



# 中國大冶有色金屬礦業有限公司

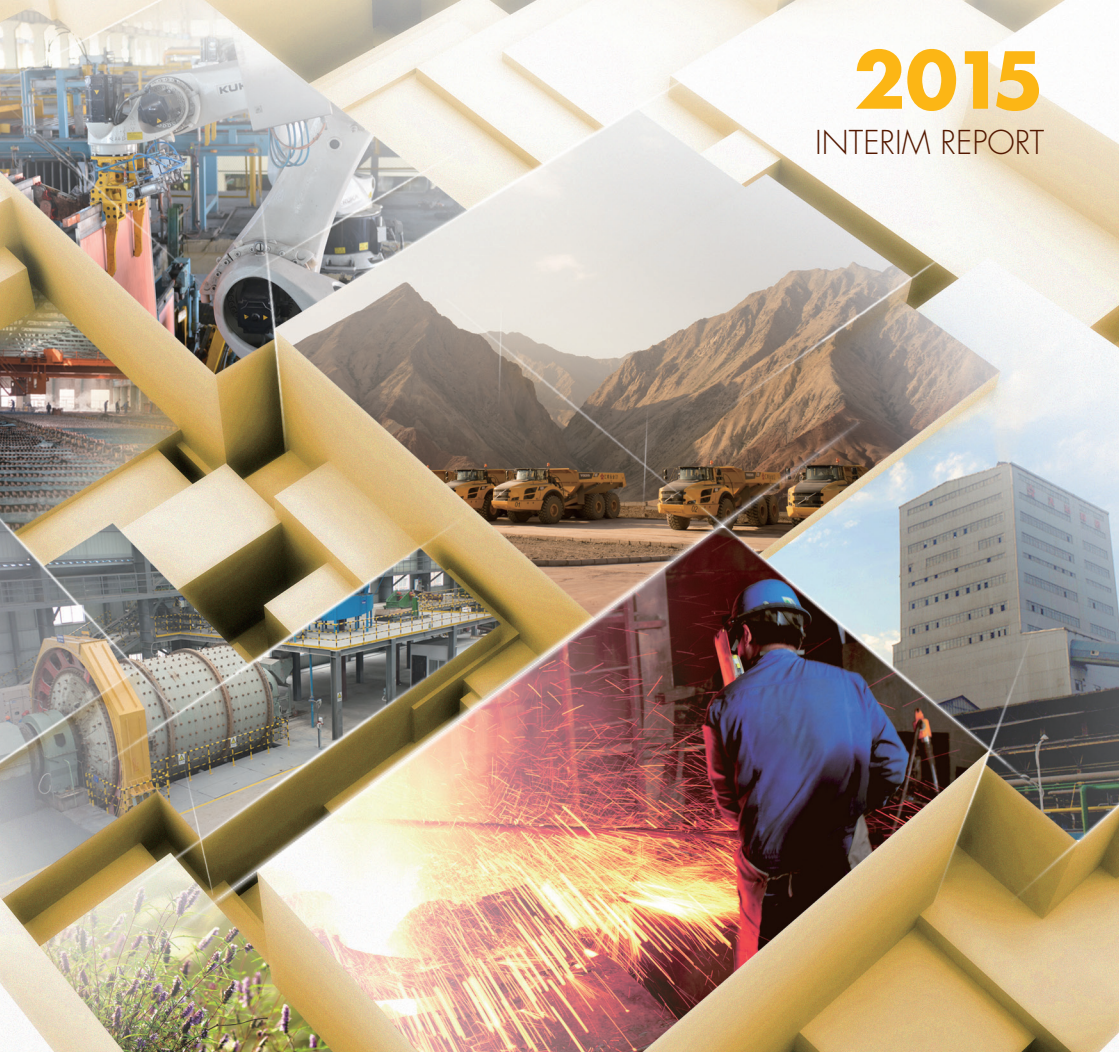
## China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 00661

# 2015

## INTERIM REPORT



# 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

Liu Jishun

### AUDIT COMMITTEE /

#### REMUNERATION COMMITTEE

Wang Guoqi (*Chairman*)

Wang Qihong

Liu Jishun

### NOMINATION COMMITTEE

Zhang Lin (*Chairman*)

Wang Guoqi

Wang Qihong

Liu Jishun

### COMPANY SECRETARY

Lau Pok Yuen

(appointed on 31 July 2015)

Yeung Wing Kwan

(resigned on 31 July 2015)

### LEGAL ADVISERS

#### As to Hong Kong law:

Paul Hastings

#### As to Bermuda law:

Conyers, Dill & Pearman

### AUDITOR

Deloitte Touche Tohmatsu

### PRINCIPAL 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

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 CODE

Ordinary shares: 661

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW

In the first half of 2015, the global economy was in a stage of deep adjustment. With diverging growth of the major economies, excessive volatility of the international financial market and bulk commodity prices and increasing geopolitical instability, the global economy continued to suffer from both downward pressure and unpredictable risks. As the growth rate of the domestic economy further slowed down, enterprises were experiencing sluggish economic recovery with weak momentum. At the industry level, the demand for non-ferrous metals continued to slow down. Under the dual pressure of a continuous decline in prices and the relatively high cost suffered by the whole industry, the prices of non-ferrous metals have been declining. However, this challenging condition, which is industry-wide, will be difficult to change in the short term.

China Daye Non-Ferrous Metals Mining Limited (the “**Company**”) has encountered various difficulties during its operation and development, which is even more severe than the situation during the financial crisis in 2008 in many aspects. The main products of the Company, except iron concentrate, recorded noticeable growth as compared to the corresponding period of the previous year. However, under the influence of various unfavourable factors such as low product prices, the scale and efficiency of operation were still lower than the expected targets, despite the effect of a series of corresponding measures implemented by the Company. In the first half of 2015, the Company produced a total of: (1) 201,132 tonnes of copper cathode, up by 3.38% from the corresponding period of the previous year; (2) 523.6 tonnes of precious metals (including approximately 11,109 kg of gold, 504.9 tonnes of silver, 7.5 kg of platinum, 100 kg of palladium and 7.5 tonnes of tellurium), up by approximately 57.5% from the corresponding period of the previous year; (3) approximately 457,713 tonnes of chemical products (including 456,953 tonnes of sulphuric acid, 328 kg of ammonium perrenate, 491 tonnes of copper sulphate, 184 tonnes of nickel sulphate and 85 tonnes of crude selenium), up by approximately 2.72% from the corresponding period of the previous year, and (4) 113,790 tonnes of iron concentrate, down by approximately 22.6% from the corresponding period of the previous year.

In the first half of 2015, the prices of major products dropped significantly. The selling prices of copper cathode, gold, silver and iron concentrate decreased by 13.61%, 6.31%, 14.97% and 42.86%, respectively, as compared with the corresponding period of the previous year. In addition, under the increasingly difficult situation with rapid increase in costs and expenses as well as the concentration of operational risks, the profit of the Company was affected to a certain extent. The Company will consistently implement appropriate measures with a focus on enhancing quality and efficiency and maintain a stable and rapid development as a whole.

The Company will strive to achieve the following targets to ensure completion of annual production and efficiency based targets:

**(1) Ensure the completion of production of products with profit margin**

We shall complete the product output of Tonglvshan Mine after moderate adjustments. Meanwhile, we are also determined to complete the infrastructure and exploration work that may have an impact on the production in the coming year. A monthly reporting and quarterly inspection system should be implemented in order to maintain the mining and filling balance at Sareke Copper Mine. The overall planning of underground infrastructure and trial production of Tongshankou Mine shall be in place in early August 2015. With new market prices, appropriate measures must be taken timely and preparation should be in place promptly in respect of blister copper production of smelting plants in light of the problems such as equipment malfunction and raw materials protection during the first half of 2015.

**(2) Strengthen efforts in marketing and trading**

We shall deepen our market penetration, and at the same time learn from the innovative business model of trading companies. We are determined to achieve profit-making targets in both marketing and trading. Meanwhile, we will put in our every endeavour in the detailed plan of the innovation of marketing systems and mechanisms, which shall be in place in the third quarter.

**(3) Enhance risk management**

Risks are inevitable in business operation, therefore, we must establish a risk prevention mechanism. The main focuses of this mechanism should be how risks are identified, what are the fundamental work required to provide a basis for risk identification and what are the measures to be taken for risk prevention.

#### (4) Cost reduction and efficiency enhancement

- Reinforce safety management and reduce safety cost.
- Strengthen environmental protection management while lowering our environmental protection expenses. We shall also strictly adhere to our cost saving policy and further cut down non-productive expenses.
- Improve technology management. In particular, we shall step up our efforts in metal balance management and technical advancement to improve the copper content in the slag of two of our furnaces. We shall also take full advantage of our technical equipment to enhance the level of comprehensive recycling and reuse of resources. Moreover, we shall make strenuous efforts to improve the filtration of electrolyte and drive technical advancement to reduce the silver content in copper cathode.
- Enhance energy management. Taking the establishment of energy management system as an opportunity, we shall rationalize and improve various fundamental work of the system, including the use and allocation of energy, measurement and network, equipment with high energy consumption as well as energy targets and standards. We shall also exercise systematic management and control over the process of energy consumption as well as rationalize, identify and control the opportunity for energy improvement, thereby successfully obtaining the certification for our energy management system during the year.
- Exercise more stringent control on expenses and prices in various aspects, including the procurement of raw materials and materials as well as product sales. We shall also strive to reduce the procurement and sales expenses with a view to improving and optimising our management model. On the other hand, we shall further improve the tender management model. The Company's tender office shall study and improve our tender evaluation for public tender. Among which, we shall check the results of tender evaluation to ensure all raw materials and products are in compliance with the market requirements.

For resources development, the Company wishes to secure additional annual copper metal reserve of 800,000 tonnes or above. The Company will continue to conduct physical exploration both within and outside the mining area, and organise in-depth exploration and reserve upgrade exploration for the four mines in Hubei owned by the Company, so as to ensure completion of the annual drilling targets.

Last but not least, the Company wishes to grasp every growth opportunity in spite of the adverse environment and to achieve rapid development with the joint efforts of our management and employees.

# 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 2015:

Activities conducted at each mine as of 30 June 2015			
Mine	Exploration	Development	Mining
Tonglvshan Mine	<ol style="list-style-type: none"> <li>1. Drilling depth of capacity upgrade reached 1,708.79 meters.</li> <li>2. Drilling depth of integrated in-depth investigation and surrounding investigation of Tonglvshan Mine reached 3,169.61 meters.</li> </ol>	<p>From January 2015 to June 2015, the total drilling volume of the construction of the mixed well of Tonglvshan Mine No. XI ore body was 2,511.78m<sup>3</sup>/26,467.8 m<sup>3</sup>. The construction of collar of wellbore of the mixed well and the adjustment and testing for the enhancement of main and supplementary system have been completed. From January 2015 to June 2015, the accumulative completed drilling volume for the development of Tonglvshan Mine-485m middle portion was 708.32m<sup>3</sup>/7,215.72 m<sup>3</sup>. The finishing work for installation of wind and hydropower and track-laying of railway of the middle portion have been completed.</p>	<p>Copper: 5,917 tonnes Gold: 317 kg Silver: 2,432 kg Iron concentrates: 113,800 tonnes</p>
Fengshan Mine	Drilling depth of capacity upgrade reached 2,257.93 meters.	The accumulative completed drilling volume from January 2015 to June 2015 was 868.8m <sup>3</sup> /10,409.2 m <sup>3</sup> . The bad ventilation has increased the difficulty of the construction work.	<p>Copper: 2,702 tonnes Gold: 84 kg Silver: 2,750 kg Molybdenum: 44.5 tonnes</p>
Tongshankou Mine	<ol style="list-style-type: none"> <li>1. Drilling depth of capacity upgrade reached 3,758.28 meters.</li> <li>2. Drilling depth of alternative resources exploration reached 100.57 meters.</li> </ol>	The accumulative completed drilling volume from January 2015 to June 2015 was 11.66m <sup>3</sup> /469.23 m <sup>3</sup> in total. The finishing work for installation of wind and hydropower and track-laying of railway of the middle portion have been completed.	<p>Copper: 2,745 tonnes Silver: 954 kg Molybdenum: 14.3 tonnes</p>
Chimashan Mine	Drilling depth of alternative resources exploration reached 90.3 meters.	No material development as at 30 June 2015.	<p>Copper: 93 tonnes Gold: 3 kg Silver: 103 kg</p>
Sareke Copper Mine	The exploration primarily focused on the southern mine where drilling depth reached 2,456.64 meters. The drilling depth of horizontal drilling ore in the pit of the northern mine reached 1,466.46 meters.	The development of well and tunnels reached 2,900m. The finishing work of the tailing ponds has been completed. The infrastructure and equipment installation of the main plant have been completed. The load adjustment and testing as well as trial-production for mining and mineral processing equipment have commenced.	Copper: 1,887 tonnes (at trial production)
Hami Mine	No material development as at 30 June 2015.		



## Infrastructure projects, subcontracting arrangements and purchases of equipment

During the six months ended 30 June 2015, the new contracts entered into and commitments undertaken by the Company and its subsidiaries (collectively, the “Group”) in relation to exploration, development and mining production activities were as follows:

	Infrastructure projects RMB'000	Subcontracting arrangements RMB'000	Purchase of equipment RMB'000	Total RMB'000
Tonglvshan Mine	18,120	–	19,150	37,270
Fengshan Mine	–	–	4,268	4,268
Tongshankou Mine	39,240	–	12,887	52,127
Chimashan Mine	–	–	157	157
Sareke Copper Mine	–	1,404	1,506	2,910
Hami Mine	–	–	–	–
<b>Total</b>	<b>57,360</b>	<b>1,404</b>	<b>37,968</b>	<b>96,732</b>

## Expenditures incurred

During the six months ended 30 June 2015, the Group incurred approximately RMB663,757,000 (Six months ended 30 June 2014: RMB852,960,000) on exploration, development and mining production activities, details of which are set out below:

	Operating expenses RMB'000	Capital expenditure RMB'000	Six months ended 30 June	
			2015 Total RMB'000	2014 Total RMB'000
Tonglvshan Mine	238,705	46,164	<b>284,869</b>	331,114
Fengshan Mine	93,839	13,465	<b>107,304</b>	114,038
Tongshankou Mine	138,162	85,769	<b>223,931</b>	222,427
Chimashan Mine	11,907	727	<b>12,634</b>	17,994
Sareke Copper Mine	1,048	33,971	<b>35,019</b>	167,387
Hami Mine	–	–	–	–
<b>Total</b>	<b>483,661</b>	<b>180,096</b>	<b>663,757</b>	<b>852,960</b>

## Exploration, Development and Mining Expenditures

Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Chimashan Mine	Sareke Copper Mine	Hami Mine
<b>Construction in progress of exploration activities (exploration expenses)</b>						
Drilling and analysis	N/A	2,489.71	5,952.66	619.15	N/A	N/A
Others	N/A	N/A	N/A	N/A	N/A	N/A
Sub-total	N/A	2,489.71	5,952.66	619.15	N/A	N/A
<b>Development activities (including mine construction)</b>						
Purchases of assets and equipment	12,208.54	28.21	2,925.46	N/A	12,792.57	N/A
Civil work for construction of tunnels and roads	33,369.66	10,523.34	72,832.97	107.43	900.74	N/A
Staff cost	N/A	N/A	N/A	N/A	20,277.93	N/A
Others	585.61	423.62	4,057.94	N/A	N/A	N/A
Sub-total	46,163.81	10,975.17	79,816.37	107.43	33,971.24	N/A
<b>Mining activities</b>						
Auxiliary material	15,596.08	5,374.90	10,438.90	108.80	N/A	N/A
Power supply	22,696.59	10,164.40	13,319.20	748.30	N/A	N/A
Staff cost	74,828.46	32,677.30	34,303.70	4,163.30	N/A	N/A
Depreciation	47,753.87	9,518.80	31,275.50	1,570.00	N/A	N/A
Taxation	14,782.26	5,808.91	6,025.20	429.30	N/A	N/A
Sub-contracting charges	17,349.70	4,945.00	9,977.50	2,385.90	N/A	N/A
Others	45,698.09	25,349.41	32,822.20	2,501.80	1,048.00	N/A
Sub-total	238,705.05	93,838.72	138,162.20	11,907.40	1,048.00	N/A
<b>Total</b>	<b>284,868.86</b>	<b>107,303.60</b>	<b>223,931.23</b>	<b>12,633.98</b>	<b>35,019.24</b>	<b>N/A</b>

## FINANCIAL REVIEW

In the first half of 2015, the Company operated in a complicated and challenging environment. The Group continued to operate its mines with stable productivity and recorded an increase in revenue in the first half of 2015.

The Group's revenue increased by 11.7% to RMB18,363.0 million during the period over the same period last year of RMB16,443.5 million. The increase in revenue was mainly attributable to the increase in the quantities of products sold during the period. Gross profit margin decreased to about 1.1% for the period (six months ended 30 June 2014: 2.6%) and the decrease in gross profit margin was mainly due to the significant decline in copper price for the six months ended 30 June 2015.

The Group reported a loss attributable to owners of the Company of RMB200.3 million for the six months ended 30 June 2015, representing a significant increase of 268.0% from the loss attributable to owners of the Company of RMB54.4 million reported for the corresponding period last year. This significant increase was mainly attributable to the impairment of inventory of RMB241.7 million recorded in the six months ended 30 June 2015 in relation to the unfavorable future prospects of the Group's business due to the forecasted fall of selling prices of the Group's products and the expected decrease in profit margin as a result of the slowdown of the global economy, while for the corresponding period last year, no impairment of inventory was recorded.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had restricted deposits and bank balances, bank and other deposits, bank balances and cash of approximately RMB3,370.7 million (31 December 2014: RMB2,294.0 million), of which the majority were denominated in Renminbi, with a current ratio of 1.02 (31 December 2014: 1.05), based on the current assets of approximately RMB9,211.4 million (31 December 2014: RMB7,837.2 million) and current liabilities of approximately RMB9,009.8 million (31 December 2014: RMB7,494.6 million). The Group's gearing ratio was 254.8% (31 December 2014: 230.8%) based on the net debts (which includes bank and other borrowings and convertible note/bonds less restricted deposits (excluding other deposits held in certain financial institutions as security for the commodities derivative and currency forward contracts) and bank balances, bank and other deposits, bank balances and cash) of approximately RMB8,666.2 million (31 December 2014: RMB8,183.7 million) and equity attributable to owners of the Company of approximately RMB3,400.5 million (31 December 2014: RMB3,545.8 million). The increase in gearing ratio was mainly due to the increase in bank and other borrowings of the Group.

As at 30 June 2015, the Group had bank and other borrowings of approximately RMB5,597.4 million (31 December 2014: RMB5,021.5 million) and RMB4,607.7 million (31 December 2014: RMB3,961.1 million) which were due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. The Group had pledged its bank deposits of RMB1,352.1 million (31 December 2014: RMB767.5 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 rates.

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 2015, the Group had a total of 8,853 employees (including Hong Kong and PRC offices) (30 June 2014: 9,390). The Group's total staff costs for the six months ended 30 June 2015 was approximately RMB316,368,000 (six months ended 30 June 2014: RMB456,715,000). 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. Employees 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 certain borrowings that are denominated in US\$.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Group is exposed to foreign exchange risk primarily with respect to US\$.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts, 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 ended 30 June 2015.

## **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group had no contingent liabilities.

## **CHARGES ON ASSETS**

As at 30 June 2015, secured bank loans and secured gold loans of the Group amounting to RMB1,138.7 million (31 December 2014: RMB755.7 million) and other financing were secured by bank deposits and balances amounting to RMB1,352.1 million (31 December 2014: RMB775.6 million). In addition, other deposits of RMB485.4 million (31 December 2014: RMB117.2 million) were held in certain financial institutions as security for commodities derivative and currency forward contracts.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2015, 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 2015 (Six months ended 30 June 2014: Nil).

### BOARD OF DIRECTORS

#### Composition of the Board

During the six months ended 30 June 2015, the Board comprised four executive Directors (including the Chairman of the Board) and three independent non-executive Directors, as follows:

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

## DIRECTORS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 30 June 2015, 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	Approximate percentage of shareholding
Wang Qihong	Beneficial Owner	Personal Interest	2,494,000 shares	–	0.01% <i>(Note 1)</i>

Note 1: The percentage is calculated based on 17,895,579,706 issued shares of the Company as at 30 June 2015.

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 2015, 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 2015
China Times Development Limited	Beneficial owner	13,970,671,176 shares	78.07% (Note 3)
Daye Nonferrous Metals Corporation Holdings Limited	Interest in a controlled corporation	13,970,671,176 shares (Note 1)	78.07% (Note 3)
China Cinda (HK) Asset Management Co., Limited	Beneficial owner	936,953,542 shares	5.24% (Note 3)
China Cinda Asset Management Co., Limited	Interest in a controlled corporation	936,953,542 shares (Note 2)	5.24% (Note 3)

#### Notes:

- 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.
- 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.
- The percentage is calculated based on 17,895,579,706 shares of the Company in issue as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, the Directors are not aware of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.



## 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 had a material interest, whether directly or indirectly, subsisted at 30 June 2015 or during the six months ended 30 June 2015.

## EQUITY

As at 30 June 2015, the total number of issued and fully paid ordinary shares of the Company was 17,895,579,706, amounting to a total issued share capital of approximately HK\$894,779,000.

## 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 2015.

## 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 of the Company (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 2015.

## REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**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 (the “**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 2015.

## 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 2015, 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.

## DISCLOSURE UNDER LISTING RULES

In accordance with paragraph 40 of Appendix 16 to the Listing Rules, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2014 Annual Report of the Company in relation to matters set out in paragraph 32 of Appendix 16 to the Listing Rules.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Revenue	5, 6	18,362,966	16,443,523
Cost of sales/services		(18,161,961)	(16,020,020)
Gross profit		201,005	423,503
Other income	7	52,378	92,066
Selling expenses		(24,667)	(32,166)
Administrative expenses		(187,723)	(184,963)
Other operating expenses		(7,671)	(20,174)
Other losses, net	8	(142,810)	(10,503)
Finance costs	9	(258,841)	(281,467)
Share of results of joint ventures		41,207	(32,723)
Loss before tax		(327,122)	(46,427)
Income tax credit (expense)	10	83,442	(11,448)
Loss for the period	11	(243,680)	(57,875)
Other comprehensive (expense) income <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation		–	(8,622)
Share of net fair value gain on available- for-sale financial assets of joint ventures		–	67,491
Reclassification adjustments relating to share of net fair value gain on available- for-sale financial assets of joint ventures disposed during the period		(71,164)	–
Total comprehensive (expense) income for the period		(314,844)	994

	Notes	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(200,258)	(54,412)
Non-controlling interests		(43,422)	(3,463)
		(243,680)	(57,875)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(271,422)	4,817
Non-controlling interests		(43,422)	(3,823)
		(314,844)	994
Loss per share	13		
— Basic		RMB(1.14) fen	RMB(0.31) fen
— Diluted		RMB(1.14) fen	RMB(0.31) fen

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	7,407,308	7,410,599
Exploration and evaluation assets		122,335	188,361
Prepaid lease payments		693,807	704,205
Intangible assets		713,649	777,917
Interests in joint ventures		83,008	112,965
Deferred tax assets	10	137,839	87,950
Deposits for acquisition of property, plant and equipment	16	50,765	47,380
		<b>9,208,711</b>	<b>9,329,377</b>
<b>CURRENT ASSETS</b>			
Prepaid lease payments		20,446	20,456
Inventories		4,614,365	4,494,964
Trade and bills receivables	15	349,333	487,194
Prepayments and other receivables	16	847,379	500,241
Derivative financial instruments	21	9,190	40,354
Restricted deposits and bank balances	17	1,837,532	892,832
Bank and other deposits, bank balances and cash	17	1,533,121	1,401,186
		<b>9,211,366</b>	<b>7,837,227</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	18	1,426,147	1,133,451
Other payables and accrued expenses	19	1,267,830	1,269,965
Current income tax liabilities		–	631
Derivative financial instruments	21	67,065	61,548
Bank and other borrowings — due within one year	20	5,597,360	5,021,480
Convertible bonds	22	643,872	–
Early retirement obligation		7,539	7,530
		<b>9,009,813</b>	<b>7,494,605</b>
<b>NET CURRENT ASSETS</b>		<b>201,553</b>	<b>342,622</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,410,264</b>	<b>9,671,999</b>

	<i>Notes</i>	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	23	727,893	705,506
Reserves		2,672,629	2,840,265
Equity attributable to owners of the Company		3,400,522	3,545,771
Non-controlling interests		329,874	373,296
<b>TOTAL EQUITY</b>		<b>3,730,396</b>	3,919,067
<b>NON-CURRENT LIABILITIES</b>			
Convertible note/bonds	22	702,460	1,377,919
Bank and other borrowings — due after one year	20	4,607,739	3,961,088
Deferred income		223,321	230,432
Provisions for mine rehabilitation, restoration and dismantling		40,949	40,344
Early retirement obligation		17,881	22,078
Deferred tax liabilities	10	87,518	121,071
		<b>5,679,868</b>	5,752,932
		<b>9,410,264</b>	9,671,999

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company												
	Ordinary share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note (iii))	Contributed surplus accounts RMB'000 (Note (iv))	Convertible note/bonds equity reserve RMB'000	Capital reserve RMB'000 (Note (i))	PRC statutory reserves RMB'000 (Note (ii))	Available-for-sale financial assets revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Six months ended 30 June 2014</b>													
<b>(unaudited)</b>													
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 maintenances and production funds	-	-	-	-	-	-	23,512	-	-	(23,512)	-	-	-
Utilization of maintenance and production funds	-	-	-	-	-	-	(23,512)	-	-	23,512	-	-	-
At 30 June 2014	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

## Attributable to owners of the Company

	Ordinary share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note (iii))	Contributed surplus accounts RMB'000 (Note (iv))	Convertible note/bonds equity reserve RMB'000	Capital reserve RMB'000 (Note (i))	PRC statutory reserves RMB'000 (Note (ii))	Available-for-sale financial assets		Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
								Translation reserve RMB'000	revaluation reserve RMB'000				
<b>Six months ended 30 June 2015 (unaudited)</b>													
At 1 January 2015 (audited)	705,506	-	1,554,303	4,373,075	281,298	(4,184,848)	106,600	71,164	20,348	618,325	3,545,771	373,296	3,919,067
Loss for the period	-	-	-	-	-	-	-	-	-	(200,258)	(200,258)	(43,422)	(243,680)
Other comprehensive expense for the period	-	-	-	-	-	-	-	(71,164)	-	-	(71,164)	-	(71,164)
<b>Total comprehensive expense for the period</b>	-	-	-	-	-	-	-	(71,164)	-	(200,258)	(271,422)	(43,422)	(314,844)
Reclassification due to change of functional currency of the Company	-	-	-	-	(131,064)	-	-	-	(20,348)	151,412	-	-	-
Issue of new ordinary shares in respect of conversion of convertible bonds (Note 23)	22,387	103,786	-	-	-	-	-	-	-	-	126,173	-	126,173
Appropriation of maintenances and production funds	-	-	-	-	-	-	29,733	-	-	(29,733)	-	-	-
Utilization of maintenance and production funds	-	-	-	-	-	-	(25,812)	-	-	25,812	-	-	-
<b>At 30 June 2015</b>	727,893	103,786	1,554,303	4,373,075	150,234	(4,184,848)	110,521	-	-	565,558	3,400,522	329,874	3,730,396



Notes:

- (i) The balance of capital reserve mainly arose from the acquisition of 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”) that was completed on 7 March 2012.

The details of the Transaction are set out in the Company’s circular dated 29 December 2011 and the Company’s supplemental circular dated 17 February 2012.

(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) Other reserve represents the deemed consideration to be given by Prosper Well for the Transaction, being the fair value of the Company’s shares immediately prior to the Transaction excluding the carrying amount of ordinary share capital of the Company.
- (iv) In accordance with the provisions of section 46(2) of the Companies Act of Bermuda and with effect from 10 June 2013, 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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	285,626	(1,385,239)
NET CASH USED IN INVESTING ACTIVITIES	(1,163,930)	(1,792,207)
NET CASH FROM FINANCING ACTIVITIES	1,010,592	2,636,093
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	132,288	(541,353)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,401,186	1,433,470
Effect of foreign exchange rate changes	(353)	27,026
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY: Bank and other deposits, bank balances and cash	1,533,121	919,143

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 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 address of the registered office and the 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 of the Company is China Nonferrous Metal Mining (Group) Co., Ltd., a company incorporated with limited liability under the laws of the People’s Republic of China (the “PRC”).

## 2. BASIS OF PREPARATION

The Transaction (as defined in note (i) to the condensed consolidated statement of changes in equity) has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 Business Combination because the issuance of the Consideration Shares and the convertible note in exchange of the entire shareholding in Prosper Well resulted in China Times, previously holding 20.8% shareholding in the Company, becoming the controlling shareholder of the Company holding 69.04% equity interests upon completion of the Transaction. For accounting purpose, the Company (together with its subsidiaries before the completion of the Transaction, collectively referred as the “Existing Group”) is deemed to have been acquired by Prosper Well which is deemed as the accounting acquirer. These condensed consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Prosper Well Group and accordingly:

- (i) The assets and liabilities of the Prosper Well Group are recognised and measured at their carrying amounts; and
- (ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3.

### 3. RETROSPECTIVE CHANGE OF FUNCTIONAL CURRENCY OF THE COMPANY

In prior years, the functional currency of the companies comprising the Group is Renminbi (“RMB”), except that the functional currency of the Company and its certain subsidiaries is Hong Kong Dollar (“HK\$”). The Company’s functional currency was determined as Hong Kong Dollar by applying the provisions in HKAS 21 *The Effects of Changes in Foreign Exchange Rates* as Hong Kong Dollar was the currency of the economic environment in which the Company primarily generated and expended cash in Hong Kong Dollar.

The Company completed the Transaction on 7 March 2012. In the current period, the Directors re-assessed the accounting policy in determining the functional currency of the Company and considered paragraph 9 of HKAS 21 together with the other factors set out in paragraph 10 of HKAS 21. The Directors have determined that RMB better reflects the economic substance of the Company and its business activities as an investment holding company with subsidiaries mainly operating in the PRC in light of the mixed currencies situation of its primary sources of revenue.

The Directors determined that the primary economic environment has been substantially changed since the date of completion of the Transaction. Accordingly, the functional currency of the Company was retrospectively changed from HK\$ to RMB. The retrospective change of functional currency of the Company has no material effects on the financial positions of the Group as at 31 December 2014, 30 June 2014, 31 December 2013 and 1 January 2013 and the results of the Group for the six months periods ended 30 June 2014 and 2013 and as such no restated financial information has been presented.

### 4. 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 and note 3, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the annual financial statements of China Daye Non-Ferrous Metals Mining Limited for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above 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.

## 5. REVENUE

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

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB’000</b>	RMB’000
	<b>(unaudited)</b>	(unaudited)
Revenue from sale of goods	18,342,942	16,416,993
Revenue from the rendering of services	20,024	26,530
	<b>18,362,966</b>	16,443,523

## 6. 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 performance focuses on types of goods or services delivered or provided. The chief operating decision maker regularly reviews revenue by respective products and services and the consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole. However, no further discrete financial information is available. Accordingly, no operating segment information is presented other than entity-wide disclosures.

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

	<b>Six months ended 30 June</b>	
	<b>2015</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>2014</b> <b>RMB'000</b> <b>(unaudited)</b>
Sales of goods		
— copper cathodes	12,028,253	11,864,870
— other copper products	554,578	352,386
— gold and other gold products	3,691,587	2,598,942
— silver and other silver products	1,640,533	1,319,086
— sulphuric acid and sulphuric concentrate	120,330	76,915
— iron ores	33,408	97,449
— others	274,253	107,345
	<b>18,342,942</b>	<b>16,416,993</b>
Rendering of services		
— copper processing	20,024	21,073
— others	—	5,457
	<b>20,024</b>	<b>26,530</b>
<b>Total revenue</b>	<b>18,362,966</b>	<b>16,443,523</b>

## 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) by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2015 RMB'000 (unaudited)	Six months ended 30 June 2014 RMB'000 (unaudited)	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
PRC	17,862,191	15,118,940	9,001,626	9,175,568
Hong Kong	500,775	1,324,583	68,839	65,411
Mongolia	–	–	407	448
	<b>18,362,966</b>	<b>16,443,523</b>	<b>9,070,872</b>	<b>9,241,427</b>

## 7. OTHER INCOME

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Interest income	34,531	31,223
Value-added tax refund	8,765	50,397
Government grants received	1,431	3,496
Deferred income recognised	7,651	6,950
	<b>52,378</b>	<b>92,066</b>

## 8. OTHER LOSSES, NET

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
(Losses) gains on disposal of property, plant and equipment, net	(233)	278
Impairment for mining rights ( <i>Note</i> )	(125,987)	(57,088)
Fair value changes (transactions not qualified as fair value hedges) from:		
— Commodity derivatives contracts	42,544	24,040
— Currency forward contracts	2,656	12,968
— Gold loans designated as financial liabilities at fair value through profit or loss	(29,741)	(27,439)
— Provisionally priced sales agreement	15,645	(2,545)
Fair value changes (transactions qualified as fair value hedges) from:		
— Inventory hedged by commodity futures contracts	22,478	19,044
— Fair value losses of commodity futures contracts designated as hedging instrument	(22,478)	(19,044)
(Loss) gain on derivative component on convertible note/bonds ( <i>Note 22(b)</i> )	(27,391)	77,207
Exchange losses, net	(20,135)	(44,372)
Reversal of (allowance for) impairment of:		
— trade receivables	40	(128)
— other receivables	(738)	98
Others	530	6,478
	<b>(142,810)</b>	<b>(10,503)</b>



*Note:*

For the six months ended 30 June 2015, the Group recognised losses on impairment for mining rights of RMB13,888,000 (Six months ended 30 June 2014: (unaudited) RMB57,088,000) and RMB112,099,000 (Six months ended 30 June 2014: (unaudited) Nil) in relation to the Group's copper mines in Xinjiang Uygur Autonomous Region held by 新疆同興礦業有限責任公司 (Xinjiang Tong Xing Mining Company Limited) ("Tong Xing", a non-wholly owned subsidiary of the Company) and 新疆滙祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Co., Ltd.) ("Hui Xiang", a non-wholly owned subsidiary of the Company), respectively, in view of the unfavourable future prospects of the relevant copper mines due to the forecasted low selling price of their copper products and expected decrease in profit margin as a result of the slowdown of the global economy.

As at 30 June 2015, the recoverable amounts of the mining rights of Tong Xing and Hui Xiang have been determined at approximately RMB17 million and RMB229 million, respectively, on the basis of their fair values less costs of disposal determined using the income approach. Same bases have been applied in determining the fair values of the mining rights of Tong Xing and Hui Xiang for impairment assessment in prior years.

Major assumptions included, amongst others, the following:

- Future cash inflows with reference to the latest mine reserves.
- Future copper price with reference to the market estimation taken into account the historical fluctuation.
- Future production costs with anticipated growth of inflation at 2% per annum under current production technology.
- The discount rate of approximately 16% per annum.

The Directors believe these major assumptions are reasonable and achievable.

## 9. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Interest on bank and other borrowings:		
— wholly repayable within five years	(138,006)	(185,676)
— not wholly repayable within five years	(60)	(27)
Interest on loans from Daye Nonferrous Metals Corporation Holdings Limited ("Daye Corporation", an intermediate holding company of the Company)	(55,478)	(44,523)
Interest on loans from Daye Nonferrous Metals Group Finance Co., Ltd. ("Daye Finance Company", a fellow subsidiary of the Company)	(7,845)	–
Interest expenses on convertible note/bonds	(67,195)	(63,215)
Unwind interest of provisions for mine rehabilitation, restoration and dismantling and early retirement obligation	(1,405)	(587)
<b>Total borrowing costs</b>	<b>(269,989)</b>	<b>(294,028)</b>
Less: Amounts capitalised in the cost of qualifying assets	11,148	12,561
	<b>(258,841)</b>	<b>(281,467)</b>
The weighted average capitalisation rate on funds borrowed, generally (per annum)	5.11%	5.28%

## 10. INCOME TAX CREDIT (EXPENSE)

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
PRC Enterprise Income Tax	–	–
Deferred income tax	<b>83,442</b>	(11,448)
<b>Income tax credit (expense) for the period</b>	<b>83,442</b>	(11,448)

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Loss before tax	<b>(327,122)</b>	(46,427)
Tax at applicable income tax rate of 25% (Six months ended 30 June 2014: (unaudited) 25%)	<b>81,781</b>	11,606
Income not subject to tax (Note)	<b>25,589</b>	15,854
Tax losses not recognised	<b>(23,928)</b>	(38,959)
Others	–	51
<b>Income tax credit (expense) for the period</b>	<b>83,442</b>	(11,448)

Note:

Income not subject to tax included tax effect of share of profits of joint ventures and 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 balance of deferred tax assets and liabilities are as follows:

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Deferred tax assets	<b>137,839</b>	87,950
Deferred tax liabilities	<b>(87,518)</b>	(121,071)
	<b>50,321</b>	(33,121)

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

	Accrued expenses RMB'000	Mining right RMB'000	Provision for mine rehabilitation, restoration, and dismantling RMB'000	Early retirement obligation RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015 (audited)	20,361	(73,750)	10,086	7,402	13,768	5,677	(16,665)	(33,121)
(Charge) credit to profit or loss (unaudited)	(2,181)	28,025	151	(1,138)	60,610	-	(2,025)	83,442
At 30 June 2015 (unaudited)	18,180	(45,725)	10,237	6,264	74,378	5,677	(18,690)	50,321

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB828,678,000 as at 30 June 2015 (31 December 2014: (audited) RMB906,934,000) 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.

## 11. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Depreciation of property, plant and equipment	264,532	232,957
Amortisation of intangible assets (included in administrative expenses)	14,285	24,448
Amortisation of prepaid lease payments	10,223	10,063
Staff costs:		
Salaries, wages and welfare	220,307	317,823
Retirement benefit schemes contributions	96,061	138,892
<b>Total staff costs</b>	<b>316,368</b>	<b>456,715</b>
Cost of inventories recognised as an expense	17,855,373	16,020,020
Write down on inventories	241,740	–
Research costs	1,889	1,055
Donations	–	180
Minimum lease payments in respect of land and buildings	6,522	8,530

## 12. DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2015, nor has any dividend been proposed since the end of the reporting period (Six months ended 30 June 2014: (unaudited) Nil).

### 13. LOSS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	<b>(200,258)</b>	(54,412)
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>'000</b>	<b>'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>17,490,560</b>	17,327,911

The computation of diluted loss per share does not assume the conversion of the Company's outstanding HK\$1,003,836,048 zero coupon convertible note and the outstanding RMB820,000,000 0.5% convertible bonds since their conversion would result in a reduction in loss per share for both periods.

### 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment and incurred construction costs amounting to approximately RMB261,770,000 (Six months ended 30 June 2014: (unaudited) RMB466,231,000).

## 15. TRADE AND BILLS RECEIVABLES

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Trade receivables	218,186	321,080
Less: Allowance of doubtful debts	(11,094)	(11,134)
	<b>207,092</b>	309,946
Bills receivable:		
— On hand	46,834	29,187
— Endorsed to suppliers	71,407	97,386
— Discounted to Daye Finance Company	24,000	50,675
Total trade and bills receivables	<b>349,333</b>	487,194

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 recognised, net of allowance for doubtful debts.

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Trade receivables, net		
— Less than 1 year	192,353	309,301
— 1–2 years	14,591	524
— 2–3 years	31	121
— over 3 years	117	–
	<b>207,092</b>	309,946

The Group's bills receivable represent the bank acceptance notes issued by third parties.

The maturity period of bills receivable are within 6 months.

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balance of RMB11,094,000 as at 30 June 2015 (31 December 2014: (audited) RMB11,134,000) 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:

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Fellow subsidiaries	<b>7,692</b>	272,228

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

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Non-current:		
Deposits for acquisition of property, plant and equipment	<b>50,765</b>	47,380
Current:		
Prepayments for inventories	<b>577,819</b>	188,473
Value-added tax recoverable	<b>139,394</b>	194,711
Other receivables	<b>153,403</b>	139,556
Less: Provision for impairment	<b>(23,237)</b>	(22,499)
	<b>847,379</b>	500,241



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

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Prepayments made to — Fellow subsidiaries	4,674	7,867
Other receivables due from — Joint ventures	50,547	52,071

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

## 17. BANK AND OTHER DEPOSITS, BANK BALANCES AND CASH

### (i) Restricted deposits and balances

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Current		
Bank deposits (Note (a))	1,352,093	767,490
Bank balances (Note (b))	—	8,093
Other deposits (Note (c))	485,439	117,249
	<b>1,837,532</b>	892,832

## Notes:

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

	<b>At 30 June 2015 % (unaudited)</b>	At 31 December 2014 % (audited)
Weighted average effective interest rate (per annum)	<b>1.36%</b>	1.15%

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

- (b) As at 31 December 2014, bank balances were held in designated bank accounts as security for the Group's bills payable and letters of credit. Bank balances earned 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 and other deposits, bank balances and cash

At the end of reporting period, bank and other deposits, bank balances carry interest at market rates ranging from 0.39% to 4.95% (31 December 2014: (audited) 0.35% to 4.13%) per annum.

Included in the bank and other deposits, bank balances and cash are deposits with Daye Finance Company amounting to RMB461,536,000 (31 December 2014: (audited) RMB460,842,000) which earns interest at rates ranging from 0.39% to 1.36% (31 December 2014: (audited) 0.35% to 1.15%) per annum and is repayable on demand.

## 18. TRADE AND BILLS PAYABLES

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Trade payables	1,366,147	1,008,951
Bills payable	60,000	124,500
	<b>1,426,147</b>	1,133,451

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

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Within 1 year	1,347,267	991,920
More than 1 year, but less than 2 years	9,191	7,874
More than 2 years, but less than 3 years	1,756	2,610
Over 3 years	7,933	6,547
	<b>1,366,147</b>	1,008,951

The maturity period of bills payable are within 6 months.

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

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Fellow subsidiaries	9,329	72,065
The ultimate holding company	20,472	-
An associate of Daye Corporation	639	-

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

## 19. OTHER PAYABLES AND ACCRUED EXPENSES

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Receipts in advance from customers	60,873	45,083
Salaries and welfare payables	84,003	88,803
Interest payables	39,340	20,149
Current portion of deferred income	14,762	15,302
Payables for property, plant and equipment	701,201	691,458
Other payables and accruals	367,651	409,170
	<b>1,267,830</b>	1,269,965

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

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Receipts in advance from customers		
— Fellow subsidiaries	128,994	1,044
— Daye Corporation	3,102	3,630
Other payables		
— Daye Corporation	7,908	12,771
— Fellow subsidiaries	46,389	302,311
— Joint ventures	13,894	110,216

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

## 20. BANK AND OTHER BORROWINGS

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Bank borrowings		
— secured (Note (a))	595,320	755,697
— unsecured	5,644,810	4,759,747
Other borrowings		
— Loans from Daye Corporation, unsecured (Note (b))	2,174,127	1,758,009
— Loans from Daye Finance Company, unsecured (Note (b))	283,000	228,000
— Advance from Daye Finance Company for discounted bills, secured	24,000	50,675
— Gold loans (Note (c))	1,483,842	1,430,440
	<b>10,205,099</b>	<b>8,982,568</b>
Carrying amounts repayable:		
Within one year and on demand	5,597,360	5,021,480
More than one year, but not exceeding two years	2,696,556	1,692,900
More than two year, but not exceeding five years	1,903,982	688,127
More than five years	7,201	1,580,061
	<b>10,205,099</b>	<b>8,982,568</b>
Less: Amounts shown under current liabilities	<b>(5,597,360)</b>	<b>(5,021,480)</b>
Non-current portion	<b>4,607,739</b>	<b>3,961,088</b>
Total borrowings:		
— at fixed rates	7,800,587	7,401,946
— at floating rates*	2,404,512	1,580,622

\* The borrowings bear floating rates based on London Inter Bank Offer Rate or benchmark interest rates quoted by People's Bank of China.

## Notes:

- (a) As at 30 June 2015, secured bank borrowings of the Group are secured by the Group's certain bank deposits amounting to RMB773,013,000 (31 December 2014: (audited) RMB767,490,000). Further details are set out in note 17(i)(a).
- (b) The details of unsecured loans from Daye Corporation and Daye Finance Company are as follows:

Interest rate	Terms of repayment	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
<b>Daye Corporation</b>			
Fixed rate at 4.98% per annum	Repayable on 15 October 2015	490,000	490,000
Floating rate quoted by People's Bank of China	Not demand for repayment before 1 January 2020	994,127	493,009
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	50,000	115,000
Fixed rate at 6.15% per annum	Repayable on 30 April 2017	20,000	40,000
Fixed rate at 6.15% per annum	Repayable on 4 May 2017	30,000	30,000
		<b>2,174,127</b>	<b>1,758,009</b>
<b>Daye Finance Company</b>			
Fixed rate at 5.04% per annum	Repayable on 4 January 2016	–	100,000
Fixed rate at 5.40% per annum	Repayable on 5 January 2016	–	100,000
Fixed rate at 5.04% per annum	Repayable on 4 January 2017	55,000	–
Fixed rate at 5.40% per annum	Repayable on 5 January 2017	100,000	–
Fixed rate at 6.00% per annum	Repayable on 21 October 2015	128,000	28,000
		<b>283,000</b>	<b>228,000</b>
		<b>2,457,127</b>	<b>1,986,009</b>

- (c) The unrealised loss arising from change in fair value of gold loans designated as financial instruments of RMB9,098,000 (Six months ended 30 June 2014: (unaudited) a loss of RMB27,439,000) has been charged to profit or loss for the six months ended 30 June 2015. Included in gold loans amounting to RMB543,362,000 as at 30 June 2015 (31 December 2014: (audited) Nil) are secured by the Group's certain bank deposits amounting to RMB579,080,000 (31 December 2014: (audited) Nil), the remainder are unsecured.

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

	Current Assets		Current Liabilities	
	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Carried at fair value				
— Copper futures contracts	848	72	4,415	—
— Copper option contracts	—	—	15,831	15,645
— Gold futures contracts	3,132	33,728	35,999	34,704
— Gold option contracts	—	—	—	86
— Silver futures contracts	334	793	6,712	207
— Silver option contracts	—	—	—	3,259
— Currency forward contracts	4,876	5,761	4,108	7,647
	<b>9,190</b>	<b>40,354</b>	<b>67,065</b>	<b>61,548</b>

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 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\$, which are not designated as effective hedging instruments.

### Under hedge accounting — Fair value hedges

The Group utilises certain commodity derivative contracts (copper, silver and gold futures contracts) to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain copper, silver and gold products as included in inventories. 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 gains/losses of commodity derivative contracts designated as fair value hedges of the Group and the net fair value losses/gains of the hedged items, inventories, attributable to the risk hedged have been disclosed in note 8.

### Not under hedge accounting

The Group did not formally designate or document the hedging transactions with respect to certain option contracts and currency forward contracts. Therefore, those transactions were not qualified for hedge accounting.

## 22. CONVERTIBLE NOTE/BONDS

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Liability component ( <i>Note (a)</i> ):		
HK\$1,003,836,048 zero coupon convertible note (the "Note")	650,950	616,816
RMB820,000,000 0.5% convertible bonds (the "Bonds")	643,872	736,984
	<b>1,294,822</b>	1,353,800
Derivative component of the Note/Bonds ( <i>Note (b)</i> )	51,510	24,119
	<b>1,346,332</b>	1,377,919
Less: Amounts shown under current liabilities	<b>(643,872)</b>	–
Non-current portion	<b>702,460</b>	1,377,919



Notes:

- (a) The movements of liability components of the Note and Bonds of the Group, which are carried as liabilities on an amortised cost basis until extinguished on conversion or redemption, during the period are as follows:

	<b>The Note</b> <i>RMB'000</i>	<b>The Bonds</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2015 (audited)	616,816	736,984	1,353,800
Interest expense (unaudited)	34,134	33,061	67,195
Conversion of the Bonds for new ordinary shares (unaudited)	–	(126,173)	(126,173)
At 30 June 2015 (unaudited)	650,950	643,872	1,294,822

- (b) Due to the change of the functional currency of the Company as detailed in note 3, the Company reassessed the derivative components of the Note and the Bonds and recognised the fair value of the derivative component (conversion right of holders) of the Note that was determined based on the valuations performed by Jones Lang LaSalle using the Binomial Model and such amount was carried as derivative component until being extinguished on conversion or redemption. Changes in the fair value of derivative component are recognised in profit or loss.
- (c) The details of the Note and the Bonds are as follows:

**(i) The Note**

Part of the consideration in respect of the Transaction was the issue of the Note to China Times on 7 March 2012.

The Note entitles the holder 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 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 Note at the principal amount on the maturity date which is the date falling five years after the issue date.

**(ii) 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's ordinary shares (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 0.50% 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 will be 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 Bonds on 30 May 2016 at 101.52% of their RMB principal amount. The US\$ equivalent of amount equals to 100% of the RMB principal amount of the Bond redeemed plus the applicable amount which will provide the Bondholder with 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 business days of the Hong Kong Stock Exchange 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 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 with 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.

During the six months ended 30 June 2015, an aggregate principal amount of RMB136,000,000 (Six months ended 30 June 2014: (unaudited) Nil) of the Bonds was converted into 567,668,520 new ordinary shares of HK\$0.05 each.

## 23. SHARE CAPITAL

### Ordinary share capital of the Company

	Number of shares	Amount HK\$'000
	(unaudited)	(unaudited)
Authorised:		
Ordinary shares of HK\$0.05 each		
At 31 December 2014 and 30 June 2015	30,000,000,000	1,500,000
	(unaudited)	RMB'000 (unaudited)
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		
At 1 January 2015	17,327,911,186	705,506
Issue of ordinary shares in respect of conversion of the Bonds	567,668,520	22,387
At 30 June 2015	17,895,579,706	727,893

During the six months ended 30 June 2015, the Company issued 567,668,520 new ordinary shares (Six months ended 30 June 2014: (unaudited) Nil) of HK\$0.05 each in respect of the conversion of the Bonds. Further details of which are set out in note 22(c)(ii).

## 24. OPERATING LEASE — THE GROUP AS LESSEE

The Group leases certain lands under non-cancellable operating leases from Daye Corporation for 30 years. The Group has also leased 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 will fall due as follows:

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Within one year	12,754	13,079
In the second to fifth year, inclusive	51,017	51,392
Over five years	248,706	255,083
	<b>312,477</b>	319,554

## 25. CAPITAL COMMITMENTS

	<b>At 30 June 2015 RMB'000 (unaudited)</b>	At 31 December 2014 RMB'000 (audited)
Capital expenditure authorised but not contracted for in respect of: — acquisition of property, plant and equipment	1,921,435	1,487,557
Capital expenditure contracted but not provided for in respect of: — acquisition of property, plant and equipment	641,017	57,780

## 26. RELATED PARTY TRANSACTIONS

### (a) Transactions and balances with PRC government-related entities

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

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

Other than the transactions and balances with related parties disclosed elsewhere in these condensed consolidated financial statements, the Group also had the following significant transactions with related parties during the year:

	Notes	Related parties	Six months ended 30 June	
			2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Income:				
— Sales of non-ferrous metals	(i)	Fellow subsidiaries	142,139	1,052,390
	(i)	Daye Corporation	36	—
— Sales of other materials	(i)	Daye Corporation	65	127
	(i)	Fellow subsidiaries	61,556	76,720
— Rendering of services	(i)	Daye Corporation	2	1,926
	(i)	Fellow subsidiaries	133	—
— Interest income	(iii)	Daye Finance Company	800	—

	Notes	Related parties	Six months ended	
			2015	2014
			30 June	30 June
			RMB'000	RMB'000
			(unaudited)	(unaudited)
Expenses:				
— Transportation fees	(i)	An associate of Daye Corporation	1,480	1,874
— Utilities fees	(i)	Fellow subsidiary	149,509	152,356
	(i)	An associate of Daye Corporation	135	300
— Purchases of non-ferrous metals	(i)	Daye Corporation	614,899	641,707
	(i)	Fellow subsidiaries	75,338	27,626
	(i)	An associate of Daye Corporation	46,749	—
— Rental expense	(i)	Daye Corporation	12,754	12,754
	(i)	Fellow subsidiaries	—	2,212
— Medical service fees	(i)	Fellow subsidiary	54	333
— Interest expense	(ii)	Daye Corporation	55,478	44,523
	(ii)	Daye Finance Company	7,845	—
Capital expenditure:				
— Construction contract fees	(i)	Fellow subsidiaries	49,360	85,111
— Others	(i)	Fellow subsidiaries	122,029	139,068
	(ii)	Daye Corporation	574	—

*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 and Daye Finance Company. Further details of the loans at the end of the reporting period are set out in note 20.
- (iii) The interest income arose from balances with Daye Finance Company. Further details of the balances at the end of the reporting period are set out in note 17.

**2. Transaction with other PRC Government-related entities**

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

- (b) The remuneration of key management personnel, representing emoluments of the Directors, paid during the period is RMB1,287,000 (Six months ended 30 June 2014: (unaudited) RMB1,684,000).