



# 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 **2021**

# MINERAL RESOURCES



## HUBEI MINES

### Daye City

- 1 Tonglvshan Mine
- 2 Tongshankou Mine

## HUBEI MINES

### Yangxin County

- 3 Fengshan Mine
- 4 Chimashan Mine

## XINJIANG MINE

### Wuqia County

- 5 Sareke Copper Mine

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors:

Wang Yan (*Chairman*)  
Long Zhong Sheng  
(*Chief Executive Officer*)  
Xiao Shuxin  
Chen Zhimiao

### Independent Non-executive

#### Directors:

Wang Guoqi  
Wang Qihong  
Liu Jishun

## AUDIT COMMITTEE/

### REMUNERATION COMMITTEE

Wang Guoqi (*Chairman*)  
Wang Qihong  
Liu Jishun

## NOMINATION COMMITTEE

Wang Yan (*Chairman*)  
Wang Guoqi  
Wang Qihong  
Liu Jishun

## COMPANY SECRETARY

Wong Yat Tung

## LEGAL ADVISERS

### As to Hong Kong law:

Paul Hastings

### As to Bermuda law:

Conyers Dill & Pearman

## AUDITOR

SHINEWING (HK) CPA Limited

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)  
Limited  
China Construction Bank  
(Asia) Corporation Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite No. 10B, 16/F, Tower 3  
China Hong Kong City  
China Ferry Terminal  
33 Canton Road  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited  
4th floor North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## STOCK CODE

00661

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2021, the Group focused on work objectives throughout the year, striving to enhance the quality of its business development by aligning with the market expectations and implementing comprehensive in-depth reforms.

In the first half of 2021, the Group produced a total of approximately 13,500 tonnes of mined copper, representing a year-on-year increase of 39.55%; approximately 235,000 tonnes of copper cathode, representing a year-on-year decrease of 2.46%; approximately 278.67 tonnes of precious metal (including approximately 2.49 tonnes of gold, approximately 258.10 tonnes of silver, approximately 8.00 kg of platinum, approximately 87.00 kg of palladium and approximately 17.98 tonnes of tellurium), representing a year-on-year decrease of 2.76%; approximately 527,300 tonnes of chemical products (including approximately 526,300 tonnes of sulfuric acid, approximately 655.31 tonnes of copper sulfate, approximately 298.71 tonnes of nickel sulfate (metal content) and approximately 72.54 tonnes of crude selenium (metal content)), representing a year-on-year decrease of 2.22%; approximately 105,400 tonnes of iron concentrate, representing a year-on-year increase of 46.94%; and approximately 20.54 tonnes of molybdenum concentrate, representing a year-on-year decrease of 34.61%.

Despite the adverse situation of the raging global pandemic, all employees of the Company took the goal of building a modern copper mining enterprise and carried out the action of “re-deepening reforms and aligning standards with target for setting off again” in a down-to-earth manner, promoting the Company’s operating performance and development quality to a new level.

## Adhering to the Priority to Efficiency and Improving Overall Performance and Quality

Since the beginning of the year, the Company has set specific production targets and tasks, proactively overcome setbacks such as rising bulk raw material prices, declining smelting and processing fees as well as addressing historical issues, and committed to implementing various tasks in production and operation. In the first half of the year, the overall operation has achieved a steady growth.

## Steadily Improving Profitability of Main Products

The Company seized the opportunity of the high price of sulfuric acid and reduced downtime of overhauls by working around-the-clock. In the first half of the year, the Company achieved an output of 515,000 tonnes (standard content) of sulfuric acid, our main product, representing an excess of 51,600 tonnes over the planned capacity and a year-on-year increase of 269 tonnes/day. The Company scaled up the processing of low-grade copper and high-grade iron and increased the production volume of iron concentrate. In the first half of the year, the production volume of iron concentrates reached 105,400 tonnes, representing a year-on-year increase of 46.9%.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Constructing Key Projects with High Quality as the Future Trends of the Industry**

The Company vigorously promoted the construction of an intelligent factory for a 400,000-tonnes project. Through management innovation, organizational reform, process restructuring, information sharing, and intelligent decision-making, the Company has established an integrated business and financial management system of “flat management, borderless collaboration, large-scale centralized control, and big data-driven decision-making”. It is expected that the overall labor productivity will increase to 422.33 tonnes/person per annum, representing an increase of over 30% than the industry average upon reaching the project’s production capacity. In terms of the Company’s efficiency of cost reduction, it is expected to realize an improvement of over 10%, placing it at the forefront of the industry development. The Company’s pursuit of high-quality development promoted the upgrade of its industry ratings. With a special team dedicated to capacity reconstruction of rare and precious metals focusing on the three aspects of enhancing environmental protection management grading, increasing productivity and upgrading its industrial chain products, the Company spared no efforts in carrying out capacity reconstruction of rare and precious metals in its plans to become a ten billion dollar industry. Regarding the development of a high-quality planning industry chain, the Company designated a special cobalt salt program to plan the project development of cobalt salt sector with the strategic goal of building itself as a high-tech “little giant”. The program successfully completed the feasibility study of the cobalt salt project with an annual output of 10,000 tonnes of cobalt on the foundation of the Company’s competitive edges in its current production capacity of crude cobalt hydroxide.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

Regarding the production targets of the Company, we shall excel at the maintenance and supply of anode plates for copper cathodes while the smelting plants shall focus on increasing production volume and maintaining quality by organizing production so as to make up for the shortfall in the previous period. Regarding mined copper, the Company shall prepare for the resumption of work and production while simultaneously stepping up efforts in controlling the flood in Tonglvshan Mine. For the sourcing structure of raw materials, we shall ponder deeply upon the imbalance between domestic and imported ore. On the one hand, we shall open up channels for new sources of domestic raw materials to expand sourcing of domestic ore. On the other hand, we shall pay close attention to factors such as strikes in overseas mines, the second wave of COVID-19 outbreak and the Sino-US trade friction, in order to ensure a smooth supply of imported ore.

### **Reduce Cost and Increase Efficiency to Realize Cost Control**

Through “penetrated” management and “refined” management, we will continue to improve quality, reduce losses and save expenses. The Company has set up a working group on quota management and cost control for the smelting plants, taking the smelting plants as pilot sites to renew our concepts and strengthen quota control. We shall manage our budget in a strict and all-round manner and eliminate non-regular expenses outside the budget. To give full play to the important guiding roles of technological innovation and technical renovation on cost reduction, we emphasize not only the application of achievements of the technical renovation projects but also the reasonable opinions of our front-line operators, as the accumulation of “minor reforms and innovations” can also create huge benefits.

### **Resolutely Implement the Task of Further Reforms**

It is now a critical and opportunistic period with fleeting opportunities for the Company’s reform and development. In the second half of the year, we shall keep a close eye on our targets and accelerate the progress of reforms to ensure that we are determinedly forging ahead. The Company will also establish a system of weekly meetings on key reform task schedules, enhancing guidance and supervision to ensure the completion of our annual targets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Promote the Company's Future High-quality Development**

The 400,000-tonnes project, the rare and precious metal sector and cobalt salt exploration are the major projects of the Company, which are also the Company's hope for future development and the important cornerstones for enhancing future strength. In the second half of the year, we will continue to push forward the major projects and ensure the progress of each project, in which the Company's rare and precious metal sector will become the new highlight of our profit growth. The Company has set up a special team and has carried out various works at the preliminary stage. For our next step, we must perfect the relevant discussion and analysis and commence the project on one hand, while planning in advance the opening up of markets for raw materials and sales on the other hand, so as to transform our project resource advantage into an edge in economic development as soon as possible.

## **Enhance Management Approach**

In the previous year, we established the warehousing ERP system. After over half a year of integration and improvement, we have currently realized the online informatization control over the whole process of planning, business and financial integration sections, etc. in general. The outcome of effective integration of procurement informatization and standardization has gradually emerged. In the second half of the year, we will focus on addressing the deep integration of warehousing ERP with tendering and procurement to simplify the process of tendering and procurement and improve the efficiency of such process, putting our informatization effort into practice, so as to advance our management level through informatization.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

### Description of activities

The following table sets out the various exploration, development and mining production activities of the Group conducted at each of our mines during the six months ended 30 June 2021:

Mines	Exploration activities	Development activities	Mining production activities
Tonglvshan Mine	Horizontal drilling reached 3,160.2m/34 holes, and pit drilling reached 678m/5,288m <sup>3</sup> .	The total completed drilling volume of middle portion and mining preparation work for the development of the -545m and -605m middle portion of No. III and IV ore bodies of Tonglvshan Mine was 14,662m <sup>3</sup> from January to June 2021.	Copper contained in copper concentrate: 3,931 tonnes Gold contained in copper concentrate: 205 kg Silver contained in copper concentrate: 1,614 kg Iron concentrate: 105,359 tonnes
Fengshan Mine	1. Horizontal drilling reached 3,163m/45 holes, and pit drilling reached 1,204.5m/8,237.4m <sup>3</sup> .  2. Geological drilling of Fengshan Copper Mine reached 1,577m/10 holes, and pit drilling reached 28m/201m <sup>3</sup>	The total completed drilling volume of middle portion for the development of the -440m middle portion of Fengshan Copper Mine was 5,018 m <sup>3</sup> from January to June 2021.  The total completed drilling volume of ramps and middle portion for the development of the -440m to -550m of the south edge of Fengshan Copper Mine was 5,353m <sup>3</sup> from January to June 2021.	Copper contained in copper concentrate: 2,982 tonnes Gold contained in copper concentrate: 79 kg Silver contained in copper concentrate: 2,562 kg Molybdenum contained in molybdenum concentrate: 21 tonnes
Tongshankou Mine	1. Horizontal drilling reached 1,532.4m/32 holes.  2. In-depth investigation drilling of Tongshankou Mine reached 1,638.4m/7 holes, and pit drilling reached 559m/2,778.2m <sup>3</sup> .	N/A	Copper contained in copper concentrate: 3,536 tonnes Silver contained in copper concentrate: 1,727 kg
Chimashan Mine	No exploitation work has been carried out.	N/A	N/A
Sareke Copper Mine	For the Northern mine, horizontal drilling reached 2,386.2m/83 holes, and pit drilling reached 562.6m/5,022.8m <sup>3</sup> .	For the Sareke Copper Mine, the total completed drilling volume was 907.9m/8,825.3m <sup>3</sup> , the accumulative completed drilling volume for the development of the 2,640m middle portion was 498.2m/4,964.9m <sup>3</sup> , the accumulative completed drilling volume for the development of the 2,670m middle portion was 337.6m/3,183.9m <sup>3</sup> , the accumulative completed drilling volume for the development of the 2,730m middle portion was 72.1m/676.5m <sup>3</sup> , and the accumulative completed drilling volume for the development of the 2,790m middle portion was 0m/0m <sup>3</sup> from January to June 2021.	Copper: 3,011 tonnes Silver: 3,772 kg

# MANAGEMENT DISCUSSION AND ANALYSIS

## Infrastructure projects, subcontracting arrangements and purchases of equipment

During the six months ended 30 June 2021, the new contracts entered into and commitments undertaken by the Group in relation to exploration, development and mining production activities were as follows:

Mines	Infrastructure projects RMB'000	Subcontracting arrangements RMB'000	Purchases of equipment RMB'000	Total RMB'000
Tonglvshan Mine	–	–	1,980	1,980
Fengshan Mine	25,498	–	1,045	26,543
Tongshankou Mine	–	–	4,020	4,020
Chimashan Mine	–	–	–	–
Sareke Copper Mine	6,109	–	–	6,109
Others	–	–	–	–
<b>Total</b>	<b>31,607</b>	<b>–</b>	<b>7,045</b>	<b>38,652</b>

## Expenditures incurred

During the six months ended 30 June 2021, the Group incurred expenditures of approximately RMB717,896,000 (six months ended 30 June 2020: RMB524,751,000) on exploration, development and mining production activities, details of which are set out below:

Mines	Operating expenses RMB'000	Capital expenditures RMB'000	Six months ended 30 June	
			2021 Total RMB'000	2020 Total RMB'000
Tonglvshan Mine	246,933	20,108	<b>267,041</b>	224,402
Fengshan Mine	104,928	21,430	<b>126,358</b>	87,113
Tongshankou Mine	157,504	2,362	<b>159,866</b>	143,690
Chimashan Mine	3,693	–	<b>3,693</b>	2,955
Sareke Copper Mine	160,938	–	<b>160,938</b>	66,591
<b>Total</b>	<b>673,996</b>	<b>43,900</b>	<b>717,896</b>	<b>524,751</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

*Exploration, development and mining production activities expenditures*  
Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Chimashan Mine	Sareke Copper Mine
<b>Exploration activities</b>					
Drilling and analysis	-	1,292	1,755	-	-
Others	-	-	-	-	-
Sub-total	-	1,292	1,755	-	-
<b>Development activities (including mine construction)</b>					
Purchase of assets and equipment	362	295	-	-	-
Civil work for construction of tunnels and roads	19,746	19,843	607	-	-
Staff cost	-	-	-	-	-
Others	-	-	-	-	-
Sub-total	20,108	20,138	607	-	-
<b>Mining production activities (including ore processing)</b>					
Auxiliary material	22,372	11,147	15,662	-	58,469
Power supply	25,056	8,225	17,054	-	4,355
Staff cost	69,105	40,666	31,984	1,638	14,266
Depreciation	62,448	14,882	53,508	-	36,732
Taxes, resource compensation	14,187	10,057	11,665	183	6,645
Sub-contracting service	16,483	3,435	3,987	-	12,373
Others (administrative expenses, selling expenses, non-operating expenditures)	37,282	16,516	23,644	1,872	28,098
Sub-total	246,933	104,928	157,504	3,693	160,938
Total	267,041	126,358	159,866	3,693	160,938

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The Group's revenue increased by 39.55% to approximately RMB16,824,358,000 during the period over the same period last year of RMB12,055,577,000. The increase in revenue was mainly attributable to the increase in the price of the main products of the Company.

Gross profit for the six months ended 30 June 2021 amounted to approximately RMB604,220,000 (six months ended 30 June 2020: RMB278,347,000), representing an increase of 117.07% from the previous period. The increase in gross profit was mainly attributable to (i) the resumption of normal operations of the business of the Group from the COVID-19 pandemic, (ii) the increase in mine production of the subsidiary of the Company, and (iii) the increase in the price of the products.

Finance costs for the six months ended 30 June 2021 amounted to approximately RMB156,933,000 (six months ended 30 June 2020: RMB179,542,000), representing a decrease of 12.59% from the previous period. The reduction in financial expenses was mainly attributable to the reduced interest-bearing debt scale through financing channels of revolving loans and corporation overdraft sought by the Company. Newly acquired preferential loans for import and export also suppressed the financing costs.

## DETAILS OF MATERIAL ACQUISITION AND DISPOSAL

The Group did not make any significant investment during the period ended 30 June 2021.

## PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The progress of the 400,000-tonnes project in the first half of 2021: change of business license regarding the business scope involving in hazardous chemical products under the operating license of Yangxin Hongsheng Copper Industry Company Limited\* (陽新弘盛銅業有限公司), a non-wholly owned subsidiary of the Company, is currently under progress. The tendering and contract execution for the procurement of infrastructure and construction related equipment of the 400,000-tonnes project have been completed. Adjustments have also been made to the sub-projects of the 400,000-tonnes investment plan, with all basic design drafting generally completed. Tendering for the intelligent plant is under progress. Currently, we are facilitating the data collection system construction of the intelligent plant. As for the construction of the DCS system, tendering, contract execution and order placements have been completed at present.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in RMB) in short-term deposits with authorized institutions in Hong Kong and the PRC. During the six months ended 30 June 2021, the Group's receipts and payments were mainly denominated in RMB.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had pledged bank deposits, and cash and bank balances of approximately RMB1,443,669,000 (31 December 2020: RMB420,784,000), of which the majority were denominated in Renminbi, with a current ratio of 1.01 (31 December 2020: 1.01), based on the current assets of approximately RMB8,054,658,000 (31 December 2020: RMB6,417,099,000) and current liabilities of approximately RMB7,995,079,000 (31 December 2020: RMB6,333,015,000). The Group's gearing ratio was 258.65% (31 December 2020: 288.83%) based on the net debts (which includes bank and other borrowings, promissory note and lease liabilities less pledged bank deposits, and cash and bank balances) of approximately RMB7,287,449,000 (31 December 2020: RMB7,770,961,000) divided by equity attributable to owners of the Company of approximately RMB2,817,503,000 (31 December 2020: RMB2,690,540,000). The decrease in gearing ratio was mainly due to the decrease in net debts.

## BORROWINGS

As at 30 June 2021, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB8,589,824,000 (31 December 2020: RMB8,049,175,000).

As at 30 June 2021, the Group had bank and other borrowings of approximately RMB3,346,537,000 (31 December 2020: RMB3,713,591,000) and approximately RMB4,168,783,000 (31 December 2020: RMB3,282,081,000) which will be due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in RMB. The majority of the Group's bank and other borrowings bear interest at fixed rates. The Group did not use derivative financial instruments to hedge its interest rate risk during the period. The Group believes its current assets, funds and future revenue will be sufficient to finance the future expansion and working capital requirements of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had a total of 5,374 employees (30 June 2020: 5,627). The Group's total staff costs for the six months ended 30 June 2021 was approximately RMB368,513,000 (six months ended 30 June 2020: RMB295,166,000). The remuneration packages consist of basic salary, retirement benefits scheme contributions, medical insurance and other benefits considered as appropriate. Remuneration packages are generally structured with reference to market terms, individual qualification and performance of the employee. They are periodically reviewed based on individual merit and other market factors.

## FOREIGN EXCHANGE RISK

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from the international market that are conducted in United States dollar ("US\$") and certain borrowings that are denominated in US\$.

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

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

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not make any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2021.

## CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no contingent liabilities.

## CHARGES ON ASSETS

As at 30 June 2021, other deposits which amounted to approximately RMB208,178,000 (31 December 2020: RMB167,937,000) were held in futures exchanges and certain financial institutions as security for the commodity derivative contracts and other financing were secured by bank deposits and balances amounting to approximately RMB38,303,000 (31 December 2020: RMB46,049,000).

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the Company's listed securities.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## BOARD OF DIRECTORS

### Composition of the Board

As at 30 June 2021, and up to the date of this report, the Board comprised four executive Directors and three independent non-executive Directors, as follows:

Name of Director	Date of first appointment to the Board	Date of last re-election as Director
<b>Executive Directors</b>		
Wang Yan ( <i>Chairman</i> )	23 April 2019	30 June 2020
Long Zhong Sheng ( <i>Chief Executive Officer</i> )	22 March 2012	26 May 2021
Yu Liming ( <i>Resigned on 15 July 2021</i> )	19 June 2018	30 June 2020
Xiao Shuxin ( <i>Appointed on 15 July 2021</i> )	15 July 2021	N/A
Chen Zhimiao	21 June 2019	30 June 2020
<b>Independent Non-Executive Directors</b>		
Wang Guoqi	13 January 2006	26 May 2021
Wang Qihong	13 January 2006	26 May 2021
Liu Jishun	31 July 2014	30 June 2020

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of shares/ underlying shares	Approximate percentage of shareholding (%) (Note 2)	Long position/ short position
Wang Qihong	Beneficial Owner	594,000	0.00	Long position
	Interest of Spouse	1,000,000 (Note 1)	0.01	Long position
Wang Guoqi	Beneficial Owner	600,000	0.00	Long position

*Notes:*

1. Mr. Wang Qihong is deemed to be interested in 1,000,000 shares through his spouse, Ms. Geng Shuang, pursuant to Part XV of the SFO.
2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executive of the Company, their respective spouse or children under the age of 18 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 30 June 2021, so far as is known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

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

*Notes:*

1. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by the Parent Company. 57.99% of the equity interest in Parent Company were beneficially owned by CNMC.
2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any other persons, other than the Directors and chief executive of the Company who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## EQUITY

As at 30 June 2021, the total number of issued and fully paid ordinary shares of the Company was 17,895,579,706 with nominal value of HK\$0.05 each, amounting to a total issued share capital of approximately RMB727,893,000.

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with specific written terms of reference for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, 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 2021.

The Company’s independent auditor, SHINEWING (HK) CPA Limited, has reviewed the condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 2021, save for the deviation as summarised 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 respective letter of appointment. However, they are still subject to retirement by rotation and re-election at least once every three years (after he was elected or re-elected) at the annual general meetings of the Company pursuant to the relevant provisions of the Company’s Bye-laws, which achieves the same effect as having the non-executive Directors being appointed for a specific term.

## EVENTS AFTER THE REPORTING PERIOD

Due to job arrangement, Mr. Yu Liming has resigned as an executive Director of the Company with effect from 15 July 2021. Mr. Xiao Shuxin has been appointed as an executive Director with effect from 15 July 2021. Save as disclosed above, the Group had no material event after the reporting period.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



SHINEWING (HK) CPA Limited  
43/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

## TO THE BOARD OF DIRECTORS OF CHINA DAYE NON-FERROUS METALS MINING LIMITED

*(Incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited (the "Company") and its subsidiaries set out on pages 20 to 51, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Scope of Review

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

## Conclusion

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

**SHINEWING (HK) CPA Limited**  
*Certified Public Accountants*  
Kwan Chi Fung  
Practising Certificate Number: P06614

Hong Kong  
31 August 2021

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

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4, 5	<b>16,824,358</b>	12,055,577
Cost of sales and services rendered		<b>(16,220,138)</b>	(11,777,230)
Gross profit		<b>604,220</b>	278,347
Other income	6	<b>27,461</b>	27,323
Selling expenses		<b>(23,656)</b>	(26,872)
Administrative expenses		<b>(186,937)</b>	(148,146)
Other operating expenses		<b>(9,423)</b>	(4,995)
Other gains and losses	7	<b>(3,947)</b>	43,556
Impairment losses under expected credit loss model, net	8	<b>(49,469)</b>	(37,853)
Finance costs	9	<b>(156,933)</b>	(179,542)
Profit/(loss) before tax		<b>201,316</b>	(48,182)
Income tax expense	10	<b>(67,008)</b>	(2,287)
Profit/(loss) and total comprehensive income/(expense) for the period	11	<b>134,308</b>	(50,469)
Profit/(loss) and total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		<b>126,963</b>	(13,514)
Non-controlling interests		<b>7,345</b>	(36,955)
		<b>134,308</b>	(50,469)
<b>Earnings/(loss) per share</b>	13		
– Basic		<b>RMB0.71fen</b>	RMB(0.08)fen
– Diluted		<b>RMB0.71fen</b>	RMB(0.08)fen

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	6,403,505	6,454,696
Right-of-use assets	14	959,969	927,420
Exploration and evaluation assets		13,238	11,946
Intangible assets	14	732,348	598,795
Investments in joint ventures		–	–
Deferred tax assets		69,910	52,013
Other deposits	17	638,501	394,279
		<b>8,817,471</b>	8,439,149
<b>CURRENT ASSETS</b>			
Inventories	15	5,314,328	4,549,585
Trade and bills receivables	16	111,976	201,176
Other deposits	17	208,178	167,937
Prepayments and other receivables	18	361,494	402,453
Derivative financial instruments	23	85,013	175,164
Structured bank deposits		530,000	500,000
Restricted and pledged bank deposits	19	38,303	46,049
Cash and bank balances	19	1,405,366	374,735
		<b>8,054,658</b>	6,417,099
<b>CURRENT LIABILITIES</b>			
Trade payables	20	2,120,590	1,601,151
Other payables and accrued expenses	21	856,083	823,710
Contract liabilities		398,584	44,806
Bank and other borrowings	22	3,346,537	3,713,591
Promissory note		1,074,504	–
Lease liabilities		4,831	4,715
Derivative financial instruments	23	114,744	112,342
Early retirement obligations		14,388	28,320
Current income tax liabilities		64,818	4,380
		<b>7,995,079</b>	6,333,015
<b>NET CURRENT ASSETS</b>		<b>59,579</b>	84,084
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>8,877,050</b>	8,523,233

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital		727,893	727,893
Share premium and reserves		2,089,610	1,962,647
Equity attributable to owners of the Company		2,817,503	2,690,540
Non-controlling interests		1,047,603	780,258
<b>TOTAL EQUITY</b>		<b>3,865,106</b>	3,470,798
<b>NON-CURRENT LIABILITIES</b>			
Other payables	21	409,964	276,333
Bank and other borrowings	22	4,168,783	3,282,081
Lease liabilities		136,463	137,855
Promissory note		–	1,053,503
Provisions for mine rehabilitation, restoration and dismantling		57,453	52,816
Deferred income		155,661	166,227
Early retirement obligations		83,620	83,620
		5,011,944	5,052,435
		8,877,050	8,523,233



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company								Non-controlling interests RMB'000	Total equity RMB'000	
	Share capital RMB'000	Other reserve (note (iii)) RMB'000	Share premium RMB'000	Contributed surplus (note (i)) RMB'000	Capital reserve (note (ii)) RMB'000	Statutory reserve (note (iv)) RMB'000	Translation reserve RMB'000	(Accumulated losses)/ retained profits RMB'000			Total RMB'000
<b>Six months ended 30 June 2021</b> <b>(unaudited)</b>											
At 1 January 2021 (audited)	727,893	1,554,303	124,592	4,373,075	(4,184,848)	108,609	5,876	(18,960)	2,690,540	780,258	3,470,798
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	126,963	7,345	134,308
Appropriation of maintenance and production funds	-	-	-	-	-	34,069	-	(34,069)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	(25,066)	-	25,066	-	-	-
Capital injection from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	260,000	260,000
<b>At 30 June 2021 (unaudited)</b>	<b>727,893</b>	<b>1,554,303</b>	<b>124,592</b>	<b>4,373,075</b>	<b>(4,184,848)</b>	<b>117,612</b>	<b>5,876</b>	<b>99,000</b>	<b>2,817,503</b>	<b>1,047,603</b>	<b>3,865,106</b>
<b>Six months ended 30 June 2020</b> <b>(unaudited)</b>											
At 1 January 2020 (audited)	727,893	1,554,303	124,592	4,373,075	(4,184,848)	114,038	5,876	(330,804)	2,384,125	485,437	2,869,562
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(13,514)	(13,514)	(36,955)	(50,469)
Appropriation of maintenance and production funds	-	-	-	-	-	26,947	-	(26,947)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	(18,192)	-	18,192	-	-	-
Capital injection from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	40,000	40,000
<b>At 30 June 2020 (unaudited)</b>	<b>727,893</b>	<b>1,554,303</b>	<b>124,592</b>	<b>4,373,075</b>	<b>(4,184,848)</b>	<b>122,793</b>	<b>5,876</b>	<b>(355,073)</b>	<b>2,370,611</b>	<b>488,482</b>	<b>2,859,093</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

## Notes:

- (i) In accordance with the provisions of Section 46(2) of the Companies Act of Bermuda and with effect from 10 June 1993, the entire amount standing to the credit of the share premium account of the Company was cancelled and was partly applied to eliminate in full accumulated losses of the Company with the remainder credited to the contributed surplus of the Company during the year ended 31 December 2013.
- (ii) The balance of capital reserve mainly arose from the group reorganisation in 2012.
- (iii) Other reserve represents the deemed contribution from a then shareholder during the group reorganisation in 2012.
- (iv) Statutory reserves comprise statutory surplus reserve and specific reserve for maintenance and production funds.

### **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 prepared in accordance with relevant PRC accounting standards (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective subsidiary and can be used to make up for previous years' losses or, 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/accumulated losses 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/accumulated losses.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	<b>1,228,724</b>	955,155
NET CASH (USED IN) FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	<b>(572,453)</b>	(62,197)
Placement of structured bank deposits	<b>(530,000)</b>	–
Placement of restricted and pledged bank deposits	<b>(300,974)</b>	(158,674)
Payments for deposits for acquisition of property, plant and equipment and right-of-use assets	<b>(300,931)</b>	–
Payments for right-of-use assets	<b>(26,267)</b>	(71,068)
Payments for intangible assets	<b>(17,225)</b>	–
Payments for exploration and evaluation assets	<b>(1,292)</b>	–
Withdrawal of structured bank deposits	<b>500,000</b>	440,000
Withdrawal of restricted and pledged bank deposits	<b>308,720</b>	79,141
Interest received	<b>13,398</b>	13,050
Repayments from joint ventures	<b>8,705</b>	–
Proceeds from disposal of property, plant and equipment	<b>6,660</b>	5,638
Decrease in short-term advances to Daye Nonferrous Metals Group Holding Co., Ltd. (“Daye Group”, an intermediate holding company of the Company)	–	5,628
	<b>(911,659)</b>	251,518

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from new bank borrowings	<b>3,192,443</b>	3,599,977
Loans from Daye Group	<b>903,764</b>	84,782
Loans from Daye Nonferrous Metals Group Finance Co., Ltd. ("Finance Company", a fellow subsidiary)	<b>900,000</b>	150,000
Proceeds from gold loans	<b>576,396</b>	795,000
Capital injection from non-controlling shareholders of a subsidiary	<b>260,000</b>	40,000
Advance from a fellow subsidiary	<b>238,796</b>	227,161
Receipts of government grants	<b>1,901</b>	3,030
Repayments of bank borrowings	<b>(1,953,513)</b>	(3,560,070)
Repayment to Daye Group	<b>(1,087,410)</b>	-
Repayments of gold loans	<b>(974,387)</b>	(890,001)
Repayment of loans from Finance Company	<b>(900,000)</b>	(150,000)
Repayments to a fellow subsidiary	<b>(303,242)</b>	(215,117)
Finance costs paid	<b>(131,970)</b>	(155,420)
Repayment of amount due to joint ventures	<b>(8,613)</b>	-
Repayments of other loans	<b>(500)</b>	(500)
	<b>713,665</b>	(71,158)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>1,030,730</b>	1,135,515
Cash and cash equivalents at beginning of the period	<b>374,735</b>	1,501,884
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	<b>(99)</b>	20
Cash and cash equivalents at end of the period, represented by		
Cash and bank balances	<b>1,405,366</b>	2,637,419

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 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 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 state-owned enterprise established in the People’s Republic of China (the “PRC”).

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

As at 30 June 2021, the Group had cash, deposits and bank balances, current portion of bank and other borrowings and promissory note of approximately RMB1,405,366,000, RMB3,346,537,000 and RMB1,074,504,000 respectively. Based on the estimation of the future cash flows of the Group, after taking into account of (i) the unutilised bank facilities of not less than RMB6,785,930,000 and bank borrowings of RMB436,865,000 subsequently raised which fall due after 30 June 2022; and (ii) the ability to renew the current bank loans upon expiry because of the Group’s good track records and relationship with the banks, the directors are of the opinion that the Group will have sufficient working capital to finance its normal operation for the twelve months from the end of the reporting period of these condensed consolidated financial statements. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except as described below.

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 which are effective for the Group's financial year beginning on 1 January 2021.

Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 4. REVENUE

Disaggregation of revenue from contracts with customers for the period is as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Sales of goods	<b>16,801,383</b>	12,044,499
Rendering of services	<b>22,975</b>	11,078
	<b>16,824,358</b>	12,055,577
Timing of revenue recognition		
A point in time	<b>16,801,383</b>	12,044,499
Over time	<b>22,975</b>	11,078
	<b>16,824,358</b>	12,055,577

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 5. SEGMENT INFORMATION

Information reported to the chief executive office of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The CODM of the Company reviews revenue by respective products and services and the condensed consolidated financial statements of the Group prepared in accordance with 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 disaggregation of revenue by major product and service categories:

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB’000</b> <b>(Unaudited)</b>	2020 RMB’000 (Unaudited)
Sales of goods		
Copper cathodes	<b>13,587,815</b>	9,463,595
Other copper products	<b>162,012</b>	167,942
Gold and other gold products	<b>934,223</b>	1,084,667
Silver and other silver products	<b>1,668,625</b>	1,182,102
Sulphuric acid and sulphuric concentrate	<b>198,201</b>	8,549
Iron ores	<b>130,863</b>	55,316
Others	<b>119,644</b>	82,328
	<b>16,801,383</b>	12,044,499
Rendering of services		
Copper processing	<b>9,406</b>	6,948
Others	<b>13,569</b>	4,130
	<b>22,975</b>	11,078
<b>Total revenue</b>	<b>16,824,358</b>	12,055,577



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 5. SEGMENT INFORMATION – CONTINUED

### Geographical information

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

The Group’s information about its non-current assets (excluding deferred tax assets and financial instruments) by location of assets are detailed below:

	<b>At 30 June 2021 RMB’000 (Unaudited)</b>	At 31 December 2020 RMB’000 (Audited)
PRC	<b>8,747,428</b>	8,386,948
Hong Kong	<b>108</b>	151
Mongolia	<b>25</b>	37
	<b>8,747,561</b>	8,387,136

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

	<b>Six months ended 30 June</b>	
	<b>2021 RMB’000 (Unaudited)</b>	2020 RMB’000 (Unaudited)
PRC	<b>16,639,700</b>	11,563,019
Hong Kong	<b>–</b>	51,069
Others	<b>184,658</b>	441,489
	<b>16,824,358</b>	12,055,577

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 6. OTHER INCOME

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest income from banks and others	9,178	8,606
Interest income from Finance Company*	4,220	4,444
Interest income from a joint venture	–	1,152
Government grants	1,901	1,994
Deferred income released	11,592	10,787
Rental income	570	340
	<b>27,461</b>	<b>27,323</b>

\* A non-banking financial institution.

## 7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Fair value changes from:		
Commodity derivatives contracts	15	–
Currency forward contracts	(3,947)	(224)
Currency option contracts	2,382	16,584
Gold forward contracts	(121,924)	269,699
Currency exchange swap contracts	–	(7,402)
Gold loans designated as financial liabilities at fair value through profit or loss (“FVTPL”)	125,551	(271,575)
Gain on disposal of property, plant and equipment, net	2,268	2,541
Impairment loss on property, plant and equipment	(34,189)	–
Exchange gains, net	25,897	33,933
	<b>(3,947)</b>	<b>43,556</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Impairment losses under expected credit loss model, net, on:		
Trade receivables measured at amortised cost	24,569	37,638
Loan to a joint venture and amount due from a joint venture	25,265	–
Other receivables	(365)	215
	<b>49,469</b>	<b>37,853</b>

## 9. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on bank and other borrowings	114,166	129,714
Interest on loans from Daye Group	9,677	12,521
Interest on loans from Finance Company	7,346	6,621
Interest on loans from and amounts due to a fellow subsidiary	205	6,026
Interest on promissory note	21,153	21,116
Unwind interest of provisions for mine rehabilitation, restoration and dismantling	764	741
Unwind interest of early retirement obligations	1,345	2,490
Interest on lease liabilities	4,243	3,603
Total borrowing costs	<b>158,899</b>	<b>182,832</b>
Less: Borrowing costs capitalised in the cost of qualifying assets	<b>(1,966)</b>	<b>(3,290)</b>
	<b>156,933</b>	<b>179,542</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	84,905	4,117
Deferred tax	(17,897)	(1,830)
	<b>67,008</b>	2,287

## 11. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Employee benefits expense (including directors' remuneration):		
Salaries, wages and welfare	293,831	271,061
Retirement benefit schemes contributions	74,682	24,105
Total staff costs (note (i))	<b>368,513</b>	295,166
Cost of sales and services rendered:		
Cost of inventories recognised as an expense	16,208,300	11,761,829
Impairment loss of inventories	–	5,618
Direct operating expense arising from service provided	11,838	9,783
	<b>16,220,138</b>	11,777,230
Depreciation of property, plant and equipment (note (ii))	307,569	313,063
Amortisation of intangible assets (note (ii))	34,207	28,642
Depreciation of right-of-use assets (note (ii))	16,258	14,204

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 11. PROFIT/(LOSS) FOR THE PERIOD – CONTINUED

Notes:

- (i) During the current interim period, staff costs of RMB266,879,000 (unaudited) (six months ended 30 June 2020: RMB246,028,000 (unaudited)) was capitalised to inventories.
- (ii) During the current interim period, depreciation of property, plant and equipment of RMB295,029,000 (unaudited) (six months ended 30 June 2020: RMB306,604,000 (unaudited)), and amortisation/depreciation of intangible assets and right-of-use assets totaling RMB23,599,000 (unaudited) (six months ended 30 June 2020: RMB21,619,000 (unaudited)) was capitalised to inventories.

## 12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during both the current and prior interim period, nor has any dividend been proposed since the end of the reporting period and up to the date of this report.

## 13. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Earnings/(loss)</b>		
Earnings/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<b>126,963</b>	(13,514)
	<b>'000</b>	'000
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<b>17,895,580</b>	17,895,580

The computation of diluted earnings/(loss) per share for both periods does not assume the conversion of the promissory note as the issue price is determined by reference to the market price of the shares of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 14. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/INTANGIBLE ASSETS

### Property, plant and equipment

During the current interim period, the Group acquired property, plant and equipment with a cost of approximately RMB292,993,000 (unaudited) (six months ended 30 June 2020: RMB62,197,000 (unaudited)).

In addition, during the current interim period, the Group disposed of certain plant and machinery, and motor vehicles with an aggregate carrying amount of RMB4,392,000 (unaudited) (six months ended 30 June 2020: RMB3,097,000 (unaudited)) for cash proceeds of RMB6,660,000 (unaudited) (six months ended 30 June 2020: RMB5,638,000 (unaudited)), resulting in a gain on disposal of RMB2,268,000 (unaudited) (six months ended 30 June 2020: RMB2,541,000 (unaudited)).

During the six months ended 30 June 2021, the Group recognised an impairment loss of approximately RMB34,189,000 (six months ended 30 June 2020: nil) in relation to certain mining infrastructure and property as the directors of the Company assessed that no future economic benefit could be generated from the relevant property to recover its carrying amount.

### Right-of-use assets

As at 30 June 2021, right-of-use assets of approximately RMB959,969,000 (31 December 2020: RMB927,420,000) represents land use rights located in the PRC.

During the six months ended 30 June 2021, the Group acquired land use rights with a cost of approximately RMB48,807,000 (six months ended 30 June 2020: RMB71,068,000).

For the six months ended 30 June 2021, expense relating to short-term leases amounted to approximately RMB567,000 (six months ended 30 June 2020: RMB550,000). The total cash outflows for leases during the six months ended 30 June 2021 amounted to approximately RMB567,000 (six months ended 30 June 2020: RMB550,000).

### Intangible assets

During the six months ended 30 June 2021, the Group acquired mining right located in Xinjiang with a cost of approximately RMB167,760,000 (six months ended 30 June 2020: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 15. INVENTORIES

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Raw materials	<b>1,125,547</b>	1,129,560
Work in progress	<b>1,606,993</b>	1,167,439
Finished goods	<b>733,085</b>	367,991
Goods in transit	<b>1,848,703</b>	1,884,595
	<b>5,314,328</b>	4,549,585

## 16. TRADE AND BILLS RECEIVABLES

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Trade receivables	<b>155,782</b>	219,910
Less: Allowance for credit losses	<b>(75,139)</b>	(50,570)
	<b>80,643</b>	169,340
Bills receivables, at amortised cost:		
On hand	<b>31,333</b>	31,016
Endorsed to suppliers	-	820
	<b>31,333</b>	31,836
Total trade and bills receivables	<b>111,976</b>	201,176

The Group does not hold any collateral over these receivables.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 16. TRADE AND BILLS RECEIVABLES – CONTINUED

The majority of sales are made under contractual arrangements whereby a significant portion of transaction price is received before delivery or promptly after delivery. Bills receivables are matured within one year.

The following is an ageing analysis of trade receivables, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, net of allowance for credit losses.

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Within 1 year	<b>70,889</b>	156,355
More than 1 year, but less than 2 years	<b>5,200</b>	8,281
More than 2 years, but less than 3 years	<b>1,245</b>	4,703
Over 3 years	<b>3,309</b>	1
	<b>80,643</b>	169,340

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

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Trade receivables: Fellow subsidiaries	<b>16,091</b>	43,496

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 17. OTHER DEPOSITS

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
<b>Classified under non-current assets:</b>		
Deposits for acquisition of property, plant and equipment and right-of-use assets	<b>615,838</b>	372,499
Deposits for environment rehabilitation (note (a))	<b>17,259</b>	13,974
Deposits for land restoration (note (b))	<b>5,404</b>	7,806
	<b>638,501</b>	394,279
<b>Classified under current assets</b>		
Margin deposits (note (c))	<b>208,178</b>	167,937

Notes:

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 18. PREPAYMENTS AND OTHER RECEIVABLES

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Prepayments for inventories	<b>136,422</b>	339,022
Value-added tax recoverable	<b>203,889</b>	9,826
Short-term advances to Daye Group (note (a))	–	63
Loans to a joint venture (note (b))	<b>112,819</b>	116,245
Amounts due from joint ventures of the Group (note (c))	<b>10,839</b>	10,925
Amounts due from fellow subsidiaries (note (c))	<b>2,503</b>	20
Receivable from brokers	<b>4,837</b>	4,274
Other receivables	<b>41,336</b>	48,329
	<b>512,645</b>	528,704
Less: Allowance for credit losses on other receivables	<b>(151,151)</b>	(126,251)
	<b>361,494</b>	402,453

Notes:

- (a) The short-term advances to Daye Group as at 31 December 2020 carried fixed interest rate at 3.92% per annum and repayable on demand.
- (b) The loans to a joint venture are unsecured, carry fixed interest rates ranging from 4.35% to 4.60% per annum and overdue as at 30 June 2021 and 31 December 2020.
- (c) The amounts due from joint ventures and fellow subsidiaries are unsecured, interest-free and repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 19. RESTRICTED AND PLEDGED BANK DEPOSITS, AND CASH AND BANK BALANCES

### Restricted and pledged bank deposits

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Deposits placed with bank (note a)	<b>38,303</b>	–
Deposits placed with Finance Company (note b)	–	46,049

Notes:

- (a) The bank balances are mainly held in designated bank accounts as security for the letters of credit.
- (b) The deposits were placed with Finance Company and pledged as security for the Group's other loans from a third party financing company, which are not repayable within one year. These deposits carried interest at a fixed rate of 3.58% per annum and have been transferred to saving account in January 2021.

### Cash and bank balances

As at 30 June 2021, the balances included saving deposits of RMB1,146,881,000 (unaudited) (31 December 2020: RMB260,882,000) placed with Finance Company, which bear interest at rates ranging from 0.53% to 1.45% (31 December 2020: 0.53% to 1.50%) per annum.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 20. TRADE PAYABLES

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Trade payables	<b>2,120,590</b>	1,601,151

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

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Within 1 year	<b>2,061,722</b>	1,572,821
More than 1 year, but less than 2 years	<b>40,587</b>	17,906
More than 2 years, but less than 3 years	<b>9,836</b>	743
Over 3 years	<b>8,445</b>	9,681
	<b>2,120,590</b>	1,601,151

Included in the Group's trade payables are payables to fellow subsidiaries of approximately RMB77,032,000 (31 December 2020: RMB33,817,000). The payables to fellow subsidiaries are unsecured, interest-free and are repayable within one year according to respective purchase contracts.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 21. OTHER PAYABLES AND ACCRUED EXPENSES

Included in the Group's other payables under current liabilities as at 30 June 2021 were payables to Daye Group and a joint venture of the Group of RMB15,044,000 (unaudited) (31 December 2020: RMB29,000,000) and RMB2,299,000 (unaudited) (31 December 2020: RMB10,912,000), respectively. The above payables to Daye Group and a joint venture of the Group are unsecured, interest-free and repayable on demand.

Also included in the Group's other payables and accrued expenses under current liabilities and other payables under non-current liabilities as at 30 June 2021 were payables for purchase of property, plant and equipment from fellow subsidiaries in aggregate amount of RMB306,394,000 (unaudited) (31 December 2020: RMB340,244,000) in relation to the construction work conducted by these fellow subsidiaries. The above payables are unsecured and repayable in accordance with the terms of the relevant construction contracts, and except for the payables to a fellow subsidiary of RMB276,333,000 (unaudited) (31 December 2020: RMB278,333,000) which bear interest at 4.35% (31 December 2020: 4.35%) per annum, the remaining payables are interest-free.

## 22. BANK AND OTHER BORROWINGS

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Bank borrowings:		
Unsecured	<b>5,721,110</b>	4,477,042
Other borrowings:		
Loans from Daye Group, unsecured*	<b>235,123</b>	402,800
Loans from Finance Company, unsecured*	<b>240,150</b>	240,296
Loans from a fellow subsidiary, unsecured*	<b>6,437</b>	36,828
Gold loans	<b>809,442</b>	1,332,984
Other loans, unsecured	<b>503,058</b>	-
Other loans secured by bank deposits	<b>-</b>	505,722
	<b>7,515,320</b>	6,995,672

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 22. BANK AND OTHER BORROWINGS – CONTINUED

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Bank borrowings carrying amounts repayable:		
Within 1 year	2,223,251	2,354,263
More than 1 year, but not exceeding 2 years	1,356,104	206,927
More than 2 years, but not exceeding 5 years	1,741,755	1,915,852
More than 5 years	400,000	–
	<b>5,721,110</b>	4,477,042
Other borrowings carrying amounts repayable:		
Within 1 year	1,123,286	1,359,328
More than 1 year, but not exceeding 2 years	485,681	850,552
More than 2 years, but not exceeding 5 years	185,243	308,750
	<b>1,794,210</b>	2,518,630
Total bank and other borrowings	<b>7,515,320</b>	6,995,672
Less: Amounts due within 1 year shown under current liabilities	<b>(3,346,537)</b>	(3,713,591)
Amounts shown under non-current liabilities	<b>4,168,783</b>	3,282,081

- \* The loans from Daye Group bear interests ranging from 1.20% to 6.15% (31 December 2020: 1.20% to 6.12%) per annum and are repayable in various maturity dates up to 24 December 2025. The loans from Finance Company bear interests ranging from 3.75% to 5.15% (31 December 2020: 4% to 5.225%) per annum and are repayable in various maturity dates up to 19 April 2022. The loans from a fellow subsidiary include (i) a loan bore a three-year interest rate quoted by People's Bank of China per annum and is repayable on 11 January 2022 and (ii) an interest-free loan and is repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets		Current liabilities	
	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Carried at fair value:				
– Copper futures contracts	71,329	77,146	5,602	64,927
– Gold futures contracts	6,783	5,439	–	3,479
– Gold forward contracts	–	73,059	77,676	28,811
– Silver futures contracts	6,901	19,520	24,782	12,743
– Iron ores futures contracts	–	–	2,737	–
– Currency forward contracts	–	–	3,947	–
– Currency option contract	–	–	–	2,382
	<b>85,013</b>	175,164	<b>114,744</b>	112,342

The Group uses commodity derivative contracts as an economic hedge of its commodity price risk and its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain copper, iron ores, gold and silver products. Commodity derivative contracts utilised by the Group include standardised copper futures contracts in Shanghai Futures Exchange and other futures exchanges. Besides, the Group also entered into currency forward contracts and currency option contract with certain banks to hedge certain of its currency risk arising from certain of its bank loans denominated in United States dollar. The Group did not formally designate or document the hedging transactions with respect to the commodity derivative contracts, foreign currency forward contracts and currency option contract. Therefore, those transactions were not designated for hedge accounting.

Details of fair value measurement are disclosed in note 25 to the condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 24. CAPITAL COMMITMENTS

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	At 31 December 2020 RMB'000 (Audited)
Capital expenditure contracted but not provided in respect of:		
Acquisition of property, plant and equipment	<b>3,340,841</b>	3,921,923

## 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

**Fair value of the Group's financial instruments that are measured at fair value on a recurring basis**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2021 (unaudited)				
<i>Financial assets</i>				
Commodity futures contracts	–	<b>85,013</b>	–	<b>85,013</b>
Other derivative financial instruments	–	–	–	–
Structured bank deposits	–	<b>530,000</b>	–	<b>530,000</b>
<i>Financial liabilities</i>				
Commodity futures contracts	–	<b>33,121</b>	–	<b>33,121</b>
Other derivative financial instruments	–	<b>81,623</b>	–	<b>81,623</b>
Gold loans	–	<b>809,442</b>	–	<b>809,442</b>
At 31 December 2020 (audited)				
<i>Financial assets</i>				
Commodity futures contracts	–	102,105	–	102,105
Other derivative financial instruments	–	73,059	–	73,059
Structured bank deposits	–	500,000	–	500,000
<i>Financial liabilities</i>				
Commodity futures contracts	–	81,149	–	81,149
Other derivative financial instruments	–	31,193	–	31,193
Gold loans	–	1,332,984	–	1,332,984



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS – CONTINUED

### Fair value of the Group's financial instruments that are measured at fair value on a recurring basis – continued

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

		Fair value		Fair value hierarchy	Valuation technique
		At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)		
Copper futures contracts:	Assets	<b>71,329</b>	77,146	Level 2	Note 1
	Liabilities	<b>5,602</b>	64,927	Level 2	Note 1
Gold futures contracts:	Assets	<b>6,783</b>	5,439	Level 2	Note 1
	Liabilities	<b>-</b>	3,479	Level 2	Note 1
Gold forward contracts:	Assets	<b>-</b>	73,059	Level 2	Note 3
	Liabilities	<b>77,676</b>	28,811	Level 2	Note 3
Silver futures contracts:	Assets	<b>6,901</b>	19,520	Level 2	Note 1
	Liabilities	<b>24,782</b>	12,743	Level 2	Note 1
Iron ores futures contracts:	Liabilities	<b>2,737</b>	-	Level 2	Note 1
Currency forward contracts:	Liabilities	<b>3,947</b>	-	Level 2	Note 2
Currency option contract:	Liabilities	<b>-</b>	2,382	Level 2	Note 2
Gold loans:	Liabilities	<b>809,442</b>	1,332,984	Level 2	Note 3
Structured bank deposits:	Assets	<b>530,000</b>	500,000	Level 2	Note 4

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS – CONTINUED

### **Fair value of the Group's financial instruments that are measured at fair value on a recurring basis – continued**

Notes:

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

There were no transfers between Level 1 and 2 for the current and prior interim periods.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 26. RELATED PARTY TRANSACTIONS

### 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").

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

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

	Notes	Related parties	Six months ended 30 June	
			2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Income:</b>				
Sales of non-ferrous metals	(i)	Daye Group	–	185,159
	(i)	Fellow subsidiaries	<b>2,988,932</b>	1,126,643
Sales of other materials	(i)	Daye Group	–	33
	(i)	Fellow subsidiaries	<b>18,993</b>	15,223
Rendering of services	(i)	Fellow subsidiaries	<b>3,098</b>	3,219
Interest income	(ii)	Finance Company	<b>4,220</b>	4,444
	(ii)	A joint venture	–	1,152

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 26. RELATED PARTY TRANSACTIONS – CONTINUED

Transactions and balances with PRC government-related entities – continued

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

	Notes	Related parties	Six months ended 30 June	
			2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Expenses:</b>				
Transportation fees	(i)	Fellow subsidiaries	30,387	–
Utilities fees	(i)	Fellow subsidiaries	155,072	151,686
Purchases of non-ferrous metals	(i)	Daye Group	54,945	–
	(i)	Fellow subsidiaries	664,627	351,827
Purchase of other products	(i)	Fellow subsidiaries	4,707	12,980
Other service expense	(i)	Fellow subsidiaries	1,923	38,104
Interest expense for financial liabilities at amortised cost	(iii)	Daye Group	9,677	12,521
	(iii)	Finance Company	7,346	6,621
	(iii)	A fellow subsidiary	205	6,026
	(iv)	Immediate holding company	21,153	21,116
Interest expense on lease liabilities	(v)	Daye Group	4,243	3,603
<b>Capital expenditures:</b>				
Construction contract fees	(i)	Fellow subsidiaries	11,905	30,459
Other service fees	(i)	Fellow subsidiaries	35,538	1,083

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 26. RELATED PARTY TRANSACTIONS – CONTINUED

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

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

Notes:

- (i) These transactions were conducted in accordance with terms of the relevant agreements, of which the transaction price was determined based on the government-prescribed price or by reference to market price.
- (ii) The interest income arose from the deposits placed with Finance Company and loans to a joint venture. Further details of the balances at the end of the reporting period are set out in notes 18 and 17, respectively.
- (iii) The interest expense arose from unsecured loans from and/or amounts due to Daye Group, Finance Company and a fellow subsidiary. Further details of the balances at the end of the reporting period are set out in notes 22 and 21, respectively.
- (iv) The interest expense arose from promissory note from the immediate holding company.
- (v) The Group leases certain lands from Daye Group. As at 30 June 2021, the related right-of-use assets amounted to RMB133,332,000 (31 December 2020: RMB140,540,000), and the related lease liabilities amounted to RMB141,294,000 (31 December 2020: RMB142,570,000). During the current interim period, lease payments of RMB5,850,000 (six months ended 30 June 2020: RMB5,850,000) payable to Daye Group was settled through the current account balances of Daye Group.

#### *Transactions with other PRC government-related entities*

The Group has entered into various transactions, amongst others, including deposit placements, borrowings, and other bank facilities, with certain banks and financial institutions which are 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.

#### *Compensation of key management personnel of the Group*

The key management personnel of the Group includes the directors (which are also top executives of the Company).

# DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CNMC”	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder
“Company”	China Daye Non-Ferrous Metals Mining Limited (Stock code: 661), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parent Company”	Daye Nonferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder
“PRC”	the People’s Republic of China, which for the purpose of this report, excludes Hong Kong, the Macau Special Administration of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* For identification purpose only