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 2023

MINERAL RESOURCES

HUBEI MINES
Daye City

① Tonglvshan Mine
② Tongshankou Mine

HUBEI MINES
Yangxin County

③ Fengshan Mine

XINJIANG MINE
Wuqia County

④ Sareke Copper Mine

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Xiao Shuxin *(Chairman)*
Long Zhong Sheng
(Chief Executive Officer)
Zhang Guangming
Chen Zhimiao

Independent Non-executive Directors:

Liu Fang
Wang Qihong
Liu Jishun

AUDIT COMMITTEE/ REMUNERATION COMMITTEE

Liu Fang *(Chairman)*
Wang Qihong
Liu Jishun

NOMINATION COMMITTEE

Xiao Shuxin *(Chairman)*
Liu Fang
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

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PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
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41 Cedar Avenue
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HONG KONG BRANCH SHARE REGISTRAR

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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 2023, 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 2023, the Group produced a total of approximately 6,200.00 tonnes of mined copper, representing a year-on-year decrease of approximately 6.06%; approximately 313,189.00 tonnes of copper cathode, representing a year-on-year increase of approximately 29.04%; approximately 189.98 tonnes of precious metal (including approximately 1.88 tonnes of gold, approximately 180.15 tonnes of silver, approximately 3.00 kg of platinum, approximately 69.00 kg of palladium and approximately 7.88 tonnes of tellurium), representing a year-on-year decrease of approximately 41.85%; approximately 957,647.00 tonnes of chemical products (including approximately 954,467.00 tonnes of sulfuric acid, approximately 0.00 tonnes of nickel sulfate, approximately 3,119.95 tonnes of copper sulfate and approximately 60.20 tonnes of crude selenium), representing a year-on-year increase of approximately 83.14%; approximately 39,640.00 tonnes of iron concentrate, representing a year-on-year decrease of approximately 47.77%; and approximately 5.49 tonnes of molybdenum concentrate, representing a year-on year increase of approximately 5.49 tonnes.

The Company took the initiative to put pressure and measures on stabilizing and increasing productivity, to find countermeasures and enhancement in management efficiency improvement, and to find ways and means to deepen reform. Due to the whole Company united as one in perfect harmony forging ahead with determination, the production and operation have shown the momentum of leaping up against the trend. The Company continued to promote the five objectives:

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Adhering to green and low carbon to promote the leap in development concepts

In the first half of this year, we continued to promote the rectification work of the central environmental protection inspection. **Fengshan Copper Mine** made every effort to promote the project on the closure of the tailing pond, all the main projects such as dam beach levelling were completed, and tunneling of the emergency flood discharge tunnel project was completed. We took the initiative to contact the Yangtze River Authority (長江流域管理局) and successfully obtained the approval for the expansion of the tailing pond outfall, laying a solid foundation for the subsequent full resumption of production. The smelter's environmental upgrading process has been fully promoted, and up to now, the reinforcement and elevation of the converter workshop and the construction of the frame structure of the concentrate storage expansion and 60% of the equipment installation have been completed. **Chimashan Mine** overcame many difficulties and the main works of the ecological restoration project have been fully completed. Up to now, 24 rectification measures led by the Company have passed the acceptance audit, and the results of the rectification have been fully recognized. In May 2023, CCTV News reported the environmental protection inspection and rectification results of Fengshan Copper Mine tailing pond in a special program on inspection and rectification.

(2) Adhering to serving the Company's overall situation, and promoting the leap of beneficial scale by stabilizing and increasing production

In the first half of this year, in the face of many adverse effects on production and operation, all departments of the Company were not overwhelmed by the difficulties, always focused on the overall situation of the Company's development, forged ahead under pressure, and strived to guarantee, stablize and increase production. **Yangxin Hongsheng** took only three months to achieve the production capacity planed and six months to meet the target of stable production. The major product output and economic indicators reached the value planed, and the exceeding production of the mined blister copper in the first half of the year met the requirements of the progress of the increase in production and efficiency, giving full play to the role of a pillar of the overall situation of stable production and operation. **The smelter**, while transforming and producing at the same time, strengthened the lifespan breakthrough of the shaft furnace and the process control. The anode plate production in the copper breakage (紫雜銅) workshop increased by nearly 80%. While launching the system transformation, the copper breakage system and electrolysis system production were reasonably organized. As a result, the production in the first half of the year met the planned requirements. **Sareke Copper Mine** strengthened production organization and target control, and completed the planned copper production in the first half of the year and overfulfilled the production target. The **Production Management Department** gave full play to the role of production organization, coordinating the mining and smelting production. It adopted weekly scheduling, analysis and early warning and key works to solve various problems such as production bottlenecks in a timely manner, and played an active role in the Company's implementation of production management.

(3) Adhering to science and technology to lead the leap of innovation ability

The construction of the intelligent mine project was promoted with high quality. The pilot mine **Fengshan Copper Mine** has completed the construction of the underground 5G dedicated network, three-dimensional modelling and the management and control center, etc., leading to the achievement of the remote centralized control of the auxiliary shaft hoisting, drainage, ventilation, pressurized air system and ore crushing system. The preliminary construction of the integrated communication network of the mine has been completed. **To promote the construction of an intelligent factory with high standards**, Yangxin Hongsheng focused on the construction of an industrial Internet platform for the entire plant's production and operation, developed and deployed intelligent application modules for safety and environmental protection, energy, and process scheduling, and realized the digitization of production and operation information, the visualization of business management, and the continuity of value exploration. The Ministry of Science and Information Technology, the Mining Technology Department and other departments focused on key technological indicators of the main industry sector, striving to promote a series of breakthroughs in rock mechanics research in the mines, the application of trackless mining equipment, the use of synergistic mining in the large panel, and the technology of full tailings paste filling, which resulted in a significant increase in the efficiency of the mine operations. Focusing on the optimization of the process, the upgrading of technical equipment, and the launching of the key technological breakthroughs in the Ausmelt Furnace has led to the achievement of the Ausmelt Furnace's stable production. The key technological breakthrough in the oxygen-enriched bottom-blown high-grade matte production process system optimization has led to the achievement of the converter's stable production.

(4) Adhering to promoting vitality and efficiency with continuous reform

We strived for mechanism reform. Through the pilot departments' first try, exploration and practice, Tongshankou Mine was selected as a pilot unit of reform. It implemented the reform of salary incentive and market-oriented differential remuneration mechanism, and formulated implementation plans to encourage the role of a small number of key staffs, promote the salary reform of pilot units, and improve quality and efficiency. We deeply promoted the transformation of the Company's selection and employment orientation and mechanism. The Human Resources Department fully implemented competitive selection of talents, and carried out public selection of important positions in the Company, so that a number of outstanding young talents can stand out from the crowd. We rigidly carried out annual assessment on leaders strictly in line with the objectives of the reform. Promoting exercise for the idea exchange of management personnel on a regular basis, the Company carried out idea exchanges of management personnel up and down the Company, which greatly stimulated the working vitality and motivation of management personnel.

(5) Adhering to promoting the governance level with the improvement of management

The Safety and Environmental Protection Supervision and Management Department deeply practiced the concept of safety and environmental protection policies, carried out various checklist inspections in the first half of the year, investigated hidden dangers, supervised 99% of the rectification, and continuously promoted the improvement of the safety management level of each unit. It successfully completed the on-site emergency drill and shaft fire emergency drill of non-coal mine disaster organized by Hubei Province, and the effect of the drill was fully affirmed. **The Financial Department** took the promotion of "six efficiency enhancements" as an important starting point, implemented revenue increase and expenditure reduction, and actively strived for preferential policies. Adhering to the concept of "quality first", **the Quality Audit Center** made every effort to the quality control, which effectively guaranteed the steady improvement of the quality of the Company's main products. **The Trade and Futures Supervision and Management Department** carried out comprehensive self-examinations and self-corrections, and actively performed verification and cooperation. It strengthened the application of the Group's e-commerce platform and the Company's ERP system of material management, and launched a series of supervisory measures such as special investigation on procurement business and supplier negotiation to continuously promote the compliance and efficiency of procurement. **The Audit and Risk Control Department** continued to enhance the effectiveness of audit and supervision, focusing on the regulation of exercise of power and compliance risk control, deepening the content of audit, expanding the coverage of audit, completing a number of internal audits, such as the audit of procurement business and the audit of the settlement of construction projects, and analyzing the reasons from a deeper level to reveal the risks and hidden dangers, thus continuously promoting the soundness and perfection of the Company's internal control system.

MANAGEMENT DISCUSSION AND ANALYSIS

WORK ARRANGEMENTS IN THE SECOND HALF OF THE YEAR AND OUTLOOK

There are still many unstable factors in the international and domestic economic situation, and the prospect of global economic recovery is relatively bleak, with economic growth still slow, and the world economy is facing enormous pressure of long-term low growth. On the domestic front, according to information recently released by the National Bureau of Statistics, although domestic production demand has continued to pick up and the major macro indicators for the first half of the year are also within a reasonable range, the current domestic economy is still in a steady and strengthening trend, and it will take a longer period of time for the economy to recover to the level prior to the outbreak of the epidemic.

The second half of the year is characterized by multiple uncertainties in production and operations. Taking the sulphuric acid price as an example, the market is currently in a continuous downward trend and it is expected that the decline in sulphuric acid price throughout the year will lead to a reduction in profit. What's more, **for the mine production**, we have only completed 75.7% of the progress plan compared to the plan for copper mine production in the first half of the year. Also, for **the smelter renovation**, it is originally scheduled to be completed by 20 August 2023 which is expected to be delayed.

At present, the Company is in a critical period of leaping up against the trend, and the central environmental protection inspection and rectification has entered into the final important stage. Although the progress of smelter upgrading and transformation is temporarily lagging behind, we are confident to surpass the past in terms of economic and technical indicators or operational benefits after it is put into production. Our mines are also undergoing a profound scientific and technological revolution, and it is believed that we can create a number of intelligent mine constructions; and Yangxin Hongsheng's strong performance, stable and overproduction of the operation have also played a strong guarantee for the business.

To this end, the focus should be on "going all out" in three aspects:

(1) Focusing on the concept of green development unswervingly, every effort will be made on the rectification of issues found in the central environmental protection inspections

In the past two years, the effectiveness of the rectification work has been fully recognized. As the half-year supervision period is approaching, the Group will make every effort to comprehensively sort out, organize and structure various projects and measures to ensure that it is in the best condition to meet the inspection.

(2) Resolutely focusing on the progress while ensuring production stability, every effort will be made on the safety of production

1. Making every effort to stabilize safety and environmental protection. At present, the Company's production and operation are in an upward trend and safety and environmental protection accidents are not allowed. Therefore, the Group must ensure that safety and environmental protection work will be carried out without fail to ensure the stability of the Company's production and operation.

2. Making every effort to promote stabilizing and expanding production. The Group will establish the concept that production volume is efficiency and put it into the overall situation of the Company's annual production and operation. With the Company's monthly production plan as the rigid goal, it will pressurize and forge ahead the production, and strengthen the process control to guarantee production and increase production.

In respect of smelting, scheduling the construction phases reversely starting from the first operation of **smelter** as planned, it will co-ordinate general contracting departments and construction units to go all out to catch up the progress, take resolute measures to accelerate the completion and commissioning of the project. Production debugging, trial production plan and process sorting will be done in advance. It will speed up the progress of the transformation of rare and precious metal and convert the backlog of anode mud into products for sale as soon as possible. The production organization of the copper breakage and electrolysis system will be stabilized to maximize the release of electrolysis capacity. **Yangxin Hongsheng** will continue to maintain the good momentum of standardized production, organize production smoothly according to the production capacity, and achieve the goal of increasing production and creating efficiencies. It will strengthen the management of equipment and increase the operation and maintenance of key equipment and facilities, such as boilers, sulphuric acid system, etc. It will further optimize the indicators of electrolysis system, and organize the production reasonably according to the supply of anode plate, and it will strengthen the liaison with the commerce department and grasp the market opportunities to increase the sale of its products.

In respect of the mining, Tonglvshan Mine will give top priority to the handling of the anomalies of outside groundwater and prepare for various emergency measures at any time. It will strengthen geological prospecting, further ascertain the resource capital, optimize the mining plan, and firmly guard the technical bottom line of prospecting first, mining and excavation, and mining and filling balance to ensure safe, efficient and sustainable production. It will deal with the development and mining construction of the northern edge of the -545 meters and -605 meters and ensure the balance of the third-level mining volume next year. It will vigorously promote the mode of mechanized and highly efficient mining, so as to achieve the breakthrough of the monthly footage of the single trolley by the end of the year. **Tongshankou Mine**, as the Company's pilot of "intelligent mine construction", has great responsibility. The leadership team will effectively unify determination and clarify the direction. It will take intelligent mine construction as an opportunity to set up a technical synergy platform and equipment management system by full range of innovations from the management concept, technology system, production organization and other aspects, improving the utilization rate of trackless equipment and substantially reducing the indicators of dissipation and dilution to make the mine profitable and the underground production capacity reach the design capacity by the end of the year. **Fengshan Copper Mine** will determine the comprehensive utilization plan of tailings as soon as possible to achieve sustainable and green production. In mid-August 2023, the large cavity to west of the 15th line above -272 meters must satisfy continuous mining conditions. **The Xinjiang subsidiary** will take the position of "contributing to the overall situation of the Company" and try to be as productive as possible on the basis of ensuring the task at the beginning of the year. At the same time, it will step up the implementation of the second-phase dam construction project of the tailing pond and accelerate the preparatory work for the development of replacement resources in the northern ore belt. Production and prospecting will be further strengthened, and field construction of peripheral exploration projects will continue to be carried out. **The Mining Technology Department** will give full play to its professional and technical advantages, conduct on-site guidance at mines, and prepare the 2024 mining (stripping) technology plan with each mine to lay a solid foundation for later production achievement and production expansion.

3. Comprehensively promoting the implementation of the "six efficiency enhancements". At present, it is a critical period to achieve the goal of the whole year, and all departments will make all-round efforts to comprehensively promote the implementation of the "six efficiency enhancements" measures. **First**, all mining and smelting departments will focus on the "six efficiency enhancements" goals, focus on increase in production and efficiency, scientific and technological innovation, cost control and other aspects, continue to further promote various work, and improve core profitability. **Second**, the Finance Department, as the leading department of the "six efficiency enhancements", will strengthen process supervision, compare the work account, and accelerate the implementation of various efficiency improvement measures.

(3) Focusing on scientific and technological innovation without slackening, going all out to grasp technological breakthroughs, and promoting the enterprise upgrading

1. Intelligent mine: The pilot department Fengshan Copper Mine will effectively play a leading role in demonstration, step up the implementation of the first phase of intelligent mine construction, and carry out the second phase of project construction in a timely manner. It will optimize the layout of underground mining projects and apply intelligent mining equipment to achieve long-distance remote control and centralized control instead of on-site control, highlighting the effectiveness of intelligent mine construction. On the basis of improving the efficiency of production operations, the Tonglvshan Mine and Tongshankou Mine will conduct in-depth thinking and demonstration focusing on optimizing the layout of mechanized stope in the underground large panel, the in-depth application of trackless mechanized equipment, self-served underground fixed stations, and the construction of 5G+ multi-integrated networks, etc., laying the foundation for the next step to realize the interconnection of mine production informatization.

2. Intelligent factory: Yangxin Hongsheng will aim to build a smelting benchmark factory, and make every effort to supervise the construction of intelligent factory, and by the end of the year, it will achieve more than 90% of business launch rate, more than 95% of management data and business analysis model visualization, and 100% of mathematical model visualization. It will strive to truly realize the industrial intelligent application with production management and process scheduling optimization as the core through the in-depth exploring of data value next year, and realize the integration of control, production control and business decision-making.

3. Breakthrough in scientific and technological reward system: In terms of mining, on the basis of the normal operation of the filling system, digital technology will be integrated to carry out the production application and solidification and improvement of the "key technology of mechanized paste-filled and efficient mining in the large panel" to verify the expected technical and economic indicators. After the completion of the breakthrough task, the utilization rate of tailings will be 100%, the production capacity of the panel will be improved, and the safe, efficient, low-cost production and green and high-quality development of the mine will be realized. **In terms of smelting**, we will step up the promotion of environmental protection upgrading of the smelting system, deal with the application of early results and process optimization and improvement under the conditions of the new system, ensure the stable production of matte in Ausmelt furnace by the end of the year, achieve automated, digitalized and standardized operations under the conditions of converter blowing operation mode, and open a single flue gas system for sulfuric acid to dispose of acid flue gas to achieve clean production and environmental protection standards.

4. Strengthening the construction of talent team. We adhere to leading with guidance, promote the implementation of the "five special projects", and continue to promote the implementation of the strategy of strengthening enterprises with talents. **On the one hand, we must continue to increase the introduction of talents.** We will actively deal with the training of new college students, formulate a three-year training plan for college students, focus on the discovery and training of young college students, and actively explore the establishment of a follow-up training mechanism for college students. We have formulated the 2024 middle and senior talent introduction and college student recruitment plan, and will start the 2024 talent recruitment work, and continuously inject new talents into the Company's green and high-quality development. **On the other hand, it is necessary to increase the training and selection of outstanding young management personnel.** We will implement the Company's young management personnel training plan, establish a talent pool of excellent management personnel at different levels, strengthen ability improvement, enhance practical training, smooth the selection channels, use two years to vigorously discover, select, and employ post-85s middle management and post-90s section management personnel, gradually promote the reasonable reserve of management personnel, optimize the professional age structure, change the style of management personnel, and strive to cultivate a group of high-quality and outstanding young management personnel who are worthy of important responsibilities, and provide strong talent support guarantee for the Company's development.

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 2023:

Mines	Exploration activities	Development activities	Mining production activities
Tonglvshan Mine	Horizontal drilling reached 3,336.5m/39 holes, and pit drilling reached 581m/5,896m^3	The total completed drilling volume of middle portion, exploration for the development of No. III and IV# ore bodies of the -545m to 605m middle portion of Tonglvshan Mine from January to June 2023 was 3,066m^3. The total completed drilling volume of middle portion, mining ramps for the development of No. IV ore body (including IV West) of the -665m to -725m middle portion of Tonglvshan Mine from January to June 2023 was 5,768m^3.	Copper: 1,341 tonnes Gold: 68 kg Silver: 515 kg Iron concentrate: 39,640 tonnes
Fengshan Mine	1. Horizontal drilling reached 1,217m/20 holes, 2. The deep supplementary exploration project of Fengshan Copper Mine 7~17 line was started.	The total completed drilling volume of middle portion for the development of the -440 middle portion of Fengshan Copper Mine from January to June 2023 was 4,311m^3.	Copper: 707 tonnes Gold: 15 kg Silver: 542 kg Molybdenum: 5 tonnes
Tongshankou Mine	Horizontal drilling reached 3,530.13m/69 holes.	Nil	Copper: 1,762 tonnes Silver: 432 kg
Sareke Copper Mine	1. The peripheral exploration drilling reached 1,527.25m; 2. Horizontal drilling reached 1,160.1m/49 holes, with cumulative ore volume increase of 45,800 tonnes, copper metal volume of 389 tonnes, and average grade of 0.85%.	Nil	1. Underground drilling reached 2,975.85m/44,169.38m^3, and the drilling operation is mainly located in the middle portion of 2,670m and 2,730m. Among them, production drilling reached 2,732.85m/41,920.04m^3 and infrastructure drilling reached 243m/2,249.34m^3. 2. Ore processing capacity: 26,960,000 tonnes Copper: 2,389 tonnes Silver: 1,916 kg

Infrastructure projects, subcontracting arrangements and purchases of equipment

During the six months ended 30 June 2023, 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	36,938.2	0	219.47	37,157.67
Fengshan Mine	0	0	2,995.61	2,995.61
Tongshankou Mine	7,811.3	0	4,036.8	11,848.1
Sareke Copper Mine	1,012	0	0	1,012
Total	45,761.703	0	7,251.88	53,013.583

Expenditures incurred

During the six months ended 30 June 2023, the Group incurred expenditures of approximately RMB445,231,000 (six months ended 30 June 2022: RMB620,265,000) on exploration, development and mining production activities, details of which are set out below:

			Six months ended 30 June	
Mines	Operating expenses RMB'000	Capital expenditures RMB'000	**2023 Total RMB'000**	2022 Total RMB'000
Tonglvshan Mine	188,078	2,096	**190,174**	239,366
Fengshan Mine	99,475	12,445	**111,920**	95,491
Tongshankou Mine	135,551	4,867	**140,418**	153,896
Sareke Copper Mine	2,720	0	**2,720**	127,821
Total	425,823	19,408	**445,231**	620,265

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

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Sareke Copper Mine
Exploration activities				
Drilling and analysis	–	–	–	–
Others	–	–	–	–
Sub-total	–	–	–	–
Development activities (including mine construction)				
Purchase of assets and equipment	219	2,996	4,037	–
Civil work for construction of tunnels and roads	1,876	9,450	830	–
Staff cost	–	–	–	–
Others	–	–	–	–
Sub-total	2,096	12,445	4,867	–
Mining production activities (including ore processing)				
Auxiliary material	11,602	6,132	15,107	–
Power supply	12,551	4,836	14,312	–
Staff cost	70,021	36,812	35,545	1,441
Depreciation	58,897	12,823	36,223	–
Taxes, resource compensation	4,422	681	3,821	309
Sub-contracting service	–	–	–	–
Others (administrative expenses, selling expenses, non-operating expenditures)	30,585	38,191	30,542	969
Sub-total	188,078	99,475	135,551	2,720
Total	190,174	111,920	140,418	2,720

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue increased by 17.90% to approximately RMB21,168,130,000 during the period over the same period last year of approximately RMB17,954,197,000. The increase in revenue was mainly attributable to the fact that the 400,000 tonne project of the Company was successfully put into production up to the standard and copper cathode production increased.

Gross profit for the six months ended 30 June 2023 amounted to approximately RMB830,813,000 (six months ended 30 June 2022: RMB426,771,000), representing an increase of 94.67% from the previous period. The increase in gross profit was mainly attributable to the fact that (i) the 400,000 tonne project of the Company was successfully put into production up to the standard which improved the profitability, and (ii) production at major self-owned mines was gradually resumed.

Finance costs for the six months ended 30 June 2023 amounted to approximately RMB239,414,000 (six months ended 30 June 2022: RMB151,863,000), representing an increase of 57.65% from the previous period. The increase in financial costs was attributable to the fact that the 400,000 tonne project of the Company was successfully put into production up to the standard and the increase in raw material procurement increased the scale of interest-bearing liabilities and interest expenses.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL

The Group did not make any significant investment during the period ended 30 June 2023.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The newly built 400,000-tonne of high-purity copper cathodes clean production project invested by the Company was put into production in a smelting furnace on 23 October 2022 and the first batch of copper cathodes was produced on 25 November 2022, which took only 33 days to go through the process of the main techniques, creating many "firsts" such as the shortest time to open the furnace, the fastest increase in production capacity load, the best year-on-year product quality, the fastest acceptance by the market and the most distinguished green development, and achieving an industrial output value of RMB1.3 billion in that year. After the project has achieved the production and standard targets, it is expected to process 1.6 million tonnes of copper concentrate, produce 0.4 million tonnes of high-purity copper cathodes and 1.5 million tonnes of sulfuric acid in a year, realizing an annual production value of RMB30 billion and profits and taxes of RMB1.5 billion. Meanwhile, the existing outdated smelting system was upgraded and transformed to further upgrade the equipment, improve operation efficiency, improve the operating environment and reduce production costs, laying a solid foundation for the Company's green and high-quality development. In the future, the Company will continue to adhere to the strategy of developing mines and strengthening smelting, actively develop non-ferrous metal mineral resources, and accelerate the construction of intelligent mines and factories.

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 2023, the Group's receipts and payments were mainly denominated in RMB.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had pledged bank deposits, and cash and bank balances of approximately RMB881,590,000 (31 December 2022: RMB844,040,000), of which the majority were denominated in Renminbi, with a current ratio of 1.14 (31 December 2022: 1.02), based on the current assets of approximately RMB13,463,542,000 (31 December 2022: RMB12,242,067,000) divided by current liabilities of approximately RMB11,790,333,000 (31 December 2022: RMB11,948,176,000). The Group's gearing ratio was 466.92% (31 December 2022: 395.17%) 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 RMB14,554,473,000 (31 December 2022: RMB12,238,833,000) divided by equity attributable to owners of the Company of approximately RMB3,117,103,000 (31 December 2022: RMB3,097,093,000). The increase in gearing ratio was mainly due to the increase in net debts.

BORROWINGS

As at 30 June 2023, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB15,303,967,000 (2022: RMB12,948,226,000).

As at 30 June 2023, the Group had bank and other borrowings of approximately RMB8,031,226,000 (31 December 2022: RMB6,695,567,000) and approximately RMB6,113,541,000 (31 December 2022: RMB5,114,459,000) 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 5,598 employees (30 June 2022: 5,269). The Group's total staff costs for the six months ended 30 June 2023 was approximately RMB395,366,000 (six months ended 30 June 2022: RMB408,561,000). 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 2023.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no contingent liabilities.

CHARGES ON ASSETS

As at 30 June 2023, other deposits which amounted to approximately RMB904,509,000 (31 December 2022: RMB687,156,000) 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 RMB24,000,000 (31 December 2022: RMB24,000,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, 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 2023 (six months ended 30 June 2022: Nil).

BOARD OF DIRECTORS

Composition of the Board

As at 30 June 2023, 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 *(Chairman)*	15 July 2022	25 May 2023
Long Zhong Sheng *(Chief Executive Officer)*	22 March 2012	27 May 2022
Zhang Guangming	28 October 2022	25 May 2023
Chen Zhimiao	21 June 2019	25 May 2023
Independent Non-Executive Directors		
Liu Fang	31 March 2023	25 May 2023
Wang Qihong	13 January 2006	25 May 2023
Liu Jishun	31 July 2014	27 May 2022

Mr. Wang Guoqi has resigned as an independent non-executive Director, the chairman of each of the audit committee and the remuneration committee, and a member of the nomination committee of the Company with effect from 31 March 2023 upon the conclusion of the meeting of the Board. Ms. Liu Fang has been appointed as an independent non-executive Director, the chairman of each of the audit committee and the remuneration committee, and a member of the nomination committee of the Company with effect from 31 March 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2023, 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

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 2023.

Save as disclosed above, as at 30 June 2023, 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.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 30 June 2023, 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
China Cinda Asset Management Co., Limited	Beneficial owner	749,590,000 shares	4.19	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 2023.

Save as disclosed above, as at 30 June 2023, 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 2023, 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, Ms. Liu Fang, 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 2023.

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 2023 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 2023.

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 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

On 23 May 2023, The amount of copper concentrate to be supplied by the Group to Yangxin Hongsheng and the transaction amount under the Yangxin Hongsheng Sales Framework Agreement are expected to increase, and the Board envisages that the existing annual caps will not be sufficient to fulfil the additional previously unforeseen transactions that may take place under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending December 31, 2023 and 2024, respectively.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transactions. As the highest applicable percentage ratio in respect of the Revised Annual Caps exceeds 5%, the Yangxin Hongsheng Sales Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As more than 50% of the votes were cast in favour of the resolution set out above at the special general meeting on 30 June 2023, such resolution was duly passed as an ordinary resolution of the Company. For details of the aforesaid resolution, please refer to the circular dated 15 June 2023.

EVENTS AFTER THE REPORTING PERIOD

Mr. Zhang Jinzhong has been appointed as an executive Director with effect from 31 August 2023.

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
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 28 to 63, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 RMB'000 (Unaudited)	 2022 RMB'000 (Unaudited)
Revenue	4, 5	**21,168,130**	17,954,197
Cost of sales and services rendered		**(20,337,317)**	(17,527,426)
Gross profit		**830,813**	426,771
Other income	6	**16,500**	27,831
Selling expenses		**(41,634)**	(17,916)
Administrative expenses		**(239,369)**	(177,932)
Other operating expenses		**(181,169)**	(80,635)
Other gains and losses	7	**(5,457)**	363
(Impairment losses) reversal of impairment losses under expected credit loss model, net	8	**(1,646)**	24,281
Finance costs	9	**(239,414)**	(151,863)
Profit before tax		**138,624**	50,900
Income tax expense	10	**(54,326)**	(24,813)
Profit for the period	11	**84,298**	26,087
Profit (loss) for the period attributable to:			
Owners of the Company		**17,362**	50,579
Non-controlling interests		**66,936**	(24,492)
		84,298	26,087
Earnings per share	13		
– Basic		**RMB0.10 fen**	RMB0.28 fen
– Diluted		**RMB0.10 fen**	RMB0.28 fen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	14	**9,004,737**	9,131,706
Right-of-use assets	14	**916,858**	933,766
Exploration and evaluation assets		**8,198**	8,198
Intangible assets	14	**615,769**	651,234
Investments in joint ventures		**–**	–
Deferred tax assets		**74,822**	99,970
Other deposits	17	**114,618**	156,808
		10,735,002	10,981,682
CURRENT ASSETS			
Inventories	15	**10,317,598**	10,026,776
Trade and bills receivables	16	**69,783**	56,759
Other deposits	17	**904,509**	687,156
Prepayments and other receivables	18	**753,642**	527,197
Derivative financial instruments	23	**236,420**	100,139
Structured bank deposits	19	**300,000**	–
Pledged bank deposits	19	**24,000**	24,000
Cash and bank balances	19	**857,590**	820,040
		13,463,542	12,242,067
CURRENT LIABILITIES			
Trade payables	20	**2,218,553**	3,590,256
Other payables and accrued expenses	21	**1,275,371**	1,397,421
Contract liabilities		**125,308**	50,461
Bank and other borrowings	22	**8,031,226**	6,695,567
Lease liabilities		**6,270**	6,037
Derivative financial instruments	23	**93,565**	113,616
Early retirement obligations		**15,539**	18,010
Current income tax liabilities		**24,501**	76,808
		11,790,333	11,948,176
NET CURRENT ASSETS		**1,673,209**	293,891
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,408,211**	11,275,573

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital		**727,893**	727,893
Share premium and reserves		**2,389,210**	2,369,200
Equity attributable to owners of the Company		**3,117,103**	3,097,093
Non-controlling interests		**1,259,409**	1,176,515
TOTAL EQUITY		**4,376,512**	4,273,608
NON-CURRENT LIABILITIES			
Other payables	21	**374,599**	373,138
Bank and other borrowings	22	**6,113,541**	5,114,459
Lease liabilities		**125,826**	128,610
Promissory note		**1,159,200**	1,138,200
Provisions for mine rehabilitation, restoration and dismantling		**98,527**	73,656
Deferred income		**123,006**	129,702
Early retirement obligations		**37,000**	44,200
		8,031,699	7,001,965
		12,408,211	11,275,573

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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 RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2023 (unaudited)											
At 1 January 2023 (audited)	**727,893**	**1,563,838**	**124,592**	**4,373,075**	**(4,184,848)**	**187,954**	**5,548**	**299,041**	**3,097,093**	**1,176,515**	**4,273,608**
Profit for the period	–	–	–	–	–	–	–	**17,362**	**17,362**	**66,936**	**84,298**
Transfer to PRC statutory reserve	–	–	–	–	–	**5,193**	–	**(5,193)**	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	**(465)**	**(465)**
Deregistration of a subsidiary (Note 27)	–	–	–	–	–	–	**2,648**	–	**2,648**	**16,423**	**19,071**
Appropriation of maintenance and production funds	–	–	–	–	–	**53,605**	–	**(53,605)**	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	**(20,636)**	–	**20,636**	–	–	–
At 30 June 2023 (unaudited)	**727,893**	**1,563,838**	**124,592**	**4,373,075**	**(4,184,848)**	**226,116**	**8,196**	**278,241**	**3,117,103**	**1,259,409**	**4,376,512**
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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

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 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(1,282,149)**	(234,323)
NET CASH USED IN INVESTING ACTIVITIES		
Placement of structured bank deposits	**(800,000)**	(560,000)
Payments for property, plant and equipment	**(397,254)**	(504,103)
Withdrawal of structured bank deposits	**500,000**	260,000
Interest received	**5,175**	10,601
Proceeds from disposal of property, plant and equipment	**4,050**	1,313
Proceeds from disposal of right-of-use assets	**–**	8,883
Payments for right-of-use assets	**–**	(20,000)
Payments for exploration and evaluation assets	**–**	(3,338)
Payments for deposits for acquisition of property, plant and equipment and right-of-use assets	**–**	(2,925)
Payments for intangible assets	**–**	(698)
Repayment from a joint venture	**–**	25,000
Repayment from fellow subsidiaries	**–**	1,299
Withdrawal of restricted and pledged bank deposits	**–**	195
Decrease in short-term advances to Daye Nonferrous Metals Group Holding Co., Ltd. ("Daye Group", an intermediate holding company of the Company)	**–**	33
	(688,029)	(783,740)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM FINANCING ACTIVITIES		
Proceeds from new bank borrowings	**8,043,344**	3,509,983
Proceeds from gold loans	**877,279**	320,398
Loans from Daye Group	**691,471**	873,160
Proceeds of loans from Nonferrous Mining Group Finance Co., Ltd. ("Finance Company", a fellow subsidiary)	**200,000**	–
Repayments of bank borrowings	**(6,499,365)**	(2,222,527)
Repayment to Daye Group	**(871,266)**	(1,035,322)
Repayments of gold loans	**(226,775)**	(390,270)
Finance costs paid	**(205,506)**	(144,479)
Repayments to a fellow subsidiary	**(989)**	(268,384)
Dividends paid to non-controlling interest	**(465)**	–
Repayments of other loans	**–**	(62,250)
Repayment of loans from Finance Company	**–**	(90,000)
Advance from a fellow subsidiary	**–**	256,416
	2,007,728	746,725
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**37,550**	(271,338)
Cash and cash equivalents at beginning of the period	**820,040**	814,802
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**–**	1,621
Cash and cash equivalents at end of the period, represented by Cash and bank balances	**857,590**	545,085

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2023 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 2022.

As at 30 June 2023, the Group had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB857,590,000 and RMB8,031,226,000 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 approximately RMB17,347,951,000 and (ii) bank borrowings of approximately RMB1,074,876,000 subsequently raised which fall due after 30 June 2024, 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.

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 2022, except as described below.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and 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 2023.

HKFRS 17 and related amendments	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform–Pillar Two Model Rules*

3. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

Except as described below, the application of the new and 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.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations.

The Group previously applied requirements under HKAS 12 Income taxes to the relevant assets and liabilities arising from a single transaction as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis. Upon application of the amendments to HKAS 12, the Group has assessed the relevant deferred tax assets and deferred tax liabilities for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities separately.

There was no material impact on the condensed consolidated statement of financial position because the balances qualify for offset under paragraph 74 of HKAS 12. There was no material impact on the opening retained earnings as at 1 January 2022. The key impact for the Group relates to the disclosure of deferred tax assets and liabilities recognised, and the relevant disclosure will be provided in the Group's annual consolidated financial statements.

4. REVENUE

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods	**21,151,022**	17,933,232
Rendering of services	**17,108**	20,965
	21,168,130	17,954,197
Timing of revenue recognition		
A point in time	**21,151,022**	17,933,232
Over time	**17,108**	20,965
	21,168,130	17,954,197

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	
	2023 **RMB'000** **(Unaudited)**	2022 RMB'000 (Unaudited)
Sales of goods		
Copper cathodes	**18,534,989**	14,574,026
Other copper products	**600,659**	427,042
Gold and other gold products	**806,754**	885,416
Silver and other silver products	**1,014,464**	1,556,600
Sulphuric acid and sulphuric concentrate	**84,397**	319,172
Iron ores	**32,087**	75,208
Others	**77,672**	95,768
	21,151,022	17,933,232
Rendering of services		
Copper processing	**6,584**	7,989
Others	**10,524**	12,976
	17,108	20,965
Total revenue	**21,168,130**	17,954,197

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) by location of assets are detailed below:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
PRC	**10,660,180**	10,881,712

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
PRC	**20,469,998**	17,627,832
Others	**698,132**	326,365
	21,168,130	17,954,197

6. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from banks and others	**1,484**	7,423
Interest income from Finance Company*	**3,691**	3,178
Government grants (note)	**450**	4,517
Deferred income released	**10,594**	12,472
Rental income	**281**	241
	16,500	27,831

* *A non-banking financial institution.*

Note: The government grants for the six months ended 30 June 2023 and 2022 mainly represented subsidies for employment support and incentive fund for foreign trade of which the relevant expenses had been previously charged to profit or loss. There are no conditions and other contingencies attached to the receipts of those subsidies.

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value changes from:		
Gold forward contracts	**115,352**	52,990
Gold loans designated as financial liabilities at fair value through profit or loss ("FVTPL")	**(118,479)**	(52,111)
Gain (loss) on disposal of property, plant and equipment, net	**3,619**	(2,175)
Gain on disposal of right-of-use assets	**–**	144
Write-off of property, plant and equipment	**(507)**	–
Loss on deregistration of subsidiary	**(17,404)**	–
Exchange gains, net	**11,962**	1,515
	(5,457)	363

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment losses (reversal of impairment losses) under expected credit loss model, net, on:		
Trade receivables measured at amortised cost	**1,474**	1,305
Loan to a joint venture and amount due from a joint venture	**–**	(25,000)
Other receivables	**172**	(586)
	1,646	(24,281)

9. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**203,978**	139,461
Interest on loans from Daye Group	**8,704**	7,476
Interest on loans from Finance Company	**835**	3,981
Interest on loans from and amounts due to a fellow subsidiary	**12**	195
Interest on promissory note	**21,000**	21,000
Unwind interest of provisions for mine rehabilitation, restoration and dismantling	**810**	787
Unwind interest of early retirement obligations	**776**	915
Interest on lease liabilities	**3,299**	3,377
Total borrowing costs	**239,414**	177,192
Less: Borrowing costs capitalised in the cost of qualifying assets	**–**	(25,329)
	239,414	151,863

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**29,178**	27,600
Deferred tax	**25,148**	(2,787)
	54,326	24,813

11. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefits expense (note (i))		
Staff costs, including retirement benefit schemes contributions	**344,246**	364,961
Retirement benefit schemes contributions	**51,120**	43,600
Total staff costs	**395,366**	408,561
Cost of sales and services rendered:		
Cost of inventories recognised as an expense	**20,308,710**	17,486,789
Impairment loss of inventories (note (iii))	**16,810**	23,460
Direct operating expense arising from service provided	**11,797**	17,177
	20,337,317	17,527,426
Depreciation of property, plant and equipment (notes (ii))	**363,596**	279,955
Amortisation of intangible assets (notes (ii))	**35,465**	35,593
Depreciation of right-of-use assets (notes (ii))	**16,908**	16,247

11. PROFIT FOR THE PERIOD – CONTINUED

Notes:

(i) During the six months ended 30 June 2023, staff costs of RMB273,232,000 (unaudited) (six months ended 30 June 2022: RMB238,801,000 (unaudited)) was capitalised to inventories. During the six months ended 30 June 2023, employee benefits expense in relation to production approximately RMB50,584,000 (six months ended 30 June 2022: RMB37,469,000) was recognised as expenses and included in other operating expenses due to temporary shutdown of mining sites.

(ii) During the six months ended 30 June 2023, depreciation of property, plant and equipment of approximately RMB315,204,000 (unaudited) (six months ended 30 June 2022: RMB255,026,000 (unaudited)) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB30,568,000 (unaudited) (six months ended 30 June 2022: RMB27,938,000 (unaudited)) were capitalised to inventories respectively. During the six months ended 30 June 2023, depreciation of property, plant and equipment of approximately RMB38,744,000 (unaudited) (six months ended 30 June 2022: RMB13,797,000 (unaudited)) and depreciation of right-of-use assets and amortisation of intangible assets of totaling approximately RMB3,702,000 (unaudited) (six months ended 30 June 2022: RMB4,400,000 (unaudited)) in relation to production were recognised as expenses and included in other operating expenses due to temporary shutdown of mining sites.

(iii) During the six months ended 30 June 2023, a write-down of inventories of approximately RMB16,810,000 (unaudited) (six months ended 30 June 2022: RMB23,460,000 (unaudited)) has been recognised and included in cost of 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 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	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**17,362**	50,579
	'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.

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 RMB237,565,000 (unaudited) (six months ended 30 June 2022: RMB793,598,000 (unaudited)).

During the current interim period, the carrying amount of certain plant and machinery of approximately RMB507,000 (unaudited) (six months ended 30 June 2022: nil (unaudited)) was written down. The write-down is included in the "other gains and losses" line item in the condensed consolidated statement of profit or loss.

In addition, during the current interim period, the Group disposed of certain property and machinery, and motor vehicles with an aggregate carrying amount of RMB431,000 (unaudited) (six months ended 30 June 2022: RMB3,448,000 (unaudited)) for cash proceeds of RMB4,050,000 (unaudited) (six months ended 30 June 2022: RMB1,313,000 (unaudited)), resulting in a gain on disposal of RMB3,619,000 (unaudited) (six months ended 30 June 2022: loss on disposal of RMB2,175,000 (unaudited)).

Right-of-use assets

As at 30 June 2023, right-of-use assets of approximately RMB916,858,000 (unaudited) (31 December 2022: RMB933,766,000) 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 2023: nil (unaudited)).

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

Right-of-use assets – continued

In addition, during the six months ended 30 June 2022, the Group disposed of a land use right with carrying amount of RMB8,739,000 (unaudited) (six months ended 30 June 2023: nil (unaudited)) for cash proceeds of RMB8,883,000 (unaudited) (six months ended 30 June 2023: nil (unaudited)), resulting in a gain on disposal of RMB144,000 (unaudited) (six months ended 30 June 2023: nil (unaudited)).

For the six months ended 30 June 2023, expense relating to short-term leases amounted to approximately RMB4,611,000 (unaudited) (six months ended 30 June 2022: RMB4,324,000 (unaudited)). The total cash outflows for leases during the six months ended 30 June 2023 amounted to approximately RMB856,000 (unaudited) (six months ended 30 June 2022: RMB3,219,000 (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 2023: nil (unaudited)).

15. INVENTORIES

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Raw materials	**2,459,468**	1,943,602
Work in progress	**3,723,615**	2,887,930
Finished goods	**472,450**	508,135
Goods in transit	**3,662,065**	4,687,109
	10,317,598	10,026,776

16. TRADE AND BILLS RECEIVABLES

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Trade receivables	**110,196**	101,494
Less: Allowance for credit losses	**(46,209)**	(44,735)
	63,987	56,759
Bills receivables:		
On hand	**5,796**	–
Total trade and bills receivables	**69,783**	56,759

The Group does not hold any collateral over these receivables.

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.

16. TRADE AND BILLS RECEIVABLES – CONTINUED

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 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Within 1 year	**43,921**	38,082
More than 1 year, but less than 2 years	**1,389**	18,274
More than 2 years, but less than 3 years	**18,276**	2
Over 3 years	**401**	401
	63,987	56,759

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

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Trade receivables:		
Fellow subsidiaries	**46,814**	45,128

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

17. OTHER DEPOSITS

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Classified under non-current assets:		
Deposits for acquisition of property, plant and equipment and right-of-use assets	**103,662**	145,058
Deposits for environment rehabilitation (note (a))	**3,646**	4,492
Deposits for land restoration (note (b))	**7,310**	7,258
	114,618	156,808
Classified under current assets		
Margin deposits (note (c))	**904,509**	687,156

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.

18. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Prepayments for inventories	**144,077**	62,453
Value-added tax recoverable	**565,400**	445,510
Loans to a joint venture (note (a))	**93,079**	93,079
Amounts due from joint ventures of the Group (note (b))	**142**	142
Amounts due from fellow subsidiaries (note (b))	**200**	200
Other receivables	**77,055**	51,952
	879,953	653,336
Less: Allowance for credit losses on other receivables	**(126,311)**	(126,139)
	753,642	527,197

Notes:

(a) The loans to a joint venture are unsecured, carry fixed interest rates ranging from 4.35% to 4.60% per annum (31 December 2022: 4.35% to 4.60%) and overdue and credit-impaired as at 31 December 2020.

(b) The amounts due from joint ventures and fellow subsidiaries are unsecured, interest-free and repayable on demand.

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

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Structured bank deposits	**300,000**	–

The balances represented short-term deposits placed with reputable banks in the PRC with variable interest rate determined by reference to foreign currency exchange rate movement. These deposits are stated at FVTPL.

Pledged bank deposits

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Deposits placed with Finance Company		
Classified under current assets	**24,000**	24,000

Cash and bank balances

As at 30 June 2023, the balances included saving deposits of RMB747,804,000 (unaudited) (31 December 2022: RMB818,463,000) placed with Finance Company, which bear interest at rates ranging from 0.35% to 1.32% (31 December 2022: 0.52% to 1.32%) per annum.

20. TRADE PAYABLES

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Trade payables	**2,218,553**	3,590,256

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

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Within 1 year	**2,207,485**	3,576,635
More than 1 year, but less than 2 years	**4,832**	8,890
More than 2 years, but less than 3 years	**2,979**	665
Over 3 years	**3,257**	4,066
	2,218,553	3,590,256

Included in the Group's trade payables are payables to fellow subsidiaries of approximately RMB14,812,000 (31 December 2022: RMB135,020,000). The payables to fellow subsidiaries are unsecured, interest-free and are repayable within one year according to respective purchase contracts.

21. OTHER PAYABLES AND ACCRUED EXPENSES

Included in the Group's other payables under current liabilities as at 30 June 2023 were payables to Daye Group and a joint venture of the Group of RMB36,877,000 (unaudited) (31 December 2022: RMB31,417,000) and RMB2,299,000 (unaudited) (31 December 2022: 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 2023 were payables for purchase of property, plant and equipment from fellow subsidiaries in aggregate amount of RMB924,164,000 (unaudited) (31 December 2022: RMB1,082,402,000) 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 2022: RMB276,333,000) which bear interest at 4.35% (31 December 2022: 4.35%) per annum, the remaining payables are interest-free.

22. BANK AND OTHER BORROWINGS

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Bank borrowings:		
Unsecured	**11,420,808**	9,877,062
Other borrowings:		
Loans from Daye Group, unsecured*	**478,003**	655,156
Loans from Finance Company, unsecured*	**200,174**	–
Loans from a fellow subsidiary, unsecured*	**–**	989
Gold loans	**1,873,655**	1,104,672
Other loans, unsecured	**172,127**	172,147
	14,144,767	11,810,026

22. BANK AND OTHER BORROWINGS – CONTINUED

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Bank borrowings carrying amounts repayable:		
Within 1 year	**5,600,343**	5,297,710
More than 1 year, but not exceeding 2 years	**1,848,940**	1,447,868
More than 2 years, but not exceeding 5 years	**3,887,145**	3,011,684
More than 5 years	**84,380**	119,800
	11,420,808	9,877,062
Other borrowings carrying amounts repayable:		
Within 1 year	**2,430,883**	1,397,857
More than 1 year, but not exceeding 2 years	**293,076**	61,750
More than 2 years, but not exceeding 5 years	**–**	473,357
	2,723,959	1,932,964
Total bank and other borrowings	**14,144,767**	11,810,026
Less: Amounts due within 1 year shown under current liabilities	**(8,031,226)**	(6,695,567)
Amounts shown under non-current liabilities	**6,113,541**	5,114,459

* The loans from Daye Group bear interests ranging from 3.70% to 4.60% (31 December 2022: 3.70% to 4.75%) per annum and are repayable in various maturity dates up to 30 December 2025. The loans from Finance Company bear interests ranging from 3.50% to 3.55% (31 December 2022: nil) per annum and are repayable in various maturity dates up to 16 November 2023. The loans from a fellow subsidiary include an interest-free loan and is repayable on demand.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets		Current liabilities	
	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)	**At 30 June 2023 RMB'000 (Unaudited)**	At 31 December 2022 RMB'000 (Audited)
Carried at fair value:				
– Copper futures contracts	**49,980**	5,622	**91,680**	102,907
– Gold futures contracts	**6,440**	107	**–**	6,151
– Gold forward contracts	**176,381**	61,030	**–**	–
– Silver futures contracts	**3,619**	33,380	**1,885**	4,558
	236,420	100,139	**93,565**	113,616

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.

24. CAPITAL COMMITMENTS

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Capital expenditure contracted but not provided in respect of:		
Acquisition of property, plant and equipment	**1,375,375**	1,472,687

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 2023 (unaudited)				
Financial assets				
Commodity futures contracts	**–**	**60,039**	**–**	**60,039**
Other derivative financial instruments	**–**	**176,381**	**–**	**176,381**
Structured bank deposits	**–**	**300,000**	**–**	**300,000**
Financial liabilities				
Commodity futures contracts	**–**	**93,565**	**–**	**93,565**
Gold loans	**–**	**1,873,655**	**–**	**1,873,655**
At 31 December 2022 (audited)				
Financial assets				
Commodity futures contracts	–	39,109	–	39,109
Other derivative financial instruments	–	61,030	–	61,030
Financial liabilities				
Commodity futures contracts	–	113,616	–	113,616
Gold loans	–	1,104,672	–	1,104,672

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			
		At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)	Fair value hierarchy	Valuation technique
Copper futures contracts:	Assets	**49,980**	5,622	Level 2	Note 1
	Liabilities	**91,680**	102,907	Level 2	Note 1
Gold futures contracts:	Assets	**6,440**	107	Level 2	Note 1
	Liabilities	**–**	6,151	Level 2	Note 1
Gold forward contracts:	Assets	**176,381**	61,030	Level 2	Note 2
Silver futures contracts:	Assets	**3,619**	33,380	Level 2	Note 1
	Liabilities	**1,885**	4,558	Level 2	Note 1
Gold loans:	Liabilities	**1,873,655**	1,104,672	Level 2	Note 2
Structured bank deposits:	Assets	**300,000**	–	Level 2	Note 3

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.

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 **2023** **RMB'000** **(Unaudited)**	 2022 RMB'000 (Unaudited)
Income:				
Sales of non-ferrous metals	(i)	Fellow subsidiaries	**6,238,019**	2,700,649
Sales of other materials	(i)	Fellow subsidiaries	**1,179**	7,465
Rendering of services	(i)	Daye Group	**1,748**	–
	(i)	Fellow subsidiaries	**990**	2,474
Interest income	(ii)	Finance Company	**3,691**	3,178

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 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Expenses:				
Transportation fees	(i)	Fellow subsidiaries	**36,672**	30,881
Utilities fees	(i)	Fellow subsidiaries	**104,820**	164,338
Purchases of non-ferrous metals	(i)	Fellow subsidiaries	**757,850**	961,780
Purchase of other products	(i)	Fellow subsidiaries	**21,306**	7,186
	(i)	Daye Group	**–**	310
Other service expense	(i)	Fellow subsidiaries	**37,071**	2,782
Rental expense for leasing of lands	(iii)	Fellow subsidiaries	**3,604**	3,604
	(iii)	Daye Group	**424**	424
Rental expense for leasing of assets	(iii)	Fellow subsidiaries	**2,078**	1,552
Interest expense for financial liabilities at amortised cost	(iv)	Daye Group	**8,704**	7,476
	(iv)	Finance Company	**835**	3,981
	(iv)	A fellow subsidiary	**12**	195
	(v)	Immediate holding company	**21,000**	21,000
Interest expense on lease liabilities	(vi)	Daye Group	**3,299**	3,377
Capital expenditures:				
Construction contract fees	(i)	Fellow subsidiaries	**32,905**	22,487
Other service fees	(i)	Fellow subsidiaries	**5,384**	7,900

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) These transactions were conducted in accordance with terms of the relevant agreements, of which the rentals for leasehold lands/assets were determined by reference to the amortisation/depreciation of the relevant lands/assets.

(iv) 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.

(v) The interest expense arose from promissory note from the immediate holding company.

(vi) The Group leases certain lands from Daye Group. As at 30 June 2023, the related right-of-use assets amounted to RMB118,917,000 (31 December 2022: RMB122,521,000), and the related lease liabilities amounted to RMB130,314,000 (31 December 2022: RMB132,909,000). During the current interim period, lease payments of RMB5,850,000 (six months ended 30 June 2022: 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).

27. DEREGISTRATION OF A SUBSIDIARY

During the six months ended 30 June 2023, the Group deregistered a subsidiary, China Reservior Mining Limited ("Reservior Mining").

The net liabilities of Reservior Mining at the date of deregistration were as follows:

	2023 **RMB'000**
Other payables	(1,667)
Amounts due to the Group's subsidiaries	(9,798)
Net liabilities deregistered	(11,465)
Loss on deregistration of a subsidiary:	
Net liabilities deregistered	(11,465)
Non-controlling interests	16,423
Exchange reserve	2,648
Waiver of amounts due to the Group's subsidiaries	9,798
	17,404

Notes:

The deregistered subsidiary had no significant impact on the results and cash flows of the Group for the six months ended 30 June 2023 and 2022.

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
"Yangxin Hongsheng"	Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司), a limited liability company incorporated in the PRC and a connected subsidiary of the Company
"%"	per cent

* *For identification purpose only*