

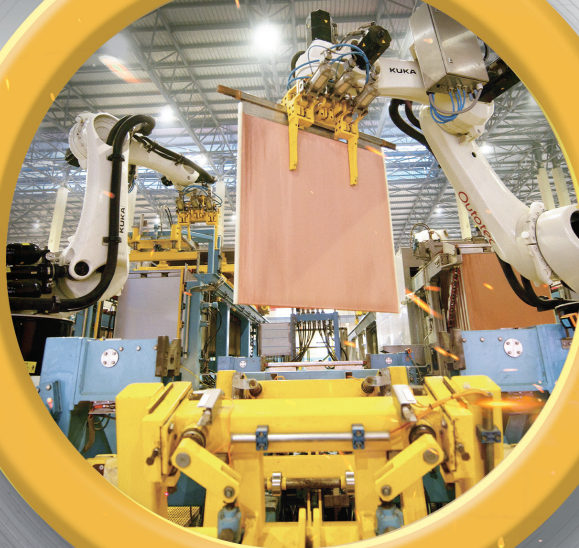


中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 00661



Interim Report

2022



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:

Xiao Shuxin (*Chairman*)
Long Zhong Sheng
(*Chief Executive Officer*)
Wan Jun
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

Xiao Shuxin (*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

Room 1, 11/F.
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1008 Tai Nan West Street
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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

00661

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2022, 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 2022, the Group produced a total of approximately 6,600.00 tonnes of mined copper, representing a year-on-year decrease of 51.10%; approximately 242,700.00 tonnes of copper cathode, representing a year-on-year increase of 3.28%; approximately 326.68 tonnes of precious metal (including approximately 2.24 tonnes of gold, approximately 308.56 tonnes of silver, approximately 7.00 kg of platinum, approximately 58.00 kg of palladium and approximately 15.81 tonnes of tellurium), representing a year-on-year increase of 17.23%; approximately 522,900.00 tonnes of chemical products (including approximately 521,600.00 tonnes of sulfuric acid, approximately 184.39 tonnes of nickel sulfate, approximately 1,014.49 tonnes of copper sulfate and approximately 60.94 tonnes of crude selenium), representing a year-on-year decrease of 0.85%; approximately 75,900.00 tonnes of iron concentrate, representing a year-on-year decrease of 28.00%; and approximately 0.00 tonnes of molybdenum concentrate, representing a year-on-year decrease of 100.00%.

In accordance with the principle of “focus on the industry, commitment to the principal business and dedication to expertise”, the Company will mainly make arrangements for the implementation of key projects in the Company’s “Three-Year Rolling Plan” and “14th Five-Year Plan”, rectification projects of the Central Environmental Protection Inspectorate as well as energy conservation, safety, and technological innovation projects.

In terms of resources control, the Company will actively carry out deep ore prospecting of company-owned mines, and conduct in-depth survey of Tonglvshan Mine, Fengshan Copper Mine and Tongshankou Copper Mine to ensure that the Company’s own resources will not decrease.

In terms of smelting scale improvement, the key point is to improve the smelting scale to give full play to economies of scale so as to improve the core competitiveness of the enterprise. Firstly, the project on the clean production of 400,000 tonnes of high-purity copper cathodes has been completed and put into operation with production capacity and targets reached. Secondly, the Company will carry out appropriate work for projects such as the upgrading and transformation of the rare and precious metal system.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of environmental protection rectification, firstly, projects on the landfill works for hazardous smelter waste, the treatment of the main workshop of the converter, the diversion of rain and sewage, and the upgrading and transformation of water treatment will be constructed. Secondly, projects such as the project of standard upgrading and transformation of wastewater produced at Fengshan Copper Mine, the project on the closure of the tailings pond of Fengshan Copper Mine, the project on the comprehensive ecological restoration and water prevention and control for the open pit of Fengshan Copper Mine, the project on the upshift and upgrade of the tailings pond of Tongshankou Mine, the project on the treatment of the tailings pond of Chimashan Mine will be built.

In terms of scientific and technological innovation, the Company will mainly engage in the research and development of new rare and precious materials and new products. The Company will take Fengshan Copper Mine as a pilot project to carry out the construction of digital mines.

Adhering to the priority given to ecology, the mode of development underwent a profound change. The Company's proactive corrective actions and results had been fully affirmed in the onsite inspection of the parent company and the local government in the first half of the year. The Company systematically advanced its green development plan, and fully promoted the building of environmental protection informatization. Combined with environmental supervision and rectification and on the basis of repeated investigations, a preliminary plan for constructing an environmental protection informatization platform with smelters as pilot units was determined.

MANAGEMENT DISCUSSION AND ANALYSIS

Adhering to the pursuit of progress while ensuring stability, efficiency and effectiveness underwent a profound change. Through monthly business scheduling meetings, the Company guided primary-level departments to highlight key points by making use of business data analysis and early warning, and key work reminders, etc. Various production and operational work as well as tough priorities were solidly advanced at all departments. The smelting plants focused on rectification on the one hand and production on the other hand, so as to ensure production through rectification, and to promote improvement through production. Comprehensive unit consumption dropped significantly, with the output of mined copper, sulfuric acid and other products exceeding the plan. For Tonglvshan Mine, adhering to the problem-oriented approach, business effectiveness diagnosis was conducted and a number of quality and efficiency enhancement projects were proposed and implemented in a targeted manner. For Fengshan Copper Mine, production was suspended but work continued, and staggering peak production promoted the transformation of copper sorting process and the construction of digital mines, which has created favorable conditions for the instant high production after resumption of production in the second half of the year. For Tongshankou Mine, the Company overcame difficulties such as the poor alignment of ore volume and made an overall planning of open-pit mining and underground operations to meet the schedule requirements. For Sareke Copper Mine, the Company highlighted the concept of creating efficiency with technology in optimizing the flotation process, which has stabilized the copper sorting recovery rate at a high level.

Adhering to compliance with laws and regulations, the management concept underwent a profound change. The Company continued to promote the transformation of management cognition. A number of institutions were engaged to carry out management diagnosis and communication in the Company and inspection visits to other peer companies were organized for core management personnel. With strict reference to legal documents such as mine construction project safety evaluation, the Company carried out the review of mine production capacity, and timely adjusted mining plans in accordance with laws and regulations. In-depth special investigations on tailings ponds, metal smelting, construction works, hazardous chemicals, and building safety were conducted. The Company also carried out investigations of compliance risks and violations of laws and regulations in business operations at all levels. The Company started construction integrating risk, compliance and internal control, forming phased results such as a database of key risk indicators and the standards for identifying internal control defects.

MANAGEMENT DISCUSSION AND ANALYSIS

WORK ARRANGEMENTS IN THE SECOND HALF OF THE YEAR AND OUTLOOK

(1) **Unswervingly adhering to the concept of green development, every effort will be made on the rectification of issues found in the central environmental protection inspections**

With focus on long-term rectification projects, process management and control will be implemented. For projects with a longer rectification period such as the reconstruction of smelters' environmental protection upgrading system and the closed storage of the Fengshan Copper Mine tailings pond, the Company will be required to carry out solid work in terms of project feasibility study, administrative approval, acceptance of construction work, post-project evaluation and other full-cycle management work with the basic principle of "scientific and standardized rectification". For the smelting plants, the Company will be required to pay attention to the operation of the converter's environmental smoke collection system and the Datang sewage treatment facility. For Fengshan Copper Mine, the Company will be required to focus on the advanced treatment system and the management of the Yangtze River waste outlet. By increasing the monitoring coverage and frequency, adjusting process parameters and other means, the hidden environmental dangers will be discovered and eliminated in time to ensure that the discharge of waste water and waste gas is up to the standard.

Firstly, the Company will further enhance the awareness of environmental protection among all employees. The Company's special seminar on "green and high-quality development" will be promoted to guide all employees to gain an insight and understanding of ecological and environmental protection work from a longer-term perspective. Secondly, the Company will further improve the environmental protection management system. The Company will continue to carry out environmental protection system optimization and publicity work, and will establish and improve horizontal and vertical environmental protection responsibility systems for all employees and scientific environmental protection management and assessment systems to ensure that each environmental management indicator is put into practice in terms of production and operational elements. Thirdly, the Company will further promote the environmental-friendly production process. The Company will plan and push the implementation of the old metallurgical production system upgrading and transformation project and the mine paste filling technology solution to achieve environmental protection at the source. Fourthly, the Company will further accelerate the "carbon peaking and carbon neutrality" action. It is necessary to study and formulate the high-energy-consuming equipment elimination list and speed up the implementation to ensure that 80% of the assessment targets is completed by the end of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Resolutely aiming for progress while ensuring stability, every effort will be made on the safety of production and operation

The 400,000-tonne project will be put into operation at full speed. The 400,000-tonne project is not only a key provincial and municipal project but also a major project of the Company. Yangxin Hongsheng Copper Industry Company Limited, on the premise of ensuring safety and quality, will effectively strengthen work coordination and accelerate the construction of supporting projects and equipment installation and commissioning to ensure production in the third quarter and that the targets and production are achieved as soon as possible.

Every effort will be made to promote the stable and increased production of main and by-products. For the smelting plants, taking into account the organization of daily production and the tackling of critical issues in scientific and technological testing, the Company will think ahead and make flexible arrangement to increase the output of mined blister copper and other profitable products. For Tonglvshan Mine, Tongshankou Mine and Sareke Copper Mine, the Company will break down the workload according to the mining plan and drive monthly production on capturing daily production to ensure that production proceeds according to the annual plan. For Fengshan Copper Mine, the Company will systematically advance projects such as the construction of filling stations and the transformation of copper sorting processes, and simultaneously make preparations for production to play the backbone role of a principal mine.

MANAGEMENT DISCUSSION AND ANALYSIS

Measures will be fully implemented to improve quality and efficiency. Entering the second half of the year, affected by the global economic recession and other factors, the prices of copper cathodes, sulfuric acid and other products declined, and the copper price even fell below US\$7,000/tonne for the first time in nearly 20 months, bringing a lot of uncertainties to the realization of the Company's annual business goals. For the smelting plants, the Company will reduce the comprehensive energy consumption of mined blister copper and the unit consumption of water per tonne of copper by increasing the oxygen concentration to strengthen the smelting process and reduce the use of coal consumption so as to achieve cost reduction and increase efficiency. By reinforcing the management of metal loss points and other means, the Company will further improve the comprehensive recovery rate of metals such as copper. For the mines and other units, the Company will intensify cost control, continuously carry out cost analysis and diagnosis, accelerate the centralized procurement of homogeneous materials, manage and control quota consumption and reduce the cost of elements to ensure that various cost and expense reduction measures are effective.

(3) Firmly following the goal of scientific and technological innovation, every effort will be made on upgrading the enterprise

Firstly, in terms of production process optimization, the Company will strengthen critical scientific and technological research to achieve independent control of core technologies. For the smelting plants, with focus on projects such as "Critical Research on Key Technologies for the Production of Oxygen-enriched and High-grade Matte in Ausmelt furnace", the Company will step up investment in technical personnel, resources and equipment, and scientific research funds, striving for early breakthroughs in indicators such as the comprehensive energy consumption of the smelting system and the SO₂ conversion rate of the sulfuric acid system of Ausmelt furnace, and will promote the continuous improvement of the enterprise's core competitiveness with the continuous optimization of key indicators. For Tonglvshan Mine and Fengshan Copper Mine, the Company will strengthen research on rock mechanics and key paste filling technology, conduct in-depth technical tests such as paste filling ratio and tailings flocculation and settlement, and simultaneously quicken hardware input such as infrastructure construction and equipment reconstruction at the filling stations, striving to take the lead in realizing the onsite industrial application of the paste filling process before the end of the year. For Tongshankou Mine, aiming at on the goal of "increasing the copper sorting recovery rate by more than 2.5 percentage points", the Company will speed up key testing to master critical technical processes so that phased results can be created as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS

Secondly, in terms of intelligent manufacturing, the Company will accelerate the application of new technologies and new equipment to realize the iterative upgrade of production organization. The Company will quicken the construction of digital mines. Relying on the jointly created 5G laboratory, the Company will accelerate and promote the integrated management and control of mine production safety and efficiency with three-dimensional mine software as the cornerstone and new automatic trackless equipment as the core. The Company will accelerate and promote the use of trackless equipment such as underground excavation trolleys, as well as the work on purchasing supporting front-end slag cleaning equipment and subsequent medicine shipment equipment so as to promote the transformation toward an unmanned, mechanized and digitalized organization of mine production. The Company will accelerate and promote the construction of intelligent and clean factories. Relying on the 400,000-tonne project platform, the Company will conduct research on technological breakthroughs in intelligent copper smelting factories to accelerate the digestion and absorption of intelligent manufacturing technologies. At the same time, combined with the upgrading and transformation of the smelting plants, mature intelligent scenarios will be replicated, promoted and applied to improve the level of production control and organizational efficiency.

Thirdly, in terms of informatization management, the Company will rely on data empowerment to achieve upgrade of the management model. The Company will oversee the construction of EPR management systems such as business marketing system, financial statement system, and information-based measurement system, continuously improve the operating mechanisms of the informatization management system to speed up the integration and connection among systems, thus laying the foundation for the ultimate realization of data interoperability and comprehensive analysis utilization.

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 2022:

Mines	Exploration activities	Development activities	Mining production activities
Tonglvshan Mine	Horizontal drilling reached 3,236.1m/34 holes, and pit drilling reached 640m/4,992m ³ .	The total completed drilling volume of middle portion, sublevel for the development of the -545m to -605m middle portion of Tonglvshan Mine was 7,220m ³ . The total completed drilling volume of mining ramps, middle portion for the development of No. IV ore body (including IV West) of the -665m to -725m middle portion of Tonglvshan Mine was 1,221m ³ .	Copper contained in copper concentrate : 2,860 tonnes Gold contained in copper concentrate : 148 kg Silver contained in copper concentrate : 1,082 kg Iron concentrate : 75,860 tonnes
Fengshan Mine	Horizontal drilling reached 2,160m/26 holes, and pit drilling reached 59.3m/605.9m ³	The total completed drilling volume of middle portion for the development of the -440m middle portion of Fengshan Copper Mine was 5,977m ³ .	Nil
Tongshankou Mine	1. Horizontal drilling reached 2,400m/40 holes. 2. In-depth investigation drilling of Tongshankou Mine reached 669.48m/3 holes.	Nil	Copper contained in copper concentrate : 2,760 tonnes Silver contained in copper concentrate : 1,157 kg
Chimashan Mine	No exploitation work has been carried out.	Nil	Nil
Sareke Copper Mine	No exploitation work has been carried out.	The total completed drilling volume was 2,094.3m/21,999.4m ³ .	Copper : 961 tonnes Silver : 995 kg

MANAGEMENT DISCUSSION AND ANALYSIS

Infrastructure projects, subcontracting arrangements and purchases of equipment

During the six months ended 30 June 2022, 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	-	-	-	-
Fengshan Mine	12,084	-	2,069	14,153
Tongshankou Mine	18,016	-	23,789	41,805
Chimashan Mine	-	-	-	-
Sareke Copper Mine	-	-	-	-
Others	-	-	-	-
Total	30,100	-	25,858	55,958

Expenditures incurred

During the six months ended 30 June 2022, the Group incurred expenditures of approximately RMB620,265,000 (six months ended 30 June 2021: RMB717,896,000) 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	
			2022 Total RMB'000	2021 Total RMB'000
Tonglvshan Mine	218,820	20,546	239,366	267,041
Fengshan Mine	78,268	17,223	95,491	126,358
Tongshankou Mine	136,878	17,018	153,896	159,866
Chimashan Mine	3,691	-	3,691	3,693
Sareke Copper Mine	127,821	-	127,821	160,938
Total	565,478	54,787	620,265	717,896

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Chimashan Mine	Sareke Copper Mine
Exploration activities					
Drilling and analysis	-	2,636	-	-	-
Others	-	-	-	-	-
Sub-total	-	2,636	-	-	-
Development activities (including mine construction)					
Purchase of assets and equipment	13,815	2,070	7,563	-	-
Civil work for construction of tunnels and roads	6,731	12,517	9,455	-	-
Staff cost	-	-	-	-	-
Others	-	-	-	-	-
Sub-total	20,546	14,587	17,018	-	-
Mining production activities (including ore processing)					
Auxiliary material	19,720	-	15,434	-	13,686
Power supply	16,644	-	16,918	-	5,513
Staff cost	67,703	35,938	29,655	1,635	16,816
Depreciation	58,831	13,797	36,170	-	35,432
Taxes, resource compensation	11,873	672	9,957	309	2,588
Sub-contracting service	2,124	1,530	3,753	-	11,613
Others (administrative expenses, selling expenses, non-operating expenditures)	41,925	26,331	24,991	1,747	42,173
Sub-total	218,820	78,268	136,878	3,691	127,821
Total	239,366	95,491	153,896	3,691	127,821

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue increased by 6.72% to approximately RMB17,954,197,000 during the period over the same period last year of RMB16,824,358,000. The increase in revenue was mainly attributable to a year-on-year increase in the selling price of the main products of the Company.

Gross profit for the six months ended 30 June 2022 amounted to approximately RMB426,771,000 (six months ended 30 June 2021: RMB604,220,000), representing a decrease of 29.37% from the previous period. The decrease in gross profit was mainly attributable to, under the influence of environmental inspections, the temporarily suspended production for rectification of Fengshan Copper Mine and low-load production such as Sareke Copper Mine under the subsidiaries of the Company in the first half of 2022, resulting in a decline in the output of self-owned mines and a decline in profitability.

Finance costs for the six months ended 30 June 2022 amounted to approximately RMB151,863,000 (six months ended 30 June 2021: RMB156,933,000), representing a decrease of 3.23% from the previous period. The reduction in financial expenses was attributable to the reduced interest-bearing debt scale through financing channels of revolving loans and corporation overdraft account sought by the Company, and at the same time seizing the loan market window period to replace high-cost loans to reduce financing costs.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL

The Group did not make any significant investment during the period ended 30 June 2022.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The core and the source of growth of the Company's future business lie in the fields such as the development of non-ferrous metal mineral resources, the smelting of non-ferrous metals, and the research and development of precious metal materials. The Company's project on the clean production of 400,000 tonnes of high-purity copper cathodes, which is under construction, is expected to bring better returns to the Company. Going forward, the Company will continue to adhere to the strategy of "developing mines and consolidating smelting". On the current basis of "mining and smelting as the principal business featuring comprehensive complementarity", the Company will improve its competitive copper cathode production capacity, carry out overall transformation and upgrading of the existing outdated smelting system, optimise economic indicators of technology, reduce production costs, and improve production environment to enhance operational efficiency and benefits. The Company will promote the expansion and upgrading of the rare and precious metal system and the extension of the rare and precious metal industry chain to improve the smelting equipment level and profitability in an all-round way.

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 2022, the Group's receipts and payments were mainly denominated in RMB.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had pledged bank deposits, and cash and bank balances of approximately RMB545,085,000 (31 December 2021: RMB814,997,000), of which the majority were denominated in Renminbi, with a current ratio of 1.06 (31 December 2021: 1.09), based on the current assets of approximately RMB8,712,974,000 (31 December 2021: RMB7,681,773,000) and current liabilities of approximately RMB8,243,642,000 (31 December 2021: RMB7,038,537,000). The Group's gearing ratio was 322.98% (31 December 2021: 286.97%) based on the net debts (which includes bank and other borrowings, promissory notes and lease liabilities less pledged bank deposits, and cash and bank balances) of approximately RMB9,809,112,000 (31 December 2021: RMB8,570,311,000) divided by equity attributable to owners of the Company of approximately RMB3,037,090,000 (31 December 2021: RMB2,986,511,000). The increase in gearing ratio was mainly due to the increase in net debts.

BORROWINGS

As at 30 June 2022, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB10,218,815,000 (2021: RMB9,247,453,000).

As at 30 June 2022, the Group had bank and other borrowings of approximately RMB4,998,126,000 (31 December 2021: RMB2,999,443,000) and approximately RMB4,103,837,000 (31 December 2021: RMB5,152,158,000) 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 2022, the Group had a total of 5,269 employees (30 June 2021: 5,374). The Group's total staff costs for the six months ended 30 June 2022 was approximately RMB364,961,000 (six months ended 30 June 2021: RMB368,513,000). 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 2022.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no contingent liabilities.

CHARGES ON ASSETS

As at 30 June 2022, other deposits which amounted to approximately RMB406,017,000 (31 December 2021: RMB299,096,000) 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 nil (31 December 2021: RMB195,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, 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 2022 (six months ended 30 June 2021: Nil).

BOARD OF DIRECTORS

Composition of the Board

As at 30 June 2022, 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
Executive Directors		
Xiao Shuxin (<i>Chairman</i>)	15 July 2021	27 May 2022
Long Zhong Sheng (<i>Chief Executive Officer</i>)	22 March 2012	27 May 2022
Wan Jun	28 January 2022	27 May 2022
Chen Zhimiao	21 June 2019	27 May 2022
Independent Non-Executive Directors		
Wang Guoqi	13 January 2006	26 May 2021
Wang Qihong	13 January 2006	26 May 2021
Liu Jishun	31 July 2014	27 May 2022

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, 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 2022.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 2022.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 2022.

The Company’s independent auditor, SHINEWING (HK) CPA Limited, has reviewed the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 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 2022.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company had complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

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 22 to 55, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss, 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 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4, 5	17,954,197	16,824,358
Cost of sales and services rendered		(17,527,426)	(16,220,138)
Gross profit		426,771	604,220
Other income	6	27,831	27,461
Selling expenses		(17,916)	(23,656)
Administrative expenses		(254,222)	(186,937)
Other operating expenses		(4,345)	(9,423)
Other gains and losses	7	363	(3,947)
Reversal of (impairment losses) under expected credit loss model, net	8	24,281	(49,469)
Finance costs	9	(151,863)	(156,933)
Profit before tax		50,900	201,316
Income tax expense	10	(24,813)	(67,008)
Profit for the period	11	26,087	134,308
Profit (loss) for the period attributable to:			
Owners of the Company		50,579	126,963
Non-controlling interests		(24,492)	7,345
		26,087	134,308
Earnings per share	13		
– Basic		RMB0.28 fen	RMB0.71 fen
– Diluted		RMB0.28 fen	RMB0.71 fen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	14	7,936,695	7,401,211
Right-of-use assets	14	947,570	952,556
Exploration and evaluation assets		3,999	5,179
Intangible assets	14	685,763	716,140
Investments in joint ventures		–	–
Deferred tax assets		63,425	60,638
Other deposits	17	71,966	317,610
		9,709,418	9,453,334
CURRENT ASSETS			
Inventories	15	6,392,609	5,825,229
Trade and bills receivables	16	55,113	83,447
Other deposits	17	406,017	299,096
Prepayments and other receivables	18	461,561	212,445
Derivative financial instruments	23	152,589	46,559
Structured bank deposits		700,000	400,000
Restricted and pledged bank deposits	19	–	195
Cash and bank balances	19	545,085	814,802
		8,712,974	7,681,773
CURRENT LIABILITIES			
Trade payables	20	2,036,701	1,812,904
Other payables and accrued expenses	21	618,032	717,679
Contract liabilities		424,190	231,703
Bank and other borrowings	22	4,998,126	2,999,443
Promissory note		–	1,095,852
Lease liabilities		5,067	4,946
Derivative financial instruments	23	120,990	43,818
Early retirement obligations		19,602	21,530
Current income tax liabilities		20,934	110,662
		8,243,642	7,038,537
NET CURRENT ASSETS		469,332	643,236
TOTAL ASSETS LESS CURRENT LIABILITIES		10,178,750	10,096,570

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital		727,893	727,893
Share premium and reserves		2,309,197	2,258,618
Equity attributable to owners of the Company		3,037,090	2,986,511
Non-controlling interests		1,146,371	1,170,863
TOTAL EQUITY		4,183,461	4,157,374
NON-CURRENT LIABILITIES			
Other payables	21	392,546	390,818
Bank and other borrowings	22	4,103,837	5,152,158
Lease liabilities		130,315	132,909
Promissory note		1,116,852	–
Provisions for mine rehabilitation, restoration and dismantling		55,131	54,344
Deferred income		134,198	146,557
Early retirement obligations		62,410	62,410
		5,995,289	5,939,196
		10,178,750	10,096,570

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company										
	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	Retained profits/ losses (accumulated) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2022 (unaudited)											
At 1 January 2022 (audited)	727,893	1,563,838	124,592	4,373,075	(4,184,848)	133,393	5,876	242,692	2,986,511	1,170,863	4,157,374
Profit (loss) for the period	-	-	-	-	-	-	-	50,579	50,579	(24,492)	26,087
Appropriation of maintenance and production funds	-	-	-	-	-	30,178	-	(30,178)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	(18,415)	-	18,415	-	-	-
At 30 June 2022 (unaudited)	727,893	1,563,838	124,592	4,373,075	(4,184,848)	145,156	5,876	281,508	3,037,090	1,146,371	4,183,461
Six months ended 30 June 2021 (unaudited)											
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 for the period	-	-	-	-	-	-	-	126,963	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
At 30 June 2021 (unaudited)	727,893	1,554,303	124,592	4,373,075	(4,184,848)	117,612	5,876	99,000	2,817,503	1,047,603	3,865,106

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

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 (a) the deemed contribution from a then shareholder during the group reorganisation in 2012, and (b) contribution from a shareholder for environmental rectification in 2021.
- (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 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(234,323)	1,228,724
NET CASH USED IN INVESTING ACTIVITIES		
Placement of structured bank deposits	(560,000)	(530,000)
Payments for property, plant and equipment	(504,103)	(572,453)
Payments for right-of-use assets	(20,000)	(26,267)
Payments for exploration and evaluation assets	(3,338)	(1,292)
Payments for deposits for acquisition of property, plant and equipment and right-of-use assets	(2,925)	(300,931)
Payments for intangible assets	(698)	(17,225)
Withdrawal of structured bank deposits	260,000	500,000
Repayment from a joint venture	25,000	8,705
Interest received	10,601	13,398
Proceeds from disposal of right-of-use assets	8,883	–
Proceeds from disposal of property, plant and equipment	1,313	6,660
Repayment from fellow subsidiaries	1,299	–
Withdrawal of restricted and pledged bank deposits	195	308,720
Decrease in short-term advances to Daye Nonferrous Metals Group Holding Co., Ltd. ("Daye Group", an intermediate holding company of the Company)	33	–
Placement of restricted and pledged bank deposits	–	(300,974)
	(783,740)	(911,659)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
NET CASH FROM FINANCING ACTIVITIES		
Proceeds from new bank borrowings	3,509,983	3,192,443
Loans from Daye Group	873,160	903,764
Proceeds from gold loans	320,398	576,396
Advance from a fellow subsidiary	256,416	238,796
Repayments of bank borrowings	(2,222,527)	(1,953,513)
Repayment to Daye Group	(1,035,322)	(1,087,410)
Repayments of gold loans	(390,270)	(974,387)
Repayments to a fellow subsidiary	(268,384)	(303,242)
Finance costs paid	(144,479)	(131,970)
Repayment of loans from Daye Nonferrous Metals Group Finance Co., Ltd. ("Finance Company", a fellow subsidiary)	(90,000)	(900,000)
Repayments of other loans	(62,250)	(500)
Repayment of amount due to joint ventures	-	(8,613)
Loans from Finance Company	-	900,000
Capital injection from non-controlling shareholders of a subsidiary	-	260,000
Receipts of government grants	-	1,901
	746,725	713,665
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the period	(271,338)	1,030,730
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	814,802	374,735
	1,621	(99)
Cash and cash equivalents at end of the period, represented by		
Cash and bank balances	545,085	1,405,366

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 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 2021.

As at 30 June 2022, the Group had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB545,085,000 and RMB4,998,126,000 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 RMB19,007,019,000 and (ii) bank borrowings of RMB1,662,520,000 subsequently raised which fall due after 30 June 2023, the directors of the Company 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 2022

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 2021, 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 2022.

Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual improvements to HKFRSs 2018-2020 cycle</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 2022

4. REVENUE

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of goods	17,933,232	16,801,383
Rendering of services	20,965	22,975
	17,954,197	16,824,358
Timing of revenue recognition		
A point in time	17,933,232	16,801,383
Over time	20,965	22,975
	17,954,197	16,824,358

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services 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:

	Six months ended 30 June	
	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
Sales of goods		
Copper cathodes	14,937,653	13,587,815
Other copper products	63,415	162,012
Gold and other gold products	885,416	934,223
Silver and other silver products	1,556,600	1,668,625
Sulphuric acid and sulphuric concentrate	319,172	198,201
Iron ores	75,208	130,863
Others	95,768	119,644
	17,933,232	16,801,383
Rendering of services		
Copper processing	7,989	9,406
Others	12,976	13,569
	20,965	22,975
Total revenue	17,954,197	16,824,358

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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:

	At 30 June 2022 RMB’000 (Unaudited)	At 31 December 2021 RMB’000 (Audited)
PRC	9,645,966	9,392,617
Hong Kong	23	65
Mongolia	4	14
	9,645,993	9,392,696

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

	Six months ended 30 June	
	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
PRC	17,627,832	16,639,700
Others	326,365	184,658
	17,954,197	16,824,358

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest income from banks and others	7,423	9,178
Interest income from Finance Company*	3,178	4,220
Government grants	4,517	1,901
Deferred income released	12,472	11,592
Rental income	241	570
	27,831	27,461

* A non-banking financial institution.

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Fair value changes from:		
Commodity derivatives contracts	–	15
Currency forward contracts	–	(3,947)
Currency option contracts	–	2,382
Gold forward contracts	52,990	(121,924)
Gold loans designated as financial liabilities at fair value through profit or loss (“FVTPL”)	(52,111)	125,551
(Loss) gain on disposal of property, plant and equipment, net	(2,175)	2,268
Gain on disposal of right-of-use assets	144	–
Impairment loss on property, plant and equipment	–	(34,189)
Exchange gains, net	1,515	25,897
	363	(3,947)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. REVERSAL OF (IMPAIRMENT LOSSES) UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Reversal of (impairment losses) under expected credit loss model, net, on:		
Trade receivables measured at amortised cost	(1,305)	(24,569)
Loan to a joint venture and amount due from a joint venture	25,000	(25,265)
Other receivables	586	365
	24,281	(49,469)

9. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank and other borrowings	139,461	114,166
Interest on loans from Daye Group	7,476	9,677
Interest on loans from Finance Company	3,981	7,346
Interest on loans from and amounts due to a fellow subsidiary	195	205
Interest on promissory note	21,000	21,153
Unwind interest of provisions for mine rehabilitation, restoration and dismantling	787	764
Unwind interest of early retirement obligations	915	1,345
Interest on lease liabilities	3,377	4,243
Total borrowing costs	177,192	158,899
Less: Borrowing costs capitalised in the cost of qualifying assets	(25,329)	(1,966)
	151,863	156,933

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	27,600	84,905
Deferred tax	(2,787)	(17,897)
	24,813	67,008

11. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Staff costs, including retirement benefit schemes contributions (notes (i) and (iv))	364,961	368,513
Retirement benefit schemes contributions	43,600	42,886
Cost of sales and services rendered:		
Cost of inventories recognised as an expense	17,486,789	16,208,300
Impairment loss of inventories (note (iii))	23,460	–
Direct operating expense arising from service provided	17,177	11,838
	17,527,426	16,220,138
Depreciation of property, plant and equipment (notes (ii) and (iv))	279,955	307,569
Amortisation of intangible assets (notes (ii) and (iv))	35,593	34,207
Depreciation of right-of-use assets (notes (ii) and (iv))	16,247	16,258

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11. PROFIT FOR THE PERIOD – CONTINUED

Notes:

- (i) During the current interim period, staff costs of RMB238,801,000 (unaudited) (six months ended 30 June 2021: RMB266,879,000 (unaudited)) was capitalised to inventories.
- (ii) During the current interim period, depreciation of property, plant and equipment of RMB255,026,000 (unaudited) (six months ended 30 June 2021: RMB295,029,000 (unaudited)), and amortisation/depreciation of intangible assets and right-of-use assets totaling RMB27,938,000 (unaudited) (six months ended 30 June 2021: RMB23,599,000 (unaudited)) was capitalised to inventories.
- (iii) During the current interim period, a write-down of inventories of approximately RMB23,460,000 (unaudited) (six months ended 30 June 2021: nil (unaudited)) has been recognised and included in cost of inventories.
- (iv) During the current interim period, staff costs, depreciation of property, plant and equipment, amortisation of intangible assets of RMB37,469,000, RMB13,797,000 and RMB4,400,000 respectively (unaudited) (six months ended 30 June 2021: nil (unaudited)) was included in administrative expenses during the temporary suspension period.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Earnings		
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	50,579	126,963
	'000	'000
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	17,895,580	17,895,580

The computation of diluted earnings 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 2022

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 RMB793,598,000 (unaudited) (six months ended 30 June 2021: RMB292,993,000 (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 RMB3,488,000 (unaudited) (six months ended 30 June 2021: RMB4,392,000 (unaudited)) for cash proceeds of RMB1,313,000 (unaudited) (six months ended 30 June 2021: RMB6,660,000 (unaudited)), resulting in a loss on disposal of RMB2,175,000 (unaudited) (six months ended 30 June 2021: gain on disposal of RMB2,268,000 (unaudited)).

During the six months ended 30 June 2021, the Group recognised an impairment loss of approximately RMB34,189,000 (unaudited) (six months ended 30 June 2022: nil (unaudited)) 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 2022, right-of-use assets of approximately RMB947,570,000 (unaudited) (31 December 2021: RMB952,556,000) represents land use rights located in the PRC.

During the six months ended 30 June 2022, the Group acquired land use rights with a cost of approximately RMB20,000,000 (unaudited) (six months ended 30 June 2021: RMB48,807,000 (unaudited)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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

Right-of-use assets – continued

In addition, during the current interim period, the Group disposed of a land use right with carrying amount of RMB8,739,000 (unaudited) (six months ended 30 June 2021: nil (unaudited)) for cash proceeds of RMB8,883,000 (unaudited) (six months ended 30 June 2021: nil (unaudited)), resulting in a gain on disposal (six months ended 30 June 2021: nil) of RMB144,000 (unaudited) (six months ended 30 June 2021: nil (unaudited)).

For the six months ended 30 June 2022, expense relating to short-term leases amounted to approximately RMB4,324,000 (unaudited) (six months ended 30 June 2021: RMB567,000 (unaudited)). The total cash outflows for leases during the six months ended 30 June 2022 amounted to approximately RMB3,219,000 (unaudited) (six months ended 30 June 2021: RMB567,000 (unaudited)).

Intangible assets

During the six months ended 30 June 2022, the Group acquired software with a cost of approximately RMB698,000 (unaudited) (six months ended 30 June 2021: mining right located in Xinjiang with a cost of approximately RMB167,760,000 (unaudited)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. INVENTORIES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Raw materials	1,730,112	1,230,374
Work in progress	898,830	1,671,096
Finished goods	456,483	112,503
Goods in transit	3,307,184	2,811,256
	6,392,609	5,825,229

16. TRADE AND BILLS RECEIVABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade receivables	108,652	159,042
Less: Allowance for credit losses	(77,560)	(76,255)
	31,092	82,787
Bills receivables, at amortised cost:		
On hand	24,021	660
Total trade and bills receivables	55,113	83,447

The Group does not hold any collateral over these receivables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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.

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Within 1 year	25,603	75,814
More than 1 year, but less than 2 years	5,108	521
More than 2 years, but less than 3 years	286	5,158
Over 3 years	95	1,294
	31,092	82,787

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

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade receivables: Fellow subsidiaries	17,452	42,016

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 2022

17. OTHER DEPOSITS

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Classified under non-current assets:		
Deposits for acquisition of property, plant and equipment and right-of-use assets	64,552	307,741
Deposits for environment rehabilitation (note (a))	1,938	1,948
Deposits for land restoration (note (b))	5,476	7,921
	71,966	317,610
Classified under current assets		
Margin deposits (note (c))	406,017	299,096

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 2022

18. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Prepayments for inventories	193,119	81,366
Value-added tax recoverable	241,489	95,753
Short-term advances to Daye Group (note (a))	96	63
Loans to a joint venture (note (b))	82,304	108,085
Amounts due from joint ventures of the Group (note (c))	11,207	10,669
Amounts due from fellow subsidiaries (note (c))	–	1,299
Receivable from brokers	2,575	10,860
Other receivables	56,114	55,279
	586,904	363,374
Less: Allowance for credit losses on other receivables	(125,343)	(150,929)
	461,561	212,445

Notes:

- (a) The short-term advances to Daye Group are unsecured, interest-free 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 (31 December 2021: 4.35% to 4.60%) and overdue and credit-impaired as at 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 2022

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

Restricted and pledged bank deposits

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Deposits placed with bank (note a)	–	195

Note:

- (a) The bank balances are mainly held in designated bank accounts as security for the letters of credit.

Cash and bank balances

As at 30 June 2022, the balances included saving deposits of RMB491,896,000 (unaudited) (31 December 2021: RMB789,393,000) placed with Finance Company, which bear interest at rates ranging from 0.53% to 1.45% (31 December 2021: 0.53% to 1.50%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. TRADE PAYABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade payables	2,036,701	1,812,904

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

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Within 1 year	2,001,612	1,781,586
More than 1 year, but less than 2 years	27,487	23,814
More than 2 years, but less than 3 years	2,352	1,685
Over 3 years	5,250	5,819
	2,036,701	1,812,904

Included in the Group's trade payables are payables to fellow subsidiaries of approximately RMB77,032,000 (31 December 2021: RMB72,296,000). 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 2022

21. OTHER PAYABLES AND ACCRUED EXPENSES

Included in the Group's other payables under current liabilities as at 30 June 2022 were payables to Daye Group and a joint venture of the Group of RMB28,450,000 (unaudited) (31 December 2021: RMB29,000,000) and RMB2,299,000 (unaudited) (31 December 2021: RMB2,299,000), 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 2022 were payables for purchase of property, plant and equipment from fellow subsidiaries in aggregate amount of RMB391,867,000 (unaudited) (31 December 2021: RMB412,483,000) 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 2021: RMB276,333,000) which bear interest at 4.35% (31 December 2021: 4.35%) per annum, the remaining payables are interest-free.

22. BANK AND OTHER BORROWINGS

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Bank borrowings: Unsecured	7,063,874	5,774,011
Other borrowings:		
Loans from Daye Group, unsecured*	357,220	512,386
Loans from Finance Company, unsecured*	150,141	240,289
Loans from a fellow subsidiary, unsecured*	1,335	13,113
Gold loans	1,093,019	1,107,100
Other loans, unsecured	436,374	504,702
	9,101,963	8,151,601

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. BANK AND OTHER BORROWINGS – CONTINUED

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Bank borrowings carrying amounts repayable:		
Within 1 year	3,469,962	1,502,342
More than 1 year, but not exceeding 2 years	2,249,954	3,163,399
More than 2 years, but not exceeding 5 years	646,082	520,470
More than 5 years	697,876	587,800
	7,063,874	5,774,011
Other borrowings carrying amounts repayable:		
Within 1 year	1,528,164	1,497,101
More than 1 year, but not exceeding 2 years	508,590	818,739
More than 2 years, but not exceeding 5 years	1,335	61,750
	2,038,089	2,377,590
Total bank and other borrowings		
Less: Amounts due within 1 year shown under current liabilities	(4,998,126)	(2,999,443)
Amounts shown under non-current liabilities	4,103,837	5,152,158

- * The loans from Daye Group bear interests ranging from 3.70% to 4.75% (31 December 2021: 1.50% to 7.35%) per annum and are repayable in various maturity dates up to 30 December 2023. The loans from Finance Company bear interests 3.75% (31 December 2021: 3.85% to 5.15%) per annum and are repayable in various maturity dates up to 27 September 2023. The loans from a fellow subsidiary include an interest-free loan and is repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets		Current liabilities	
	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Carried at fair value:				
– Copper futures contracts	112,543	22,236	91,223	20,066
– Gold futures contracts	813	2,183	17	6
– Gold forward contracts	39,218	4,076	1,190	19,038
– Silver futures contracts	15	18,064	28,560	4,708
	152,589	46,559	120,990	43,818

The Group uses commodity derivative contracts as an economic hedge of its commodity price risk and its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain copper, gold and silver products. Commodity derivative contracts utilised by the Group include standardised 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 2022

24. CAPITAL COMMITMENTS

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Capital expenditure contracted but not provided in respect of:		
Acquisition of property, plant and equipment	1,924,364	2,527,961

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 2022 (unaudited)				
<i>Financial assets</i>				
Commodity futures contracts	–	113,371	–	113,371
Other derivative financial instruments	–	39,218	–	39,218
Structured bank deposits	–	700,000	–	700,000
<i>Financial liabilities</i>				
Commodity futures contracts	–	119,800	–	119,800
Other derivative financial instruments	–	1,190	–	1,190
Gold loans	–	1,093,019	–	1,093,019
At 31 December 2021 (audited)				
<i>Financial assets</i>				
Commodity futures contracts	–	42,483	–	42,483
Other derivative financial instruments	–	4,076	–	4,076
Structured bank deposits	–	400,000	–	400,000
<i>Financial liabilities</i>				
Commodity futures contracts	–	24,780	–	24,780
Other derivative financial instruments	–	19,038	–	19,038
Gold loans	–	1,107,100	–	1,107,100

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)		
Copper futures contracts:	Assets	112,543	22,236	Level 2	Note 1
	Liabilities	91,223	20,066	Level 2	Note 1
Gold futures contracts:	Assets	813	2,183	Level 2	Note 1
	Liabilities	17	6	Level 2	Note 1
Gold forward contracts:	Assets	39,218	4,076	Level 2	Note 2
	Liabilities	1,190	19,038	Level 2	Note 2
Silver futures contracts:	Assets	15	18,064	Level 2	Note 1
	Liabilities	28,560	4,708	Level 2	Note 1
Gold loans:	Liabilities	1,093,019	1,107,100	Level 2	Note 2
Structured bank deposits:	Assets	700,000	400,000	Level 2	Note 3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 gold forward prices that are discounted at a rate that reflects the credit risk of various counterparties.
- (3) Discounted cash flows, future cash flows are estimated based on contract discount rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and 2 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 2022

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	
			2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Income:				
Sales of non-ferrous metals	(i)	Fellow subsidiaries	2,700,649	2,988,932
Sales of other materials	(i)	Fellow subsidiaries	7,465	18,993
Rendering of services	(i)	Fellow subsidiaries	2,474	3,098
Interest income	(ii)	Finance Company	3,178	4,220

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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	
			2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Expenses:				
Transportation fees	(i)	Fellow subsidiaries	30,881	30,387
Utilities fees	(i)	Fellow subsidiaries	164,338	155,072
Purchases of non-ferrous metals	(i)	Daye Group	–	54,945
	(i)	Fellow subsidiaries	961,780	664,627
Purchase of other products	(i)	Fellow subsidiaries	7,186	4,707
	(i)	Daye Group	310	–
Other service expense	(i)	Fellow subsidiaries	2,782	1,923
Interest expense for financial liabilities at amortised cost	(iii)	Daye Group	7,476	9,677
	(iii)	Finance Company	3,981	7,346
	(iii)	A fellow subsidiary	195	205
	(iv)	Immediate holding company	21,000	21,153
Interest expense on lease liabilities	(v)	Daye Group	3,377	4,243
Capital expenditures:				
Construction contract fees	(i)	Fellow subsidiaries	22,487	11,905
Other service fees	(i)	Fellow subsidiaries	7,900	35,538

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 balances placed with Finance Company. Further details of the balances at the end of the reporting period are set out in note 19.
- (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 2022, the related right-of-use assets amounted to RMB126,125,000 (31 December 2021: RMB129,729,000), and the related lease liabilities amounted to RMB135,382,000 (31 December 2021: RMB137,855,000). During the current interim period, lease payments of RMB5,850,000 (six months ended 30 June 2021: 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 of the Company 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