to realise the transformation of financial management from passive to active, and the transformation from accounting to value management.

We will improve management efficiency by comprehensively optimising our system and process. To strengthen alignment management, we will carry out management improvement from eight aspects. We will accelerate informatization construction including continuous improvement and application of the ERP material management system, the optimisation of the ERP financial management and personnel management, and the high integration with the 400,000-tonnes project intelligent factory. With integrating business section and finance section as our main construction goal, we aim to solve the bottleneck of information isolation and to strengthen audit supervision.

Epidemic prevention and control are our major tasks. Epidemic prevention and control measures shall be normalised as a daily practice. Promotion of various prevention and control measures shall also be continued, so as to consolidate the current hard-won achievements of prevention and control as we are resolved to protect the lives and health of our employees. Safety management will be continuously promoted that we will step up designated investigations and corrective measures to address issues concerning high-temperature metal lifting, hazardous chemical explosion and underground mines and tailing ponds. We will make every effort to prevent and eliminate all kinds of accidents to ensure stable and safe production. It is necessary for us to focus on key areas such as exhaust gas control, sewage discharge, ecological restoration of mines, as well as production and energy conservation to ensure that all pollutant emissions satisfy applicable standards. We will effectively control strategic risks, prevent and control debt and cash flow risks to strengthen risk management and control in key areas. We will actively respond to market risks, strictly manage customer credit risks and control legal dispute risks.

(III) Adhere to innovation-driven development

It is our plan to accelerate the metallurgical system upgrade and renovation, and we strive to complete the necessary discussion and analysis, review and approval, construction design and implementation processes as soon as possible regarding the 400,000-tonnes project, as it is important to ensure anode slime processing capability of the rare and precious metal system. We will concentrate on sorting out and refine the task plan for our smelting system renovation and upgrade project. Also, R&D technology companies, special committees and other technical teams will be set up to work on reducing the production costs of old metallurgical systems and to ensure compliance with environmental standards.

Taking advantage of the demand for raw materials due to the growth of international and domestic high-tech industries, we shall build on our product development strength regarding rare and precious metals and leverage our synergy between smelting operation and precious metal resources to further expand business in marketable and high value products such as gold, silver, platinum, palladium, and cobalt salt. We will focus on studying and establishing a new emerging industry segment which is expected to have significant technical advantage, broad development prospect and outstanding profitability. Through these strategies, we strive to build ourselves into a high-tech enterprise through research and development of new materials.

Furthermore, efforts will be made to strengthen talent development and establish the Company's technology sharing platform by engaging the Company's state-level enterprise technology centre, nationally recognised laboratory and other platforms, in order to extend our industrial technical support. We will carry out pilot test on the technology project system and establish our R&D technology team. We aim to gain positive results in various key technical areas including deep borehole mining in high level mines, classification and selection of complex multi-metal mineral ores, smelting multi-based solid waste for co-processing and in-depth processing of precious metals. The appraisal and evaluation system for science and technology personnel will also be improved, further stimulating the vitality of our technical staff. As for key professional fields such as smelting, geology, mining, and mineral processing, we will further strengthen the construction of our talent pool through recruitment, flexible recruitment and internal selection and promotion.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, the Group recorded revenue of approximately RMB29,387,562,000 (2019: RMB32,805,685,000), representing a decrease of approximately 10.42% from the previous year, attributable to the slight decrease in the production of the principal products of the Company during the epidemic.

Cost of sales and services rendered

For the year ended 31 December 2020, the cost of sales and services rendered of the Group amounted to approximately RMB28,386,900,000 (2019: RMB31,788,017,000), representing a decrease of approximately 10.70% from the previous year, which was attributable to the slight decrease in the production of the principal products of the Company during the epidemic.

Gross profit

For the year ended 31 December 2020, gross profit decreased by approximately 1.67% to approximately RMB1,000,662,000, compared with approximately RMB1,017,668,000 in the same period of 2019. The decrease in gross profit was mainly attributable to sharp fall in the price of sulfuric acid.

Other income

Other income for the year ended 31 December 2020 amounted to approximately RMB79,358,000 (2019: RMB160,719,000), representing a decrease of approximately 50.62% from the previous year, which was primarily attributable to the receipt of government grants for early employee retirement of 2019.

Other operating expenses

For the year ended 31 December 2020, other operating expenses increased by approximately 195.15% to approximately RMB24,483,000, compared with approximately RMB8,295,000 in the same period of 2019. The increase was primarily due to the relocation compensation in Lijiawan.

Other gains and losses

Other gains and losses for the year ended 31 December 2020 amounted to a net gain of approximately RMB33,834,000 (2019: RMB13,802,000), representing an increase of approximately 145.14% from the previous year. The increase was primarily due to the increase in the effect of exchange gain.

Income tax expenses

Income tax expense for the year ended 31 December 2020 amounted to approximately RMB29,084,000 (2019: RMB52,697,000), representing a decrease of approximately 44.81% from the previous year, which was primarily due to the decrease in deferred tax expense when compared with the previous year.

Earnings per share

For the year ended 31 December 2020, basic earnings per share amounted to RMB1.71 fen (2019: RMB0.82 fen).

EQUITY

The Company's issued and fully paid share capital as at 31 December 2020 amounted to approximately RMB727,893,000 divided into 17,895,579,706 ordinary shares of HK$0.05 each.

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.

During the year ended 31 December 2020, the Group's receipts and payments were mainly denominated in RMB.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group had pledged deposits, and cash and bank balances of approximately RMB420,784,000 (2019: RMB1,546,660,000), the majority of which were denominated in Renminbi. The Group's current ratio was approximately 1.01 (2019: 1.01), based on current assets of approximately RMB6,417,099,000 (2019: RMB8,324,527,000) divided by current liabilities of approximately RMB6,333,015,000 (2019: RMB8,247,770,000). The Group's gearing ratio as at 31 December 2020 was approximately 288.83 % (2019: 380.75%), based on net debts (which included bank and other borrowings, lease liabilities and promissory note less pledged deposits, and cash and bank balances) of approximately RMB7,770,961,000 (2019: RMB9,077,575,000) divided by equity attributable to owners of the Company of approximately RMB2,690,540,000 (2019: RMB2,384,125,000). 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 2020, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2020, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB8,049,175,000 (2019: RMB10,477,170,000).

As at 31 December 2020, the Group had bank and other borrowings of approximately RMB3,713,591,000 (2019: RMB5,567,350,000) and approximately RMB3,282,081,000 (2019: RMB3,898,781,000) 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 2020.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

400,000-tonnes High-Purity Copper Cathode Clean Production Project

The construction scale of the project is an annual output of 400,000 tonnes of high purity copper cathode and approximately 1.5 million tonnes of sulphuric acid. In particular, we adopted the world-leading "double flash" smelting process, the large-plate stainless steel cathode electrolysis process, and the conversion of sulphur dioxide of high concentration +secondary absorption process for acid production with copper smelting smoke. The construction goal is to build a first-class base of copper industry and a moder smart factory with excellent environmental protection and advanced technology. After the completion of the project, the domestic production capacity of the Group's copper cathode will reach 1 million tonnes, making it one of the leaders in the global copper industry. Progress made in 2020: completion of land transfer procedures and obtaining the planning permits for construction works and construction permits, passing the review and approval procedure of facility safety and design and receipt of review opinions on energy conservation; selection of contractors for supervision, site surveying, and cost consultation; completion of preliminary design and civil construction design; completion of general contracting of EPC projects and tender of smart factory, and contract signing; completion of foundation works and order placements for main equipment, etc.

Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司) a non-wholly owned subsidiary of the Company ("Yangxin Hongsheng"), and Xingang Land and Resources Bureau entered into the transfer contract, pursuant to which Xingang Land and Resources Bureau has agreed to sell, and Yangxin Hongsheng has agreed to purchase, the land use rights of the land parcel of approximate 281,356 sq. m., located to the north of Haizhou Avenue and the west of Hejin Provincial Road at Yangxi County, Huangshi, Hubei Province, the PRC, for the consideration of RMB62,440,000 on 8 January 2020.

Yangxin Hongsheng and Xingang Land and Resources Bureau entered into the transfer contract, pursuant to which Xingang Land and Resources Bureau has agreed to sell, and Yangxin Hongsheng has agreed to purchase, the land use rights of the land parcels of approximate 258,456 sq. m., located to Tanjiafan Village, Weiyuankou Town at Yangxi County, Huangshi, Hubei Province, the PRC, for the consideration of RMB57,820,000 on 24 June 2020.

The Board believes that the two land acquisitions, where two pieces of land are adjacent to each other, are in line with the development strategy of the Group and allow Yangxin Hongsheng to acquire suitable pieces of land for the construction of the production plant. The proposed construction and operation of the production plant is in line with the principal business of the Group and it is expected to increase the production capacity of the Group upon its completion.

Please refer to the announcements of the Company dated 8 January 2020 and 24 June 2020 for details.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2020.

CHARGES ON ASSETS

As at 31 December 2020, other deposits which amounted to approximately RMB167,937,000 (2019: RMB111,228,000) 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 RMB46,049,000 (2019: RMB44,776,000).

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 5,769 employees (2019: 5,952). The Group's total staff costs for the year was approximately RMB630,848,000 (2019: RMB700,774,000). 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 2020.

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 2020.

CORPORATE GOVERNANCE CODE COMPLIANCE

For the year ended 31 December 2020, the Company had complied with the code provisions of the CG Code except for deviation from code provision A.1.1 and A.4.1 of the CG Code as summarized below:

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2020, only three regular board meetings were held to review and discuss the financial and operational data for the first quarter, annual results and interim results. The financial and operational data for the third quarter has been given to the Directors 14 days before the meeting. All the Directors did not have opinion after reviewing and considered the holding of a quarterly meeting not necessary.

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. Moreover, all the incumbent independent non-executive Directors have retired from the office by rotation and have been re-elected in the past three years. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

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 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited 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 SHINEWING (HK) CPA Limited on the preliminary 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 2020 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, 31 March 2021

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.

* *For identification purpose only*