



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

2026

Interim Report



MINERAL RESOURCES



HUBEI MINES Daye City

- ① Tonglvshan Mine
- ② Tongshankou Mine

HUBEI MINES Yangxin County

- ③ Fengshan Mine

XINJIANG MINE Wuqia County

- ④ Sareke Copper Mine

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Xiao Shuxin (*Chairman*)
Li Haibo
(*Chief Executive Officer*)
Liu Yibin

Independent Non-executive

Directors:

Liu Fang
Wang Qihong
Kong Hua

AUDIT COMMITTEE/

REMUNERATION COMMITTEE

Liu Fang (*Chairman*)
Wang Qihong
Kong Hua

NOMINATION COMMITTEE

Xiao Shuxin (*Chairman*)
Liu Fang
Wang Qihong
Kong Hua

COMPANY SECRETARY

Wong Yat Tung

LEGAL ADVISERS

As to Hong Kong law:

Paul Hastings (Hong Kong) LLP

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AUDITOR

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PRINCIPAL BANKERS

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STOCK CODE

00661

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2026, the Group focused on work objectives throughout the year, striving to enhance the quality of its business development by aligning with the market expectations and implementing comprehensive in-depth reforms.

In the first half of 2026, the Group produced a total of approximately 9,251 tonnes of mined copper, representing a year-on-year decrease of approximately 4.58%; approximately 348,400 tonnes of copper cathode, representing a year-on-year increase of approximately 1.53 %; approximately 266.48 tonnes of precious metals (including approximately 4.05 tonnes of gold, approximately 245.91 tonnes of silver, approximately 5.00 kg of platinum, approximately 49.00 kg of palladium and approximately 16.46 tonnes of tellurium), representing a year-on-year decrease of approximately 14.38 %; approximately 1,166,500 tonnes of chemical products (including approximately 1,164,000 tonnes of sulfuric acid, approximately 18 tonnes of nickel sulfate, approximately 2,300 tonnes of copper sulfate and approximately, 24 tons of crude selenium (containing selenium) and 64 tons of standard selenium), representing a year-on-year decrease of approximately 13.95 %; approximately 126,000 tonnes of iron concentrate, representing a year-on-year increase of approximately 15.27%; and approximately 17.78 tonnes of molybdenum concentrate, representing a year-on year decrease of approximately 10.64%.

I. Review of Work in the First Half of the Year

In the first half of the year, the Company remained firmly focused on the key priorities of “stabilizing operations, safeguarding funds, reducing costs and controlling risks”. It balanced development with security, concentrated efforts on fundamentally reversing losses, and focused precisely on “consolidating, deepening, tackling challenges and achieving breakthroughs” to achieve coordinated advancement, effectively addressing the severe and complex situation characterized by deeply negative copper treatment charges and intense market volatility. Production and operation demonstrated a positive trend of “advancing against the trend whilst improving both quality and efficiency”, laying a solid foundation for the successful achievement of the annual targets.

MANAGEMENT DISCUSSION AND ANALYSIS

A. *Significant results in controlling losses and increasing profits, with steadily improving operation quality*

The Company remained committed to formulating strategies in close alignment with market conditions, strengthening production organization, and prioritizing controlling losses and increasing profits as its primary objective for the year, thereby successfully achieving the interim target of “completing more than half of the tasks with time halfway gone”.

Comprehensive improvement in business indicators. Mining units seized the opportunity presented by high non-ferrous metal prices to stabilize and maximize production, focusing on the efficient recovery of associated resources such as sulfur, molybdenum, gold and silver. By adopting the “copper-sulfur bulk flotation” in place of the “preferential flotation of copper”, the sulfur resource recovery increased by the equivalent of 22,000 tonnes of standard sulfur content, with production of 9,251 tonnes of mined copper, 348 kg of mined gold, 5,806 kg of mined silver and 126,000 tonnes of iron concentrate, exceeding the schedule targets by 510 tonnes, 60 kg, 968 kg and 12,500 tonnes respectively. Tonglvshan Mine strengthened lean management of production, conducting monthly reviews of production and operation, resulting in significant increases in the output of key products such as mined copper, gold, silver and iron. At Fengshan Copper Mine, the transformation of the copper-molybdenum sulfide bulk flotation was successfully put into operation, flotation reagent ratios were optimized, and all core technical and economic indicators met the targets. **Smelting units** maintained a flexible, benefit-oriented production system, focusing on increasing sulfuric acid output and stabilizing copper production, and produced 1.143 million tonnes of sulfuric acid, exceeding the target by 113,500 tonnes, 275,800 tonnes of blister copper, 348,400 tonnes of copper concentrate, 4,050 kg of gold and 143.7 tonnes of self-produced silver, exceeding the schedule targets by 5,100 tonnes, 5,600 tonnes, 480 kilograms and 8.33 tonnes respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuous efforts in reducing costs and improving efficiency. The Company thoroughly explored opportunities for cost reduction across the entire chain, covering procurement, production, energy consumption, operation and maintenance, and expenses, to broaden its profit channels. By accelerating the adoption of automated mining equipment to enhance extraction efficiency, optimizing the consumption of mineral processing reagents, and utilizing intelligent frequency conversion to reduce electricity consumption, the variable cost per ton of copper at the mines dropped 6% compared to the budget. Benchmarking against industry leaders, the Company refined its management of energy consumption, equipment and materials throughout the entire smelting process. Strict controls were exercised over all expenditure, with annual maintenance costs reduced by 29% year-on-year and non-production costs cut by 5%, and cost savings of RMB9.86 million were achieved in the smelter's slag selection costs and outsourced oxygen supply. A systematic review of various support policies was conducted, resulting in the successful application for special subsidies for high-quality development and the integration of domestic and foreign trade, making full use of all eligible policy benefits. The structure of financing maturity was continuously optimized, leading to a year-on-year reduction in financing costs.

Multiple breakthroughs in marketing efficiency. The Company established a robust market information analysis system, focusing on key areas such as raw material procurement, product pricing and cost control, thereby steadily enhancing its ability to generate revenue. It closely monitored market trends, sought to secure favorable terms for raw material treatment charges and product pricing, and actively developed high-quality clients in the new energy sector for its acid products. The selling price of sulfuric acid exceeded the budget by RMB638 per tonne, whilst sales volume of sulfuric acid for non-phosphate fertilizer channels reached 655,000 tonnes, accounting for 56.28% of total sales, representing a year-on-year increase of 24.81 percentage points. By closely monitoring price fluctuations in rare and precious metals and disposing of various smelting residues through market-based channels, the Company fully realized value-added potential, and the external sale of silver separating residues and copper-bismuth slags resulted in a significant increase in profits.

MANAGEMENT DISCUSSION AND ANALYSIS

B. Gradual promotion of increasing reserves and production, and internal and external layout of resource development

The Company was committed to a coordinated approach involving deep-level exploration, external resource development and optimizing existing reserves, with a view to driving reserve growth and production increases, and overcoming production bottlenecks.

Steady release of production capacity potential. The Company seized the opportunity presented by high copper prices, with mining units stepping up efforts to improve technical indicators and production output. At **Tonglvshan Mine**, the comprehensive utilization rate of trackless equipment increased by 14.4%, whilst ore supply rose by 8% year-on-year. **Fengshan Copper Mine** undertook technical research into copper processing, achieving 0.68% in copper processing recovery rate higher than the schedule target, whilst the dilution rate and loss rate reduced by 0.04% and 1.33% respectively. **Tongshankou Mine** strengthened technical management, implementing “one strategy per block” (一塊一策) mining controls for key areas, and advancing the refurbishment of the low-alkali copper-sulfur separation and the copper-molybdenum separation production system, with copper processing recovery rate exceeding the target by 0.21%.

Tangible results in exploration and reserve expansion. In the first half of the year, a cumulative total of 16,611 metres drilling footage of production and exploration was completed, adding 343,800 tonnes of copper ore reserves and achieving 86% of the annual target. The supplementary exploration projects for deep part of northern edge of Fengshan Copper Mine and the peripheral exploration project for Sareke Copper Mine were completed, resulting in the estimated additional copper ore reserve of 13.18 million tonnes and 100,000 tonnes of copper metal. Exploration on deep part of southern edge of Fengshan Copper Mine and field drilling operations on the periphery of Sareke Copper Mine were carried out orderly, whilst procurement for the peripheral and deep exploration project at Tonglvshan Mine was advanced.

MANAGEMENT DISCUSSION AND ANALYSIS

C. *Continuous deepening of technological empowerment and abundant momentum for improving quality and efficiency*

The Company was committed to driving its development through science and technology and to leveraging digital and intelligent solutions. It steadfastly advanced data governance, accelerating the research and development of new materials and the development and expansion of the “three rare” metals industry, and continuously enhancing its core competitiveness through breakthroughs in key technologies.

Accelerated research and development of new materials. Yangxin Hongsheng joined forces with Zhengzhou University to tackle the technical challenges involved in developing 6N copper products. 6N4 high-purity copper products were successfully produced in small-scale laboratory trials, with reproducible experimental purity levels reaching as high as 6N8, thereby fully validating the feasibility of the technical approach. Rare and Precious Branch accelerated its research into technologies for the efficient recovery of valuable rare and precious metals. It successfully established processes for the recovery of tellurium using a composite reduction method and for the recovery of bismuth using an electrowinning method, and completed preparations for on-site pilot test, laying the foundation for the subsequent commercialization and application of these results.

Accelerated development of “three rare” industry. The ammonium rhenate project was completed with its preliminary assessments for safety, occupational health risks and environmental impact, and entered the construction phase. The production capacity for 3N selenium reached 330 tonnes per annum, representing an increase of 10% in designed capacity. The recovery of crude bismuth was successfully achieved, and breakthroughs were made in the development of recovery technologies for ruthenium, rhodium and iridium, and the grade of crude bismuth exceeded 95% in the pilot test comprehensive recovery of copper-bismuth slags, with a primary recovery rate of over 95%, providing technical support for subsequent industrial trials and commercialization.

MANAGEMENT DISCUSSION AND ANALYSIS

Rapid advancement of digital transformation. The Company made steady progress in the construction of digital mines and the implementation of the three-year action of technology-driven construction and safety & environmental protection. Tongshankou Mine integrated management platform passed its comprehensive acceptance inspection and officially transitioned to routine operation. The integrated management and control application system of Tonglvshan Mine digital and intelligent project was launched for trial operation, while simultaneously pushing forward 3D modelling of mines, on-the-job practical training and the collection and management of production safety data. A robust operational mechanism for routine data governance was established, and pilot initiatives for data governance in the mines and smelting production sectors were launched.

D. Deep advancement in reform and development, and continuous stimulation in endogenous vitality

The Company remained committed to generating efficiency gains through reform and unlocking potential through management, while advancing institutional and mechanistic innovation in a comprehensive and in-depth manner to drive all reform initiatives forward to greater depths.

Continuous optimization of appraisal mechanism. The Company scientifically established differentiated appraisal indicators and implemented a dual-cycle appraisal model comprising “quarterly assessments and annual overall evaluation”, with over-target production bonuses paid out promptly on a monthly basis, effectively motivating all units to set themselves higher targets and strive for excellence. The Company promoted a remuneration structure prioritizing front-line roles, key technical positions and challenging posts, increasing the variable component of performance-related pay while reducing the proportion of fixed pay, thereby realizing the principle of “more work, more pay; better performance, higher salary”.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuous development of flexible human resources mechanism.

The Company strictly adhered to the principles of open recruitment and merit-based selection, with over 80% of newly appointed managers at section-level and above being selected through competitive recruitment. The Company targeted the recruitment of urgently needed and scarce talent, signing contracts to recruit 82 university graduates specializing in mining and smelting. The Company coordinated and optimized the allocation of human resources, with all four mining units completing the transition from outsourced to in-house operations for their mining business. The Company introduced a dedicated talent support scheme, established channels for talent exchange, revitalized human resources and boosted the vitality of our workforce.

E. Comprehensive strict risk prevention and control, and overall stable safety and environmental protection

The Company was committed to balancing development and safety, strictly adhering to the bottom lines of safety, environmental protection and compliance, and establishing a multi-layered, comprehensive risk prevention system to safeguard the Company's stable operations.

Generally stable production safety. In the first half of the year, the Company achieved zero incidents in four key categories, i.e. production safety accidents of general severity or above, work-related fatal accidents, equipment accidents and fire incidents. The Company continued to advance the three-year action to tackle the root causes of production safety issues, and made solid progress in the targeted identification and rectification of key risks. The Company made steady progress on the intelligent mine construction project, completing 87 key projects, representing a completion rate of 78%, and intensified efforts to promote the technology-driven construction and safety & environmental protection, completing 85 key tasks, representing a completion rate of 94%. The Company strengthened the development of the safety and environmental protection performance appraisal system and optimized the Measures for Safety and Environmental Protection Performance Appraisal (《安全環保績效考核辦法》). Through routine inspections, rigorous assessments and positive incentives, the Company ensured that safety and environmental protection responsibilities were effectively fulfilled.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuous improvement of environmental protection. The Company achieved its target of zero sudden environmental incidents, with energy consumption and carbon emissions effectively controlled and the intrinsic level of environmental protection continuously enhanced. Fengshan Copper Mine was re-included in the national list of green mines, and the low-temperature waste heat recovery project at smelters progressed smoothly and was scheduled to be completed and commissioned within the year. The distributed photovoltaic project of Yangxin Hongsheng entered trial operation and essentially achieved grid-connected power generation. The low-nitrogen combustion retrofit of boilers of Rare and Precious Branch was completed. The ecological restoration of Zhangjiashan waste dump at Tongshankou Mine was fully completed. The dust control facilities for ore crushing at the Tonglvshan Mine were retrofitted and commissioned, with ore powder collection increasing by 32.1% year-on-year. Sulfur dioxide emissions from smelters were reduced by approximately 56.8% year-on-year, demonstrating significant emission reduction results.

Continuous strengthening of compliance and risk control. The Company successfully completed the application for Mining Safety Production License for Fengshan Copper Mine (from -320 metres to -440 metres), the application for Hazardous Chemicals Operating License for Daye Metal, and the amendment and extension of the Underground Mining Safety Production License for Tonglvshan Mine. The Company continued to refine its legal and compliance management system, implemented a special initiative to enhance institutional development, and carried out problem identification and rectification measures to ensure the effectiveness of the internal control and compliance systems. The Company dynamically monitored changes in various risks and produced quarterly reports on the monitoring and analysis of major risks.

MANAGEMENT DISCUSSION AND ANALYSIS

F. Showing care and concern for employees

The Company has always been committed to sharing the fruits of its development with its employees. This year, it increased the contribution rate to the employee housing provident fund from 10% to 12%, resumed contributions to the corporate pension scheme, and continued to implement the employee assistance and relief fund and the charitable mutual aid fund schemes, thereby steadily enhancing the employees' sense of fulfilment and well-being.

II. Key Work Arrangements in the Second Half of the Year

In the second half of the year, the international landscape is marked by a mix of instability and turmoil, with external uncertainties continuing to intensify. The global benchmark pricing system for copper concentrate is facing a restructuring, with the terms and conditions for raw material procurement continuing to deteriorate, and with the risk that treatment charges for imported copper concentrate may fall further. At present, sulfuric acid prices have peaked and are now falling, while the gap between revenue and costs continues to widen, placing pressure on smelting profitability. Coupled with expected currency appreciation, the challenges faced by the Company's production and operations become even more severe. We must consolidate our operational foundations and enhance the stability of our development. With the momentum to capitalize on our successes and the resolve to secure a decisive victory, we will spare no effort in tackling key challenges and making a final push to stabilize the operational foundation, achieve new breakthroughs in resource acquisition, and strictly adhere to safety and environmental protection standards. We will prioritize the following seven aspects:

MANAGEMENT DISCUSSION AND ANALYSIS

- A. *Focus on addressing weaknesses to improve quality and efficiency, and spare no effort in tackling challenges to boost profits*

The mining sector must tap into its internal potential to boost profitability. Seizing the opportunity presented by high metal prices, we must focus on maintaining stable and high production levels, ensure the “three-tier mineral balance”, continue to deepen the comprehensive recovery of associated resources such as copper-molybdenum sulfide, fully realize the value-added benefits of by-products, and maximize the value of our resources. **Tonglvshan Mine** must strictly adhere to the baseline requirements for compliant underground operations, organize production and pit succession in an orderly manner, focus on deep exploration and resource reserves, undertake research into key mineral processing technologies, and strive to improve the comprehensive recovery rates of valuable metals such as copper, gold and silver. **Fengshan Copper Mine** must intensify stoping operation, coordinate the advancement of the mining and stoping cycle in large panel area, closely monitor core indicators such as depletion, losses and recovery rates to improve quality and efficiency, and ensure the safety and environmental hazards fully addressed. **Tongshankou Mine** must ensure ore supply while effectively managing ore blending, maintain a balance between mining and stoping, optimize underground backfilling and mining processes, and ensure that the average daily underground ore output remains stable at 2,200 tonnes in the fourth quarter. **Sareke Copper Mine** must complete rectification and closed-loop management to high standards and with high quality. It must closely monitor the resumption of operations milestones and carry out work in accordance with plans, targets, schedules and requirements, must restore production capacity in a compliant and orderly manner, and must make every effort to make up for the production shortfall.

MANAGEMENT DISCUSSION AND ANALYSIS

The smelting sector must improve quality and enhance efficiency.

We will focus on the marginal benefits of raw materials, with the objectives of achieving full or even over-production of sulfuric acid and stable production of copper concentrate, deepen end-to-end process control across the smelting operations and actively expand the scale of copper and silver product exports. **Smelters** must capitalize on the opportunities presented by high sulfuric acid prices in the third quarter, maintain continuous high-load production, further optimize the copper-to-sulfuric acid ratio, and flexibly manage production in the fourth quarter. It must fully leverage the advantages of cold copper processing to actively reduce cold copper inventories. **Yangxin Hongsheng** must strengthen the coordinated planning of raw material procurement, focus on quality improvements through overhauls, the realization of inventory value, and the reduction of receivables and inventories, while deepening end-to-end cost control. **Rare and Precious Branch** must actively pursue technological breakthroughs and the commercialization of research outcomes centered on resources, enhance overall profitability, accelerate the implementation of technological upgrade and transformation, and manage the sales of profitable by-products like silver separating residues.

- B. Focus on increasing resource reserves and production to enhance core competitiveness*

Laying a solid foundation for exploration and production growth.

Priority will be given to advancing the production exploration in the area north of line 19 of the mid-section of -605m at Tonglvshan Mine, from line 8 to line -13 of the mid-section of -380m at northern edge and from line 13 to line 14 of the mid-section of -440m at the southern edge of Fengshan Copper Mine, the western part of No. 1 ore body of the mid-section of -220m and the southern edge of the mid-section of -280m at Tongshankou Mine, and the mid-section of 2,640m and the peripheral sections of the 2,655m and 2,685m at Sareke Copper Mine, to provide support for increasing mine output.

MANAGEMENT DISCUSSION AND ANALYSIS

Making every effort to accelerate project construction. We will press ahead with deep exploration at the southern edge of Fengshan Copper Mine and the exploration drilling operation at Sareke Copper Mine in 2026, while making steady progress on the merger and expansion of the northern and southern ore belts at Sareke Copper Mine, exploration to mining in the deep part below -550m at the Fengshan Copper Mine and below -800m at Tonglvshan Mine, complete the preparation and review of reports such as the verified reserves report, and coordinate with competent authorities at all levels to advance the approval process. Simultaneously, we will drive forward the implementation of projects currently under construction or under development, complete the project approval and preliminary preparations for the boundary expansion and mining of the northern ore belt at Sareke Copper Mine and strive to commence construction as soon as possible.

- C. *Focus on the commercialization of scientific and technological achievements to stimulate the momentum of industrial innovation*

Focusing on advancing breakthroughs in new materials. With a firm focus on the objective of achieving independent control over key materials, we will accelerate the construction of the small-scale pilot project for the expansion of 6N-grade high-purity copper, ensuring it is completed and put into operation within the year. We will tackle the technical challenges of tellurium recovery from the copper-separated liquid, achieving large-scale production within the year and producing 45 tonnes of tellurium metal in-house. We will further conduct market research and technical-economic analyses on copper telluride raw materials, and finalize the work plan for the capacity expansion project of 4N tellurium production line in the third quarter. Building on the existing 3N selenium production line, and focusing on process optimization and maximizing equipment capacity, we will achieve a stable production capacity of 330 tonnes per annum of 3N selenium.

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Developing and strengthening “three rare” industry. In line with the Group’s strategic plan to establish an industrial chain for key rare metals, we will systematically plan and coordinate the advancement of project construction. We must accelerate the completion of the production line for the extraction of ammonium rhenate from waste acid, achieving a production capacity of 4-5 tonnes within the year, while simultaneously undertaking research and development into a new high-purity 5N ammonium rhenate product, conducting in-depth research into comprehensive recovery pathways for metallic bismuth, and securing control over bismuth industry resources through models such as contract processing and the outright purchase of raw materials, to achieve the production capacity target of 2,000-3,000 tonnes of refined bismuth. We will continue to refine the recovery processes for ruthenium, rhodium and iridium from copper anode mud, thereby laying a solid foundation for the industrialization and large-scale development of the “three rare” metals sector.

Expanding the chain to leverage secondary resources. In accordance with the principles of “high-grade resources, mature recovery technologies, controllable risks and substantial returns”, and drawing on the four potential projects preliminarily identified in the early stages, we will accelerate the on-site selection process, conduct technical and economic assessments and policy analysis with prudence, organize feasibility studies for key projects, and screen for high-quality recoverable projects. We will refine and improve the routine monitoring, supervision and closed-loop management mechanisms to ensure the effective implementation of the acquisition and comprehensive development and utilization of secondary resources from overseas smelting slag, thereby enhancing the quality of the Company’s sustainable development.

Pushing forward digital and intelligent empowerment in depth. We will speed up the completion of Yangxin Hongsheng’s “dark factory” construction and the promotion of intelligent equipment for rare and precious metals, enabling multi-scenario, multi-process and multi-link intelligent sensing, decision-making, and control. With the aim of achieving data interconnectivity and real-time sharing and interaction, we must coordinate the implementation of tasks such as the financial shared service center, the replacement of ERP with domestic solutions and the upgrading of automated office systems, thereby strengthening the digital infrastructure and enhancing the Company’s digital and intelligent management and control capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

- D. *Focus on safety, environmental protection and compliance to lay a solid foundation for steady development*

Strengthening the bottom-line and red-line concepts. We must always keep a clear mind, strictly implement the “Ten Hard Measures”, reinforce supervision of leadership teams going down to the front lines, major hidden hazard inspections and repeated hazard rectifications, tighten and consolidate responsibilities for safety production at all levels, dynamically update major accident hazard mechanisms, and work toward successfully completing the three-year action plan for fundamental safety production improvements.

We will pay close attention to the evolution trend of El Niño climate, improve the prediction and early warning mechanism of extreme weather risks, check for potential risks, stock up emergency supplies, and stay on duty during the flood season to prevent disasters like landslides, dam failures and inland flooding. We must truly strengthen our safety rule-of-law thinking and improve our inherent safety level.

Deepening system rectification and tackling difficulties. In accordance with the requirements set out in the “Three-Year Action Plan for Air Pollution Prevention and Control in the Middle Reaches of the Yangtze River Urban Agglomeration (2026-2028)” (《長江中游城市群大氣污染防治攻堅三年行動方案(2026-2028年)》), we will deepen our “comprehensive inspection and thorough investigation” of safety and environmental protection, conducting region-wide inspections of risk points across all units. We will focus on resolving historical issues and major hidden hazards, ensuring that each item is rectified and closed out in a closed-loop manner. We will make steady progress in specialized campaigns to prevent pollution, deepening risk prevention and control measures for soil and groundwater contamination. We will strengthen study and training of the Ecological and Environmental Code, refining our internal regulatory framework in line with the Code’s requirements to ensure that ecological and environmental protection is in compliance with the law.

MANAGEMENT DISCUSSION AND ANALYSIS

Proactively preventing and mitigating risks. In line with the trend towards stricter industry regulation, we will reinforce and tighten responsibilities for compliant operations and risk control, strictly standardize compliance processes such as accounting, expense allocation and tax management, conduct regular compliance self-inspections, and promptly resolve various operational, licensing and financial risks. We will refine long-term mechanisms to elevate the effectiveness of our internal control system to new heights, resolutely guard against major disruptive risks, and provide a solid foundation for the Company's steady development.

E. Focus on enhancing lean management to comprehensively strengthen the operational foundation

We must systematically establish a lean management framework. We will deepen the implementation of 6S+ on-site management and end-to-end lean management, and further refine the standardized management system covering production, quality, equipment, materials and costs. We will address systemic shortcomings in quality management, routinely conduct internal audits, review issues and implement corrective actions to drive improvement, resolutely eliminating the phenomenon of "system idling and on-site disorder" (制度空轉, 現場亂幹) and promoting the systematic development, precise control and standardized operation of front-line management.

We must strictly standardize contract management. A special campaign to rectify contract management practices must be launched to strengthen end-to-end control over the drafting, review, negotiation and performance of contracts. We must improve mechanisms for monitoring contract performance and risk early warning, ensure that the lead business units fulfil their primary responsibilities and promptly prevent and mitigate potential legal risks arising during contract performance. Proactive legal involvement must be reinforced, with legal assessments carried out in advance for major projects and new types of business, to ensure that compliance requirements are embedded at the outset of business operations.

MANAGEMENT DISCUSSION AND ANALYSIS

We must implement integrated business-finance penetrative control. Building on the development of digital mines, the construction of smart factories and the launch of phase II of Financial Data Sharing System, we will break down data barriers to facilitate the real-time aggregation of business data and dynamic early-warning systems, thereby ensuring visibility of operational performance, traceability of process control and controllability of resource allocation. Focusing on key areas such as investment decision-making, cash management, tendering and procurement, and materials warehousing, we must establish and improve a penetrative oversight mechanism characterized by clear delineation of powers and responsibilities and coordinated action across all levels. In the second half of the year, we must place greater emphasis on the operational quality of supplier access, evaluation and dynamic elimination mechanisms, conduct regular reviews and analyses, strictly control procurement costs, and guard against integrity risks.

F. Focus on deepening and enhancing reforms to unleash the dynamism of endogenous development

Pressing ahead with reforms. We will rigorously implement a new round of reform measures, focus on our core responsibilities and main business in non-ferrous metals, and coordinate the optimization of industrial layout and the reorganization of production factors. We will deepen our focus on the core industrial chain of mining, beneficiation and smelting, addressing weaknesses, extending the industrial chain and enhancing value, thereby driving a shift in our development model from scale expansion to quality and efficiency. We will advance the reform of the three systems in depth, implement term-based contract management effectively, and improve market-oriented incentive and constraint mechanisms. We will adhere to an innovation-driven approach, promote the deep integration of scientific and technological innovation with industry, accelerate the commercialization of scientific and technological achievements, and refine incentive mechanisms for scientific and technological innovation to fully stimulate the Company's internal dynamism.

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthening performance appraisal and management. We will reinforce appraisals during probationary periods and at the end of employment contracts, and carry out specialized appraisals for university graduates who have joined the Company since 2023. We will strictly implement the mechanism for demoting underperforming managers and removing those deemed unsuitable, while prudently advancing the market-based exit of employees. We will place greater emphasis on “value contribution” and “results-orientation”, awarding bonus points and additional incentives to those who exceed their targets, while imposing salary reductions assessment on those who fail to meet the targets, thereby effectively stimulating the motivation of all employees to tackle challenges and strive to generate value.

G. *Strengthen and strictly implement inspections and rectifications*

We will treat the inspections and rectifications as a practical exercise in establishing and putting into practice a correct view of governance performance, and build a framework for rectification characterized by coordinated efforts at all levels and shared responsibility. We will maintain a register of issues identified in the inspection and draw up action plans, and ensure comprehensive rectification is carried out thoroughly with the utmost resolve, the most effective measures and the strictest standards, driving the resolution of all issues to their full conclusion. We shall ensure that the implementation of inspection and rectification measures is deeply integrated with the deepening of enterprise reform, the improvement of management systems and the enhancement of governance capabilities, thereby maximizing the benefits derived from these rectification efforts.

We must resolutely reject any mindset of blind optimism, put an end to any complacency or tendency to take a breather, focus on our objectives to address any shortcomings, seek progress while maintaining stability to improve quality and efficiency, and resolutely fulfil all production and operational targets for the year, thereby ensuring a good start to the Company's 15th Five-Year Plan.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Overall Safety and Environmental Protection in the First Half of 2026

A. *Accidents and injury indicators*

During the Reporting Period, the Group's safety and environmental protection situation remained generally stable, **with no production safety incidents of general severity or above, fires, explosions, major equipment incidents or sudden environmental safety incidents occurring**. There were four incidents resulting in minor injuries, with an injury rate of 0.6‰ per thousand employees, and no new cases of occupational disease were reported.

B. *Administrative supervision and penalties*

In January 2026, the Xinjiang Branch of National Mine Safety Administration carried out an on-site inspection and verified that there were mining activities in breach of the scope of the safety facilities design, and the local emergency management department imposed a fine of RMB70,000 on the enterprise. In May, the Emergency Management Department of Xinjiang Uygur Autonomous Region and the Xinjiang Branch of National Mine Safety Administration conducted a joint follow-up inspection, identifying several major accident hazards and illegal production issues. A dedicated rectification and closure register has been established, and these issues will be prioritized for rectification in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Key Safety and Environmental Protection Initiatives and Achievements in the First Half of the Year

A. *Strengthening the accountability system of governance organizations*

1. Implementation of top-level control framework. The Group has established a Safety Production Committee, with the Chairman and the General Manager serving as its chairmen. All subsidiaries, plants and mines have simultaneously set up safety management bodies and appointed the necessary safety management personnel. All mines have been fully staffed with the “mine managers with five roles” (五職礦長) and professional technical personnel in accordance with regulations. Four mining divisions have formed safety inspection teams, comprising 42 third-level safety officers and 80 machine-operating safety officers, thereby ensuring round-the-clock on-site patrols and supervision both underground and on the surface. In the first half of the year, third-level safety officers identified a total of 1,262 potential hazards, dealt with 272 instances of “three violations”, and imposed financial penalties totaling RMB138,800.

2. Strict enforcement of the accountability system and appraisal.

At the beginning of the year, the Group signed a Safety and Environmental Protection Target Accountability Agreement (《安全環保工作目標責任書》) with all subordinate departments, optimizing the four-tier safety and environmental protection performance appraisal system (safety targets, violations of laws and regulations, management implementation and process control), and refining the leadership on-duty performance: heads of all departments must conduct inspections to identify major accident hazards at least once a month, and mine managers must spend no fewer than 10 days per month performing on-site duties and lead shifts underground on no fewer than five occasions, with an on-site supervising manager assigned to every underground shift. In the first half of the year, managers at all levels led the shift underground and supervised on-site over 430 times, convened 96 meetings of the Safety and Environment Committee and thematic meetings, and approved 6,526 hazardous operations, including those involving confined spaces, hot work and work at height.

MANAGEMENT DISCUSSION AND ANALYSIS

3. **Iterative updates to the regulatory framework.** In accordance with the Law on the Safety of Hazardous Chemicals and the Ten Hard Measures for work safety, the Group revised core regulations such as the Production Safety Responsibility System and Safety Management of Hazardous Operations. In the first half of the year, the Group formulated or revised 198 safety and environmental protection regulations and updated 93 position-specific safety operating procedures. Concurrently, it refined supporting management measures for outsourced safety access, the management of the “three violations”, the closure of hidden hazard cases and flood season emergency response, thereby establishing a closed-loop system of regulatory control across the entire chain.

B. Multi-level special hazard inspection and closed-loop management

1. **Routine inspections for major potential hazards.** We have implemented a monthly inspection mechanism for major potential hazards led by the heads of each department. In the first half of the year, we supervised inspections, identifying 95 major accident hazards, and rectification measures were drawn up for each one, pushing for their clearance step by step.
2. **Rectification of issues under superior supervision.** In May, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) conducted an supervision and provided guidance to the smelter, identifying 31 safety-related issues, all of which were addressed through rectification measures, with 29 already rectified, at a cost of RMB1.6833 million.
3. **Incentive scheme for reporting potential hazards.** All departments posted over 160 announcements regarding the reporting of potential hazards across the plant premises and at wellheads. In the first half of the year, 1,922 reports of potential hazards were received from employees, and rewards totaling RMB83,300 were paid out to encourage all employees to participate in self-inspection and self-correction of risks.

MANAGEMENT DISCUSSION AND ANALYSIS

- C. *Coordinating efforts to tackle the root causes of production safety, promoting tech-based production safety and intelligent mine construction, and advancing the Beautiful China construction*

1. Orderly progress in the three-year action to tackle root causes.

The Group's three-year action to tackle root causes comprises a total of 130 tasks, with 43 tasks completed by the end of 2025, 11 planned to be completed in 2026 and 76 advanced on a routine basis. In the first half of the year, seven tasks were completed, including the compilation of a list of key tasks, training for safety management personnel, the renewal of mining licenses and the rectification of fire safety hazards, with no projects falling behind schedule. Concurrently, rectification of historical safety issues was advanced. Of the seven historical safety issues, the remediation of the drainage chute at the tailings ponds of Sareke Copper Mine has been completed, while the remaining four are progressing as scheduled.

- 2. Implementation of intelligent mines.** A cumulative total of RMB180 million was invested in the 111 key intelligent mines projects, with an additional RMB1.7745 million invested in the first half of the year and an annual planned investment of RMB48.55 million. Currently, 87 projects have been completed, 19 are under construction and 5 are awaiting commencement. Of the 90 safety and environmental rectification tasks, 85 have been completed, with the remaining five progressing on schedule. Among these, the low-temperature waste heat recovery equipment for the smelter entered the manufacturing stage, while the distributed photovoltaic system of Yangxin Hongsheng commenced trial grid-connected operation. The low-nitrogen combustion retrofit of boilers of Rare and Precious Branch was implemented, securing a financial subsidy of RMB215,900 from Huangshi. Concurrently, the Group's centralized safety and environmental protection platform was established, with the integration of on-line monitoring data from multiple mines' video, tailings ponds and underground gas, thereby advancing the integrated monitoring and early warning for safety data.

MANAGEMENT DISCUSSION AND ANALYSIS

3. The deepening and solidifying of Beautiful China construction.

On 30 April, the Company issued the 2026 Work Task List for Promoting the Beautiful China Construction (《推動美麗中國建設2026年工作任務清單》), setting out a total of 37 tasks across four major categories, including the green transformation of the industrial structure. Equipment for the low-temperature waste heat recovery project for the smelter has entered the manufacturing and delivery phase, with the installation of the absorption tower tank completed, and the project is expected to be completed and put into operation within the year. The distributed photovoltaic project of Yangxin Hongsheng has entered the trial operation phase and has achieved grid-connected power generation. The ecological restoration of Zhangjiashan waste dump at Tongshankou Mine has been fully completed, with the results of the restoration receiving positive coverage from the authoritative media, Jingchu Net (荊楚網). In the first half of the year, the smelting division reduced sulfur dioxide emissions by approximately 56.8% year-on-year without reducing sulfuric acid production, with emissions from the acid production exhaust outlet reduced by as much as 88%, demonstrating significant emission reduction results. Rare and Precious Metals Branch completed the low-nitrogen combustion retrofit of boilers, receiving a financial subsidy of RMB215,900 from Huangshi, thereby realizing policy-driven efficiency gains. Up to now, 13 out of 37 tasks have been completed, with the remaining 24 progressing as planned.

MANAGEMENT DISCUSSION AND ANALYSIS

D. Safety education and training and production safety month activities

- 1. Comprehensive coverage of the three-tier safety training system.** A three-tier safety education mechanism was established at the plant, workshop and work team levels. In the first half of the year, four specialized safety and environmental protection training sessions were organized for middle and senior management, with 480 attendance in total. Throughout the year, all key personnel, safety management personnel and special operation personnel held valid certificates, with 312 individuals undergoing recertification. Specialized training was organized for mine managers with five roles and supervisors, involving 390 attendance in total, and over 120 sets of practical safety training videos tailored to specific job roles were produced.
- 2. Series of activities for production safety month.** The activity plans were issued, and 158 sessions of special studies were held on the key discussions on production safety, with 4,078 attendance in total. 170 sessions were organized to screen films and videos, such as the themed film for the “Production Safety Month”, accident warning educational films and analyses films of typical case, with 4,613 attendance in total. 104 training sessions of various types were conducted as part of Production Safety Month, with 4,180 attendance in total. We distributed over 1,500 safety handbooks, posted and displayed 149 safety slogans, banners and posters and broadcasted 66 safety public service advertisements and other promotional materials, published 83 articles, including theoretical pieces, commentaries, practical reports and promotional material, invited emergency and fire safety experts to conduct 85 specialized training sessions on confined spaces and fire safety, with 1,493 attendance in total, and organized 36 events, including safety consultation day, skills competitions, online quizzes and Family Support for Safety (親情助安) initiatives, with over 3,000 participations. At the end of June, we organized a potential hazards identification competition for teams to strengthen frontline practical skills.

MANAGEMENT DISCUSSION AND ANALYSIS

3. **Thorough and effective activities for Environmental Protection Month.** During the 5 June Environmental Protection Month in 2026, the Group capitalized on the opportunity presented by the first year of implementation of the Ecological and Environmental Code and, centering on the theme of “Comprehensive Green Transition, Building a Beautiful Daye Nonferrous Together” (全面綠色轉型, 共建美麗有色), coordinated the organization of multi-tiered awareness-raising and educational activities. The Company nominated one exemplary grassroots environmental protection employee for the “Most Beautiful Grassroots Environmental Protector” (最美基層環保人) of Huangshi, produced a special video feature, posted and displayed over 30 environmental protection banners and distributed more than 2,000 copies of various promotional leaflets, while extensively promoting legal popularization through WeChat official accounts, digital display screens and other channels. The smelter and Fengshan Copper Mine organized open day, inviting over 50 households comprising local residents and deputies to the People’s Congress to visit the plant premises and witness the results of environmental remediation first-hand. In terms of foreign media coverage, eight mainstream media outlets, including China Nonferrous Metals News 《中國有色金屬報》 and Hubei Daily 《湖北日報》, published special reports on the Company’s green development. Experts in codification from Wuhan University were invited to deliver lectures, with training sessions at both company and plant/mine levels reaching 434 attendance in total. Distinctive activities were organized, including a fun word-guessing game, planting of over 200 trees, environmental consultation day and volunteer cleaning activity, with over 500 employees participating in total. This series of activities deeply integrated the promotion and implementation of the code with practical drills and public engagement, effectively promoting the establishment of a rule-of-law-based ecological mindset among all employees and reinforcing the Company’s primary responsibility for environmental protection.

MANAGEMENT DISCUSSION AND ANALYSIS

E. Emergency management and safety controls during the flood season

- 1. Emergency plans and practical drills.** We revised 139 emergency plans for mine water inrush, roof fall, fire and hazardous chemical leak, and updated over 900 emergency response cards for various mine positions. In the first half of the year, we organized 92 practical drills for fires, water inrush and hazardous chemical leak, 31 environmental emergency drills, and 22 special drills for the flood season, involving more than 2,800 attendance in total.
- 2. Special prevention and control in flood season.** Focusing on the four key flood prevention areas, i.e. tailings ponds, waste dumps, underground tunnels and low-lying plant sites, 92 specialized inspections were carried out and 130 potential hazards were rectified, and over 400 sets of emergency supplies, including water pumps and lighting, were stockpiled. We strictly enforced the 24-hour leadership-led on-duty system and the weekly flood season reporting mechanism, while implementing the mandatory requirement to suspend production and evacuate personnel in the event of heavy rain warnings. We carried out environmental risk inspections of tailings ponds, comprehensively inspected rainwater collection pools, flood-interception channels and gate valve cofferdam, and improved emergency facilities for the separation of rainwater and sewage to prevent risks of dam break, mine flooding and the overflow of pollutants due to rainwater erosion during the flood season.

MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

Description of activities

The following table sets out the various exploration, development and mining production activities of the Group conducted at each of our mines during the six months ended 30 June 2026:

Mines	Exploration activities	Development activities	Mining production activities
Tonglvshan Mine	Horizontal drilling reached 7,489m/82 holes, and pit drilling reached 628m/7,536m ³ .	The total completed drilling volume of middle portion, mining ramps for the development of No. IV (with IV west) ore body of the -665m to -725m middle portion of Tonglvshan Mine from January to June 2025 was 9,345m ³ .	Copper: 3,518 tonnes Gold: 269 kg Silver: 1,390 kg Iron concentrate: 125,987 tonnes
Fengshan Mine	1、Horizontal drilling reached 2,808.5m/46 holes. 2、The deep exploration project of South Rim of Fengshan Copper Mine reached 3,612.35m/16 hole.	The total completed drilling volume for the development of the -440m to -550m middle portion of Fengshan Mine from January to June 2025 was 1,836m ³ .	Copper: 2,501 tonnes Gold: 60 kg Silver: 1,940 kg Molybdenum: 15.63 tonnes
Tongshankou Mine	Horizontal drilling reached 4,547.5m/56 holes.	No development projects were carried out in 2026.	Copper: 2,535 tonnes Gold: 19 kg Silver: 1,466 kg Molybdenum: 2.15 tonnes
Sareke Copper Mine	The perimeter exploration project reached 2,350 m/10 holes.	No development projects were carried out in 2026.	Copper: 697 tonnes Silver: 1,009 kg

MANAGEMENT DISCUSSION AND ANALYSIS

Infrastructure projects, subcontracting arrangements and purchases of equipment

During the six months ended 30 June 2026, the new contracts entered into and commitments undertaken by the Group in relation to exploration, development and mining production activities were as follows:

Mines	Infrastructure projects RMB'000	Subcontracting arrangements RMB'000	Purchases of equipment RMB'000	Total RMB'000
Tonglvshan Mine	12,039.26	0	10,037.18	22,076.44
Fengshan Mine	3,394.22	0	3,571.59	6,965.81
Tongshankou Mine	19,016.02	0	5,704.76	24,720.78
Sareke Copper Mine	12,335.01	0	0.00	12,335.01
Total	46,784.51	0	19,313.53	66,098.04

Expenditures incurred

During the six months ended 30 June 2026, the Group incurred expenditures of approximately RMB716,680,000 (six months ended 30 June 2025: RMB725,998,000) on exploration, development and mining production activities, details of which are set out below:

Mines	Operating expenses RMB'000	Capital expenditures RMB'000	Six months ended 30 June	
			2026 Total RMB'000	2025 Total RMB'000
Tonglvshan Mine	252,436	22,076	274,512	251,575
Fengshan Mine	129,649	6,966	136,615	130,380
Tongshankou Mine	161,658	24,721	186,379	193,505
Chimashan Mine	1,791	0	1,791	1,886
Sareke Copper Mine	117,383	0	117,383	148,652
Total	662,917	53,763	716,680	725,998

MANAGEMENT DISCUSSION AND ANALYSIS

Exploration, development and mining production activities expenditures

Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Chimashan Mine	Sareke Copper Mine
Exploration activities					
Drilling and analysis	-	-	-	-	-
Others	-	-	-	-	-
Sub-total	-	-	-	-	-
Development activities (including mine construction)					
Purchase of assets and equipment	10,037.18	3,571.59	5,704.76	-	-
Civil work for construction of tunnels and roads	12,039.26	3,394.22	19,016.02	-	12,335.01
Staff cost	-	-	-	-	-
Others	-	-	-	-	-
Sub-total	22,076.44	6,965.81	24,720.78	-	12,335.01
Mining production activities (including ore processing)					
Auxiliary material	19,068.85	12,583.29	13,310.21	-	49,897.77
Power supply	16,115.67	9,631.59	13,756.49	-	2,849.37
Staff cost	86,205.64	50,044.10	47,806.87	780.30	36,621.22
Depreciation	50,426.82	14,818.57	36,790.16	-	22,366.68
Taxes, resource compensation	23,281.16	14,028.05	14,192.50	307.84	3,449.42
Sub-contracting service	-	-	-	-	-
Others (administrative expenses, selling expenses, non-operating expenditures)	57,338.32	28,543.79	35,802.10	702.83	48,261.81
Sub-total	252,436.45	129,649.39	161,658.35	1,790.97	163,446.27
Total	274,512.89	136,615.20	186,379.13	1,790.97	175,781.28

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue increased by 39.60% to approximately RMB40,911,199,000 during the period over the same period last year of approximately RMB29,306,100,000. The increase in revenue was mainly attributable to the rising prices of major products such as cathode copper, gold, silver, and sulfuric acid.

Gross profit for the six months ended 30 June 2026 amounted to approximately RMB1,177,717,000 (six months ended 30 June 2025: RMB514,215,000), representing an increase of 129.03% from the previous period. The increase in gross profit was mainly attributable to a significant year-on-year increase in market prices for both main and by-products, the Company proactively seizing market opportunities, adjusting its raw material and product structure, and implementing internal cost reduction and efficiency improvement measures, as well as technological upgrades, which significantly enhanced its profit margins.

Finance costs for the six months ended 30 June 2026 amounted to approximately RMB224,963,000 (six months ended 30 June 2025: RMB235,240,000), representing a decrease of 4.37% from the previous period. The decrease in financial expenses was attributable to the impact of the year-on-year decrease in financing costs.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL

The Group did not make any significant investment during the period ended 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

In the first half of 2026, the Company focused its specific investments primarily on the development of non-ferrous metal resources, technical improvements in mining processes, upgrades in smelting energy efficiency, the recovery and utilization of rare and precious metals, and the expansion into high value-added industries. The Company actively promoted technical improvements and upgrades, as well as key infrastructure construction at self-owned mines, and implemented a flotation process improvement project, effectively enhancing the comprehensive recovery rate and production efficiency of mineral resources, thereby strengthening the Company's resource security capabilities. The Company continued to optimize its smelting production system, advance energy-saving technical improvement projects such as residual heat recovery, upgrade production processes and reduce production energy consumption, thereby promoting green, low-carbon smelting production with improved quality and efficiency. At the same time, it deepened the layout in the rare and precious metals industrial chain, steadily advancing the preliminary preparations and construction of projects for the comprehensive recovery of rhenium and the production of high-purity tellurium, while focusing on the research, development and industrialization of new materials and high value-added products to further expand its profit margins. The Company precisely capitalized on opportunities presented by national special policies, and successfully applied for and secured special funding from ultra-long special government bonds, empowering and enhancing the efficiency of key project construction, while continuously driving the transformation and upgrading of its core business and the optimization and upgrading of its industrial structure.

Save as disclosed above, as at 30 June 2026, the Group had no key investment.

MANAGEMENT DISCUSSION AND ANALYSIS

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 six months ended 30 June 2026, the Group's receipts and payments were mainly denominated in RMB.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had restricted bank deposits, cash and bank balances of approximately RMB1,944,444,000 (31 December 2025: RMB1,921,950,000), of which the majority were denominated in Renminbi, with a current ratio of 1.32 (31 December 2025: 1.36), based on the current assets of approximately RMB18,911,195,000 (31 December 2025: RMB19,353,148,000) divided by current liabilities of approximately RMB14,300,129,000 (31 December 2025: RMB14,262,046,000). The Group's gearing ratio was 444.45 % (31 December 2025: 463.53%) based on the net debts (which includes bank and other borrowings, promissory notes and lease liabilities less restricted bank deposits, cash and bank balances) of approximately RMB15,907,702,000 (31 December 2025: RMB14,541,571,000) divided by equity attributable to owners of the Company of approximately RMB3,579,199,000 (31 December 2025: RMB3,137,159,000). The gearing ratio remained basically unchanged.

BORROWINGS

As at 30 June 2026, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB17,701,091,000 (31 December 2025: RMB16,322,850,000).

As at 30 June 2026, the Group had bank and other borrowings of approximately RMB7,938,375,000 (31 December 2025: RMB6,822,104,000) and approximately RMB8,476,356,000 (31 December 2025: RMB8,235,386,000) which will be due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in RMB. The majority of the Group's bank and other borrowings bear interest at fixed rates. The Group did not use derivative financial instruments to hedge its interest rate risk during the period. The Group believes its current assets, funds and future revenue will be sufficient to finance the future expansion and working capital requirements of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had a total of 5,207 employees (30 June 2025: 5,177). The Group's total staff costs for the six months ended 30 June 2026 was approximately RMB532,643,000 (six months ended 30 June 2025: RMB485,136,000). The remuneration packages consist of basic salary, retirement benefits scheme contributions, medical insurance and other benefits considered as appropriate. Remuneration packages are generally structured with reference to market terms, individual qualification and performance of the employee. They are periodically reviewed based on individual merit and other market factors.

FOREIGN EXCHANGE RISK

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from the international market that are conducted in United States dollar (“**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 derivative financial instruments, when necessary, to manage its foreign exchange exposure. During the period, certain currency forward contracts, currency exchange swap contracts and currency option contracts had been entered into by the Group.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

VERY SUBSTANTIAL DISPOSAL & CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF A SUBSIDIARY

On 18 June 2026, Daye Metals, and China No. 15 Metallurgical Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司), a wholly-owned subsidiary of CNMC (“China No. 15 Metallurgical”) entered into the agreement pursuant to which Daye Metals agreed to sell and China No. 15 Metallurgical agreed to purchase 100% of the equity interest in Daye Nonferrous Design and Research Institute Co., Ltd.* (大冶有色設計研究院有限公司), a wholly-owned subsidiary of Daye Metals immediately prior to the completion of the transaction (“**Target Company**”) at consideration RMB149,409,123 (equivalent to approximately HK\$171,820,491). Upon completion, the Target Company will cease to be a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The consideration was determined by reference to (i) the appraised value as at 31 December 2025 based on the valuation using the asset-based approach; (ii) the profits or losses of the Target Company for the period from 1 January 2026 to 30 April 2026, based on the special audit; and (iii) the benefits of the disposal to be brought to the Group.

The Board notes that the consideration of RMB149,409,123 represents a premium of approximately RMB5,698,564 (equivalent to approximately 3.97%) over the appraised value of the Target Company of RMB143,710,559 as at 31 December 2025. In assessing the fairness and reasonableness of such premium, the Board has taken into account the following factors with quantitative analysis: (i) the appraised value reflects the valuation of the Target Company as at 31 December 2025 and does not capture the subsequent financial performance of the Target Company; (ii) based on the audited management accounts, the Target Company recorded a net profit of approximately RMB5,698,564 for the four months ended 30 April 2026; and (iii) accordingly, the premium effectively reflects a dollar-for-dollar adjustment for the Target Company's post-valuation date earnings up to 30 April 2026, thereby ensuring that the consideration captures the updated financial position and earnings of the Target Company up to the latest practicable cut-off date. The Board considers that such approach is consistent with normal commercial practice in equity transactions, where consideration is adjusted to reflect interim earnings between the valuation reference date and completion, and that the premium does not represent an overpayment but rather a fair reflection of the additional value generated by the Target Company. Having also taken into account the reasons and benefits of the disposal to the Group, the Board is of the view that the consideration, including the premium over the appraised value, is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Upon completion, the Target Company will cease to be a subsidiary of Daye Metals and the Company, and the financial statements of the Target Company will no longer be consolidated into the Group's financial statements.

According to the section "Unaudited Pro Forma Financial Information of the Remaining Group" of the circular dated 30 July 2026, it is estimated that the Group will recognise a gain of approximately RMB31,865,000 from the Disposal. The estimated gain is based on the difference between (i) the Consideration; and (ii) the Company's audited net assets value of the Target Company of approximately RMB122,011,000 as at 31 December 2025.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditors of the Company. The net proceeds will be used for the Group's general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

As the highest applicable percentage ratio in relation to the disposal exceeds 5%, the disposal is subject to the reporting, announcement and the approval of the independent Shareholders requirements under Chapter 14A of the Listing Rules. The resolution was approved by independent shareholders on 14 August 2026.

For details, please refer to the announcements dated 18 June 2026 and 14 August 2026 and the circular dated 30 July 2026.

Save as disclosed above, the Group did not make any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2026.

Continuing connected transaction

Yangxin Hongsheng Sales Framework Agreement — Revision of Existing Annual Caps

On 13 May 2026, the Company and Yangxin Hongsheng reached a consensus to adjust the existing annual caps for certain products provided under the Yangxin Hongsheng Sales Framework Agreement.

It is expected that the estimated transaction amounts of certain products under the Yangxin Hongsheng Sales Framework Agreement as agreed between the contracting parties from time to time will increase significantly, the Board therefore envisages that the existing annual caps will not be sufficient to fulfill the increased transaction amounts under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending 31 December 2026, 2027 and 2028.

Accordingly, the Board resolved to revise the Existing Annual Caps for the transactions contemplated under the Yangxin Hongsheng Sales Framework Agreement for the three years ending 31 December 2028 as follows:

2026		For the year ending 31 December 2027		2028	
Existing Annual Cap (RMB'000)	Revised Annual Cap	Existing Annual Cap (RMB'000)	Revised Annual Cap	Existing Annual Cap (RMB'000)	Revised Annual Cap
4,291,120	7,103,174	4,591,956	7,423,469	4,900,723	7,743,764

MANAGEMENT DISCUSSION AND ANALYSIS

Upon re-assessment of a series of comprehensive factors (including the market environment and the actual business needs of the Group and Yangxin Hongsheng), it is expected that the estimated transaction amounts for certain products required by the contracting parties from time to time under the Yangxin Hongsheng Sales Framework Agreement will increase significantly, and the Board envisages that the existing annual caps will not be sufficient to fulfill the increased transaction amounts under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending 31 December 2026, 2027 and 2028.

Accordingly, the Directors consider that the revision of the existing annual caps will continue to be important to the business operations of Yangxin Hongsheng. To meet the production needs of both plants, there may be mutual adjustment of the arrival of copper concentrate between the two plants. Further, the Yangxin Hongsheng Sales Framework Agreement allows the Group to serve as a reliable back-up source of supply of copper concentrate to Yangxin Hongsheng, maximize the utilization of the inventory of the Group to facilitate production and minimize the administrative costs and time costs involved for such sales considering its intra-group relationship with the Company.

The Directors are of the view that the revised annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Yangxin Hongsheng Sales Framework Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

As the highest applicable percentage ratio in respect of the Revised Annual Caps is expected to exceed 5%, the Yangxin Hongsheng Sales Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The resolution was approved by independent shareholders on 3 July 2026.

For details, please refer to the announcements dated 13 May 2026 and 3 July 2026 and the circular dated 17 June 2026.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no contingent liabilities.

CHARGES ON ASSETS

As at 30 June 2026, other deposits which amounted to approximately RMB362,715,000 (31 December 2025: RMB1,162,155,000) were held in futures exchanges and certain financial institutions as security for the commodity derivative contracts.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

BOARD OF DIRECTORS

Composition of the Board

As at 30 June 2026, and up to the date of this report, the Board comprised three executive Directors and three independent non-executive Directors, as follows:

Name of Director	Date of first appointment to the Board	Date of last re-election as Director
Executive Directors		
Xiao Shuxin (<i>Chairman</i>)	15 July 2022	26 May 2016
Li Haibo (<i>Chief Executive Officer</i>)	22 April 2026	26 May 2016
Liu Yibin	14 August 2026	N/A
Independent Non-Executive Directors		
Liu Fang	31 March 2023	23 May 2025
Wang Qihong	13 January 2006	26 May 2016
Kong Hua	16 June 2025	26 May 2016

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of shares/ underlying shares	Approximate percentage of shareholding (%) (Note 2)	Long position/ short position
Wang Qihong	Beneficial Owner	594,000	0.00	Long position
	Interest of Spouse	1,000,000 (Note 1)	0.01	Long position

Notes:

1. Mr. Wang Qihong is deemed to be interested in 1,000,000 shares through his spouse, Ms. Geng Shuang, pursuant to Part XV of the SFO.
2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the Directors, chief executive of the Company, their respective spouse or children under the age of 18 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 30 June 2026, so far as is known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of shares/ underlying shares	Approximate percentage of shareholding (%) (Note 2)	Long position/ short position
Parent Company	Beneficial owner	11,962,999,080 shares (Note 1)	66.85	Long position
CNMC	Interest in a controlled corporation	11,962,999,080 shares (Note 1)	66.85	Long position

Notes:

1. These shares were held by the Parent Company. 57.99% of the equity interest in Parent Company were beneficially owned by CNMC.
2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, the Directors are not aware of any other persons, other than the Directors and chief executive of the Company who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EQUITY

As at 30 June 2026, the total number of issued and fully paid ordinary shares of the Company was 17,895,579,706 with nominal value of HK\$0.05 each, amounting to a total issued share capital of approximately RMB727,893,000.

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, Ms. Liu Fang, Mr. Wang Qihong and Mr. Kong Hua. The Audit Committee has reviewed the interim report of the Company for the six months ended 30 June 2026.

The Company’s independent auditor, Baker Tilly Hong Kong Limited, Registered Public Interest Entity Auditor, has reviewed the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2026.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company had complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

Mr. Liu Yibin was appointed as an executive Director on 14 August 2026. Mr. Liu has received induction training and obtained relevant legal advice before the date of appointment.

Save as disclosed above and in other parts of this report, the Group had no material event after the reporting period.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**TO THE BOARD OF DIRECTORS OF
CHINA DAYE NON-FERROUS METALS MINING LIMITED**
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited (the “Company”) and its subsidiaries set out on pages 45 to 76, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 31 August 2026

Chau Fong, Lily

Practising certificate number P08090

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	4	40,911,199	29,306,100
Cost of sales		(39,733,482)	(28,791,885)
Gross profit		1,177,717	514,215
Other income	6	22,636	31,727
Selling expenses		(10,390)	(24,811)
Administrative expenses		(426,467)	(305,687)
Other operating expenses		(30,267)	(17,637)
Impairment losses reversed under expected credit loss model, net	7	107	1,087
Other gains and losses, net	8	144,504	40,042
Finance costs	9	(224,963)	(235,240)
Share of loss of an associate		(400)	(674)
Profit before tax		652,477	3,022
Income tax expenses	10	(194,088)	(8,786)
Profit/(loss) and total comprehensive income/(expense) for the period	11	458,389	(5,764)
Profit/(loss) and total comprehensive income/(expense) attributable to:			
Owners of the Company		442,040	(9,900)
Non-controlling interests		16,349	4,136
		458,389	(5,764)
Earnings/(loss) per share			
Basic and diluted	13	RMB2.47 fen	RMB(0.06) fen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026
(Expressed in Renminbi)

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	14	8,137,927	8,241,643
Right-of-use assets	14	845,544	846,338
Exploration and evaluation assets		6,991	9,669
Intangible assets		505,514	533,817
Interest in an associate		6,832	7,233
Deferred tax assets		101,997	134,758
Other deposits	17	81,204	76,651
		9,686,009	9,850,109
Current assets			
Inventories	15	15,646,971	15,646,995
Trade and bills receivables	16	31,168	35,830
Other deposits	17	362,715	1,162,155
Prepayments and other receivables	18	339,904	476,058
Derivative financial instruments	19	85,993	110,160
Structured bank deposits	20	500,000	—
Restricted bank deposits	20	4,390	4,189
Cash, deposits and bank balances	20	1,940,054	1,917,761
		18,911,195	19,353,148
Assets classified as held for sale	21	138,600	—
		19,049,795	19,353,148
Current liabilities			
Trade payables	22	3,047,743	5,684,461
Other payables and accrued expenses	23	1,423,020	1,293,410
Contract liabilities		446,085	120,451
Bank and other borrowings	24	7,938,375	6,822,104
Lease liabilities		17,199	15,425
Promissory note		1,286,360	—
Derivative financial instruments	19	20,614	316,534
Early retirement obligations		3,905	7,900
Current income tax liabilities		116,828	1,761
		14,300,129	14,262,046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026
(Expressed in Renminbi)

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Liabilities directly associated with assets classified as held for sale	21	28,561	–
		14,328,690	14,262,046
Net current assets		4,721,105	5,091,102
Total assets less current liabilities		14,407,114	14,941,211
Non-current liabilities			
Other payables	23	369,309	364,391
Bank and other borrowings	24	8,476,356	8,235,386
Lease liabilities		133,856	125,246
Promissory note		–	1,265,360
Provision for mine rehabilitation, restoration and dismantling		130,897	129,227
Deferred income		129,790	113,084
Early retirement obligations		17,750	17,750
		9,257,958	10,250,444
Net assets		5,149,156	4,690,767
Capital and reserves			
Share capital		727,893	727,893
Share premium and reserves		2,851,306	2,409,266
Equity attributable to owners of the Company		3,579,199	3,137,159
Non-controlling interests		1,569,957	1,553,608
Total equity		5,149,156	4,690,767

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026
(Expressed in Renminbi)

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contributed Surplus (note (ii)) RMB'000	Capital reserve (note (iii)) RMB'000	Statutory reserve (note (iii)) RMB'000	Translation reserve RMB'000	Other reserve (note (iii)) RMB'000	
Six months ended 30 June 2026 (unaudited)								
At 1 January 2026 (audited)	727,893	124,592	4,373,075	(4,184,848)	305,581	8,196	1,563,888	4,690,767
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-	72,915	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	(50,557)	-	-	-
Transfer to PRC statutory reserve	-	-	-	-	47,000	-	-	-
At 30 June 2026 (unaudited)	727,893	124,592	4,373,075	(4,184,848)	374,939	8,196	1,563,888	5,149,156
Six months ended 30 June 2025 (unaudited)								
At 1 January 2025 (audited)	727,893	124,592	4,373,075	(4,184,848)	279,654	8,196	1,563,888	4,686,514
(Loss)/profit and total comprehensive (expense)/income for the period	-	-	-	-	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-	49,236	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	(31,734)	-	-	-
Transfer to PRC statutory reserve	-	-	-	-	3,015	-	-	-
At 30 June 2025 (unaudited)	727,893	124,592	4,373,075	(4,184,848)	300,171	8,196	1,563,888	4,680,750

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026
(Expressed in Renminbi)

Notes:

- (i) In accordance with the provisions of Section 46(2) of the Bermuda Companies Act, the entire amount standing to the credit of the share premium account of the Company was cancelled and was partly applied to eliminate in full accumulated losses of the Company with the remainder credited to the contributed surplus of the Company during the year ended 31 December 2013.
- (ii) Capital reserve mainly arose from the group reorganisation in 2012.
- (iii) Statutory reserves comprise statutory surplus reserve and specific reserve for maintenance and production funds.

Statutory surplus reserves

Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements prepared in accordance with relevant PRC accounting standards (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective subsidiary and can be used to make up for previous years' losses or to convert into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on production volume or operating revenues (the "maintenance and production funds"). The Group is required to make a transfer for the provision of maintenance and production funds from retained earnings to a specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

- (iv) Other reserve represents (i) the deemed contribution from a shareholder during the group reorganisation in 2012 and (ii) contribution from a shareholder for environmental rectification in 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026
(Expressed in Renminbi)

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	(279,317)	115,536
Investing activities		
Payments for property, plant and equipment	(339,895)	(41,598)
Payments for right-of-use assets	(1,900)	(12,811)
Payments for intangible assets	(551)	(2,486)
Payments for exploration and evaluation assets	(4,157)	–
Placement of structured bank deposits	(500,000)	(700,000)
Release of structured bank deposits	–	200,000
Placement of restricted bank deposits	(201)	(543)
Advance to fellow subsidiaries	(4,241)	–
Repayment from fellow subsidiaries	–	52,341
Proceeds from disposal of right-of-use assets	–	12,816
Receipts of government grants	24,076	7,580
Interest received	4,401	5,585
Net cash used in investing activities	(822,468)	(479,116)
Financing activities		
Proceeds from new bank and other borrowings	14,768,643	9,161,466
Advance from Daye Nonferrous Metals Group Holdings Company Limited and its subsidiaries ("Daye Group")	279,529	189,849
Advance from Nonferrous Mining Group Finance Company Limited ("Finance Company", a fellow subsidiary of the Company)	787,072	98,059
Repayments of bank and other borrowings	(13,509,675)	(8,519,750)
Repayments to Daye Group	(302,974)	(1,479)
Repayments to Finance Company	(665,354)	–
Repayments of lease liabilities	–	(8,777)
Finance costs paid	(199,688)	(209,790)
Net cash from financing activities	1,157,553	709,578
Net increase in cash and cash equivalents	55,768	345,998
Cash and cash equivalents at the beginning of the period	1,917,761	1,532,031
Cash and cash equivalents at the end of the period, represented by		
Cash, deposits and bank balances	1,973,529	1,878,029

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

1 GENERAL INFORMATION

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 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 immediate and ultimate holding company of the Company is Daye Nonferrous Metals Group Holdings Company Limited and China Nonferrous Metal Mining (Group) Co., Ltd. (“CNMC”), respectively, and both are state-owned enterprises established in the PRC.

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

2 BASIS OF PREPARATION

The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2025.

As at 30 June 2026, the Group had cash, deposits and bank balances, current portion of bank and other borrowings and promissory note of approximately RMB1,940,054,000, RMB7,938,375,000 and RMB1,286,360,000 respectively. Taking into account (i) the expected future cash flows of the Group, (ii) the unutilised bank facilities of RMB30,709,991,000 and (iii) bank borrowings of RMB1,302,722,000 raised after 30 June 2026 and due after 30 June 2027, the directors of the Company are of the view that the Group will have sufficient working capital to finance its normal operations for the twelve months from the end of the reporting period. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

3 MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

Other than the changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards and those for assets classified as held for sale as described below, and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and
HKFRS 7

Amendments to HKFRS 9 and
HKFRS 7

Amendments to HKFRS
Accounting Standards

Amendments to the Classification and
Measurement of Financial Instruments
Contracts Referencing Nature-dependent
Electricity

Annual Improvements to HKFRS
Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

3 MATERIAL ACCOUNTING POLICIES – CONTINUED

Assets classified as held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9, which continue to be measured in accordance with the relevant accounting policies as set out in the Group's annual consolidated financial statements for the year ended 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

4 REVENUE

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Disaggregation of revenue from contracts with customers		
Sales of goods	40,901,400	29,296,097
Rendering of services	9,799	10,003
	40,911,199	29,306,100
Timing of revenue recognition		
A point in time	40,901,400	29,296,097
Over time	9,799	10,003
	40,911,199	29,306,100

5 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 condensed consolidated financial statements of the Group prepared in accordance with HKFRS Accounting Standards as a whole. No further discrete financial information is available. Accordingly, no operating segment information is presented other than entity-wide disclosures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

5 SEGMENT INFORMATION – CONTINUED

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Sales of goods:		
Copper cathodes	30,470,938	23,047,740
Other copper products	143,084	330,701
Gold and other gold products	4,183,615	3,024,809
Silver and other silver products	4,393,772	2,128,495
Sulphuric acid and sulphuric concentrate	1,327,808	569,082
Iron ores	256,126	85,814
Others	126,057	109,456
	40,901,400	29,296,097
Rendering of services	9,799	10,003
Total revenue	40,911,199	29,306,100

Geographical information

All the Group's non-current assets (other than financial instruments and deferred tax assets) as at 30 June 2026 and 31 December 2025 are located in Chinese Mainland, based on geographical location of the assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

5 SEGMENT INFORMATION – CONTINUED

Geographical information – continued

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Chinese Mainland	37,539,736	25,934,568
Hong Kong	845,066	728,466
Others	2,526,397	2,643,066
	40,911,199	29,306,100

6 OTHER INCOME

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest income from banks	276	337
Interest income from Finance Company	4,125	5,248
Deferred income recognised	8,161	7,991
Other government grants (note)	8,518	17,128
Others	1,556	1,023
	22,636	31,727

Note: The government grants for the six months ended 30 June 2026 mainly represented incentive fund for domestic and foreign trade and subsidies for high-quality manufacturing development, and those for six months ended 30 June 2025 mainly represented incentive fund for domestic and foreign trade, of which the relevant expenses had been previously charged to profit or loss. There were no conditions and other contingencies attached to the receipts of those subsidies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

7 IMPAIRMENT LOSSES REVERSED UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Net impairment losses reversed on:		
Trade receivables	101	987
Other receivables	6	100
	107	1,087

8 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Fair value changes from currency forward contracts	78	–
Gain on disposal of right-of-use assets	–	1,914
Write-off of property, plant and equipment	(1,080)	(3,555)
Exchange gains, net	145,506	41,683
	144,504	40,042

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

9 FINANCE COSTS

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest on bank and other borrowings	179,557	191,847
Interest on loans from Daye Group	14,190	14,023
Interest on loans from Finance Company	5,941	3,920
Interest on lease liabilities	2,605	3,308
Interest on promissory note	21,000	21,000
Unwind interest of provision for mine rehabilitation, restoration and dismantling	1,670	1,142
	224,963	235,240

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
PRC Enterprise Income Tax		
– Current year	156,345	8,469
– Under/(over) provision in prior years	6,403	(2,781)
	162,748	5,688
Deferred tax	31,340	3,098
	194,088	8,786

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

11 PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Depreciation of property, plant and equipment (note (i))	354,474	343,194
Depreciation of right-of-use assets (note (i))	22,381	19,929
Amortisation of intangible assets (note (i))	40,100	35,706
Total depreciation and amortisation	416,955	398,829
Capitalised in inventories	(346,433)	(363,135)
	70,522	35,694
Employee benefits expense (including directors' remuneration) (note (ii)):		
Salaries, wages and welfare	460,381	434,031
Retirement benefits scheme contributions	72,262	51,105
Total staff costs	532,643	485,136
Capitalised in inventories	(395,625)	(374,568)
	137,018	110,568
Cost of sales comprise:		
Cost of inventories recognised as an expense (notes (iii))	39,728,447	28,778,386
Direct operating expense arising from services provided	5,035	13,499
	39,733,482	28,791,885

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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11 PROFIT/(LOSS) FOR THE PERIOD – CONTINUED

Notes:

- (i) During the six months ended 30 June 2026, due to temporary shutdown of a mining site, depreciation of property, plant and equipment of approximately RMB9,541,000 (six months ended 30 June 2025: RMB8,173,000) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB6,347,000 (six months ended 30 June 2025: RMB4,231,000) were classified as other operating expenses in the condensed consolidated statement of profit or loss and other comprehensive income.
- (ii) During the six months ended 30 June 2026, due to a temporary shutdown of a mining site, employee benefits expense in relation to production of approximately RMB14,400,000 (six months ended 30 June 2025: RMB6,273,000) was classified as other operating expenses in the condensed consolidated statement of profit or loss and other comprehensive income.
- (iii) During the six months ended 30 June 2026, write-down of RMB165,189,000 and reversal of write-down of RMB144,313,000 of inventories (six months ended 30 June 2025: write-down of RMB21,720,000 and reversal of write-down of RMB25,465,000) of inventories have been recognised and included in cost of sales. The reversal of write-down of inventories was the result of subsequent use of written-down raw materials in the production process and subsequent sales of written-down finished goods.

12 DIVIDEND

No dividend was paid or proposed during both the current and prior interim periods, nor has any dividend been proposed since the end of the reporting period.

13 EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	442,040	(9,900)

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13 EARNINGS/(LOSS) PER SHARE – CONTINUED

	Six months ended 30 June	
	2026 '000 (Unaudited)	2025 '000 (Unaudited)
Number of shares		
Weighted average 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 periods does not include the impact of any potential ordinary shares to be allotted for settlement of the promissory note issued as the number of shares to be issued is not fixed and to be determined by reference to the market price of the Company's shares quoted on the Stock Exchange.

14 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment with a cost of approximately RMB345,952,000 (six months ended 30 June 2025: RMB56,985,000).

During the current interim period, the carrying amount of certain plant and machinery of approximately RMB1,080,000 (six months ended 30 June 2025: RMB3,555,000) was written off and is included in the "other gains and losses, net" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi)

14 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS – CONTINUED

Right-of-use assets

As at 30 June 2026, right-of-use assets of approximately RMB842,607,000 (31 December 2025: RMB844,579,000) represents land use rights located in the PRC.

During the current interim period, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 1 to 3 years (six months ended 30 June 2025: 1 to 3 years). On the date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB21,587,000 (six months ended 30 June 2025: RMB42,189,000) and lease liabilities of RMB19,687,000 (six months ended 30 June 2025: RMB29,378,000). Included in the additions to right-of-use assets were lease agreements with Daye Group amounting to RMB19,608,000 (six months ended 30 June 2025: RMB29,378,000).

In addition, during the prior interim period, the Group disposed of a land use right with carrying amount of RMB10,902,000 for cash proceeds of RMB12,816,000, resulting in a gain on disposal of RMB1,914,000. There is no disposal during the current interim period.

15 INVENTORIES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Raw materials	4,099,207	1,564,534
Work in progress	5,306,737	6,544,234
Finished goods	1,005,688	345,357
Goods in transit	5,235,339	7,192,870
	15,646,971	15,646,995

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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16 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade receivables	74,609	79,493
Less: Allowance for credit losses	(43,441)	(44,365)
Bills receivables	31,168 –	35,128 702
Total	31,168	35,830

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 were matured within one year. Trade receivables of RMB10,337,000 as at 30 June 2026 have been classified as held for sale.

The following is an ageing analysis of trade and bills receivables (including those classified as held for sale), net of allowance for credit losses, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 1 year	27,004	22,579
More than 1 year, but less than 2 years	9,084	13,250
More than 2 years	5,417	1
	41,505	35,830

Included in trade and bills receivables, net of allowance for credit losses, are balances with Daye Group of RMB3,000 (31 December 2025: RMB606,000) and fellow subsidiaries of RMBnil (31 December 2025: RMB10,293,000), which are unsecured, interest-free and are repayable according to the relevant sales contracts. The bill receivables from Daye Group are matured within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
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17 OTHER DEPOSITS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Classified under non-current assets:		
Deposits for acquisition of property, plant and equipment and intangible assets	74,652	70,123
Deposits for environment rehabilitation (note (a))	800	800
Deposits for land restoration (note (b))	5,752	5,728
	81,204	76,651
Classified under current assets:		
Margin deposits (note (c))	362,715	1,162,155

Notes:

- (a) The deposits for environment rehabilitation are placed with the PRC government and represent estimated environment restoration costs.
- (b) The deposits are held in a designated saving account with Finance Company as required by the PRC government, which represent estimated land restoration costs for mining area of a copper mine held by the Group.
- (c) The balances represent deposits in margin accounts with Shanghai Futures Exchange and certain financial institutions as security for commodities derivative instruments (Note 19).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

18 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Prepayments for inventories	36,991	17,291
Value-added tax recoverable	189,677	349,684
Amount due from Daye Group	18,212	18,323
Amounts due from fellow subsidiaries	8,826	6,292
Other receivables	124,069	122,086
	377,775	513,676
Less: Allowance for credit losses on other receivables	(37,871)	(37,618)
	339,904	476,058

The amounts due from Daye Group and fellow subsidiaries are unsecured, interest-free and recoverable on demand.

19 DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets		Current liabilities	
	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Copper futures contracts	40,073	107,706	9,013	128,089
Gold futures contracts	45,040	2,454	997	2,030
Silver futures contracts	–	–	9,802	186,415
Currency forward contracts	880	–	802	–
	85,993	110,160	20,614	316,534

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

19 DERIVATIVE FINANCIAL INSTRUMENTS – CONTINUED

The Group uses commodity derivative contracts as an economic hedge of its commodity price risk and its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain copper, gold and silver products. Commodity derivative contracts utilised by the Group include standardised futures contracts in Shanghai Futures Exchange and other futures exchanges. Besides, the Group enters into currency forward contracts with certain banks to hedge certain of its currency risk arising from certain of its bank loans denominated in United States dollar.

The Group did not formally designate or document the hedging transactions with respect to the commodity derivative contracts and foreign currency forward contracts. Therefore, those transactions were not designated for hedge accounting.

Details of fair value measurement are disclosed in note 26.

20 STRUCTURED BANK DEPOSITS, RESTRICTED BANK DEPOSITS AND CASH, DEPOSITS AND BANK BALANCES

Structured bank deposits

These represented short-term deposits placed with reputable banks in the PRC with variable interest rates determined by reference to foreign currency exchange rate movement. These deposits are stated at fair value through profit or loss.

Restricted bank deposits

As at 30 June 2026 and 31 December 2025, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations can only be applied in the designated projects. The balances carry interest at an interest rate of 0.05% (31 December 2025: 0.05%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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20 STRUCTURED BANK DEPOSITS, RESTRICTED BANK DEPOSITS AND CASH, DEPOSITS AND BANK BALANCES – CONTINUED

Cash, deposits and bank balances

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Deposits with other financial institution	1,767,239	1,863,921
Cash and bank balances	172,815	53,840
Cash, deposits and bank balances in the condensed consolidated statement of financial position	1,940,054	1,917,761
Cash, deposits and bank balances included in assets classified as held for sale	33,475	–
Cash, deposits and bank balances in the condensed consolidated statement of cash flows	1,973,529	1,917,761

Included in cash, deposits and bank balances as at 30 June 2026 was an amount of approximately RMB1,767,239,000 (31 December 2025: RMB1,863,921,000) placed with Finance Company as saving deposits, which bear interest at rate ranging from 0.25% to 0.5% (31 December 2025: 0.25%) per annum. The remaining bank balances carry interest at rates ranging from 0.05% to 0.10% (31 December 2025: 0.01% to 0.10%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026
(Expressed in Renminbi)

21 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 18 June 2026, the Group entered into an equity transfer agreement with China No. 15 Metallurgical Construction Group Co., Ltd., the Group's fellow subsidiary, to dispose of its 100% equity interest in Daye Nonferrous Design and Research Institute Co., Ltd for a consideration of RMB149,409,123. The disposal is expected to be completed within twelve months from the reporting date, and accordingly all of the assets and liabilities of Daye Nonferrous Design and Research Institute Co., Ltd, have been classified as held for sale and are presented separately in the condensed consolidated statement of financial position. Details of the disposal are disclosed in the Company's announcement dated 18 June 2026 and circular dated 30 July 2026. The disposal has been approved by the independent shareholders of the Company in special general meeting held on 14 August 2026 (see note 28).

The net proceeds of disposal are expected to exceed the net carrying amount of the disposal group and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of the company classified as held for sale are as follows:

	At 30 June 2026 RMB'000 (Unaudited)
Property, plant and equipment	88,928
Intangible assets	774
Deferred tax assets	917
Inventories	17
Trade and bills receivables (note 16)	10,337
Prepayments and other receivables	4,152
Cash, deposits and bank balances	33,475
Total assets classified as held for sale	138,600
Trade payables (note 22)	4,325
Other payables and accrued expenses	23,070
Contract liabilities	666
Deferred income	500
Total liabilities directly associated with assets classified as held for sale	28,561

No other comprehensive income and equity recognised relating to the disposal group classified as held for sale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22 TRADE PAYABLES

Trade payables of RMB4,325,000 as at 30 June 2026 have been classified as directly associated with assets classified as held for sale. The following is an ageing analysis of trade payables (including those directly associated with assets classified as held for sale), presented based on the invoice date at the end of the reporting period.

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 1 year	3,015,008	5,633,225
More than 1 year, but less than 2 years	28,746	49,024
More than 2 years, but less than 3 years	7,232	782
Over 3 years	1,082	1,430
	3,052,068	5,684,461

Included in trade payables are payables to fellow subsidiaries of approximately RMB185,755,000 (31 December 2025: RMB111,783,000). The payables to fellow subsidiaries are unsecured, interest-free and are repayable within one year according to the terms of the respective purchase contracts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi)

23 OTHER PAYABLES AND ACCRUED EXPENSES

Included in the Group's other payables and accrued expenses under current liabilities as at 30 June 2026 were payables to Daye Group of the Group of RMB34,209,000 (31 December 2025: RMB33,676,000), which are unsecured, interest-free and repayable on demand.

In addition, included in the Group's other payables and accrued expenses under current liabilities and other payables under non-current liabilities as at 30 June 2026 were payables for purchase of property, plant and equipment due to fellow subsidiaries of approximately RMB483,779,000 (31 December 2025: RMB316,921,000) in relation to the construction work conducted by these fellow subsidiaries. All of the payables to fellow subsidiaries are unsecured and repayable in accordance with the terms of the relevant construction contracts. Except for the payable to a fellow subsidiary of approximately RMB238,150,000 (31 December 2025: RMB238,150,000), which is interest-bearing at 3.65% (31 December 2025: 3.65%) per annum, all payables are interest-free.

24 BANK AND OTHER BORROWINGS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Bank borrowings:		
Unsecured	14,047,689	12,999,949
Other borrowings:		
Loans from Daye Group, unsecured*	700,309	723,754
Loans from Finance Company, unsecured*	618,014	496,296
Gold loans, unsecured	1,048,719	837,491
	16,414,731	15,057,490

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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24 BANK AND OTHER BORROWINGS – CONTINUED

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Bank borrowings repayable:		
Within one year	6,113,823	5,306,779
More than one year, but not exceeding two years	3,500,840	3,649,900
More than two years, but not exceeding five years	4,433,026	4,043,270
	14,047,689	12,999,949
Other borrowings repayable:		
Within one year	1,824,552	1,515,325
More than one year, but not exceeding two years	542,490	146,000
More than two years, but not exceeding five years	–	396,216
	2,367,042	2,057,541
Total bank and other borrowings	16,414,731	15,057,490
Less: Amounts due within one year shown under current liabilities	(7,938,375)	(6,822,104)
Amount shown under non-current liabilities	8,476,356	8,235,386

* The loans from Daye Group bear interests ranging from 3.65% to 4.60% (31 December 2025: 3.65% to 4.85%) per annum and are repayable in various maturity dates up to 30 December 2026. The loans from Finance Company bear interests ranging from 2.15% to 3.12% (31 December 2025: 2.15% to 2.5%) per annum and are repayable in various maturity dates up to 17 September 2026.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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25 CAPITAL COMMITMENTS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	485,821	871,928

26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial instruments that are measured at fair value on a recurring basis

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2026 (unaudited)				
Financial assets				
Commodity future contracts	–	85,113	–	85,113
Other derivative financial instruments	–	880	–	880
Structured bank deposits	–	500,000	–	500,000
Financial liabilities				
Commodity future contracts	–	19,812	–	19,812
Other derivative financial instruments	–	802	–	802
At 31 December 2025 (audited)				
Financial assets				
Commodity future contracts	–	110,160	–	110,160
Financial liabilities				
Commodity future contracts	–	316,534	–	316,534

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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26 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS – CONTINUED

Fair value of financial instruments that are measured at fair value on a recurring basis – continued

		Fair value		Fair value hierarchy	Valuation technique
		At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)		
Copper futures contracts:	Assets	40,073	107,706	Level 2	Note 1
	Liabilities	9,013	128,089	Level 2	Note 1
Gold futures contracts:	Assets	45,040	2,454	Level 2	Note 1
	Liabilities	997	2,030	Level 2	Note 1
Silver futures contracts:	Assets	–	–	Level 2	Note 1
	Liabilities	9,802	186,415	Level 2	Note 1
Currency forward contracts:	Assets	880	–	Level 2	Note 2
	Liabilities	802	–	Level 2	Note 2
Structured bank deposits:	Assets	500,000	–	Level 2	Note 3

Note:

- (1) Calculated by reference to the quoted prices in active markets.
- (2) Calculated by discounted cash flows. Future cash flows are estimated based on forward exchange rates/prices and discounted at a market interest rate.
- (3) Discounted cash flows, future cash flows are estimated based on contract discount rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and 2, and no transfers into or out of Level 3 for the current and prior interim periods.

Fair value of the Group's financial instruments that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost recognised in the condensed consolidated financial statements approximate their fair values.

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27 RELATED PARTY TRANSACTIONS

Transactions and balances with the PRC government-related entities

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group

Other than the transactions and balances with related parties disclosed elsewhere in these condensed consolidated financial statements, the Group also had the following significant transactions with related parties during the current and prior interim periods.

Nature of balances/transactions	Notes	Relationship	Six months ended 30 June	
			2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Income:				
Sales of non-ferrous metals	(i)	Daye Group	6,029,576	6,233,011
Sales of other materials	(i)	Daye Group	280,693	60,079
	(i)	Fellow subsidiaries	33	1,889
Rendering of services	(i)	Daye Group	739	1,176
	(i)	Fellow subsidiaries	25,348	24,446
Interest income	(ii)	Finance Company	4,125	5,248
Rental income for leasing of assets	(iii)	Daye Group	27	27
Rental income for leasing of lands	(iii)	Daye Group	467	–
Expenses:				
Transportation fees	(i)	Daye Group	45,927	46,298
Utilities fees	(i)	Daye Group	4,469	41,597
Purchases of non-ferrous metals	(i)	Daye Group	13,943	9,185
	(i)	Fellow subsidiaries	2,454,614	613,916
Purchase of other products	(i)	Daye Group	17,420	22,251
	(i)	Fellow subsidiaries	3,739	2,782

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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27 RELATED PARTY TRANSACTIONS – CONTINUED

Transactions and balances with the PRC government-related entities – continued

Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group – continued

			Six months ended 30 June	
Nature of balances/transactions	Notes	Relationship	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Expenses: (continued)				
Other service expense	(i)	Daye Group	36,976	46,459
	(i)	Fellow subsidiaries	8,109	7,418
Rental expense for leasing of lands	(iii)	Daye Group	6,548	8,959
Rental expense for leasing of assets	(iii)	Daye Group	1,558	3,174
Interest expense	(iv)	Daye Group	14,190	14,023
	(iv)	Finance Company	5,941	3,920
	(v)	Immediate holding company	21,000	21,000
Interest expense on lease liabilities	(vi)	Daye Group	2,605	3,309
Capital expenditures:				
Construction contract fees	(i)	Daye Group	22,477	15,153
	(i)	Fellow subsidiaries	170,105	15,233
Other service fees	(i)	Fellow subsidiaries	6,613	28,591
			At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Liabilities				
Lease liabilities	(vi)	Daye Group	151,674	140,671

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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27 RELATED PARTY TRANSACTIONS – CONTINUED

Transactions and balances with the PRC government-related entities – continued

Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group – continued

Notes:

- (i) These transactions were conducted in accordance with terms of the relevant agreements, of which the transaction price was determined based on the government-prescribed price or by reference to market price.
- (ii) The interest income arose from the deposits placed with Finance Company. Further details of these balances at the end of the reporting period are set out in notes 17 and 20, respectively.
- (iii) These transactions were conducted in accordance with the terms of the relevant agreements, in which the rent of the leased land/assets was determined by reference to the amortisation/depreciation of the relevant land/assets.
- (iv) The interest expense arose from unsecured loans from Daye Group, Finance Company and a fellow subsidiary. Further details are set out in note 24.
- (v) The interest expense arose from promissory note from the immediate holding company.
- (vi) During the current interim period, lease payments of approximately RMB11,528,000 (six months ended 30 June 2025: RMB8,776,000) payable to Daye Group was settled through the current account balances of Daye Group.

Transactions with other PRC government-related entities

The Group has entered into various transactions, amongst others, including deposit placements, borrowings, and other bank facilities, with certain banks and financial institutions which are government-related entities in its ordinary course of business. In view of the nature of these transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful.

28 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the disposal of Daye Nonferrous Design and Research Institute Co., Ltd. was approved by the independent shareholders of the Company in special general meeting held on 14 August 2026, details of which are set out in the note 21 to the condensed consolidated financial statements and the Company's announcement dated 14 August 2026. The disposal is still subject to the fulfilment of certain conditions precedent, including the obtaining of approvals from the relevant regulatory authorities. As at the date of these condensed consolidated financial statements were authorised for issue, the disposal has not yet been completed.

DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions have the meaning set forth below:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CNMC"	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder
"Company"	China Daye Non-Ferrous Metals Mining Limited (Stock code: 661), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Daye Metal"	Daye Non-ferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company
"Director(s)"	directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Parent Company"	Daye Nonferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this report, excludes Hong Kong, the Macau Special Administration of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangxin Hongsheng”	Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company
“%”	per cent

* *For identification purpose only*