



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)

Interim Report 2009



INTERIM RESULTS

The board of directors (the “Board”) of China Daye Non-Ferrous Metals Mining Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 October 2009. The interim results for the six months ended 31 October 2009 have not been audited, but have been reviewed by the Company’s audit committee and auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2009

		Unaudited	
		Six months ended	
		31 October	
	Notes	2009	2008
		HK\$'000	HK\$'000
REVENUE	2	1,424	10,620
COST OF SALES		<u>(645)</u>	<u>(14,920)</u>
GROSS PROFIT/(LOSS)		779	(4,300)
OTHER REVENUE	3	246	697
IMPAIRMENT OF MINING RIGHT WRITTEN BACK		59,704	–
GENERAL AND ADMINISTRATIVE EXPENSES		<u>(100,101)</u>	<u>(9,027)</u>
		(39,372)	(12,630)
LOSS ON CHANGES IN FAIR VALUE OF INVESTMENTS HELD FOR TRADING		<u>(586)</u>	<u>(13,319)</u>
OPERATING LOSS		(39,958)	(25,949)
FINANCE COSTS	4	<u>(2)</u>	<u>(3)</u>
LOSS BEFORE TAX	5	(39,960)	(25,952)
INCOME TAX	6	<u>(14,926)</u>	<u>–</u>
LOSS FOR THE PERIOD		<u>(54,886)</u>	<u>(25,952)</u>
ATTRIBUTABLE TO:			
Owners of the company		(86,391)	(24,804)
Non-controlling interests		31,505	(1,148)
		<u>(54,886)</u>	<u>(25,952)</u>
LOSS PER SHARE	8	HK cents	HK cents
BASIC		<u>(1.68)</u>	<u>(0.48)</u>
DILUTED		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2009

	Unaudited Six months ended 31 October	
	2009 HK\$'000	2008 HK\$'000
Loss for the period	<u>(54,886)</u>	<u>(25,952)</u>
Total comprehensive income for the period	<u>(54,886)</u>	<u>(25,952)</u>
Total comprehensive income attributable to:		
Owners of the Company	(86,391)	(24,804)
Non-controlling interests	<u>31,505</u>	<u>(1,148)</u>
	<u>54,886</u>	<u>(25,952)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 October 2009

	Notes	Unaudited 31 October 2009 HK\$'000	Audited 30 April 2009 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		18,868	18,142
Mining right	9	2,114,844	2,055,140
Jointly controlled entities	10	—	—
TOTAL NON-CURRENT ASSETS		2,133,712	2,073,282
CURRENT ASSETS			
Investments held for trading		7,590	8,821
Inventories		1,366	1,441
Trade and other receivables	11	4,672	5,102
Cash and bank balances		86,797	97,894
TOTAL CURRENT ASSETS		100,425	113,258
CURRENT LIABILITIES			
Trade and other payables	12	7,716	7,786
Deferred income		3,976	3,976
Tax payable		1,901	1,901
TOTAL CURRENT LIABILITIES		13,593	13,663
NET CURRENT ASSETS		86,832	99,595
TOTAL ASSETS LESS CURRENT LIABILITIES		2,220,544	2,172,877
NON-CURRENT LIABILITIES			
Cumulative redeemable preference shares	13	110	110
Deferred tax liabilities	14	528,711	513,785
TOTAL NON-CURRENT LIABILITIES		528,821	513,895
NET ASSETS		1,691,723	1,658,982
CAPITAL AND RESERVES			
Share capital	15	257,584	257,584
Reserves		574,483	573,247
Equity attributable to owners of company		832,067	830,831
Non-controlling interests		859,656	828,151
TOTAL EQUITY		1,691,723	1,658,982

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2009 – Unaudited

	Attributable to owners of the company									
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Warrants reserve HK\$'000	Share based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 May 2008	257,584	2,670,545	2,241	-	64,137	(38,740)	(2,007,758)	948,009	1,063,947	2,011,956
Profit/(loss) for the period	-	-	-	-	-	-	(24,804)	(24,804)	(1,148)	(25,952)
Total comprehensive income	-	-	-	-	-	-	(24,804)	(24,804)	(1,148)	(25,952)
Recognition of share-based payment	-	-	-	-	2,318	-	-	2,318	-	2,318
At 31 October 2008	257,584	2,670,545	2,241	-	66,455	(38,740)	(2,032,562)	925,523	1,062,799	1,988,322
At 1 May 2009	257,584	2,670,545	2,241	3,000	62,661	(38,334)	(2,126,866)	830,831	828,151	1,658,982
Profit/(loss) for the period	-	-	-	-	-	-	(86,391)	(86,391)	31,505	(54,886)
Total comprehensive income	-	-	-	-	-	-	(86,391)	(86,391)	31,505	(54,886)
Transfers upon options lapsed/terminated	-	-	-	-	(62,661)	-	62,661	-	-	-
Recognition of share-based payment	-	-	-	-	87,627	-	-	87,627	-	87,627
At 31 October 2009	257,584	2,670,545	2,241	3,000	87,627	(38,334)	(2,150,596)	832,067	859,656	1,691,723

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 October 2009

	Unaudited	
	Six months ended	
	31 October	
	2009	2008
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(10,006)	39,898
Net cash used in investing activities	(1,252)	(797)
Net cash generated from financing activities	<u>161</u>	<u>—</u>
(Decrease)/increase in cash and cash equivalents	(11,097)	39,101
Cash and cash equivalents at 1 May	<u>97,894</u>	<u>40,682</u>
Cash and cash equivalents at 31 October	<u>86,797</u>	<u>79,783</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

These unaudited condensed interim financial statements have been prepared using the historical cost basis except for mining rights and certain financial instruments which are measured at fair values.

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“new HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for financial year beginning on 1 May 2009. The adoption of the new HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior period.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. Segment information

(a) *Business segments*

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Group’s board of directors) in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profits or losses.

For the six months ended 31 October 2009 and 2008, the Group is engaged in the following three business segments:

- (i) minerals exploitation;
- (ii) corporate investment and trading in securities; and
- (iii) property investment and management consultancy.

Segment information by business is presented as follows:

	Unaudited Revenue		Unaudited Segment results	
	Six months ended		Six months ended	
	31 October		31 October	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Minerals exploitation	-	-	(1,579)	2,284
Property investment and Management consultancy	-	-	-	-
Corporate investment and trading in securities	<u>1,424</u>	<u>10,620</u>	<u>936</u>	<u>10,120</u>
	<u>1,424</u>	<u>10,620</u>	<u>(643)</u>	12,404
Impairment of mining right written back			59,704	-
Loss on changes in fair value of investments held for trading			(586)	13,319
Unallocated costs less income			(98,435)	229
Income tax			<u>(14,926)</u>	<u>-</u>
Loss for the period			<u>(54,886)</u>	<u>25,952</u>

The following is an analysis of the Group's unaudited assets by operating segment for the period under review:

	Unaudited	Audited
	31 October	30 April
	2009	2009
	HK\$'000	HK\$'000
Minerals exploitation	2,141,344	2,083,380
Corporate investment and trading in securities	9,210	55,551
Unallocated	83,583	47,609
	2,234,137	2,186,540

(b) Geographical segments

Segment information by geographical market is presented as follows:

Unaudited revenue for the six months ended 31 October 2008

	Hong Kong		PRC		Mongolia		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
External revenue	1,424	10,620	-	-	-	-	1,424	10,620
Other revenue	220	697	3	-	23	-	246	697
Total revenue	1,644	11,317	3	-	23	-	1,670	11,317
SEGMENT RESULTS	(98,084)	(25,952)	(1,561)	-	44,759	-	(54,886)	(25,952)

3. Other revenue

	Unaudited	
	Six months ended	
	31 October	
	2009	2008
	HK\$'000	HK\$'000
Interest income	80	291
Miscellaneous income	3	70
Dividend income	163	336
	<hr/>	<hr/>
	246	697
	<hr/>	<hr/>

4. Finance costs

	Unaudited	
	Six months ended	
	31 October	
	2009	2008
	HK\$'000	HK\$'000
Dividends on cumulative redeemable preference shares (note 7)	2	3
	<hr/>	<hr/>
	2	3
	<hr/>	<hr/>

5. Loss before tax

Loss before tax has been arrived at after charging:

	Unaudited	
	Six months ended	
	31 October	
	2009	2008
	HK\$'000	HK\$'000
Staff costs, including directors' emoluments		
– Salaries and allowances	1,396	1,345
– Retirement benefits schemes contributions	19	13
– Share-based payments	33,758	545
Depreciation	605	251
Operating leases – land and buildings	719	446
Share-based payments – consultants	53,869	1,773

6. Income tax

	Unaudited	
	Six months ended	
	31 October	
	2009	2008
	HK\$'000	HK\$'000
Current tax:		
– Hong Kong	–	–
– Other jurisdictions	–	–
Deferred tax (note 14)	14,926	–
Tax expense for the period	14,926	–

7. Dividends on cumulative redeemable preference shares

	Unaudited Six months ended 31 October	
	2009	2008
	HK\$'000	HK\$'000
Payable of HK\$0.151 per share on 16,485 shares (2008: Payable of HK\$0.151 on 16,485 shares)	<u>2</u>	<u>3</u>

Dividends on cumulative redeemable preference shares are paid half yearly at a rate of 6% per annum on the notional value of HK\$5 per preference share on 30 June and 31 December in each year. Unpaid dividends for the period of approximately HK\$2,000 (2008: HK\$3,000) were accrued as at 31 October 2009.

8. Loss per share

The basic loss per share is calculated based on the loss attributable to owners of the Company of approximately HK\$86,391,000 (2008: approximately HK\$24,804,600) and the weighted average number of 5,151,679,552 (2008: 5,151,679,552) ordinary shares in issue during the period.

The diluted loss per share for the periods ended 31 October 2009 and 31 October 2008 has not been disclosed as the potential shares arising from the exercise and conversion of the Company's share options and convertible preference shares would decrease the loss per share of the Group for the period and is regarded as anti-dilutive.

9. Mining right

Cost/carrying amount

	HK\$'000
At 30 April 2009 (Audited)	2,055,140
Impairment loss written back	<u>59,704</u>
At 31 October 2009 (Unaudited)	<u>2,114,844</u>

No amortisation was provided during the period as the Group has not yet commenced to exploit the ores.

10. Jointly controlled entities

	Unaudited 31 October 2009 HK\$'000	Audited 30 April 2009 HK\$'000
Amounts due from jointly controlled entities	16,315	16,315
Allowances for impairment losses	<u>(16,315)</u>	<u>(16,315)</u>
	<u>—</u>	<u>—</u>

Equity accounting for the Group's interests in jointly controlled entities has been discounted since 2004 as the operations of these entities had ceased and receivers were appointed.

The carrying amounts of these jointly controlled entities have been fully impaired.

11. Trade and other receivables

	Unaudited 31 October 2009 HK\$'000	Audited 30 April 2009 HK\$'000
Trade receivables	–	–
Other receivables	3,141	3,342
Prepayments and deposits	1,531	1,760
	4,672	5,102

12. Trade and other payables

	Unaudited 31 October 2009 HK\$'000	Audited 30 April 2009 HK\$'000
Trade creditors	–	–
Temporary deposits, accruals and other payables	7,716	7,786
	7,716	7,786

13. Cumulative redeemable preference shares

As at 31 October 2009, 16,485 (30 April 2009: 16,485 convertible cumulative redeemable preference shares) convertible cumulative redeemable preference shares (“CPS”) of HK\$1 each are in issue.

A holder of the CPS is entitled to receive a fixed cumulative preferential dividend at the rate of 6% per annum on the notional value of HK\$5 per CPS to be paid half-yearly on 30 June and 31 December in each year.

A holder of the CPS may convert his shares held at any time into Ordinary Shares at the conversion price of HK\$0.036 per share, subject to adjustment.

The CPS may be redeemed by the holders of the CPS at any time after 30 June 1996 at a redemption price per share equal to the notional value plus accrued dividend.

The Company has the option to redeem all or some of the CPS at any time of the notional value of the CPS if the average of the closing prices of the Ordinary Share quoted on the Stock Exchange over the preceding 30 consecutive dealing days ending on the seventh day prior to the date upon which notice of redemption is given is greater than or equal to 150% of the conversion price in effect on such seventh day.

14. Deferred tax liabilities

	Mining rights HK\$'000
At 30 April 2009 (Audited)	513,785
Deferred tax debited to income statement	<u>14,926</u>
At 31 October 2009 (Unaudited)	<u>528,711</u>

Deferred tax debited to income statement was due to the impairment on fair value of mining rights written back.

15. Share capital

	Ordinary shares of HK\$0.05 each ("Ordinary Shares")	
	Number of Shares	HK\$'000
Authorised:		
At 30 April 2009 and at 31 October 2009	<u>30,000,000,000</u>	<u>1,500,000</u>
Issued and fully paid:		
At 30 April 2009 and at 31 October 2009	<u>5,151,679,552</u>	<u>257,584</u>

16. Share options scheme

The Company's share options scheme was adopted by the Company on 13 October 2003 (the "Scheme") for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board of Directors of the Company may, at its discretion, invite eligible participants (as contained in the Company's circular of 19 September 2003) to take up options to subscribe for shares of the Company.

Details of the existing share options granted by the Company under the Scheme are as follows:–

	Tranche 1	Tranche 2
Date of grant:	19 June 2009	19 June 2009
Exercisable periods/Fair value at grant date:	19 June 2009 to 18 June 2019/ HK\$0.2836	19 June 2010 to 18 June 2019/ HK\$0.2689
Number of share options granted:	158,600,000	158,600,000
Exercise price:	HK\$0.61	HK\$0.61
Share price as at the valuation date:	HK\$0.60	HK\$0.60
Expected volatility:	51.17%	51.17%
Risk-free interest rate as at the valuation date:	2.276%	2.137%
Expected life of option	5 years	4.5 years

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the share options were granted. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

17. Contingent liabilities

There were no material contingent liabilities under the Group as at 30 April 2009 and 31 October 2009.

18. Commitments under operating leases

(a) Capital commitments

The Group did not have any material capital commitments as at 31 October 2009 (30 April 2009: Nil).

(b) Commitments under operating leases

At the balance sheet date, the Group's total future minimum lease payments under non-cancellable operating leases is analysed as follows:

	Unaudited	Audited
	31 October	30 April
	2009	2009
	HK\$'000	HK\$'000
Land and buildings		
– within one year	1,376	369
– after one year but within five years	670	–
	2,046	369

19. Subsequent events

- a) On 1st December, 2009, 439,516,000 ordinary shares were issued to a subscriber at HK\$0.64 per share pursuant to placing and subscription agreement entered into between the vendor with the placing agent and the Company on 18 November 2009. Details of placing and subscription agreement are set out in the Company's announcement dated 20 November 2009.
- b) On 19 January 2010, the Board of Directors of the Company announced that the financial year end date of the Company has been changed from 30 April to 31 December.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

For the six months ended 31 October 2009, the Group recorded a turnover of approximately HK\$1,424,000 and had an unaudited loss attributable to shareholders of approximately HK\$86,391,000 whereas a loss of approximately HK\$24,804,000 was recorded in the same period in 2008. As at 31 October 2009, the net assets of the Group amounted to approximately HK\$1,691,723,000.

During the six months ended 31 October 2009, the financial markets started to recover from global crisis, the price of certain listed securities held by Company increased throughout the period under review. Accordingly, the Company recorded a gross profit of approximately HK\$779,000 arising from the investment in securities trading. Nevertheless, the Company incurred a loss on the changes in fair value of investment held for trading amounted to approximately HK\$586,000.

During the six months ended 31 October 2009, the Company issued share option to the directors, staff and consultants, resulting a recognition of share-base payment of approximately HK\$87,627,000 in the income statement.

Owing to the increase in fair value of mining right as at 31 October 2009, the Group recorded an impairment of mining right written back amounted to approximately HK\$59,704,000.

The Group is principally engaged in securities trading and investments, property investment, management consultancy and natural resources investment and development.

During the period, the mining related business of the Group has been strengthened, according to the latest report issued by CNFMRGS on 24 May 2009, the Company's WQ(SLB) copper mine in Uluqat County, Xinjiang, the PRC is proven to have reserves of copper ore of 63,747,600 tonnes, copper metals of 537,585.90 tonnes and 伴生銀 (associated silver) of 668.13 tonnes (which shows an increase compared to the previously disclosed levels).

Such findings have shown the tremendous potential in the copper mine acquired by the Company, which will enhance the Group's business and its asset value.

In addition, a Strategic Cooperation Agreement was signed between the Company and 新疆有色金屬工業(集團)有限公司 (Xinjiang Non-Ferrous Metals Industry (Holdings) Company Limited) ("Xinjiang Non-Ferrous") on 2 July 2009 (the "Strategic Cooperation Agreement"), pursuant to which, the parties will cooperate in the exploitation and mining of non-ferrous metals and precious metals in Xinjiang.

According to the Strategic Cooperation Agreement, the Company and Xinjiang Non-Ferrous will establish a strategy alliance to enable both parties to utilize their respective potential to the fullest extent in exploitation and development of non-ferrous metals and precious metals in Xinjiang. The parties will adopt flexible approaches in their future cooperation, for example, (i) Xinjiang Non-Ferrous may provide mineral resources bases and the Company may provide the necessary capital and technical know-how; or (ii) Xinjiang Non-Ferrous may provide mineral resources bases while both parties can jointly inject the necessary capital and technical know-how in the mining projects.

On 5 August 2009, the Company signed another strategic cooperation framework agreement with the Government of Xinjiang Ili Kazakh Autonomous Prefecture of China (hereinafter referred to as the "Ili Government") for the joint development of the non-ferrous metals and mineral resources in Xinjiang.

The agreement provided that the parties thereto shall exchange their respective specialized resources in accordance with government directions and market mechanisms, with an aim to expand and strengthen the non-ferrous metals industry in the Ili area by developing and integrating non-ferrous metals enterprises in the area. The project shall involve, in particular, the integration and development of five metallogenic belts, namely the copper-lead-zinc metallogenic belt in Boluokenu (博羅克努), the iron-copper metallogenic belt in Awulale (阿吾拉勒), the copper-lead-zinc polymetallic metallogenic belt in Wusun Mountain-Yishijiliike (烏孫山-伊什基里克), the copper-lead-zinc-muscovite rare metal metallogenic belt in Nalati (那拉提) and the black gold (烏金) non-ferrous metallogenic belt in Haerketa (哈爾克他). In addition, the parties shall actively develop and exploit the non-ferrous metals resources in the neighbouring countries by capitalizing on the location advantage of Ili.

The Ili Government shall support the cooperation between the parties by means of administration and policies within its legal authority. Based on the current development and exploitation of non-ferrous metals and mineral resources in the area, the Ili Government shall promote resources integration and assist the Company in better deployment of non-ferrous metals and mineral resources in Ili, in order to ensure the smooth running of the Company's future investment projects in Ili and to maximize the exploitation of resources. Under its legal authority, the Ili Government shall ensure the stability and continuity of the relevant policies for facilitating the Company's future projects, and shall give the Company preferential treatment in finance, taxation and land.

Taking the advantage of the current overall business environment in the PRC, the Company is expected to take the opportunity to capture good quality investment and development business, mainly in molybdenum/wolfram and silver/copper minings and related businesses.

During the six months ended 31 October 2009, except for the aforesaid there was no significant change in the development in respect of the Mining business.

Change of Company Name

On 9 July 2009, the change of the English name of the Company from “China National Resources Development Holdings Limited” to “China Daye Non-Ferrous Metals Mining Limited” and the adoption of the new Chinese name “中國大冶有色金屬礦業有限公司” as the Company’s secondary name have become effective.

The Board considers that the Change of Company Name will benefit the Company’s future business development as the new English and Chinese names of the Company signify the introduction of Hubei Daye Non Ferrous Metals Company as a substantial shareholder of the Company which will result in an overall upgrade of the Company’s business development functions in ore exploitation, mining and management operation.

Future Prospects

In the first half of 2009, all China’s regions and departments effectively implemented the policies and measures set by the central government on fighting against the global financial crisis and promoting the sound and fast growth of national economy, overcame the difficulties in the progress, the national economy stabilized to recovery with increasing positive changes.

According to preliminary estimation, in the first half of this year, the gross domestic product (GDP) of China was 13,986.2 billion yuan, a year-on-year increase of 7.1 percent, which was 1.0 percentage point faster than that in the first quarter. In terms of growth by quarters, it was up 6.1 percent for the first quarter, and 7.9 percent for the second. In terms of growth by sectors, the value added of the primary industry was 1,202.5 billion yuan, up by 3.8 percent; that of the secondary industry was 7,007.0 billion yuan, up by 6.6 percent; and that of the tertiary industry was 5,776.7 billion yuan, up by 8.3 percent.

Given the continuing economic growth in China, the Board expects that there will be an increase in the demand and application of resources of molybdenum, wolfram, silver and copper, the Company is confident that the investment in mining and related businesses will produce considerable return to the Company in the future.

Following the Strategic cooperation framework signed with the Ili Government as mentioned in above paragraphs, the Company will establish and invest in a branch company with legal person status in Ili for mineral resources exploitation and mining. Such developments to be carried out by the Company in Ili will generate tax income for the local government and offer job opportunities for the local labour market.

The Company is of the opinion that entering into the strategic cooperation framework agreement with the Ili Government will secure the steady increment in mineral reserve of the Company, which is of material importance to the sustainable development of the Company. The Company believes that it will generate a considerable economic benefit to our investors in the long term.

Looking ahead, the Group will continue to strengthen development of its internal resources and fortify its foundation while keeping its eyes on cooperation opportunities conduction to its development in order to build a portfolio of strong mining business with an emphasis on high value added products.

CHANGE OF FINANCIAL YEAR END DATE

On 19 January 2010, the Board of Directors of the Company announced that the financial year end date of the Company has been changed from 30 April to 31 December.

The reason for such a change is to coincide with the financial year end date of the Company's principal operating subsidiaries, which are mainly situated in the People's Republic of China, and thereby facilitating the preparation of the consolidated financial statements of the Company and its subsidiaries.

Placing of Existing shares and subscription for new shares

On 1st December, 2009, 439,516,000 ordinary shares were issued to a subscriber at HK\$0.64 per share pursuant to placing and subscription agreement entered into between the vendor with the placing agent and the Company on 18 November 2009. Details of placing and subscription agreement are set out in the Company's announcement dated 20 November 2009.

The net proceeds from the Subscription was approximately HK\$276 million which would be used as general working capital of the Company. The Placing and the Subscription enlarge the capital base of the Company and enable it to further expand its business and operations.

Liquidity and Capital Resources

As at 31 October 2009, the Group had cash and bank balances of approximately HK\$87 million with net assets totaling to approximately HK\$1,692 million with current ratio, based on the current assets of approximately HK\$100 million and current liabilities of approximately HK\$14 million of 7.4. The Groups' gear ratio was 24% based on the total liabilities of approximately HK\$542 million and total assets of approximately HK\$2,233 million.

As at 31 October 2009, the Group had neither bank borrowings nor assets pledged to fund/loan providers.

The Group believes that liquid assets, fund and future revenue will be sufficient to finance future expansion and working capital requirement.

Employees, Remuneration Policy and Share Option Scheme

As at 31 October 2009, the Group had a total of 58 employees (including Hong Kong and PRC offices). The remuneration package consists of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

The Company adopted a share option scheme on 13 October 2003 to enable the Company to grant options to selected participants, including employees and directors of the Group, as incentive or rewards for their contribution to the Group.

Foreign Exchange Exposure

The Group's cash balance and short term investments are mainly in the currency of Hong Kong Dollars. The effect of the exchange rate on the Group's cash flow is minimal and the Group had not employed any financial instrument for hedging purpose.

Contingent liabilities

As at 31 October 2009, the Group had no contingent liabilities.

INTERIM DIVIDEND

The Board of Director has resolved not to declare any interim dividend for the six months ended 31 October 2009 (2008: Nil).

DIRECTORS' INTEREST IN SHARES

As at 31 October 2009, the interest and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(i) Long positions in share of the Company

Name of director	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue
Zhang He	Beneficial owner	23,100,000 shares	0.45%
Wang Qihong	Beneficial owner	1,500,000 shares	0.03%
Wang Guoqi	Beneficial owner	900,000 shares	0.02%

(ii) **Long positions in underlying share of the Company**

Name of director	Capacity	Number of shares (Note)
Wan Bi Qi (Chairman)	Beneficial owner	50,000,000 Shares
Chen Xiang	Beneficial owner	50,000,000 Shares
Yuan Ping	Beneficial owner	5,000,000 Shares
Zhang He	Beneficial owner	9,000,000 Shares

Note: The long positions in the underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the options granted by the Company to the above mentioned directors pursuant the share option scheme of the Company.

Save as disclosed above, none of the Directors, chief executives or their associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any its associated corporations as defined in Part XV of 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

The Company's share options scheme was adopted by the Company on 13 October 2003 (the "Scheme") for the purpose of enabling the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board of Directors of the Company may, at its discretion, invite eligible participants (as contained in the Company's circular of 19 September 2003) to take up options to subscribe for shares of the Company.

The following table discloses movements in the Company's share options during the period:

	No. of options outstanding at 30 April 2009	No. of options cancelled/ lapsed during the period	No. of options granted during the period	No. of options outstanding at 31 October 2009
Directors				
- Wan Bi Qi	-	-	50,000,000	50,000,000
- Chen Xiang	-	-	50,000,000	50,000,000
- Yuan Ping	-	-	5,000,000	5,000,000
- Zhang He	9,000,000	(9,000,000)	9,000,000	9,000,000
- Wang Guoqi	900,000	(900,000)	-	-
- Wang Qihong	900,000	(900,000)	-	-
- Wong Sat (Note)	900,000	(900,000)	-	-
Employees and others	<u>167,925,347</u>	<u>(167,925,347)</u>	<u>203,200,000</u>	<u>203,200,000</u>
Total	<u>179,625,347</u>	<u>(179,625,347)</u>	<u>317,200,000</u>	<u>317,200,000</u>

Note: Mr. Wong Sat resigned from office on 14 May 2009.

Details of share options granted are as follows:

Date of grant/ acceptance	Exercise period	Exercise price per share	Closing price immediately before date of offer	Closing price immediately before date of grant
19 June 2009	19 June 2009 – 18 June 2019	HK\$0.61	HK\$0.61	HK\$0.60
19 June 2009	19 June 2010 – 18 June 2019	HK\$0.61	HK\$0.61	HK\$0.60

At no time during the period was the Company, its holding company, or any its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Share in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 31 October 2009, so far is known to the Directors, the following persons (other than the Directors and Chief Executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Long positions in shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue
China Times (Note 1)	Beneficial owner	1,552,116,988 Shares	30.12% (Note 2)
Mr. Wang Jian Sheng (Note 1)	Controlled corporation	1,552,116,988 Shares	30.12% (Note 2)
Hubei Daye Non Ferrous Metals Co. (Note 1)	Controlled corporation	1,552,116,988 Shares	30.12% (Note 2)
Mr. Chen Liang	Beneficial owner	403,301,772 Shares	7.83% (Note 2)
China Times (Note 1)	Beneficial owner	5,495 CPS	33.33% (Note 3)
Mr. Wang Jian Sheng (Note 1)	Controlled corporation	5,495 CPS	33.33% (Note 3)
Hubei Daye Non Ferrous Metals Co. (Note 1)	Controlled corporation	5,495 CPS	33.33% (Note 3)

Notes:

1. These Shares and CPS were held by China Times Development Limited (“China Times”), the entire issued capital of which was beneficially owned by Mr. Wang Jian Sheng (50.11%) and Hubei Daye Non Ferrous Metals Co. (49.89%) respectively.
2. The percentage is calculated based on 5,151,679,552 Shares in issue.
3. The percentage is calculated based on 16,485 convertible cumulative redeemable preference shares (“CPS”) in issue.

Save as disclosed above, the Directors are not aware of any other persons who have 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.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed, no contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 October 2009 or during the period under review.

EQUITY

As at 31 October 2009, the total number of issued and fully paid ordinary shares of the Company was 5,151,679,552 amounted to approximately HK\$257,584,000; and there were 16,485 CPS of HK\$1 each in issue at 31 October 2009.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s securities.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the period.

AUDIT COMMITTEE

The Company established an audit committee in accordance with the requirements of the Code, for the purpose of reviewing and providing supervising over the Group's financial reporting process and internal controls. The audit committee comprising of three independent non-executive Directors, Messrs. Wang Guoqi, Wang Qihong and Qiu Quan Zhou. The audit committee of the company has reviewed the interim results for the period ended 31 October 2009.

REMUNERATION COMMITTEE

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

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Quan Zhou. The Remuneration Committee has not held any meeting during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company executed high standard of business ethics and corporate governance practices. The Board considers such commitment essential in achieving high level of transparency and accountability and it is to the best interest of the shareholders.

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not throughout the period under review, in compliance with the Code on Corporate Governance Practices (“CG Code”), as set out in Appendix 14 to the Listing Rules (except code A4.1 – which specifies term that non-executive directors should be appointed for a specific term, subject to the re-election and code A4.2 – which specifies that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years). However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-laws of the Company, as such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practice are no less exacting than those in the Code.

By Order of the Board of
CHINA DAYE NON-FERROUS METALS MINING LIMITED
Wan Bi Qi
Chairman

Hong Kong, 28 January 2010

As at the date of this report, the Board of Directors of the Company comprises Mr. Wan Bi Qi as the chairman and executive director; Mr. Chen Xiang , Ms. Yuan Ping and Mr. Zhang He as executive directors; and Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Quan Zhou as independent non-executive directors.