



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
2014



Mineral Resources



Hubei Mines

Daye City

- 1. Tonglvshan Mine
- 2. Tongshankou Mine

Yangxin County

- 3. Fengshan Mine
- 4. Chimashan Mine

Xinjiang Mines

Wuqia County

- 5. Sareke Copper Mine

Hami City

- 6. Hami Mine

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Corporate Information

Board of Directors

Executive Directors:

Zhang Lin (*Chairman*)
Long Zhong Sheng
(*Chief Executive Officer*)
Zhai Baojin
Tan Yaoyu

Independent Non-executive Directors:

Wang Guoqi
Wang Qihong
Qiu Guanzhou
(Resigned on 31 July 2014)
Liu Jishun (appointed on 31 July 2014)

Audit Committee/ Remuneration Committee

Wang Guoqi (*Chairman*)
Wang Qihong
Qiu Guanzhou
(Resigned on 31 July 2014)
Liu Jishun (appointed on 31 July 2014)

Nomination Committee

Zhang Lin (*Chairman*)
Wang Guoqi
Wang Qihong
Qiu Guanzhou
(Resigned on 31 July 2014)
Liu Jishun (appointed on 31 July 2014)

Company Secretary

Yeung Wing Kwan

Legal Advisers

As to Hong Kong law:

Paul Hastings

As to Bermuda law:

Conyers, Dill & Pearman

Auditor

Deloitte Touche Tohmatsu

Bankers

Hang Seng Bank Limited
Industrial and Commercial Bank of China
(Asia) Limited
Bank of Communications Co., Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

18/F, No. 8 Queen's Road Central
Central, Hong Kong

Principal Registrar

MUFG Fund Services (Bermuda) Limited
of The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Hong Kong Branch Registrar

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Codes

Ordinary shares: 661
Preference shares: 421



Chairman's Statement

Business Review

In the first half of 2014, the scale of China Daye Non-Ferrous Metals Mining Limited (the “**Company**”) of operation continued to grow. Due to the cross-year overhaul of the Ausmelt furnace, the efficiency and quality of the Company’s metallurgy and production unit gradually improved. The Company produced a total of: (1) 194,600 tonnes of copper cathode, up by 6.28% from the corresponding period of the previous year; (2) 332.5 tonnes of precious metals (including approximately 6,495 kg of gold, 325 tonnes of silver, 0.5 kg of platinum, 139 kg of palladium and 0.76 tonnes of tellurium), up by approximately 41.1% from the corresponding period of the previous year; (3) approximately 445,574 tonnes of chemical products (including 444,760 tonnes of sulfuric acid, 299 kg of ammonium perrhenate, 597 tonnes of copper sulphate, 153 tonnes of nickel sulphate and 64 tonnes of crude selenium), decrease by approximately 11.7% from the corresponding period of the previous year; and (4) 147,100 tonnes of iron concentrate, up by approximately 21.8% from the corresponding period of the previous year.

In the first half of 2014, the macro-economy stabilized amid its slowdown, and the effect of the stimulus policy gradually emerged. The selling price of copper cathode, gold, silver and iron concentrate dropped 5.68%, 1.37%, 5% and 13.02%, respectively, compared with the corresponding period of the previous year, due to the low level of lean production in the economy. As a result, the profitability of the Company was affected to a certain degree.

Increasingly Strengthening of Cost Control

The crude smelting cost of smelting plants and the sulfuric acid processing cost (including the processing cost of contaminated acid) was lower than both that of the corresponding period of last year and the expected targets. As for refining, starting from the benchmarking work, we made progress on the new 300,000 tonne electrolysis system. Systematic production was on track with improvements on cost and quality. Progress was made on the production of palladium and the recycling of selenium at the rare and precious metal plant. The Fengshan Mine continued to exert the functions of its 5S lean management, foundation management and technological improvement to achieve continuing profits. Despite the significant lagging in the progress of infrastructure projects, the Tonglvshan Mine withstood pressure to complete its planned mined copper output, fully exhibiting its spirit of undertaking. The Tongshankou Mine effectively achieved its goal in production and cost under the complex production environment. The Chimashan Mine did a large amount of work on personnel diffidence and the maintenance of production. It also actively undertook the management business of mine production and operation in Inner Mongolia.

The Company will commit to achieving the following objectives to ensure completion of annual production targets:

(1) Optimize production structure

Local mines of the Company shall ensure the completion of production tasks in accordance with the production targets set at the beginning of the year. The Sareke Copper Mine shall conduct equipment commissioning work to create conditions for sustainable production. The technological innovation department shall accomplish the third class reserves management work at each mine of the Company to prevent mining disorder. Infrastructure planning and production arrangement for the in-depth exploitation in the Tonglvshan Mine, the Tongshankou Mine and the Sareke Copper Mine for the coming three years shall be made as soon as possible to ensure the implementation of sustainable capacity. As to metallurgical production, first, we shall further optimize and improve the operation of converter as well as enhance the production capacity of the crude smelting system. Second, focusing on the benchmarking management work, we shall summarize the technological strategy of the refinery system, striving to reduce by half the absolute difference of variable cost for copper per tonne with Zhangjiagang by means of further reducing cost while maintaining the quality assurance. Third, we will enhance the technological economic standard. Therefore, the recycling rate of purchased blister copper processed at the smelting plants should increase from 99.5% to 99.7%, while the recycling rate of purchased blister copper should increase from 99.5% to 99.6%.

(2) Optimize marketing, trading and operation to improve efficiency standards

As for the marketing companies, we will further refine and perfect the working mechanism and the performance evaluation mechanism as well as strengthen the team building management. Also, we will further enhance our operating capability and the ability to seize market opportunities in the gold market. Moreover, we will further improve our market judging ability.

As for investment and trading companies, we will further refine and perfect the working mechanism and the performance evaluation mechanism. Under the situation of inverse domestic and foreign markets of imported minerals and the actual loss of silver contents in imported minerals, we will strive to meet the goal of having over 60% of exported goods. We will further capitalize on the strengths from international trading resources after the integration of investment and trading companies. We will improve our innovation standards in trading and market sensitivity, make timely response to market operations by communicating with customers to obtain first-hand market information.



(3) Strengthen cost control and maximize cost efficiency

Strict control on cost and expenses and efforts on the cutting of non-productive expenses will be further strengthened. We will improve our procurement management and reduce procurement cost. Materials and equipment companies shall follow the trail of its peers to implement the disclosure of procurement cost within the plants and staff supervision. A technology management salon will be organized in accordance with the underground and surface processing cost analysis of domestic mines. Profit structure analysis on independent legal person units and auxiliary business units will be conducted. We will comprehensively review our existing business and further standardize remuneration management for good performance of management staff.

(4) Impose risk control measures and enhance the level of risk prevention and control

The Company has formulated the Administrative Measures on Risk Control (風險控制管理辦法) to identify, analyze and evaluate the risks faced by the Company, so as to form an effective risk prevention and management system against economic policy risks, including spot and futures market risks, exchange rate risks and interest rate risks.

From a macro point of view, global economic recovery is still subject to significant uncertainty and the downward pressure on the domestic economy remains formidable. However, economic growth for the year remains at around 7.5%. Despite the general slowdown in the non-ferrous metal industry at the moment, there are still development opportunities. Statistics reveal that China's net imports of copper concentrates amounted to 3.19 million tonnes in 2013 and showed an upward trend, which indicated that domestic smelting capacity was still unable to meet the demands of copper concentrates for domestic consumption. It also means that both market demand and development opportunities will exist in the copper industry in the coming period of time. The Company believes it is the right time for us to advance in spite of the adverse environment and to accelerate our development.

Lastly, the Company will seize this opportunity to improve the quality of development, the quality of economic operation, effectiveness and efficiency, so as to achieve synergy development. The Company believes that with the effort of and support from its management and employees, it will certainly achieve rapid development.

Management Discussion and Analysis

Exploration, Development and Mining Production Activities

The below table sets forth the exploration, development and mining activities conducted at each of our mines during the six months ended 30 June 2014:

Activities conducted at each mine as of 30 June 2014			
Mine	Exploration	Development	Mining
Tonglvshan Mine	Drilling depth of capacity upgrade reached 3,813.25 meters.	<ul style="list-style-type: none"> Mining work of Tonglvshan Mine No. XI ore body: total drilling volume reached 2,709 m²/26,676m³. Construction and installation of the main structures of the mixed well tower and filling station has been completed. <ul style="list-style-type: none"> The development at the Tonglvshan Mine-485m middle portion: drilling volume reached 862 m²/7,853m³. Capacity upgrade and expansion of Tonglvshan Mine: Installation of some equipment at the grinding and floating main plant, medium fine crushing plant, partial major construction of screening plant and major construction of thickening tank have been completed. 	<ul style="list-style-type: none"> Copper: 5,545 tonnes; Gold: 315kg; Silver: 2,222 kg; Iron concentrates: 147,100 tonnes.
Fengshan Mine	<ol style="list-style-type: none"> Drilling depth of capacity upgrade reached 528.74 meters; Exploration depth of the east to east sector of the southern edge No. 11 Line reached 127 meters/958m³; Drilling depth of horizontal drilling reached 338 meters; Exploration depth of southern edge-50m middle portion No. 7 to No. 4 Line reached 355 meters/2,976m³; Exploration depth of east sector of southern edge No. 8 Line reached 1,104m²/9,241m³; Exploration depth of east sector of northern edge-100m reached 325 meters/2,861m³. 	<ul style="list-style-type: none"> The development at the Fengshan Mine-320m – -440m middle portion: drilling volume reached 1,239m²/13,338m³. The development at the Fengshan Mine -320m middle portion: drilling volume reached 102m²/751m³ and partial installation of wind and hydropower were completed. 	<ul style="list-style-type: none"> Copper: 2,752 tonnes; Gold: 78 kg; Silver: 2,596 kg; Molybdenum: 37 tonnes.
Tongshankou Mine	Capacity upgrade design has been completed and approved, and preparation for construction subsequent to bidding is under way.	<ul style="list-style-type: none"> In-depth mining work at Tongshankou Mine: drilling volume reached 483m²/7,183m³; Installation of main shaft reached 560m; Major construction of the integrated service building was completed; Installation of sand warehouse and cement warehouse at the filling station was completed. Due to the difficulties of land requisition for the replacement work of tailing storage facility in Tongshankou Mine, more efforts were needed for the negotiation with the government. 	<ul style="list-style-type: none"> Copper: 2,976 tonnes; Silver: 935 kg; Molybdenum: 17 tonnes.



Activities conducted at each mine as of 30 June 2014

Mine	Exploration	Development	Mining
Chimashan Mine	Physical exploration of reserved resources of crisis mine was in progress.	In-depth exploration of Chimashan Mine: sprayed concrete support reached 186m ³ .	<ul style="list-style-type: none"> • Copper: 189 tonnes; • Gold: 7 kg; • Silver: 217 kg.
Sareke Copper Mine	Drilling volume of investigation of the southern mine and east portion of northern mine reached 2,021.54 meters.	<ul style="list-style-type: none"> • Excavation of slope was completed by the end of June, and surface hardening work of the slope was completed by 27 May; • Industrial sites at the filling station and the road finishing work were under construction as scheduled; • Various works of the tailing storage facility were completed as planned. As of the end of June, main dam embankment has reached the designed elevation of 2,940m with the capacity of tailing stockpiling; • Geological exploration and production prospecting work were completed as scheduled to meet production needs. The accumulative drilling volume of geological exploration of the southern mine reached 2,100m, while the production prospecting at 2,730m section has drilled 14 horizontal holes with a depth of 950m; • Transport system in the pit has been formed, while the preparation and cutting engineering at seven stopes was basically finished. Deep hole drilling of the stope at the first mining area of the 2,730m middle portion reached 10,000m; Power supply, water supply, ventilation and drainage works are near completion; Equipment no-load test was completed at surface mineral separation main plant, and equipment is currently in the stage of fine-tuning. 	Nil (not yet commenced commercial production)
Hami Mine	No material development as at 30 June 2014		

Infrastructure projects, subcontracting arrangements and purchases of equipment

As at 30 June 2014, the new contracts entered into and commitments undertaken by the Company and its subsidiaries (collectively, the "Group") were as follows:

	Infrastructure projects RMB	Subcontracting arrangements RMB	Purchase of equipment RMB	Total RMB
Tonglvshan	26,517,000	–	29,823,174	56,340,174
Fengshan	–	–	1,638,600	1,638,600
Tongshankou	61,500,000	–	4,648,315	66,148,315
Chimashan	–	–	–	–
Sareke Mine	14,303,599	–	1,912,667	16,216,266
Hami Mine	–	–	–	–
Total	102,320,599	–	38,022,756	140,343,355

Expenditures incurred

During the six months ended 30 June 2014, we incurred approximately RMB852,960,000 (30 June 2013: RMB866,145,000) on exploration, development and mining production activities, details of which are set out below:

Mines	Operating expenses RMB'000	Capital expenditure RMB'000	Six months ended 30 June	
			2014 Total RMB'000	2013 Total RMB'000
Tonglvshan Mine	210,291	120,823	331,114	296,029
Fengshan Mine	95,469	18,569	114,038	124,352
Tongshankou Mine	123,132	99,295	222,427	225,349
Chimashan Mine	13,772	4,222	17,994	20,015
Sareke Mine	–	167,387	167,387	200,400
Hami Mine	–	–	–	–
Total	442,664	410,296	852,960	866,145



Exploration, Development and Mining Expenditures

Unit: RMB'000

	Tonglvshan Mine	Tongshankou Mine	Fengshan Mine	Chimashan Mine	Sareke Copper Mine	Hami Mine
Construction in progress of exploration activities (exploration expenses)						
Drilling and analysis	N/A	N/A	1,379.76	1,414.8	11,907	N/A
Others	N/A	N/A	N/A	N/A	N/A	N/A
Sub-total	N/A	N/A	1,379.76	1,414.8	11,907	N/A
Development activities (including mine construction)						
Purchases of assets and equipment	16,053.93	10,112.52	395.64	1,388.23	52,868.87	N/A
Civil work for construction of tunnels and roads	96,849.94	81,753.75	16,461.01	1,418.84	61,323.33	N/A
Staff cost	N/A	N/A	N/A	N/A	11,758.06	N/A
Others	7,919.47	7,428.6	332.91	N/A	29,529.75	N/A
Sub-total	120,823.34	99,294.87	17,189.56	2,807.07	155,480.01	N/A
Mining activities						
Auxiliary material	14,557.8	14,167.8	6,821.8	705.1	N/A	N/A
Power supply	20,033.2	14,411.3	9,784.5	955.7	N/A	N/A
Staff cost	68,433.8	26,680.4	30,451.4	5,632.4	N/A	N/A
Depreciation	36,794.3	18,747.7	9,474.2	1,616.3	N/A	N/A
Taxation	6,973.7	4,403	3,409.5	424.7	N/A	N/A
Sub-contracting charges	11,176	7,805.4	4,857.5	337.4	N/A	N/A
Others	52,322.4	36,916.1	30,669.6	4,100.2	N/A	N/A
Sub-total	210,291.2	123,131.7	95,468.5	13,771.8	N/A	N/A
Total	331,114.54	222,426.57	114,037.82	17,993.67	167,387.01	N/A

Financial Review

The Company operated amid the complicated and challenging environment in the first half of 2014. The Group still operated its mines with stable productivity and recorded a slight decrease in revenue in the first half of 2014.

The Group's revenue decreased by 3.0% to RMB16,443.5 million during the period over the same period last year of RMB16,944.3 million. The decrease in revenue was mainly attributable to the drop in the selling price of copper cathode during the period. Gross profit margin was maintained at about 2.6% for the period (six months ended 30 June 2013: 2.7%) and the slight decrease in gross profit margin was mainly due to the thin margin of trading of metals. The Group's EBITDA (being the Group's loss/profit for the period adding back the depreciation and amortization, finance costs, income tax credit/expense and impairment for goodwill and mining rights) for the period amounted to RMB559.6 million, representing an increase of RMB28.3 million from RMB531.3 million in the same period of last year.

The Group reported a loss attributable to owners of the Company of RMB54.4 million for the six months ended 30 June 2014, representing a significant decrease of 97.4% from the loss attributable to owners of the Company of RMB2,066.3 million reported for the corresponding period last year. This significant decrease was mainly attributable to the fact that no impairment of goodwill was recorded in the six months ended 30 June 2014, resulting in a significant decrease in the impairment of goodwill and mining rights, while for the corresponding period last year, impairment for goodwill and mining rights of RMB2,220.7 million were made at that time in relation to the unfavorable future prospect of the Group's business due to the forecasted fall of selling prices of the Group's products and expected decrease in profit margin as a result of the slowdown of the global economy.

Without taking into account these impairment losses, the Group had a loss of RMB2.3 million attributable to the owners of the Company for the six months ended 30 June 2014 (six months ended 30 June 2013: profit attributable to the owners of the Company of RMB48.3 million), which was mainly due to the drop in the selling price of copper cathode during the period.

Capital Structure, Liquidity and Financial Resources

As at 30 June 2014, the Group had bank deposits, bank balances and cash of approximately RMB2,603.9 million (31 December 2013: RMB1,612.9 million), with a current ratio of 1.01 (31 December 2013: 1.01), based on the current assets of approximately RMB11,272.1 million (31 December 2013: RMB8,899.3 million) and current liabilities of approximately RMB11,124.2 million (31 December 2013: RMB8,845.6 million). The Group's gearing ratio was 300.2% (31 December 2013: 247.7%) based on the net debts (which includes bank and other borrowings, convertible note/bonds and cumulative redeemable preference shares) of approximately RMB10,725.9 million (31 December 2013: RMB8,838.9 million) and equity attributable to owners of the Company of approximately RMB3,573.1 million (31 December 2013: RMB3,568.3 million). The increase in gearing ratio was mainly due to the increase in bank and other borrowings of the Group.



As at 30 June 2014, the Group had bank and other borrowings of approximately RMB8,596.3 million (31 December 2013: RMB5,902.0 million) and RMB3,388.8 million (31 December 2013: RMB3,194.6 million) which will be due within one year and after one year respectively. The Group had pledged its bank deposits of RMB1,673.2 million (31 December 2013: RMB172.0 million) to the banks for securing certain bank loans and facilities granted to the Group. The majority of the Group's bank and other borrowings are at fixed interest rate.

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.

Employees and Remuneration Policy

As at 30 June 2014, the Group had a total of 9,390 employees (including Hong Kong and PRC offices) (30 June 2013: 9,269). The Group's total staff costs for the six months ended 30 June 2014 was approximately RMB456,715,000 (six months ended 30 June 2013: RMB360,137,000). 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 Exposure

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 dollars (US\$) and Euros (Euro) and certain borrowings that are denominated in US\$ and Euro.

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\$ and Euro.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure. During the period, certain currency forward contracts had been entered into by the Group.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

The Group did not make any material acquisition or disposal of subsidiaries and associated companies during the six months period ended 30 June 2014.

Contingent Liabilities

As at 30 June 2014, the Group had no contingent liabilities.

Charges on Assets

As at 30 June 2014, secured bank borrowings of the Group amounting to RMB1,678.9 million (31 December 2013: RMB170.7 million) were secured by bank deposits of RMB1,673.2 million (31 December 2013: RMB172.0 million).

Change of Independent Non-executive Director and Member of Audit Committee, Remuneration Committee and Nomination Committee

Subsequent to the end of the period, on 31 July 2014: (1) Mr. Qiu Guanzhou resigned as an independent non-executive director and as a member of each of the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Company; and (2) Mr. Liu Jishun was appointed to serve in the same positions. Please see the announcement of the Company dated 31 July 2014 for further details.

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company’s listed securities.

Interim Dividend

The board of directors (the “**Board**”) of the Company (the “**Directors**”) has resolved not to declare any interim dividend for the six months ended 30 June 2014 (Six months ended 30 June 2013: Nil). During the period, the Company accrued dividends of approximately RMB2,000 (Six months ended 30 June 2013: RMB2,000) on its 16,485 cumulative redeemable preference shares.

Board of Directors

Composition of the Board

As at the date of this interim report, the Board comprises four executive Directors (including the Chairman of the Board) and three independent non-executive Directors.

As at 30 June 2014, the board comprises the following members:

Name of Director	Date of first appointment to the Board	Date of Resignation
Executive Directors		
Zhang Lin (<i>Chairman</i>)	22 March 2012	
Long Zhong Sheng	22 March 2012	
Zhai Baojin	22 March 2012	
Tan Yaoyu	22 March 2012	
Independent Non- Executive Director		
Wang Qihong	21 April 2006	
Wang Guoqi	21 April 2006	
Liu Jishun	31 July 2014	
Qiu Guanzhou	14 May 2009	31 July 2014

Directors' Interest and Short Positions in Securities

As at 30 June 2014, 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 and 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:

Name of Director	Capacity	Nature of interest	Number of shares	Number of underlying shares ^(Note 1)	Approximate percentage of shareholding
Wang Qihong	Beneficial Owner	Personal Interest	2,494,000 shares	-	0.01%

Save as disclosed above, none of the Directors or chief executive of the Company or their respective associates had any interests and short positions in any shares, underlying shares and 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.

Substantial Shareholders' Interests and Short Positions in Securities

As at 30 June 2014, so far as 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/Underlying Shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate percentage of total relevant class of shares in issue as at 30 June 2014
China Times Development Limited	Beneficial owner	13,970,671,176 shares	80.63% (Note 3)
Daye Nonferrous Metals Corporation Holdings Limited (Note 1)	Interest in a controlled corporation	13,970,671,176 shares	80.63% (Note 3)
China Cinda (HK) Asset Management Co., Limited	Beneficial owner	936,953,542 shares	5.41% (Note 3)
China Cinda Asset Management Co., Limited (Note 2)	Interest in a controlled corporation	936,953,542 shares	5.41% (Note 3)
Royal Bank of Canada	Beneficial owner	893,241,003 shares	5.15%
China Times Development Limited	Beneficial owner	4,985 CPS	30.24% (Note 4)
Daye Nonferrous Metals Corporation Holdings Limited (Note 1)	Interest in a controlled corporation	4,985 CPS	30.24% (Note 4)



Notes:

1. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by Daye Nonferrous Metals Corporation Holdings Limited.
2. These shares were held by China Cinda (HK) Asset Management Co., Limited, the entire issued capital of which were beneficially owned by China Cinda Asset Management Co., Limited.
3. The percentage is calculated based on 17,327,911,186 shares of the Company in issue.
4. The percentage is calculated based on 16,485 convertible cumulative redeemable preference shares (“CPS”) in issue.

Save as disclosed above, as at 30 June 2014, the Directors are not aware of any other persons 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.

Directors’ Interests in Contracts of Significance

Save as disclosed in above paragraphs, 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 30 June 2014 or during the six months ended 30 June 2014.

Equity

As at 30 June 2014, the total number of issued and fully paid ordinary shares of the Company was 17,327,911,186, amounting to a total issued share capital of approximately HK\$866,396,000; and there were 16,485 CPS of HK\$1 each in issue at 30 June 2014.

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 six months ended 30 June 2014.

Audit Committee

The Company has established an Audit Committee with specific written terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun. The Audit Committee has reviewed the interim report of the Company for the six months ended 30 June 2014.

Remuneration Committee

The Company has established a 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 currently comprises three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun.

Nomination Committee

The Company has established a Nomination Committee with specific terms of reference.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying individuals suitable and qualified to become Board members and making recommendations to the Board (regarding the selection of individuals nominated for directorship, the appointment of the Directors and their succession planning, with due regard to the Nomination Committee's board diversify policy) and assessing the independence of the independent non-executive Directors.

The Nomination Committee currently comprises one executive Director, namely Mr. Zhang Lin, and three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Liu Jishun.



Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of conduct regarding securities transactions by the directors of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2014.

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 (the “**CG Code**”) throughout the six months ended 30 June 2014, save for the deviation as summarized below:

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All independent non-executive Directors were not appointed for a specific term in their letters of appointment. However, they are still subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company pursuant to the relevant provisions of the Company’s bye-laws, which, in the opinion of the Directors, accomplishes the same purpose as having the non-executive Directors being appointed for a specific term.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	4, 5	16,443,523	16,944,254
Cost of sales/services		(16,020,020)	(16,488,664)
Gross profit		423,503	455,590
Other income	6	92,066	24,567
Selling expenses		(32,166)	(35,071)
Administrative expenses		(184,963)	(205,773)
Other operating expenses		(20,174)	(19,744)
Impairment of goodwill	14	–	(1,961,656)
Other gains and losses, net	7	(10,503)	(188,474)
Finance costs	8	(281,467)	(239,184)
Share of loss of joint ventures		(32,723)	–
Loss before tax		(46,427)	(2,169,745)
Income tax (expense) credit	9	(11,448)	36,362
Loss for the period	10	(57,875)	(2,133,383)
Other comprehensive (expense) income for the period:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(8,622)	2,045
Net fair value gain on available-for-sale financial assets		67,491	–
Other comprehensive income for the period, net of income tax		58,869	2,045
Total comprehensive income (expense) for the period		994	(2,131,338)

	Notes	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		(54,412)	(2,066,303)
Non-controlling interests		(3,463)	(67,080)
		(57,875)	(2,133,383)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		4,817	(2,066,189)
Non-controlling interests		(3,823)	(65,149)
		994	(2,131,338)
Loss per share	12		
— Basic and diluted		RMB(0.31) fen	RMB(11.92) fen

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Notes	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	6,871,404	6,640,509
Exploration and evaluation assets		118,334	161,023
Prepaid lease payments		733,751	718,894
Intangible assets		896,125	916,267
Interests in joint ventures		98,510	64,702
Deferred tax assets	9	64,608	76,056
Restricted bank deposits	17	—	171,993
Deposits for acquisition of intangible assets		—	31,696
Deposits for acquisition of property, plant and equipment	16	196,798	114,731
		8,979,530	8,895,871
CURRENT ASSETS			
Prepaid lease payments		21,264	20,299
Inventories		5,804,702	5,354,078
Trade, bills and notes receivables	15	1,240,935	643,273
Prepayments and other receivables	16	1,321,491	1,141,164
Derivative financial instruments	21	41,306	5,057
Restricted deposits and bank balances	17	1,923,232	301,972
Bank deposits, bank balances and cash	17	919,143	1,433,470
		11,272,073	8,899,313
CURRENT LIABILITIES			
Trade payables	18	1,593,563	1,255,860
Other payables and accrued expenses	19	842,116	1,492,513
Derivative financial instruments	21	50,934	154,006
Bank and other borrowings			
— due within one year	20	8,596,266	5,901,963
Provisions		30,720	30,720
Cumulative redeemable preference shares		881	873
Early retirement obligation		9,710	9,710
		11,124,190	8,845,645

	<i>Notes</i>	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
NET CURRENT ASSETS		147,883	53,668
TOTAL ASSETS LESS CURRENT LIABILITIES		9,127,413	8,949,539
CAPITAL AND RESERVES			
Issued equity	23	705,506	705,506
Share premium and reserves		2,867,599	2,862,782
Equity attributable to owners of the Company		3,573,105	3,568,288
Non-controlling interests		400,489	404,312
TOTAL EQUITY		3,973,594	3,972,600
NON-CURRENT LIABILITIES			
Convertible note/bonds	22	1,343,782	1,354,274
Bank and other borrowings			
— due after one year	20	3,388,848	3,194,645
Deferred income		215,232	217,023
Provisions		39,756	39,169
Early retirement obligation		24,167	30,153
Deferred tax liabilities	9	142,034	141,675
		5,153,819	4,976,939
		9,127,413	8,949,539

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company												Non-controlling interests	Total equity
	Issued equity			Share premium	Convertible note		Capital reserve	PRC statutory reserves	Available-for-sale financial assets		Retained profits	Total		
Ordinary share capital	Other reserve	Contributed surplus accounts	Share reserve		Share option reserve	equity reserve			Reserve	revaluation reserve			Translation reserve	RMB '000
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
					(Note 22(a))	(Note (i))	(Note (ii))							
At 1 January 2013 (Audited)	705,506	1,554,303	-	6,531,958	51,648	281,298	(4,197,317)	74,097	-	5,876	485,079	5,492,448	433,040	5,925,488
Loss for the period	-	-	-	-	-	-	-	-	-	-	(2,066,303)	(2,066,303)	(67,080)	(2,133,383)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	114	-	114	1,931	2,045
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	-	-	114	(2,066,303)	(2,066,189)	(65,149)	(2,131,338)
Reduction of share premium (Note (iii))	-	-	4,373,075	(6,531,958)	-	-	-	-	-	-	2,158,883	-	-	-
Cancellation of share options outstanding (Note (iv))	-	-	-	-	(51,648)	-	-	-	-	-	-	51,648	-	-
Appropriation of maintenance and production funds	-	-	-	-	-	-	-	28,705	-	-	(28,705)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	-	-	(14,007)	-	-	14,007	-	-	-
At 30 June 2013 (Unaudited)	705,506	1,554,303	4,373,075	-	-	281,298	(4,197,317)	88,795	-	5,990	614,609	3,426,259	367,891	3,794,150
At 1 January 2014 (Audited)	705,506	1,554,303	4,373,075	-	-	281,298	(4,184,848)	97,536	-	18,476	722,942	3,568,288	404,312	3,972,600
Loss for the period	-	-	-	-	-	-	-	-	-	-	(54,412)	(54,412)	(3,463)	(57,875)
Other comprehensive income (expense) for the period	-	-	-	-	-	-	-	-	67,491	(8,262)	-	59,229	(360)	58,869
Total comprehensive income (expense) for the period	-	-	-	-	-	-	-	-	67,491	(8,262)	(54,412)	4,817	(3,823)	994
Appropriation of maintenance and production funds	-	-	-	-	-	-	-	23,512	-	-	(23,512)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	-	-	(23,512)	-	-	23,512	-	-	-
At 30 June 2014 (Unaudited)	705,506	1,554,303	4,373,075	-	-	281,298	(4,184,848)	97,536	67,491	10,214	668,530	3,573,105	400,489	3,973,594

Notes:

- (i) The balance of capital reserve mainly comprises capital contribution from the then immediate holding company of Prosper Well Group Limited, a wholly owned subsidiary of the Company acquired in the Transaction (as defined in note 2), and the reserves arising from the Transaction.

(ii) **Statutory reserves**

Statutory surplus reserve

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 (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 company and can be used to make up for previous years' losses or, expand the existing operations or can be converted 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 profits 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 profits.

- (iii) In accordance with the provisions of section 46 of the Companies Act 1981 of Bermuda, 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 to be credited to the contributed surplus account of the Company.
- (iv) Pursuant to the board resolution of the Company on 26 March 2013, the Company's share options scheme adopted on 13 October 2003 was cancelled.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(1,385,239)	(336,752)
NET CASH USED IN INVESTING ACTIVITIES	(1,792,207)	(1,696,243)
NET CASH FROM FINANCING ACTIVITIES	2,636,093	2,421,661
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(541,353)	388,666
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,433,470	1,030,709
Effect of foreign exchange rate changes	27,026	(474)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	919,143	1,418,901
Represented by:		
Bank balances and cash	919,143	1,418,901

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. General Information

China Daye Non-Ferrous Metals Mining Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The address of the registered office and principal place of business of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 18th Floor, 8 Queen’s Road Central, Central, Hong Kong, respectively.

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally involved in mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company (the “Directors”), the ultimate holding company is China Nonferrous Metal Mining (Group) Co., Ltd., a company incorporated with limited liability under the laws of the PRC.

The functional currency of the companies comprising the Group is Renminbi (“RMB”), except for the Company’s functional currency in Hong Kong Dollar (“HK\$”), and these condensed consolidated financial statements have been presented in RMB.

2. Basis of Preparation

On 7 March 2012, the Group acquired the entire issued share capital of Prosper Well Group Limited (“Prosper Well”, a company incorporated in British Virgin Islands (“BVI”) with limited liability) from China Times Development Limited (“China Times”), and China Cinda (HK) Asset Management Co., Limited (“Cinda HK”) by the allotment and issue of 10,799,762,092 and 936,953,542 ordinary shares of the Company with nominal value of HK\$0.05 each (collectively referred to as the “Consideration Shares”) to China Times and Cinda HK, respectively, as well as the issue of HK\$1,003,836,048 zero coupon convertible note to China Times (the “Transaction”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and serviced rendered, after trade discounts and sales related tax, for the period.

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from sale of goods	16,416,993	16,921,433
Revenue from the rendering of services	26,530	22,821
	16,443,523	16,944,254

5. Segment Information

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

As the Group is mainly involved in exploration of mineral resources, the Group has one reportable operating segment, being production and sale of copper and other related products. No operating segment information is presented other than entity-wide disclosures. The chief executive officer of the Company reviewed the condensed consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole.

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

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 <i>RMB'000</i> (Unaudited)
Sales of goods		
— copper cathodes	11,864,870	11,240,594
— other copper products	352,386	1,757,594
— gold and other gold products	2,598,942	1,860,281
— silver and other silver products	1,319,086	1,148,970
— sulphuric and sulphuric concentrate	76,915	95,152
— iron ores	97,449	116,809
— others	107,345	702,033
	16,416,993	16,921,433
Rendering of services		
— copper processing	21,073	11,651
— others	5,457	11,170
	26,530	22,821
Total revenue	16,443,523	16,944,254

Geographical information

The Group operates in three principal geographical areas — the PRC, Hong Kong and The Republic of Mongolia (“Mongolia”).

The Group’s revenue from external customers by location of operations and information about its non-current assets (excluding deferred tax assets and restricted bank deposits) by location of assets is detailed below:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PRC	15,118,940	13,943,744	8,326,490	7,996,564
Hong Kong	1,324,583	3,000,510	587,949	650,729
Mongolia	—	—	483	529
	16,443,523	16,944,254	8,914,922	8,647,822

6. Other Income

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	31,223	10,314
Value-added tax refund	50,397	638
Government grants received (<i>Note</i>)	3,496	10,037
Deferred income recognised	6,950	3,578
	92,066	24,567

Note: The government grants mainly represented subsidies for imported copper ores and refunds of river mention maintenance fees.

7. Other Gains and Losses, Net

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Losses on disposal of property, plant and equipment, net	278	(6,932)
Impairment for mining rights (<i>Note</i>)	(57,088)	(259,000)
Fair value changes (transactions not qualified as fair value hedges) from:		
— Commodity derivatives contracts	24,040	(48,458)
— Currency forward contracts	12,968	(6,640)
— Gold loans designated as financial liabilities at fair value through profit or loss	(27,439)	49,944
— Provisionally priced sales agreement	(2,545)	(14,805)
Fair value changes (transactions qualified as fair value hedges) from:		
— Inventory hedged by commodity futures contracts	19,044	63,506
— Fair value losses of commodity futures contracts designated as hedging instrument	(19,044)	(65,692)
Gain on derivative component on convertible notes/bonds (<i>Note 22 (b)</i>)	77,207	52,965
Exchange (losses) gains, net	(44,372)	46,195
Allowance for impairment of:		
— trade receivables	(128)	(45)
— other receivables	98	(1,108)
Others	6,478	1,596
	(10,503)	(188,474)

Note: The impairment for mining rights were made in relation to the Group's copper mine in Xinjiang Uygur Autonomous Region in view of the unfavourable future prospect of the copper mine due to the forecasted fall of selling price of their copper products and expected decrease in profit margins as a result of the slowdown of the global economy.

The impairment loss was provided based on value in use calculations, which use cash flow projections based on financial budgets, taken into account of the most recent copper price, approved by the Directors over the life of these copper mines and at a discount rate of 16% (2013: 18.18% (Unaudited)).

8. Finance Costs

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest on bank and other borrowings:		
— wholly repayable within five years	(230,199)	(191,399)
— wholly repayable beyond five years	(27)	(8,075)
Interest on convertible note/bonds (Note 22)	(63,215)	(44,483)
Unwind interest of provisions	(587)	(3,210)
Unwind interest of early retirement obligation	—	(844)
Total borrowing costs	(294,028)	(248,011)
Less: Borrowing costs capitalised in construction in progress	12,561	8,827
	(281,467)	(239,184)
The weighted average capitalisation rate on funds borrowed, generally (per annum)	5.28%	4.45%

9. Income Tax (Expense) Credit

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax	–	(1,717)
Deferred income tax	(11,448)	38,079
Income tax (expense) credit	(11,448)	36,362

No provision for Hong Kong profits tax has been made as the Group has no assessable profit generated in Hong Kong for both periods. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both periods.

Income tax (expense) credit for the period can be reconciled to the loss before tax per the condensed consolidated statement of profit or loss and comprehensive income as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss before tax	(46,427)	(2,169,745)
Tax at applicable income tax rate of 25%	11,606	542,436
Effect of tax concession	–	3,372
Income not subject to tax (<i>Note</i>)	15,854	28,717
Expenses not deductible for tax purposes	51	(520,801)
Tax losses not recognised	(38,959)	(13,417)
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	–	(3,945)
Income tax (expense) credit for the period	(11,448)	36,362
Effective tax rate	24.7%	(1.7)%

Note: Income not subject to tax mainly represents exempted income from the Group's sales of metal products produced using prescribed resources, including silver and vitriol, pursuant to the Article 33 of the EIT Law and the Article 99 of the PRC EIT Detailed Implementation Regulations. According to these tax regulations, 10% of the income derived from the sales of particular products can be deducted from taxable income of an entity if it utilises certain prescribed resources, that are not restricted or prohibited by the PRC government and satisfy the relevant State and industrial criteria, as the major materials in the production of those products.

The balances of deferred tax assets and liabilities are as follows:

	At 30 June 2014 US\$'000 (Unaudited)	At 31 December 2013 US\$'000 (Audited)
Deferred tax assets	64,608	76,056
Deferred tax liabilities	(142,034)	(141,675)
	(77,426)	(65,619)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current period:

	Accrued expenses RMB'000	Mining rights RMB'000	Convertible note RMB'000	Provisions RMB'000	Early retirement obligation RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014 (Audited)	17,508	(94,000)	(37,381)	17,470	9,966	13,904	6,333	581	(65,619)
(Charge)/credit to profit or loss	(7,281)	-	-	(3,287)	(1,519)	(3,753)	-	4,392	(11,448)
Exchange realignment	-	-	(359)	-	-	-	-	-	(359)
At 30 June 2014 (Unaudited)	10,227	(94,000)	(37,740)	14,183	8,447	10,151	6,333	4,973	(77,426)

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries and a joint venture from 1 January 2008 onwards. Deferred taxation has not been provided for in these condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries and a joint venture amounting to RMB826,570,000 as at 30 June 2014 (31 December 2013: RMB837,294,000 (Audited)) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 30 June 2014, the Group has unused tax losses of RMB219,879,000 (31 December 2013: RMB64,043,000 (Audited)) available for offset against future profits. These unused tax losses as at 30 June 2014 may be carried forward indefinitely. The Group has not recognised deferred tax asset for these unused tax losses as at 30 June 2014 due to the unpredictability of future profit streams (31 December 2013: Nil (Audited)).

10. Loss For The Period

Loss for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	232,957	217,984
Amortisation of intangible assets (included in administrative expenses)	24,448	11,749
Amortisation of prepaid lease payments	10,063	11,497
Staff costs:		
Salaries, wages and welfare	317,823	328,494
Retirement benefit schemes contributions	138,892	31,643
Total staff costs	456,715	360,137
Cost of inventories recognised as an expense	16,020,020	16,488,664
Research costs	1,055	5,272
Donations	180	128
Minimum lease payments in respect of land and buildings	8,530	7,182

11. Dividends

No dividend in respect of ordinary shares has been paid or declared by the Company for both periods.

During the period, the Company accrued dividends of approximately RMB2,000 (Six months ended 30 June 2013: RMB2,000) on its 16,485 cumulative redeemable preference shares. Such accrued dividends are included in finance costs of the Group.

12. Loss Per Share

The calculations of the basic and diluted loss per share attributable to the ordinary shareholders of the Company are based on the following data:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(54,412)	(2,066,303)
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	17,327,911	17,327,911

The computation of diluted loss per share for the six months ended 30 June 2013 does not assume the conversion of the Company's outstanding HK\$220,000,000 1% convertible notes, HK\$1,003,836,048 zero coupon convertible note, cumulative redeemable preference shares and RMB820,000,000 0.5% convertible bonds since their exercise would result in a reduction in loss per share for the six months ended 30 June 2013.

The computation of diluted loss per share for the six months ended 30 June 2014 does not assume the conversion of the Company's outstanding HK\$1,003,836,048 zero coupon convertible note, cumulative redeemable preference shares and RMB20,000,000 0.5% convertible bonds since their exercise would result in a reduction in loss per share for the six months ended 30 June 2014.

The computation of diluted loss per share for the six months ended 30 June 2013 does not assume the exercise of the Company's options because the exercise price of those options was higher than the market prices of the Company's ordinary shares for these periods.

13. Property, Plant and Equipment

During the six months ended 30 June 2014, the Group acquired property, plant and equipment and incurred construction costs amounting to approximately RMB466,231,000 (six months ended 30 June 2013: RMB495,972,000 (Unaudited)).

14. Goodwill

The Group's goodwill arose from the Transaction as disclosed in note 2 and is allocated to one cash generating unit, being the Group after the completion of the Transaction, which also represents the single operating segment of the Group as disclosed in note 5.

In June 2013, the Directors decided that full impairment for the goodwill of RMB1,961,656,000 be charged to the condensed consolidated statement of profit or loss and other comprehensive income in the period ended 30 June 2013 due to the unfavourable future prospect of the business of the Group due to the forecasted fall of selling price of the Group's products and expected decrease in profit margins as a result of the slowdown of the global economy.

The impairment loss was provided based on value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period and a discount rate of 18.18%. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 3% per annum growth rate which is the projected long-term average growth rate for the industry.

15. Trade, Bills and Notes Receivables

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Trade receivables	480,379	55,246
Less: Allowance of doubtful debts	(4,571)	(4,443)
	475,808	50,803
Bills receivable:		
— On hand	29,520	304,557
— Discounted to banks	517,050	—
— Endorsed to suppliers	168,557	267,913
Notes receivable discounted to banks	50,000	20,000
Total trade, bills and notes receivables	1,240,935	643,273

The majority of sales are made under contractual arrangements whereby a significant portion of amount of each sale is received before delivery or promptly after delivery and the remainder is received within 6 months after delivery. The following is an aged analysis of trade receivables, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognized, net of allowance for doubtful debts.

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Trade receivables, net		
— Less than 1 year	474,022	50,670
— 1–2 years	1,665	133
— 2–3 years	121	–
	475,808	50,803

The Group's notes receivable represents the commercial acceptance notes issued by third parties. The maturity period of both bills and notes receivable are normally 6 months.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB4,571,000 as at 30 June 2014 (31 December 2013: RMB4,443,000 (Audited)) which have either been placed under liquidation or in severe financial difficulties.

Included in the Group's trade receivables are balances with the following related parties:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Fellow subsidiaries	218,683	1,776

The above balances with related parties are unsecured, interest-free and are repayable according to the relevant sales contracts.

16. Prepayments, Deposits and Other Receivables

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Non-current:		
Deposits for acquisition of property, plant and equipment	196,798	114,731
Current:		
Deposits for inventories	614,699	494,424
Value-added tax recoverable	186,810	215,766
Consideration receivables	—	2,038
Other receivables	556,016	465,068
Less: Provision for impairment	(36,034)	(36,132)
	1,321,491	1,141,164

Included in the Group's prepayments and other receivables are balances with the following related parties:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Prepayments made to		
— Daye Corporation	87,765	89,789
— Fellow subsidiaries	216,500	31,926
Other receivables due from		
— Fellow subsidiaries	20	9,716
— Joint ventures	407,719	383,434

The above balances with related parties are unsecured, interest-free and are repayable on demand.

17. Deposits, Bank Balances and Cash

(i) Restricted deposits and balances

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Current		
Bank deposits (Note (a))	1,673,235	–
Bank balances (Note (b))	11,499	7,420
Other deposits (Note (c))	238,498	294,552
	1,923,232	301,972
Non-current		
Bank deposits (Note (a))	–	171,993

Notes:

- (a) Bank deposits are pledged to banks as security for certain bank loans and banking facilities of the Group. The effective interest rates of these bank deposits are as follows:

	At 30 June 2014 % (Unaudited)	At 31 December 2013 % (Audited)
Weighted average effective interest rate (per annum)	3.51	4.08

Further details are set out in note 20(a).

- (b) Bank balances are held in designated bank accounts as security for the Group's bills payable and letters of credit. Bank balances earn interest at floating rates based on daily bank deposit rates.
- (c) Other deposits are held in certain financial institutions as security for the commodities derivative and currency forward contracts.

(ii) Bank balances and cash

Bank balances carry interest at market rates ranging from 0.4% to 0.5% per annum at the end of each reporting period.

18. Trade Payables

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

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Within 1 year	1,568,269	1,245,292
More than 1 year, but less than 2 years	17,404	3,371
More than 2 years, but less than 3 years	720	1,564
Over 3 years	7,170	5,633
	1,593,563	1,255,860

Included in the Group's trade payables are balances with the following related parties:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Fellow subsidiaries	16,382	22,531
Joint ventures	–	145,416

The above balances with related parties are unsecured, interest-free and are repayable according to purchase contracts.

19. Other Payables and Accrued Expenses

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Receipts in advance from customers	140,773	395,002
Salaries and welfare payables	57,250	82,104
Interest payables	36,976	42,576
Current portion of deferred income	11,582	12,136
Other payables and accruals	595,525	960,687
Dividend payable	10	8
	842,116	1,492,513

Included in the Group's other payables and accrued expenses are balances with the following related parties:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Receipts in advance from customers		
— Fellow subsidiaries	8,423	50,090
— Joint ventures	38,987	315,317
Other payables		
— An intermediate holding company	13,364	2,438
— Fellow subsidiaries	13,494	100,553
— Joint ventures	11,324	—

The above balances with related parties are unsecured, interest-free and repayable on demand.

20. Bank and Other Borrowings

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Bank borrowings		
— secured (<i>Note (a)</i>)	1,678,871	170,716
— unsecured (<i>Note (b)</i>)	6,113,286	5,674,337
Other borrowings		
— Loans from an intermediate holding company, unsecured (<i>Note (c)</i>)	1,968,333	1,347,878
— Advance from banks for discounted bills	517,050	—
— Advance from banks for discounted notes	50,000	20,000
— Gold loans (<i>Note (d)</i>)	1,657,574	1,083,677
— Short-term Notes (<i>Note (e)</i>)	—	800,000
	11,985,114	9,096,608
Carrying amounts repayable:		
Within one year and on demand	8,596,266	5,901,963
More than one year, but not exceeding two years	2,101,912	1,984,094
More than two years, but not exceeding five years	1,279,709	1,113,209
More than five years	7,227	97,342
	11,985,114	9,096,608
Less: Amounts shown under current liabilities	(8,596,266)	(5,901,963)
	3,388,848	3,194,645

Notes:

- (a) As at 30 June 2014, secured bank borrowings of the Group amounting to RMB1,678,871,000 (31 December 2013: RMB170,716,000 (Audited)) were secured by bank deposits of RMB1,673,235,000 (31 December 2013: RMB171,993,000 (Audited)).
- (b) As at 30 June 2014 and 31 December 2013, none of the Group's unsecured bank borrowings was secured by any guarantee.
- (c) The details of unsecured loans from an intermediate holding company of the Company, Daye Non-Ferrous Metals Corporation Holdings Limited ("Daye Corporation"), are as follows:

Interest rate	Terms of repayment	At 30 June	At 31 December
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Audited)
Fixed rate at 4.98% per annum	Repayable on 15 October 2015	490,000	490,000
Fixed rate at 4.98% per annum	Repayable on 1 December 2016	90,000	90,000
Fixed rate at 5.79% per annum	Repayable on 17 January 2017	500,000	500,000
Fixed rate at 6.15% per annum	Repayable on 29 April 2017	115,000	-
Fixed rate at 6.15% per annum	Repayable on 30 April 2017	20,000	-
Fixed rate at 6.15% per annum	Repayable on 4 May 2017	30,000	-
Fixed rate at 6.15% per annum	Repayable on 22 May 2017	10,000	-
Floating rate quoted by People's Bank of China	Not demand for repayment before 2 April 2015	-	267,878
Floating rate quoted by People's Bank of China	Not demand for repayment before 1 July 2015	713,333	-
		1,968,333	1,347,878

- (d) The unrealised loss arising from change in fair value of gold loans designated as financial instruments of RMB27,439,000 has been charged to profit or loss for the six months ended 30 June 2014 (For the six months ended 30 June 2013: a gain of RMB49,944,000 (Unaudited)).
- (e) On 17 May 2013, the Group issued unsecured short-term notes at par value of RMB800,000,000 which bear interest at a fixed rate of 4.44% per annum and have a maturity of 365 days from the date of issuance. These notes were fully redeemed in the current period.

21. Derivative Financial Instruments

	Current Assets		Current Liabilities	
	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Carried at fair value				
— Copper futures contracts	2,121	2,649	11,405	13,521
— Copper option contracts	—	—	3,468	7,929
— Gold futures contracts	21,942	1,186	4,730	112,790
— Silver futures contracts	—	1,222	4,199	—
— Silver option contracts	—	—	—	570
— Zinc futures contracts	—	—	2,575	1,459
— Currency forward contracts	17,243	—	12,736	8,461
— Provisionally priced sales agreement	—	—	11,821	9,276
	41,306	5,057	50,934	154,006

The Group uses commodity derivative contracts to hedge its commodity price risk. Commodity derivative contracts utilised by the Group include standardised copper futures contracts in Shanghai Futures Exchange (“SHFE”) and others. Besides, the Group also entered into currency forward contracts with certain banks to hedge certain of its currency risk arising from certain of its bank loans denominated in US\$.

Under hedge accounting

The Group utilises commodity derivative contracts (copper future contracts) to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories, mainly includes copper concentrate, copper cathodes and other copper products. For the purpose of hedge accounting, those hedging transactions of the Group are classified as fair value hedge.

The Group formally designates and documents the hedging relationship at the inception of the hedge, risk management objective and strategy for undertaking the hedges. The fair value hedges of the Group were assessed to be highly effective and qualified for hedge accounting.

Details of the fair value losses of commodity derivative contracts designated as fair value hedges of the Group and the net fair value gains of the hedged items, inventories, attributable to the risk hedged have been disclosed in note 7.

Not under hedge accounting

The Group did not formally designate or document the hedging transactions with respect to the copper option contracts, gold futures contracts, silver futures contracts, silver option contracts, zinc futures contracts and the foreign currency forward contracts. Therefore, these transactions were not qualified for hedge accounting.

22. Convertible Note/Bonds

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Liability component:		
HK\$1,003,836,048 zero coupon convertible note (<i>Note (a)</i>)	598,957	562,664
RMB820,000,000 0.5% convertible bonds (<i>Note (b)</i>)	705,388	674,966
	1,304,345	1,237,630
Derivative component:		
RMB820,000,000 0.5% convertible bonds (<i>Note (b)</i>)	39,437	116,644
	39,437	116,644
	1,343,782	1,354,274
Analysed as:		
Current	–	–
Non-current	1,343,782	1,354,274
	1,343,782	1,354,274

Notes:

(a) HK\$1,003,836,048 zero coupon convertible note

Part of the consideration in respect of the Transaction was the issue of HK\$1,003,836,048 zero coupon convertible note to China Times on 7 March 2012.

This zero coupon convertible note entitles the holders to convert to ordinary shares of the Company at an initial conversion price of HK\$0.5 (subject to the anti-dilutive adjustments in accordance with the terms of the convertible note) at any time during the period commencing from the issue date of the convertible note.

Unless previously converted and cancelled by the Company, the Company shall redeem any outstanding convertible note at the principal amount on the maturity date which is the date falling five years after the issue date.

The Group determined the fair value of the liability component based on the valuations performed by Jones Lang LaSalle using discounted cash flow approach. The effective interest rate is 11.2%. The residual amount was assigned as the equity component for the conversion option and was included in the convertible note equity reserve of the Group.

The liability component is carried as a non-current liability on an amortised cost basis until extinguished on conversion or redemption.

The movements of the liability component and equity component of the convertible note for the current period are as follows:

	Liability component <i>RMB'000</i>	Equity component <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014 (Audited)	562,664	336,884	899,548
Interest expense	30,743	–	30,743
Exchange realignment	5,550	–	5,550
At 30 June 2014 (Unaudited)	598,957	336,884	935,841

(b) RMB820,000,000 0.5% convertible bonds (the “Bonds”)

The Bonds were issued by the Company on 30 May 2013 (the “Issue Date”) in the aggregate principal amount of RMB820,000,000 (in registered form in the denomination of RMB1,000,000 each or integral multiples thereof) and are listed on the Mainboard of the Hong Kong Stock Exchange.

The Bonds are convertible into ordinary shares of the Company (the “Shares”) at any time on or after 10 July 2013 up to the close of business on the tenth day prior to 30 May 2018 (the “Maturity Date”) (both days inclusive), unless previously redeemed, converted, or purchased and cancelled. The conversion price (subject to adjustments according to the “Terms and Conditions” of the Bonds) (the “Conversion Price”) is initially HK\$0.30 per Share at the fixed exchange rate of HK\$1.00 = RMB0.79859.

The Bonds bear interest from and including the 30 May 2013 up to but excluding the Maturity Date at the rate of 0.5% per annum of the principal amount of the Bonds and payable in United States Dollar (“US\$”) at the US\$ equivalent semi-annually in arrears on 30 November and 30 May in each year subject to the Terms and Conditions. The first interest payment date was 30 November 2013. After the conversion rights of the Bonds have been exercised or where such Bond is redeemed or repaid pursuant to the Terms and Conditions, each Bond will not bear any interest.

Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the Terms and Conditions, the Company shall redeem each Bond at the US\$ equivalent of 102.56% of the RMB principal amount on the Maturity Date.

The Company shall, at the option of the holders of the Bonds (the "Bondholders"), redeem all or some only of such Bondholders on 30 May 2016 at 101.52% of their RMB principal amount. The US\$ equivalent of amount equal to 100% of the RMB principal amount of the Bond redeemed plus the applicable amount which will provide the Bondholder a gross compound yield of 1.00% per annum calculated on a semi-annual basis (the "Early Redemption Amount") plus any accrued but unpaid interest.

A Bondholder shall have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of such Bondholder's Bonds at the US\$ equivalent of the Early Redemption Amount on the date fixed for redemption upon (i) the Shares ceasing to be listed or admitted to trading or suspended for a period of more than 30 consecutive trading days on the Hong Kong Stock Exchange or, if applicable, the alternative stock exchange; or (ii) any person or persons (other than Daye Corporation and China Times) acting together acquires more than 50% of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board; or (iii) if Daye Corporation and/or China Times and/or their respective successors directly or indirectly, acting individually or together, ceases to hold at least 30% of the voting rights of the issued share capital of the Company; or (iv) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person; or (v) one or more persons (other than such persons referred to in (ii) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Company.

The Bonds are subject to redemption at the option of the Company in whole but not in part at the US\$ equivalent of the Early Redemption Amount on the date fixed for redemption plus accrued interest and unpaid interest to such date provided that (i) at any time after 30 May 2016, the closing price of the Shares for each of the 20 consecutive trading days, the last day of which occurs not more than three Hong Kong Stock Exchange business days immediately prior to the date upon which notice of such redemption, is at least 130% of the Early Redemption Amount divided by the "Conversion Ratio" (which is arrived at dividing the principal amount of each Bond by the Conversion Price then in effect immediate prior to the date of the aforesaid notice of such redemption; or (ii) at any time, at least 90% of the principal amount of Bonds originally issued have been converted, redeemed or purchased and cancelled; or (iii) as a result of changes relating to the tax laws in Bermuda or Hong Kong the Company becomes obligated to pay any additional tax amounts but subject to the non-redemption option of each Bondholder.

The Company will undertake that so long as any Bond remains outstanding (as defined in the trust deed), the Company will not, and will ensure that none of its Principal Subsidiaries (as defined in the Terms and Conditions) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any relevant indebtedness, or any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any relevant indebtedness unless, at the same time or prior thereto, the Company's obligations under the Bonds (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the trustee in its absolute discretion shall deem to be not materially less beneficial to the interests of the Bondholders or as shall be approved by an extraordinary resolution of the Bondholders.

The Bonds have the benefit of the irrevocable standby letter of credit issued in favour of the trustee, on behalf of the Bondholders, by Bank of China Limited, Macau Branch (the "Letter of Credit") until 29 June 2016 or such earlier date as specified below. The Letter of Credit shall be drawable by the trustee as beneficiary under the Letter of Credit on behalf of itself and the Bondholders upon the presentation of a demand by authenticated SWIFT sent by the trustee to the effect that (i) the Company has failed to pay the pre-funding an amount that is payable under the Terms and Conditions; or (ii) an event of default has occurred and the trustee has given notice to the Company that the Bonds are immediately due and payable; or (iii) the Company has failed to pay the fees and expenses in connection with the Bonds or the trust deed when due and such failure continues for a period of 7 days from the date of the trustee delivering demand therefor to the Company; or (iv) the payment by Bank of China Limited, Macau Branch (the "SBLC Bank") pursuant to a previous demand presented by the trustee in accordance the preceding subparagraph (iii) was when converted into US\$ not sufficient to discharge in full the fees and expenses in connection with the Bonds; or the trust deed when due. Subject to the Terms and Conditions, the Letter of Credit shall expire on the date falling 3 years and 30 days after the Issue Date.

The SBLC Bank's liability under the Letter of Credit shall be expressed and payable in RMB and shall not exceed the sum representing RMB840,000,000 which will from time to time be reduced by (i) each amount drawn and paid under the Letter of Credit; and (ii) redemption, conversion or repurchase and cancellation of the Bonds and receipt by the SBLC Bank of a Reduction Notice (as defined in the Letter of Credit) in relation thereto.

Further details of the Bonds are set out in the Company's announcements dated 9 May 2013 and 30 May 2013.

The Company determined the fair value of the derivative component (conversion right of Bondholders) of the Bonds based on the valuations performed by Jones Lang LaSalle using the Binominal Model and such amounts are carried as derivative components until extinguished on conversion or redemption. Changes in fair value of the derivative component is recognised in profit or loss.

The liability component of the Bonds was initially measured at fair value and subsequently measured at amortised cost basis until extinguished on conversion or redemption. The effective interest rate is 8.1% per annum.

The movements of the liability component and the derivative component of the Bonds for the current period are as below:

	Liability component <i>RMB'000</i>	Derivative component <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014 (Audited)	674,966	116,644	791,610
Interest expense	32,472	–	32,472
Fair value adjustment	–	(77,207)	(77,207)
Interest paid	(2,050)	–	(2,050)
At 30 June 2014 (Unaudited)	705,388	39,437	744,825

23. Issued Equity

Ordinary share capital of the Company

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.05 each		
At 31 December 2013 (Audited) and 30 June 2014 (Unaudited)	30,000,000,000	1,500,000
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		<i>RMB'000</i>
At 31 December 2013 (Audited) and 30 June 2014 (Unaudited)	17,327,911,186	705,506

24. Operating Leases — The Group as Lessee

The Group leases certain lands under non-cancellable operating leases from Daye Corporation for 30 years. The Group has also leases certain of office properties and staff apartments under non-cancellable operating leases from independent third parties with an average life ranging from 1 to 3 years. The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

At the end of each of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease which fall due as follows:

	At 30 June 2014 <i>RMB'000</i> (Unaudited)	At 31 December 2013 <i>RMB'000</i> (Audited)
Within one year	16,542	13,969
In the second to fifth year inclusive	56,610	51,017
Over five years	261,461	274,214
	334,613	339,200

25. Capital Commitments

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Capital expenditure authorised but not contracted for in respect of:		
— acquisition of property, plant and equipment	1,444,831	1,921,435
Capital expenditure contracted but not provided for in respect of:		
— acquisition of an intangible asset	—	31,696
— acquisition of property, plant and equipment	949,492	994,860

26. Related Party Transactions

- (a) Other than the transactions and balances with related parties disclosed elsewhere in these condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

	Notes	Related parties	Six months ended 30 June	
			2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Income:				
— Sales of non-ferrous metals	(i)	Fellow subsidiaries	1,052,390	660,837
— Sales of other materials	(i)	Fellow subsidiaries	76,720	39,648
— Sales of other materials	(i)	Daye Corporation	127	—
— Sales of services	(i)	Daye Corporation	1,926	392
— Sales of services	(i)	Fellow subsidiaries	—	1,209
Expenses:				
— Transportation fees	(i)	An associate of Daye Corporation	1,874	253
— Utilities fees	(i)	Fellow subsidiaries	152,356	167,700
		An associate of Daye Corporation	300	1,129
— Purchases of non-ferrous metals	(i)	Daye Corporation	641,707	1,287
		Fellow subsidiaries	27,626	1,291,182
		An associate of Daye Corporation	—	21,527
— Rental expense	(i)	Daye Corporation	12,754	6,377
		Fellow subsidiary	2,212	—
— Medical service fees	(i)	Fellow subsidiary	333	4,130
— Interest expense	(i), (ii)	Daye Corporation	44,523	29,088
Capital expenditure:				
— Construction contract fees	(i)	Fellow subsidiaries	85,111	83,932
— Other service fees	(i)	Fellow subsidiaries	139,068	1,150,989

Notes:

- (i) These transactions were conducted in accordance with terms of the relevant agreements.
- (ii) The interest expense arose from unsecured loans from Daye Corporation. Further details of the loans at the end of the reporting period are set out in note 20(c).

- (b) The details of remuneration of key management personnel, representing emoluments of the Directors, paid during the period are set out below:

	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salary, bonus and other allowance	1,602	1,620
Retirement benefit schemes contributions	82	67
	1,684	1,687