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**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)**

## **ANNOUNCEMENT OF UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of China Daye Non-Ferrous Metals Mining Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (together with the comparative figures for the corresponding period in the previous year) as follows:

### **HIGHLIGHTS**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB million</b>	<b>RMB million</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>32,825.2</b>	21,168.1
Gross profit	<b>821.6</b>	830.8
Profit for the period	<b>147.8</b>	84.3
Profit for the period attributable to owners of the Company	<b>77.4</b>	17.4
Basic earnings per share	<b>RMB0.43 fen</b>	RMB0.10 fen

Revenue for the six months ended 30 June 2024 increased by 55.07% to RMB32,825,163,000, compared with RMB21,168,130,000 in the same period of 2023.

Gross profit for the six months ended 30 June 2024 decreased by 1.11% to RMB821,562,000, compared with RMB830,813,000 in the same period of 2023.

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

*For the six months ended 30 June 2024*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>32,825,163</b>	21,168,130
Cost of sales		<b>(32,003,601)</b>	(20,337,317)
Gross profit		<b>821,562</b>	830,813
Other income	6	<b>20,831</b>	16,500
Selling expenses		<b>(16,191)</b>	(41,634)
Administrative expenses		<b>(335,015)</b>	(239,369)
Other operating expenses		<b>(22,819)</b>	(181,169)
Impairment losses reversed/(recognised) under expected credit loss model, net	7	<b>698</b>	(1,646)
Other gains and losses	8	<b>25,464</b>	(5,457)
Share of results of an associate		<b>(450)</b>	–
Finance costs	9	<b>(257,744)</b>	(239,414)
Profit before tax		<b>236,336</b>	138,624
Income tax expenses	10	<b>(88,576)</b>	(54,326)
Profit and total comprehensive income for the period	11	<b>147,760</b>	84,298
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		<b>77,442</b>	17,362
Non-controlling interests		<b>70,318</b>	66,936
		<b>147,760</b>	84,298
<b>Earnings per share</b>			
– Basic and diluted	13	<b>RMB0.43 fen</b>	RMB0.10 fen

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		8,970,527	9,244,752
Right-of-use assets		864,621	881,627
Exploration and evaluation assets		6,628	5,128
Intangible assets		557,993	594,030
Investment in an associate		9,201	9,651
Deferred tax assets		166,200	188,757
Other deposits		83,725	73,028
		<u>10,658,895</u>	<u>10,996,973</u>
<b>CURRENT ASSETS</b>			
Inventories		14,192,339	12,576,489
Trade and bills receivables	14	122,930	343,048
Other deposits		925,891	545,027
Prepayments and other receivables		658,218	647,453
Derivative financial instruments		50,079	12,082
Structured bank deposits		350,000	–
Cash, deposits and bank balances		709,866	991,883
		<u>17,009,323</u>	<u>15,115,982</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	4,361,686	3,568,124
Other payables and accrued expenses		1,142,197	1,348,098
Contract liabilities		149,875	77,458
Bank and other borrowings		8,611,936	7,591,272
Lease liabilities		6,205	6,332
Derivative financial instruments		86,937	31,108
Early retirement obligations		6,200	13,170
Current income tax liabilities		17	91,019
		<u>14,365,053</u>	<u>12,726,581</u>
<b>NET CURRENT ASSETS</b>		<u>2,644,270</u>	<u>2,389,401</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,303,165</u>	<u>13,386,374</u>

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>CAPITAL AND RESERVES</b>		
Share capital	727,893	727,893
Share premium and reserves	<u>2,392,963</u>	<u>2,315,521</u>
Equity attributable to owners of the Company	<b>3,120,856</b>	3,043,414
Non-controlling interests	<u>1,703,822</u>	<u>1,633,504</u>
<b>TOTAL EQUITY</b>	<b><u>4,824,678</u></b>	<b><u>4,676,918</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	390,615	385,119
Bank and other borrowings	6,527,848	6,775,110
Lease liabilities	119,705	122,278
Promissory note	1,201,664	1,180,548
Provisions for mine rehabilitation, restoration and dismantling	95,088	94,529
Deferred income	116,757	125,062
Early retirement obligations	<u>26,810</u>	<u>26,810</u>
	<b><u>8,478,487</u></b>	<b><u>8,709,456</u></b>
	<b><u>13,303,165</u></b>	<b><u>13,386,374</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION

China Daye Non-Ferrous Metals Mining Limited (the “**Company**”) 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 “**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 immediate and ultimate holding company of the Company is China Times Development Limited (incorporated in the British Virgin Islands) and China Nonferrous Metal Mining (Group) Co., Ltd., a state-owned enterprise established in the People’s Republic of China (the “**PRC**”), respectively.

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 Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 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 (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the 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 2023.

As at 30 June 2024, the Group had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB709,866,000 and RMB8,611,936,000 respectively. Taking into account (i) the future cash flows of the Group, (ii) the unutilised bank facilities of not less than RMB19,286,601,000 and (iii) bank borrowings of RMB763,796,000 raised after 30 June 2024, the directors of the Company are of the view that the Group will have sufficient working capital to finance its normal operations for the twelve months from the end of the reporting period. 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 that are measured at fair value at the end of the reporting period.

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the additional/change in accounting policy resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) as described below.

## Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

#### 4. REVENUE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Disaggregation of revenue from contracts with customers		
Sales of goods	32,806,937	21,151,022
Rendering of services	18,226	17,108
	<u>32,825,163</u>	<u>21,168,130</u>
Timing of revenue recognition		
A point in time	32,806,937	21,151,022
Over time	18,226	17,108
	<u>32,825,163</u>	<u>21,168,130</u>

#### 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 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. No further discrete financial information is available. Accordingly, no operating segment information is presented other than entity-wide disclosures.

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of goods:		
Copper cathodes	27,736,350	18,534,989
Other copper products	243,112	600,659
Gold and other gold products	1,534,245	806,754
Silver and other silver products	2,853,446	1,014,464
Sulphuric acid and sulphuric concentrate	163,003	84,397
Iron ores	105,630	32,087
Others	171,151	77,672
	<u>32,806,937</u>	<u>21,151,022</u>
Rendering of services:		
Copper processing	4,950	6,584
Others	13,276	10,524
	<u>18,226</u>	<u>17,108</u>
Total revenue	<u>32,825,163</u>	<u>21,168,130</u>

## Geographical information

All the Group's non-current assets (excluding financial instruments and deferred tax assets) as at 30 June 2024 and 31 December 2023 are located in the Mainland China based on geographical location of the assets.

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mainland China	32,275,614	20,469,998
Hong Kong	196,893	384,079
Others	352,656	314,053
	<u>32,825,163</u>	<u>21,168,130</u>

## 6. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income from banks	564	1,484
Interest income from Nonferrous Mining Group Finance Co., Ltd. ("Finance Company")	4,005	3,691
Deferred income recognised	7,717	10,594
Other government grants ( <i>note</i> )	7,998	450
Others	547	281
	<u>20,831</u>	<u>16,500</u>

*Note:* The government grants for the six months ended 30 June 2024 and 2023 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. IMPAIRMENT LOSSES REVERSED/(RECOGNISED) UNDER EXPECTED CREDIT LOSS MODEL, NET**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>2023</b> <i>RMB'000</i> <b>(Unaudited)</b>
Impairment losses reversed/(recognised), net on:		
Trade receivables	<b>899</b>	(1,474)
Other receivables	<b>(201)</b>	(172)
	<u><b>698</b></u>	<u>(1,646)</u>

**8. OTHER GAINS AND LOSSES**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	<b>2023</b> <i>RMB'000</i> <b>(Unaudited)</b>
(Loss)/gain on disposal of property, plant and equipment	<b>(12,430)</b>	3,619
Write-off of property, plant and equipment	<b>(110)</b>	(507)
Fair value changes from:		
Gold forward contracts	–	115,352
Gold loans designated as financial liabilities at fair value through profit or loss	–	(118,479)
Exchange gains, net	<b>38,004</b>	11,962
Loss on deregistration of a subsidiary (note)	<u>–</u>	<u>(17,404)</u>
	<u><b>25,464</b></u>	<u>(5,457)</u>

*Note:* During the last interim period, a subsidiary, China Reservoir Mining Limited, with net liabilities of RMB11,465,000 was deregistered. This resulted in a loss on deregistration of RMB17,404,000, after taking into account the release of non-controlling interests of RMB16,423,000, release of exchange reserve of RMB2,648,000 and waiver of other payables due to the Group of RMB9,798,000.

## 9. FINANCE COSTS

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Interest on bank and other borrowings	212,504	203,978
Interest on loans from Daye Nonferrous Metals Group Holding Company Limited and its subsidiaries (“ <b>Daye Group</b> ”)	14,300	8,704
Interest on loans from Finance Company	1,549	835
Interest on loans from a fellow subsidiary	4,311	12
Interest on lease liabilities	3,129	3,299
Interest on promissory note	21,116	21,000
Unwind interest of provisions for mine rehabilitation, restoration and dismantling	835	810
Unwind interest of early retirement obligations	–	776
	<hr/>	<hr/>
Total finance costs	<b>257,744</b>	239,414
	<hr/> <hr/>	<hr/> <hr/>

## 10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
PRC Enterprise Income Tax	66,019	29,178
Deferred tax	22,557	25,148
	<hr/>	<hr/>
	<b>88,576</b>	54,326
	<hr/> <hr/>	<hr/> <hr/>

## 11. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation of property, plant and equipment ( <i>notes (i)</i> )	<b>380,536</b>	363,596
Amortisation of intangible assets ( <i>notes (i)</i> )	<b>35,465</b>	35,465
Depreciation of right-of-use assets ( <i>notes (i)</i> )	<b>16,908</b>	16,908
	<hr/>	<hr/>
Total depreciation and amortisation	<b>432,909</b>	415,969
Capitalised in inventories	<b>(365,294)</b>	(345,772)
	<hr/>	<hr/>
	<b>67,615</b>	70,197
	<hr/> <hr/>	<hr/> <hr/>
Employee benefits expense (including directors' remuneration) ( <i>note (ii)</i> ):		
Salaries, wages and welfare	<b>403,875</b>	344,246
Retirement benefit schemes contributions	<b>53,047</b>	51,120
	<hr/>	<hr/>
Total staff costs	<b>456,922</b>	395,366
Capitalised in inventories	<b>(360,365)</b>	(273,232)
	<hr/>	<hr/>
	<b>96,557</b>	122,134
	<hr/> <hr/>	<hr/> <hr/>
Cost of sales comprise:		
Cost of inventories recognised as an expense ( <i>note (iii)</i> )	<b>31,994,754</b>	20,325,520
Direct operating expense arising from service provided	<b>8,847</b>	11,797
	<hr/>	<hr/>
	<b>32,003,601</b>	20,337,317
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) During the six months ended 30 June 2024, due to temporary shutdown of a mining site and certain melting plant, depreciation of property, plant and equipment of approximately RMB8,173,000 (six months ended 30 June 2023: RMB38,744,000) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB4,231,000 (six months ended 30 June 2023: RMB3,702,000) were classified as other operating expenses in the condensed consolidated statement of profit or loss and other comprehensive income.
- (ii) During the six months ended 30 June 2024, due to a temporary shutdown of a mining site, employee benefits expense in relation to production of approximately RMB6,273,000 (six months ended 30 June 2023: RMB50,584,000) was classified as other operating expenses in the condensed consolidated statement of profit or loss and other comprehensive income.
- (iii) During the six months ended 30 June 2024, reversals of write-down of inventories of approximately RMB5,157,000 (six months ended 30 June 2023: write-down of inventories of approximately RMB16,810,000) has been recognised and included in cost of sales.

## 12. DIVIDEND

No dividend was paid or proposed for shareholders of the Company during both the current and prior interim periods, nor has any dividend been proposed since the end of the reporting period.

## 13. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>77,442</u>	<u>17,362</u>
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>17,895,580</u>	<u>17,895,580</u>

The computation of diluted earnings per share for both periods does not include the impact of any potential ordinary shares to be allotted for settlement of the promissory note issued as the number of shares to be issued is not fixed and to be determined by reference to the market price of the Company's shares quoted on the Stock Exchange.

## 14. TRADE AND BILLS RECEIVABLES

	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	<u>159,115</u>	<u>376,530</u>
Less: Allowance for credit losses	<u>(40,085)</u>	<u>(40,984)</u>
	<u>119,030</u>	<u>335,546</u>
Bills receivables	<u>3,900</u>	<u>7,502</u>
Total trade and bills receivables	<u>122,930</u>	<u>343,048</u>

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.

The following is an ageing analysis of trade and bills 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 <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year	95,960	324,974
More than 1 year, but less than 2 years	8,914	230
More than 2 years, but less than 3 years	230	17,844
Over 3 years	17,826	–
	<u>122,930</u>	<u>343,048</u>

## 15. TRADE PAYABLES

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

	At <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year	4,245,006	3,554,795
More than 1 year, but less than 2 years	111,496	10,360
More than 2 years, but less than 3 years	2,826	697
Over 3 years	2,358	2,272
	<u>4,361,686</u>	<u>3,568,124</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2024, 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 2024, the Group produced a total of 8,200 tonnes of mined copper, representing a year-on-year increase of 33.14%; 421,500 tonnes of copper cathode, representing a year-on-year increase of 34.57%; 313.99 tonnes of precious metal (including 5.12 tonnes of gold, 292.99 tonnes of silver, 8.00 kg of platinum, 74.00 kg of palladium and 15.80 tonnes of tellurium), representing a year-on-year increase of 15.80%; 1,195,800 tonnes of chemical products (including 1,190,500 tonnes of sulfuric acid, 5,155.24 tonnes of copper sulfate, 58.99 tonnes of nickel sulfate (metal content) and 104.69 tonnes of crude selenium (metal content)), representing a year-on-year increase of 24.86%; 86,100 tonnes of iron concentrate, representing a year-on-year increase of 117.10%; and 22.14 tonnes of molybdenum concentrate, representing a year-on-year increase of 303.28%.

The Company fully implements the requirements of the half-year work arrangement formulated at the begin of the year, summarizes the Company's work in the first half of the year, sets the goals for the year, makes every effort to do all the work in the second half of the year, and makes positive contributions to building a world-class mining enterprise.

#### I. Review of Work in the First Half of the Year

Since the beginning of the year, under the severe situation of the continuous expansion of copper concentrate supply gap and dramatical drop in smelting and processing fees, centering on the work objectives and tasks of “three stability and four progress” (三穩四進) set at the beginning of the year, with the six efficiency enhancement measures of “increasing production and efficiency, scientific and technological efficiency, reform efficiency, management efficiency, policy efficiency and investment efficiency” as the main line, we have adhered to hard work to coordinate the promotion of production and operation, reform and innovation.

##### A. *Focus on the production and strengthen the scheduling, and ensure that business operations move forward under pressure*

**The output of major products increased across the board.** Compared with the schedule, copper concentrate, gold, iron concentrate, blister copper were overproduced, production of sulfuric acid, silver, mined copper were deficient, but the output of each product has a large increase on year-on-year basis. The copper content of self-produced copper concentrate has reached the best level in the same period in 2022.

**Revenue and profit met expectations.** In the first half of the year, the Company achieved an increase in operating revenue compared with the budget schedule, mainly due to the increase in non-ferrous metal sector revenue affected by price rise, operating profit increased compared with the budget schedule (decomposed according to the production plan), reaching the schedule target, but it was worse than the time schedule. The main reason was that TC/RC in the first half of the year decreased and the profit decreased compared with the budget level, and the mined copper output decreased and the profit decreased.

**Initial results have been achieved in reducing costs and increasing efficiency.** In the first half of this year, except for Xinjiang Hui Xiang Yong Jin Mining Co., Ltd. (新疆匯祥永金礦業有限公司) (“Xinjiang Hui Xiang Yong Jin”), the cash cost per ton of mine increased compared with the budget and the actual ratio of the previous year, and the other mining departments decreased in different degrees compared with the budget and the actual ratio of the previous year. In the smelter, except for the cash cost of blister copper sector which increased compared with the budget, the cash cost of other products decreased compared with the budget and the actual ratio of the previous year. In Yangxin Hongsheng Copper Industry Company Limited\* (陽新弘盛銅業有限公司) (“Yangxin Hongsheng”), except for the sulfuric acid sector whose cash cost increased compared with the budget, the cash costs of the other products all decreased in different degrees compared with the budget.

***B. Focus on rectification and strengthen governance, safety and environmental protection to strengthen the system defense line***

**The rectification of environmental protection inspection has been completed.** All 34 rectification measures led by the Company have been completed. Among them, Fengshan Copper Mine completed the main project of closure of the tailing pond in May which was two months ahead of schedule. A mediation agreement was reached on the follow-up compensation and disposal of “3·12” dam break at Tonglvshan Mine. Fengshan Copper Mine was included in the municipal green mine list, and other mines were awarded the green mine license. The Company’s environmental rectification results were broadcast twice on CCTV’s “Morning News World” (《朝聞天下》).

**The overall situation of safety production was stable.** We systematically planned a three-year action to address the root causes of safety production, identified 20 key tasks, broke down tasks and measures, and made monthly special arrangements. In order to develop new quality productivity, we have promoted the three-year action of intelligent construction of mines and scientific and technological revitalization of safety and environmental protection. 17 major accidents and hidden dangers have been independently investigated; and the progress of the construction of the dump ditch in the Liantaishan of Tongshankou Mine has been accelerated to create conditions for the completion and acceptance of the subsequent major hidden dangers.

***C. Focus on innovation and strengthen capacity, and accelerate the pace of scientific and technological innovation***

**Strengthen top-level design for innovation.** We integrated the resources of design and research company, relevant departments at headquarters, professional committees and related R&D platforms to establish an innovation and research center and strengthen research functions, so as to create a source of technological innovation and an incubator for the transfer of achievements for the Company. We compiled and released the Company's Science and Technology Innovation Promotion Plan for 2024-2027 (《公司2024–2027年科技創新推進計劃》) and the Company's Scientific Research Management Measures (《公司科研管理辦法》), etc., to clarify the direction of technological breakthroughs, promote breakthroughs in key projects, improve the scientific and technological assessment system, and establish an incentive mechanism that “determining salaries based on work performance, rewarding scientific research results, and sharing the results of transforming and creating efficiencies”.

**Technological innovations have achieved milestones.** We actively promoted the construction of digital mines and intelligent factories, completed the basic network transformation project of the headquarters, promoted the construction of ERP system, realized the full coverage of core personnel, financial and material data, promoted the Company's AKTD work and information-based and data-based production and operation. We deepened the breakthrough of the “Science and Technology Reward Scheme” (科技懸賞制) project, and the test stope of the “Research and Application of Key Technology for Paste-Filled and Efficient Mining in the Large Panel of Complex Ore Bodies” project. The project of “Research and Application of Key technology of Green Production of Ausmelt Furnace's smelting-PS converter” has achieved breakthroughs in two sub-projects. The converter achieved stable production under 3H2B mode. Sulfuric acid exhaust (SO<sub>2</sub>), nitrogen oxide and particulate matter have achieved ultra-low emissions.



***D. Focus on reform and strengthen challenge-tackling, and streamline and keep healthy to continue to energize***

**Continue to deepen reform of the three systems.** Firstly, we focused on improving efficiency and efficiency. We strengthened the top-level design of human resources optimization, formulated measures to optimize human resources, and took the lead in reforming and optimizing headquarters organizations. We carried out the work of “establishing institutions, functions and staffing” of subsidiaries at all levels, restored the independent structure of rare and precious metals branches, and set up innovation research centers and supply chain management centers. **Secondly, we focused on ability and quality promotion.** We selected the best leaders with high standards, and continued to carry out competitive selection, thus promoting the echelon construction and structural optimization of leading groups. We introduced professional and technical talents with high quality and recruited and hired college graduates with better quality. We implemented high-quality training for talents, organized more than a hundred training sessions with nearly 10,000 participants. **Thirdly, we focused on momentum and vitality enhancement.** We further improved the position evaluation, salary budget, and performance evaluation systems by focusing on the performance management of all employees, adjusted the salary budget structure, changed the way of salary payment, enhanced the timeliness of performance appraisal, and strictly implemented the rigid appraisal results.

***E. Focus on compliance and strengthen control, and constantly strengthen lean management***

**Further progress was made in compliance operations.** We continued to improve the compliance system, strengthened compliance management evaluation, set up a platform for reporting violations in operation and management, and carried out special training on compliance. We thoroughly implemented regulations on false trading and strengthened trade control at the source. We completed the annual compliance verification work of the Company’s London registered brands of copper, gold and silver. The design of safety facilities for the underground mining project (expansion) of Fengshan Copper Mine was approved, and the compliance discharge problem of open-pit tailings was solved. The Company obtained the hazardous waste management license with a 5-year term, which provided guarantee for the long-term stable production of the smelting system. The Company’s business risks have been effectively controlled, and the level of compliance construction capacity has been further improved.

**Cost control continued to be strengthened.** We focused on the cost-benefit diagnosis of smelting industry, refined and improved the economic benefit model of smelting industry, summarized and found the improvement space, and planned the measures to optimize the production organization and tap potential and increase efficiency as a whole. Focusing on the budget, we made the monthly benefit prediction of subsidiaries at all level, carried out the monthly budget scheduling supervision of subsidiaries, highlighted the forward-looking control, focused on and solved the difficult problems, improved the control degree of operation process, and stabilized the overall operation. **Lean management has been continuously improved.** Centering on the working idea of “benchmarking, comprehensive coverage and lean collaboration” (標桿引領、全面覆蓋、精益協同), we adhered to the on-site implementation, consolidated 6S+ on-site management of the Company, regularly supervised the site for more than 60 times, incorporated more than 80 on-site problems into the ledger control, achieved closed-loop management, comprehensively promoted safety, standardization and refinement, and constantly improved the level of on-site lean management. We fully started the construction of mine three systems, compiled and completed the system management manual, carried out quality supervision and management, and the copper cathode of Yangxin Hongsheng was approved to be registered and delivered in Shanghai Futures Exchange.

## II. Work Arrangements in the Second Half of the Year

We will fully implement the requirements of the mid-year work conference, deeply understand the huge impact of the current severe market situation on the Company’s production and operation, further enhance the sense of crisis, urgency and responsibility, and strengthen our confidence and determination to take extraordinary measures to creatively implement and strive to achieve the annual goals and tasks. In the second half of the year, we will focus on the following tasks:

### A. *Continuously focus on safety and environmental protection to fully strengthen the foundation of high-quality development*

**Enhance the level of intrinsic safety.** We will firmly establish the concept that safety and environmental protection is first priority, anchor in the goal of “zero accident, zero pollution, zero penalty”, solidly carry out the three-year action of safety and production to tackle the root causes, push forward the intelligent construction of mines and the key projects of the three-year action of scientific and technological safety and environmental protection, and continue to enhance the ability of risk hierarchical management and control and the investigation and management of hidden dangers, and improve the level of intrinsic safety, strengthen safety precautions during flood seasons and special periods, and keep a close eye on key areas such as underground, tailing ponds, open slopes and dumps, strengthen risk and hidden danger inspections and inspections of key areas, and deal with abnormalities appropriately and in a timely manner. We will continue to consolidate the effectiveness of the special investigation and rectification of major accident hazards, and intensify the promotion of water control and reinforcement along the northern edge of Tonglvshan, the dump ditch in the Liantaishan of Tongshankou, and the safety facilities at the tailings pond of Fengshan Copper Mine in order to strive for the early completion of the tasks.

**The rectification of environmental protection inspection will be completed thoroughly.** We will strictly implement the main responsibility of enterprise environmental protection, promote the operation of compliance with the law, and make every effort to push forward the compilation of list of problems in the rectification of environmental protection inspection to ensure that the rectification of the central environmental protection inspection issues is completed satisfactorily and completely cleared. We will highlight the strengthening of environmental governance capacity building, solidly promote the five-level risk investigation pilot, and make every effort to accelerate the smelter landfill closure, the old electrolysis area environmental remediation, the old slag swamping treatment, the key project construction such as the rain and sewage diversion of Fengshan Copper Mine and rare branches, to protect the quality of the project and the expected progress. We will also comprehensively promote the establishment of an environmental management system and its operation and control, strengthen the prevention and control of environmental risks at source, strictly control the process, and enhance the ability of environmental prevention and control.

***B. Continuously focus on production and operation, and comprehensively stabilize high-quality development***

**Smelting and processing departments should give priority to efficiency.** We should recognize and accept the main responsibility of market operation and implement purchasing, sales and production co-ordination and linkage mechanism to give full play to their respective advantages, control the adverse impact of the low market processing fee index to a minimum, and achieve stable smelting and efficient production. **Yangxin Hongsheng** should give full play to the advantages of equipment, capacity and cost after the system maintenance, and continue to produce at full capacity to obtain the maximum marginal contribution; deepen the construction of the intelligent factory, promote the integration of industry and finance, establish and improve the economic efficiency model, and optimize the dynamic cost control; speed up the progress of the construction of the integrated transport corridor and residual pole treatment system, and realize the investment efficiency increase as soon as possible. The smelter should further strengthen the equipment management and improve the stable operation capability of the equipment; shut down the old refining system and the breakage system (紫雜系統) of the smelter, study and formulate plans to reduce external costs such as slag treatment fees and oxygen fees, as well as low-temperature residual heat power generation, so as to explore all-round opportunities for cost reductions and efficiency gains, and to increase the utilization rate of production capacity as much as possible. Both smelters should optimize the proportion of raw materials and process parameters, strengthen the management of the whole process of cold material production, classification, sorting, storage and treatment, and continue to do a good job of cold material pressure drop to achieve the goal of pressure control of the two metals. **The rare and precious metals branches** should strengthen the coordination with the relevant subsidiaries of the Company to ensure the timely handling of anode mud; adjust the production organization mode in accordance with the principle of quick-in, quick-out, control the intermediate materials of each system within a reasonable range, and organize the automatic trial production.

**Mining department should focus on increasing productivity.** We should seize the high price period of copper in the market, and on the premise of ensuring safety, we will do everything possible to fully achieve and increase productivity, so as to make more contributions and show responsibility for the Company to achieve its annual business goals.

**Tonglvshan Mine** will speed up the development of key medium and deep hole stopes, supply and filling cycle in key medium-deep hole mining sites, especially the progress of the first layer along the north edge of -605m and high-grade stope mining, supply and charging cycle; and speed up the progress of mining and cutting along the second layer of the north edge of -605m, so as to ensure the convergence of the succeeding ore quantity. At the same time, Tonglvshan Mine will also push forward the application for the mining license below -800m, so as to provide conditions for the mine to take over the production. **Tongshankou Mine** will adjust the structure of mine supply and increase the underground production capacity; strengthen the management of the copper processing recovery rate and technological breakthroughs in order to strive for an increase in the recovery rate; and speed up the construction of an intelligent mine and set up an intelligent mine management platform to realize the online management of technology, production, equipment, safety and other production elements as soon as possible. **Fengshan Copper Mine** will accelerate the formation of mining capacity in the line 15-16 mining pit at the northern edge -314m, continue to optimize the production organization in the large panel at the northern edge -372m, and continue to make a good breakthrough in upgrading capacity. The Company will focus on the planning and implementation of the second phase of the intelligent mine construction, gradually complete the systems of tracked unmanned driving in the middle section of the -320m of the shaft, automatic control of ore processing and precise positioning of personnel/equipment, and strengthen the fusion of the system with production and operation, so as to further enhance the construction of the intelligent mine. **Sareke Copper Mine** will accelerate the progress of mining and cutting at the No. 1 ore body panel to ensure that one mining site will be put into production in August and one in October; accelerate the convergence of mining sites, do a good job of ore depletion management; accelerate the progress of the application for license of the prospecting-to-mining project for the expansion of the north mining belt and the application for the safety permit for the tailing pond; and continue to push forward the work of the peripheral survey and the prospecting of the south mining belt for the increase of ore reserves.

**The “six efficiency enhancements” should be targeted at precision.** We should comprehensively promote the “six efficiency enhancements” of the second half of the year in order to provide important support for achieving the overall goal of annual operating profit. We should strengthen production scheduling, implement production tasks, sprint to the goal; strengthen technological breakthroughs, optimize production processes, and strive to improve economic and technological indicators; continue to tap the internal potential, strengthen cost management, reduce the key consumption; insist on strict control of non-production expenditures; give full play to the supply chain management center intensive management advantages, strengthen information and platform construction, realize collective purchasing and create benefits. On the basis of the previous favorable policies such as equipment renewal and time-sharing tariffs, the Company should focus on important reform initiatives and a series of policies to benefit enterprises, strengthen research and actively strive to make good use of the relevant policies, so as to practically transform the policy dividends into benefits for the enterprises.

**Planning ahead for 2025 operations.** In 2025, the global new copper refining capacity will be released intensively, the gap between supply and demand for copper concentrate will widen dramatically, and processing fees are expected to remain below the industry’s average cash-conservation point for an extended period of time, placing the Company under unprecedented operating pressure. We need to plan ahead for the production and operation work ideas and measures in 2025. Mining department should be aware that slow progress is the biggest crisis, and strive to set a new goal of “do our best and do our utmost”. The smelting department should always focus on achieving net operating cash inflow, study and refine the business plan, and rethink and re-optimize the mode of production organization and business cooperation. We should embed the overall cost reduction and labor productivity improvement in the whole process of deepening reform, and deploy it as soon as possible, start it early, and implement it as soon as possible. The production management and financial risk control departments should focus on the prevention of liquidity risk as the core, further enhance the sense of control and strengthen their own platform and penetration of the construction. We should insist on moving the threshold forward, and discover and resolve structural risks in a timely manner.

***C. Continuously focus on deepening reforms to comprehensively enhance the vitality of high-quality development***

**Firstly, we will promote the streamlining and optimization of our structure.** We will implement flat management, streamline non-essential management levels, shorten management chains and strengthen penetrating control; explore the reform of specialization and legalization of inspection and testing business, and vigorously expand external markets. **Secondly, we will promote the reform of the medium- and long-term incentive mechanism.** We will push forward the implementation of the salary incentive scheme for the mining department and other medium- and long-term incentives, supervise the improvement of the incentive scheme for key talents within the relevant subsidiaries and implement the scheme, so as to promote the reform and achieve substantive results through quality improvement and expansion. **Thirdly, we will pay close attention to the management of loss-making enterprises.** We will increase the monitoring and control of loss-making enterprises, focus on helping Xinjiang Hui Xiang Yong Jin to optimize production organization and increase the output of mined copper products.

**Deepening the “three-capacity mechanism” (三能機制).** **Firstly, we will make great efforts to promote the optimization of human resources.** In accordance with the requirements, we will complete the work of “organization, function and establishment” at all levels, facilitate the transfer of second- and third-line staff to the first line, and withdrawal various types of temporary staff. We will strictly implement the staff incentive and punishment scheme. **Secondly, the Company will endeavor to promote the selection and cultivation of leaders.** We will implement the implementation program for outstanding young senior management personnel, and make practical and detailed efforts in key areas such as training, cultivation, selection, utilization and assessment; continue to increase the coverage of management personnel of second-tier subsidiaries who compete for employment, implement mid-term evaluation of headquarters departments and offices, and implement in-depth adjustments to the last grade of leadership personnel and withdrawal of incompetence. **Thirdly, we will make great efforts to promote overall performance management.** We will revise and improve the method of total wage management, strictly control labor costs, implement full labor cost management, regulate the management of wage payments and improve the distribution of incentive mechanisms; implement the “Guiding Opinions on Further Strengthening All Employees Performance Management” (關於進一步加強全員績效管理指導意見), widen the income gap between managers at all levels; achieve the same direction of change in the total wage distribution as the profit index; abolish individual incentives, and strictly control specialized incentives.



***D. Continuously focus on scientific and technological capabilities to comprehensively build high-quality development momentum***

**Firstly, we will cultivate and build new quality productivity.** We will establish and improve the operation mechanism of the innovation and research center, clarify the responsibilities and positioning of the center, strengthen the upgrading of software and hardware and the introduction and cultivation of talents, and promote breakthroughs in key research and development projects; supervise and promote the development of clean laboratory construction for high-purity metal products, and provide on-site verification and testing conditions for high-purity metal preparation. **Secondly, we will strengthen the transformation and application of scientific and technological achievements.** As for mines, we will accelerate the transfer and application of the results of the “safe and efficient mining technology for paste-filling in the large panel” to increase the production capacity of the mine and reduce the cost per tonne; launch the “breakthrough in improving the copper processing recovery rate in Tongshankou Mine” on-site industrial trial to improve the copper processing recovery rate. In terms of smelting, we will solidify the results of the “Ausmelt Furnace’s Smelting-PS Converter Blowing Green Production Technology” and apply the results to reduce the production costs of Ausmelt Furnace, converter and sulfuric acid; launch the research on the optimization of the process of impoverishment of copper smelting slag beneficiation and the application of the results to reduce the copper content of the tailing pond of slag beneficiation; **Thirdly, we will strengthen the information technology capability.** We will push forward the construction of intelligent factory. Yangxin Hongsheng should ensure to achieve industry and financial integration at the end of August, smelter should speed up the intelligent upgrade and transformation of the second phase of the project. We should strengthen the intelligent operation center of digital, intelligent management and control; push forward the construction of digital mines, carry out the relevant system data governance, complete the construction of mine technology collaboration platform; strengthen the Company’s safety and environmental protection information system construction, and further develop the system’s role in real-time monitoring and risk warning in the Company’s daily management of safety and environmental protection; promote the improvement of the ERP and management information system, realize the full integration of the quality management system with the financial ERP system, business marketing system and laboratory system, further optimize the ERP personnel, financial and material systems and enhance the system’s interconnectivity.

***E. Continuously focus on lean management to comprehensively enhance the quality and efficiency of high-quality development***

**Strengthen equipment management.** We will strengthen the control and analysis of equipment status information data to control the operating status of key equipment in the production process; continue to strengthen the safety management of special equipment and mine hoisting equipment, regularly launch special equipment inspections, and strengthen the control of equipment operation process; promote the commencement of large-scale equipment renewal work, continue to follow up on the policy trends, update the equipment project database in a timely manner, and actively strive for the relevant incentives, so as to enhance the level of energy-efficiency of the equipment.

**Deepen quality management.** We will sort out and establish a quality control index system, supervise the key processes of the production of major products, and refine the supervision of quality and cost; we will carry out performance improvement activities such as internal audits and management audits, cultivate a team of system administrators, and ensure that we will complete the internal audits of the mine system and the external audits of the five systems of the Company.

**Strengthen lean management.** We will establish a comprehensive data collection, sorting and analysis system to ensure the accuracy and timeliness of data. We will apply data mining and analysis tools to identify potential financial problems and risks. We will give full play to our leading role in financial management, further improve our comprehensive cost management system, and establish a long-term mechanism for cost diagnosis, value chain analysis, and quota justification and optimizations. We will strictly monitor the execution of the budget and provide timely warnings and corrections. We will continue to supervise the on-site improvement of “6S+” management, summaries and exchange experience and results, and actively promote the transition to lean management.

**Strict project management.** Guided by the project management objectives, the Company will tighten the implementation of the subsidiary’s primary responsibility, dynamically track and continuously follow up, and strengthen the management of the whole life cycle of construction projects. We will focus on the smelter key project construction, implement the whole process of project control, focus on the time point of the various stages and the key objectives and tasks, strengthen the comprehensive supervision on the progress, quality and the risk of the project, and strictly supervise and assess the completion of key indicators to ensure the project to achieve the expected results.

**Promote compliance management.** The Company will thoroughly implement the concept of “governing enterprises in accordance with the law and operating in compliance” and promote compliance with the law; conduct an in-depth investigation of major and important internal control deficiencies in operation and management, and intensify the daily supervision and accountability for the implementation of internal control. The Company will also make reports of non-compliance unimpeded, impose strict penalties for non-compliance, vigorously carry out rectification of non-compliance issues, establish a long-term mechanism for compliance management, and strengthen the culture of compliance and capacity building.



At present, we are in a critical period in the middle of the year, and we should do our best, take extraordinary actions and show extraordinary results. We should seriously implement the Company's overall work arrangement, focus on the Company's established goals, resolutely win the battle of deepening the reform of production and operation with firm confidence, high morale and solid measures, strive to achieve the annual goals and tasks, and make new and greater contributions to building a world-class mining enterprise!

## **RECTIFICATION OF THE CENTRAL ENVIRONMENTAL PROTECTION INSPECTION**

2024 is the final year of the rectification of the central environmental protection inspection. The Company has always insisted on the highest standards, the most stringent requirements, the most practical measures, the best results to do a good job in the second half of the rectification of environmental issues, and the rectification of the environmental protection inspection has achieved a stage of victory. **Firstly, the Company has been making solid progress in the rectification and acceptance of environmental protection inspections.** The main works of the smelter environmental upgrading and plant-wide production system improvement project were completed in March 2024. Fengshan Copper Mine tailings pond closure project was completed in May 2024. As of 30 June 2024, all 34 rectification measures led by the Company have been completed, of which 31 have passed the Group's acceptance and review, and the acceptance of the remaining 3 measures is in good progress. **Secondly, the rectification effectiveness of environmental protection inspection has been tested.** In the first half of 2024, the Company accepted a total of 59 on-site inspections by the central environmental protection inspection team, provincial and municipal ecological environment departments, and the Company's environmental protection inspection rectification and green high-quality development results have been widely recognized. CCTV's "Morning News World" (《朝聞天下》) has three in-depth reports on the rectification of the Company's environmental protection inspection. The Company has changed from a "typical polluting enterprise" to a "model of pollution control", which not only implemented "coordinated promotion of carbon reduction, pollution reduction, green expansion and growth" with practical actions, but also achieved a win-win situation of environmental protection inspection rectification and green and high-quality development.

## **FINANCIAL REVIEW**

The Group's revenue increased by 55.07% to approximately RMB32,825,163,000 during the period over the same period last year of approximately RMB21,168,130,000. The increase in revenue was mainly attributable to the resumption of production of the smelting plant during the period.

Gross profit for the six months ended 30 June 2024 amounted to approximately RMB821,562,000 (six months ended 30 June 2023: RMB830,813,000), representing a decrease of 1.11% from the previous period. The decrease in gross profit was mainly attributable to the decline of the processing fees of the imported raw material.

Finance costs for the six months ended 30 June 2024 amounted to approximately RMB257,744,000 (six months ended 30 June 2023: RMB239,414,000), representing an increase of 7.66% from the previous period. The increase in financial expenses was attributable to the increase in scale of interest-bearing liabilities.

## **DETAILS OF MATERIAL ACQUISITION AND DISPOSAL**

The Group did not make any significant investment during the period ended 30 June 2024.

## **PERFORMANCE AND PROSPECTS OF KEY INVESTMENT**

The environmental upgrading and plant-wide production system improvement projects of the smelter were put into trial production on 10 December 2023 and reached the production and standard targets in March 2024. The converters achieved stable production in 3H2B mode; the conversion rate of sulfuric acid reached more than 99.85%, and the tail gas of sulfuric acid (SO<sub>2</sub>), nitrogen oxides and particulate matters achieved ultra-low emission. The unit production costs of blister copper, anode copper and sulfuric acid decreased significantly compared with those before the transformation. The environmental upgrading project for rare and precious copper anode mud was completed and accepted in May 2024, with the level of automation substantially increasing, the labor productivity increasing, effectively improving economies of scale, gradually reducing production costs, and providing more environmentally friendly benefits, thus laying the foundation for green and high-quality development. The intelligent mine construction projects of Tonglvshan Mine, Fengshan Copper Mine and Tongshankou Mine are being promoted in a synchronous and orderly manner. By increasing the promotion and application of intelligent equipment and technology, we push forward the "less manned, unmanned" operation of mines, enhance the all-factors production rate and the level of essential safety, realize the automated control of mine production, reduce labor cost and improve production efficiency.

In the future, the Company will accelerate the promotion of intelligent factory construction, continue to enhance the level of digital intelligent management of Yangxin Hongsheng. The second phase of intelligent upgrading and transformation project of the smelter will be accelerated, and the upgrading of traditional industries will be promoted by implementing intelligent operation center, intelligent copper warehouse construction and intelligent logistics transformation project. In the future, the Company will focus on implementing the development and utilization of mineral resources, extending the value chain of the copper industry, promoting the high purity of rare and precious metals and cultivating new industries and new driving forces for the Company's high-quality development to lay the foundation for the Company's green and high-quality development.

## **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 2024, the Group's receipts and payments were mainly denominated in RMB.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2024, the Group had pledged bank deposits, and cash and bank balances of approximately RMB709,866,000 (31 December 2023: RMB991,883,000), of which the majority were denominated in Renminbi, with a current ratio of 1.19 (31 December 2023: 1.19), based on the current assets of approximately RMB17,009,323,000 (31 December 2023: RMB15,115,982,000) divided by current liabilities of approximately RMB14,365,053,000 (31 December 2023: RMB12,726,581,000). The Group's gearing ratio was 504.91% (31 December 2023: 482.47%) 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 RMB15,757,492,000 (31 December 2023: RMB14,683,657,000) divided by equity attributable to owners of the Company of approximately RMB3,120,856,000 (31 December 2023: RMB3,043,414,000). The increase in gearing ratio was mainly due to the increase in scale of interest-bearing liabilities.

## **BORROWINGS**

As at 30 June 2024, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB16,341,448,000 (2023: RMB15,546,930,000).

As at 30 June 2024, the Group had bank and other borrowings of approximately RMB8,611,936,000 (31 December 2023: RMB7,591,272,000) and approximately RMB6,527,848,000 (31 December 2023: RMB6,775,110,000) 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 2024, the Group had a total of 5,551 employees (30 June 2023: 5,598). The Group's total staff costs for the six months ended 30 June 2024 was approximately RMB456,922,000 (six months ended 30 June 2023: RMB395,366,000). 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 2024.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group had no contingent liabilities.

## **CHARGES ON ASSETS**

As at 30 June 2024, other deposits which amounted to approximately RMB925,891,000 (31 December 2023: RMB545,027,000) 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 RMB Nil (31 December 2023: RMBNil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2024, 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 2024 (six months ended 30 June 2023: Nil).

## **EQUITY**

As at 30 June 2024, 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 2024.

The Company's independent auditor, Baker Tilly Hong Kong Limited, Registered Public Interest Entity Auditor, has reviewed the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 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 2024.

## **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 2024.

## REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Yangxin Hongsheng Services Framework Agreement, the Group will provide certain services to Yangxin Hongsheng. In the course of carrying out regular review for the status of the continuing connected transactions in January 2024, the Company noticed that the 2023 actual transaction amount for the year ended 31 December 2023 under the Yangxin Hongsheng Services Framework Agreement reached RMB20,350,000, which had exceeded the annual cap for the year ended 31 December 2023 of RMB16,400,000 in the Yangxin Hongsheng Services Framework Agreement. As at 31 December 2023, the highest applicable percentage ratios under the Listing Rules in respect of the Yangxin Hongsheng Services Framework Agreement was less than 5%. As set out in the section headed “Internal Control” in the Announcement, the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its monthly review. The exceeding of the annual cap was mainly attributable to the increase in number of technical services personnel dispatched by Daye Metal to Yangxin Hongsheng and the additional overtime pays temporarily incurred for the actual work done by the technical services personnel. The additional overtime pays were not included in the transaction amount due to insufficient understanding of the nature of additional overtime pay, which caused the transaction amount to exceed the annual caps. The inadvertent mistake was not discovered until the Group carried out regular review for the status of the continuing connected transactions during January 2024. This data may ultimately be different after the year end audit.

On 9 February 2024, in view of the annual cap for the year ended 31 December 2023 having been exceeded and considering the increase in number of technical services personnel and the temporary increase in overtime pay for actual work will continue to occur in the foreseeable future, the Board resolved to revise the annual caps for the years ending 31 December 2024 and 2025 for the transactions as contemplated under the Yangxin Hongsheng Services Framework Agreement to RMB21,000,000 respectively. For details, please refer to the announcement dated 9 February 2024.

On 15 April 2024, the Company and Yangxin Hongsheng reached an agreement to revise certain terms to the Yangxin Hongsheng Services Framework Agreement as to the list of certain services the Group provides to Yangxin Hongsheng to include arsenic sulfide slag and neutralized slag disposal service and production technical service and the relevant pricing policies. It is expected that the Group will provide arsenic sulfide slag and neutralized slag disposal service and production technical service to Yangxin Hongsheng and the estimated transaction amount of mineral product examination service and technology development service will be increased, leading to an increase in the transaction amount under the Yangxin Hongsheng Services Framework Agreement. Accordingly, the Board envisages that the Existing Annual Caps will not be sufficient to fulfill the additional previously unforeseen transactions that may take place under the Yangxin Hongsheng Services Framework Agreement for the financial years ending 31 December 2024 and 2025, respectively. Due to the production and operation needs of Yangxin Hongsheng and that the Group is able to provide these services, the provision of arsenic sulfide slag and neutralized slag disposal service and production technical service by the Group is conducive to the smooth and convenient production and operation of Yangxin Hongsheng, which enables convenient and cost-efficient sharing of the various services between the Group and Yangxin Hongsheng. Confidentiality of business secrets regarding technology development service is also under consideration, mainly because the laboratory inspection involves metal content balance relationship. If the third parties outside the Group provides such service to Yangxin Hongsheng, our raw material procurement situation and production metal recovery rate may be divulged, which will impact the Company’s negotiation of the raw material market purchase price (processing fee). The Board resolved to revise the annual caps for the years ending 31 December 2024 and 2025 for the transactions as contemplated under the Yangxin Hongsheng Services Framework Agreement to RMB39,750,000 respectively. For details, please refer to the announcement dated 15 April 2024.



## **Continuing Connected Transaction**

On 26 February 2024, the Company and Huangshi State-owned Assets Management Co., Ltd.\* (黃石市國有資產經營有限公司), a connected person of the Company at the subsidiary level, entered into (i) the Huangshi State-owned Assets Management Sales Framework Agreement in relation to the supply of certain products by the Group to Huangshi State-owned Assets Management Group, the annual caps for the years ending 31 December 2024 and 2025 being RMB4,026,060,000 and RMB4,852,518,000 respectively, and (ii) Huangshi State-owned Assets Management Purchase Framework Agreement in relation to the supply of certain products by Huangshi State-owned Assets Management Group to the Group, the annual caps for the years ending 31 December 2024 and 2025 being RMB5,908,225,000 and RMB7,020,042,000 respectively. For details, please refer to the announcement dated 26 February 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

On 30 May 2024, the Company and China Color International Alumina Development Co., Ltd.\* (中色國際氧化鋁開發有限公司) (“CCIA”), an associate of CNMC and a connected person of the Company entered into the CCIA Services Framework Agreement in relation to the supply of certain services by the Group to CCIA. Entering into of the CCIA Services Framework Agreement will facilitate the Group to fully utilize the capability of its technical know-how and technical team, increase the revenue of the Group and diversify the revenue base of the Group. The annual caps for the CCIA Services Framework Agreement for the years ending 31 December 2024 and 2025 are RMB56,000,000 and RMB96,000,000 respectively. As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the CCIA Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The resolution was duly passed by way of poll at the special general meeting held on 30 July 2024. For details, please refer to the announcements dated 30 May 2024 and 30 July 2024, and the circular dated 15 July 2024.

Save as disclosed above, the Group had no material event after the reporting period.

## **PUBLICATION OF THIS RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.hk661.com](http://www.hk661.com). An interim report for the six months ended 30 June 2024 will be despatched to the shareholders of the Company and will be available on the abovementioned websites in due course.

## **APPRECIATION**

I would like to take this opportunity to thank my fellow Directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, suppliers, customers and business partners for their support.

By order of the Board  
**China Daye Non-Ferrous Metals Mining Limited**  
**Xiao Shuxin**  
*Chairman*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Xiao Shuxin, Mr. Zhang Jinzhong, Ms. Zhang Aijun and Mr. Chen Xuwen; and three independent non-executive directors, namely Ms. Liu Fang, Mr. Wang Qihong and Mr. Liu Jishun.*