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

ANNUAL REPORT

2023

Mineral Resources

XINJIANG MINE

Wuqia County

4 Sareke Copper Mine

HUBEI MINES

Daye City

1 Tonglvshan Mine

2 Tongshankou Mine

Yangxin County

3 Fengshan Mine

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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Xiao Shuxin *(Chairman)*
Zhang Guangming *(Chief Executive Officer)*
Chen Zhimiao
Zhang Jinzhong

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

Baker Tilly Hong Kong Limited
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1, 11/F.
China United Plaza
1008 Tai Nan West Street
Kowloon
Hong Kong

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH REGISTRAR

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

661

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Xiao Shuxin, aged 47, has been an executive director of the Company since 2021. He graduated from Shanxi University of Finance and Economics* (山西財經學院) in 1997 majoring in investment economics with a bachelor's degree in economics. From September 1997 to October 2006, he served as a salesman of the import and export department 8 and department 6 and the deputy manager of the business division 2 of department 6 of China National Commercial Foreign Trade Corporation* (中國商業對外貿易總公司). From October 2006 to November 2007, he served as a salesman of the trading department of CNMC. He served as, from November 2007 to August 2011, the deputy manager of the import and export department, manager and assistant to the general manager of the commercial transportation centre, from September 2011 to March 2016, the deputy general manager, from March 2016 to February 2021, a member of the Communist Party Committee and the deputy general manager of China Nonferrous International Trading Co., Ltd.* (中色國際貿易有限公司), a wholly-owned subsidiary of CNMC. He served as member of the Standing Committee of the Communist Party Committee and the deputy general manager of the Parent Company since February 2021. He served as the general manager of the Parent Company since October 2023. Mr. Xiao has more than 24 years of experience in business administration.

Mr. Zhang Guangming, aged 47, has been an executive Director since 2022. He graduated from the School of Economics and Trade of Hubei University* (湖北大學經貿學院) majoring in foreign related accounting with a bachelor's degree in 2000 and is a senior accountant. From July 2000 to March 2004, he served as an accountant of Financial Department of Daye Metal, and served as the head of Treasury Division of Financial Department from January 2010 to May 2011, a deputy director of Financial Department from January 2018 to August 2018, a supervisor from April 2019 to January 2021 and from January 2022 to July 2022, and a member of the Party Committee, secretary of the Party Committee, director, chairman and legal representative since July 2022. He served as an accountant of Cost Section of Financial Department from March 2004 to March 2006, a deputy head of Finance Section of Transportation Department from March 2006 to December 2006, a deputy head of Treasury Section of Financial Department from December 2006 to June 2008, a head of Treasury Section of Financial Department from June 2008 to January 2010, a budget supervisor of Financial Assets Department from May 2011 to May 2013, a deputy director of Financial Assets Department from May 2013 to January 2018, a deputy director of Financial Department from August 2018 to January 2019, a deputy director of Capital Operation Department from January 2019 to April 2019, a deputy director of Capital Operation Department from April 2019 to January 2022, a director of Corporate Development Department from January 2022 to July 2022, and secretary to the board of directors since May 2020 at Parent Company. From May 2014 to January 2019, he served as a director of Non-Ferrous Mining Group Finance Company Limited* (有色礦業集團財務有限公司), a subsidiary of CNMC, which is the controlling shareholder of the Company, and a supervisor since September 2019. From May 2014 to August 2018, he served as a director of Great Yangtze River Environmental Engineering Technology Co., Ltd.* (長江環境工程技術有限責任公司), a subsidiary of the Parent Company. From January 2018 to January 2019, he served as a director of Daye Non-Ferrous Xincheng Copper Co., Ltd.* (大冶有色鑫誠銅業有限公司) and a supervisor of Huangshi Shengxiang Copper Co., Ltd.* (黃石晟祥銅業有限公司) and Xinjiang Huangjin Investment Co., Ltd.* (新疆煌金投資有限公司), which are subsidiaries of the Parent Company. From January 2018 to July 2022, he served as the chairman of the board of supervisors of Jiangsu Weixiang Technology Company Limited* (江蘇威翔科技有限公司), a subsidiary of the Parent Company. Mr. Zhang served as a deputy general manager of Daye Non-Ferrous Metals Guangzhou Asset Management Co., Ltd.* (大冶有色金屬廣州資產管理有限公司), a subsidiary of the Parent Company, from January 2019 to April 2019, and an executive director from April 2019 to January 2021. He served as a deputy general manager from January 2019 to April 2019, and director, chairman, general manager from April 2019 to January 2021 at Daye Non-Ferrous Metals Group Investment Co., Ltd.* (大冶有色金屬集團投資有限公司), a subsidiary of the Parent Company. From January 2019 to September 2019, he served as a director of Foshan Dajiang Copper Business Co., Ltd.* (佛山大江銅業有限公司), a subsidiary of the Parent Company. From April 2019 to January 2021, he served as a director of Daye Non-Ferrous Greentown Real Estate Development Co., Ltd.* (大冶有色綠城房地產開發有限公司), a subsidiary of the Parent Company. Since July 2022, he served as a director of Corporate Development Department of the Company. Mr. Zhang has been engaged in the non-ferrous metals industry for over 20 years and has extensive experience in areas relating to accounting and finance.

Biographical Details of Directors and Senior Management

Mr. Chen Zhimiao, aged 49, has been an executive director of the Company since 2019. Mr. Chen graduated from Hubei College of Finance and Economics* (湖北財經高等專科學校) in 1996 majoring in management of state-owned assets and subsequently obtained a bachelor's degree in accounting from Zhongnan University of Economics and Law* (中南財經政法大學) in 2003 and a master's degree in accounting from Wuhan University* (武漢大學) in 2012. Mr. Chen started his career at Daye Metal in 1996. He served as the head of the finance department of Daye Metal from January 2010 to January 2018; and the head of the finance department of Parent Company from January 2018 to April 2018. He served as the chief accountant and a member of the Standing Committee of the Communist Party Committee of China 15th Metallurgical Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司) , a wholly-owned subsidiary of CNMC, from April 2018 to May 2019. In May 2019, Mr. Chen was appointed as the chief accountant of the Parent Company, and as a director and the chief accountant of Daye Metal. Mr. Chen has been engaged in the non-ferrous metals industry for over 20 years and has extensive experience in areas relating to accounting and finance.

Mr. Zhang Jinzhong, aged 37, has been an executive Director since 2023. He obtained a Bachelor of Engineering degree in mining engineering from Central South University* (中南大學) in 2012. Mr. Zhang served as a technician of Hunan Nonferrous Tin Mine of Hsikwang Shan Twinkling Star Co., Ltd. from July 2012 to July 2013; a technician of Changsha Digital Mine Co.* (長沙迪邁科技有限公司), Ltd from July 2013 to December 2014; and a technician of CNMC Luanshya Copper Mines Plc.* (中色盧安夏銅業有限公司), a subsidiary of CNMC from January 2015 to November 2016. Mr. Zhang joined NFC Africa Mining Plc.* (中色非洲礦業有限公司), a subsidiary of CNMC, from November 2016 to April 2023, during which he successively worked as a technician of infrastructure office, the assistant manager of southeast ore body mining workshop, the deputy manager of southeast ore body production control center (in charge of work), the manager of southeast ore body production control center, and the manager of technical department. In April 2023, he acted as the assistant manager of Daye Non-Ferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), which is the controlling shareholder of the Company, Mr. Zhang has been engaged in the nonferrous metals industry for more than 11 years and has rich experience in fields related to mine management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Liu Fang, aged 48, has been an independent non-executive director of the Company since 2023. She graduated from the Renmin University of China in 2001 with a major in accounting, and graduated from the Australian National University (Tsinghua University Cooperation Program) in 2015 with a master's degree in management, and is a certified public accountant in China. She worked at Coopers & Lybrand China from 1994 to 1997 as a training assistant. She worked at the audit department of Russell Bedford Hua-Ander in Beijing (a member firm of Russell Bedford International in China) in 1997 and served as a partner in 2008 and the lead partner in 2023. In 2009, she was sent by the firm to work at the San Jose office of its US partner, TRUE PARTNER CONSULTING, on an exchange program to learn US accounting standards and taxation, and subsequently worked with it to conduct M&A tax due diligence and tax consulting businesses. From 2010 to 2016, she served as an independent director of Jiawei Renewable Energy Co., Ltd. She has more than 20 years of audit experience and is proficient in the theoretical knowledge of finance, taxation, and auditing, and has accumulated extensive audit practice experience in various industries. She has extensive experience in statutory audit, international standard audit, due diligence, management consulting and tax consulting, and has led and participated in numerous auditing and consulting projects. She is familiar with and specializes in the manufacturing, pharmaceutical, service, high-tech and other industries, providing audit and consulting services to state-owned enterprises, foreign-invested enterprises and private enterprises.

Biographical Details of Directors and Senior Management

Mr. Wang Qihong, aged 71, has been an independent non-executive director of the Company since 2006. Mr. Wang worked in the Materials Bureau of the former Ministry of Posts and Telecommunications of the People's Republic of China and China National Postal and Telecommunications Appliances Corp. He was sent to Hong Kong by the Ministry of Posts and Telecommunications in 1991, where he served as a deputy general manager of Postel Development Co. Ltd., the Hong Kong branch of the Ministry of Posts and Telecommunications, and a deputy general manager of Town Khan Limited (Note: Town Khan Limited was one of the founders of SmarTone Telecommunications Holdings Limited (stock code: 00315) in Hong Kong, and it also participated in the listing of China Mobile Limited (stock code: 00941) in Hong Kong). Mr. Wang has participated in a number of projects regarding the modernization development and technology introduction of posts and telecommunications in the PRC since 1976, including the introduction of the first mobile communication equipment in the PRC, playing a significant role in the modernization of communication in the PRC. Mr. Wang successively graduated from Liaoning University and International College of Economics and Management (國際經濟管理學院) (currently merged with the University of International Business and Economics).

Mr. Liu Jishun, aged 66, is a professor and doctoral supervisor in Central South University (the "CSU"). Mr. Liu has been an independent non-executive director of the Company since 2014. Mr. Liu obtained a bachelor's degree in geology, a master's degree in geology and a doctoral degree in earth sciences from Nanjing University in January 1982, July 1986, and July 1989, respectively. He was assigned to the Research Institute No. 230 of China National Nuclear Corporation in Changsha (中國核工業集團公司長沙230研究所) in January 1982. He worked as a researcher from October 1989 to October 1991 in the mobile station for the post-doctoral programme of geological exploration and mining petroleum in Central South University of Technology, which was then merged into the CSU. He joined the CSU as a lecturer of geology in November 1991 and was later promoted to professor. He is devoted to the theoretical research on ore-formation and the practice of ore exploration, and specializes in regional metallogeny, exploration system engineering and practicality assessment for mining. He was involved in the discovery of gold mine in Qingyaigou (青崖溝), Gansu, PRC and the copper and gold mine in Ka Latage (卡拉塔格), Xinjiang, the PRC. Mr. Liu has held numerous positions related to geology in multiple companies. For example, he was the research team leader of the Sanjiang exploration project (三江找礦工程) of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), as well as the advisor to each of Southwest China Nonferrous Geological Exploration Bureau (西南有色地勘局), Yunnan Copper (Group) Co., Ltd. (雲南銅業集團), Hubei Provincial Huangmailing Phosphate Chemical Co., Ltd. (湖北黃麥嶺磷化工集團), Guangdong Yunfu Guangye Pyrite Group Limited (廣東雲浮硫鐵礦集團), the joint research institute of Xinjiang Non-ferrous Metal Group and CSU (新疆有色中南大學聯合研究院), Mengzi Mining and Metallurgy Co., Ltd. (蒙自礦冶) and Guixin Mining Industry Development Co., Ltd. (桂新礦業有限公司). He also acted as the mine exploitation advisor in Lincang, Yunnan, the PRC and as a Guangdong Province corporate technology correspondent (廣東省企業科技特派員). He served as a member of the 13th and 14th term of expert valuation team to the National Natural Science Foundation of China (國家自然科學基金委).

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Chen Zhiyou, aged 60, has been the vice president of the Company since 2016. He is responsible for quality management, measurement management, metal balance management and brand building. Mr. Chen has more than 36 years of professional experience in heavy metal smelting. From November 2006 to December 2012, he was the factory director of the rare and precious metal plant (稀貴金屬廠). He has been the deputy general manager and a member of the Communist Party Committee of Daye Metal since May 2011. He has been a member of the Communist Party Committee since December 2012 and an assistant to the general manager since August 2019 in the Parent Company. He graduated from heavy metal smelting studies in Changsha Metallurgical Industry School (長沙冶金工業學校) in 1984. He obtained a postgraduate in economic management at Hubei Provincial Party School (湖北省委黨校) in 2014.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of China Daye Non-Ferrous Metals Mining Limited, I am pleased to present to the shareholders of the Company the annual report of the Company and its subsidiaries for the year ended 31 December 2023.

During the year, revenue increased by approximately 33.06% to approximately RMB44,784,723,000 compared with approximately RMB33,658,516,000 in the same period of 2022. Gross profit increased by approximately 55.63% to approximately RMB1,814,275,000, compared with approximately RMB1,165,785,000 in the same period of 2022. Profit for the year increased by approximately RMB208,912,000 to approximately RMB202,496,000 compared with the loss of approximately RMB6,416,000 in the same period of 2022.

Chairman's Statement

In 2023, the Group produced a total of approximately 15,400 tonnes of mined copper, an increase of approximately 43.99% over the same period last year; approximately 625,200 tonnes of copper cathode, an increase of approximately 29.79% over the same period last year; approximately 605.20 tonnes of precious metals (including approximately 5.13 tonnes of gold, approximately 578.39 tonnes of silver, approximately 10.00 kg of platinum, approximately 160.00 kg of palladium and approximately 21.51 tonnes of tellurium), a decrease of approximately 4.48% over the same period last year; approximately 1,801,700 tonnes of chemical products such as sulphuric acid (including approximately 1,792,900 tonnes of sulphuric acid, approximately 65.63 tonnes of nickel sulphate, approximately 8,525.75 tonnes of copper sulfate and approximately 160.51 tonnes of crude selenium), an increase of approximately 47.28% over the same period last year; approximately 111,400 tonnes of iron concentrate, an increase of approximately 23.26% over the same period last year; and approximately 19.29 tonnes of molybdenum concentrate, an increase of approximately 100% over the same period last year.

Over the past year, in the face of many unfavorable factors including the sharp drop in sulfuric acid prices, the reduction in production due to smelting system upgrades, and poor mine production, we took company-wide initiatives to step on pressure and roll out measures to stabilize and increase production, finding countermeasures and increasing strength in terms of improving management efficiency, and identifying approaches and utilizing means in terms of deepening reform, striving to minimize the adverse effects. As a result, production and operation showed momentum of exerting subsequent effort and bucking the trend.

(1) ADHERING TO ECOLOGICAL PRIORITIES, AND PROMOTING THE LEAP OF DEVELOPMENT CONCEPTS ON GREEN AND LOW CARBON UNDERTAKINGS

We have always regarded the work of rectifying issues of the central environmental protection inspection as our top political task, promoting it according to high standards and implementing it aiming at high quality. Among the 34 rectification measures for the central environmental protection inspection led by the Company, 32 of them have been completed, which have met the rectification progress requirements. With the rectification results going through more than 100 inspections and tests by the South China Inspection Bureau (華南督察局) of the Ministry of Ecology and Environment and other superior departments, our rectification work has achieved phased results. **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 80% of the image project has been 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. Results of the rectification have been highly recognized by various sectors and have been positively reported by mainstream media such as CCTV News Network. **Smelting Reform Headquarters** spared no effort to promote the smelter's environmental upgrading and transformation, staying on site day and night and working all out to overcome difficulties. As a result, the transformation has been successfully completed, the converter flue gas emissions have been effectively improved, and the carbon dioxide emissions have been reduced by 13,000 tonnes a year. We have greatly improved the stability of process and production control, thus achieving a turnaround of the outdated smelter. **Chimashan Mine** overcame many difficulties and the main works of the ecological restoration project have been successfully completed. **Tonglvshan Mine** showed its responsibilities in the face of urgent difficulties and dangers, working underground for 72 consecutive hours tirelessly to quickly resolve the anomalies of outside groundwater quality, speedily reversing the passive situation, and effectively guarding the environmental bottom line. At the same time, in the process of promoting the realization of "carbon peaking and carbon neutrality", all organizations also took the initiative to complete the replacement and elimination of 911 units (sets) of high-energy-consuming equipment with high quality. The Company has become increasingly firm on its path to green and high-quality development.

(2) ADHERING TO SERVING THE COMPANY'S OVERALL SITUATION, AND PROMOTING THE LEAP OF BENEFICIAL SCALE BY STABILIZING AND INCREASING PRODUCTION

This year, our production and operation can be said to be a combination of major and important events, with obstacles and urgencies intersecting, making it an extremely difficult situation. In the face of many adverse impacts, the Company has not been overwhelmed by difficulties. They have always focused on the overall development of the Company, forging ahead under pressure, and striving to maintain stable production and increase production.

The smelting segment maintained a stable progress amidst competition. Throughout the year, we produced 463,700 tonnes of blister copper and 626,300 tonnes of copper concentrate. **Yangxin Hongsheng**, proactively shouldering the important task of achieving beneficial scale, produced 37,500 tonnes of blister copper which were more than planned, creating the best in the industry of "reaching production target once the factory being operated, and making profit once production target being met", giving full play to its role as a pillar of the Company's stable production and operation. The **smelter**, while transforming and producing at the same time, achieved an increase of nearly 80% in the annual anode plate production in the recycled copper workshop to 11,000 tonnes/month. After the transformation and trial production, all efforts were made to achieve production and targets as soon as possible. Currently, the thermal system has reached the designed capacity.

The mining segment continued to improve. **Tongshankou Mine**, aiming at solving the severe situation of mismatches in ore volume, intensified effort on open-pit prospecting and exploration with focus on "bringing every by-product mineral back to the warehouse" during the stripping process. It effectively making up for the insufficient underground ore volume. **Tonglvshan Mine** continued to optimize staffing and running mode to ensure efficient operation of trackless mechanized equipment. In the second half of the year, per capita work efficiency increased 62.78%. For **Fengshan Copper Mine**, the production and operation situation were gradually stabilized and improved, recording an annual operating income of RMB101 million. **Sareke Copper Mine** took the initiative to meet its challenges. In the downturn of the mining segment, it proactively pressurized itself to produce quickly and produce more, with the supply of mined copper completed throughout the year, setting a record high.

(3) ADHERING TO AN INNOVATION-DRIVEN APPROACH, AND PROMOTING THE LEAP OF INNOVATION ABILITY WITH SCIENCE AND TECHNOLOGY

Based on serving the enterprise development strategy and ensuring the stability of the production chain, we kept an eye on critical core technical issues in production and operation, and concentrated our efforts on promoting scientific and technological breakthroughs with scientific research results.

Our innovation system construction continued to improve. Putting technology at the core of enterprise development and continuously increasing investment in science and technology. The Measures of the Company for Rewarding Scientific and Technological Achievements (公司科技成果獎勵辦法) was revised and released. Through empowerment of scientific and technological achievements, medium – and long-term incentives and other measures, we effectively stimulated innovation passion and creative vitality among technical personnel, and mobilized their enthusiasm for the transformation of scientific and technological achievements. We continuously optimized and adjusted the Company's Technical Committee and various professional committees to carry out expert-led research on critical issues and group research on comprehensive large-scale projects at the professional committees, providing support for enterprise technical decision-making.

We achieved practical results in the research on critical core technology. Focusing on the **construction of an intelligent mine**, we focused on promoting critical technological research on green, safe and efficient development of resources at pilot mines. Through three-dimensional geological modeling, the application of 3D technology in stope design has been initially realized. We have intensively conducted rock mechanics research, and have implemented zoned and graded support in mining areas, which has significantly improved the safety of underground operations. The use of trackless equipment has been vigorously promoted, and a series of breakthroughs such as collaborative mining operations in large panel and full tailings paste filling technology have been actively promoted, leading to a significant improvement in the operational efficiency of mines. Focusing on the **construction of an intelligent factory**, taking Yangxin Hongsheng as a pilot, we strived to build an industrial Internet platform for the entire plant's production and operation to realize automation, intelligence, and standardization of the entire process. Labor productivity has exceeded the industry average by more than 60%, and comprehensive energy consumption has reached an industry-leading level. We have been listed among the "Top 100 Enterprises in China" in the Fifth China Industrial Internet Contest. Focusing on the **upgrading and transformation of the smelter**, we concentrated our efforts on critical technological research in relation to the green bottom-blown production process of the Ausmelt Furnace's smelting-PS converter.

New results were achieved in the field of national standards. Actively bringing national-level laboratory platforms into play, we intensively participated in the formulation of national and industry standards focusing on concentrate, alloy and chemical intermediate categories, and carried out work such as development and verification of methods and standards with respect to 27 classifications in five major categories including bismuth concentrate, mixed lead-zinc concentrate, nickel alloy, and sponge titanium. The number of scientific research projects increased by 50% year-on-year, and the development of the industry standard Chemical Analysis Method for Copper Smelting Flue Gas and Dust (銅冶煉煙塵化學分析方法) won the first prize for Youth Innovation and Performance Achievements of CNMC.

(4) ADHERING TO SAFE AND SOUND OPERATION, AND PROMOTING THE LEAP OF VITALITY AND EFFICIENCY THROUGH CONTINUOUS REFORM

We intensively carried out "three no-less-than" (三個不低於) incentive pilot projects to help enterprises achieve the growth in beneficial scale, refreshing their mindset and outlook with development vitality continuously bursting out. The pilot unit **Yangxin Hongsheng** achieved profitability in just seven months after it was put into operation, becoming an important pillar contributing to the Company's beneficial results. **Tongshankou Mine** implemented incentives with focus on economic and technical indicators, production front-lines and other key positions. The labor productivity of open-pit mining truck drivers substantially increased, showing a continuous release of vitality and efficiency at the primary level.

(5) ADHERING TO CONTINUOUS CONSOLIDATION OF THE FOUNDATION, AND PROMOTING THE LEAP OF GOVERNANCE LEVEL WITH IMPROVEMENT IN MANAGEMENT

Our safety and environmental protection management capabilities continued to improve. We successfully completed the on-site emergency drill and shaft fire emergency drill of non-coal mine disaster for the whole province, and the effect of the drill was fully affirmed by superior organizations. We continued to implement daily environmental protection management and carried out multi-dimensional supervision and inspection. 17 rectification letters and business reminders, involving 76 issues for rectification, were issued throughout the year, urging comprehensive rectification of issues, as a result, our safety and environmental protection management capabilities has been significantly improved.

The core role of financial management and control was continuously strengthened. With finance as the core, we took the lead in the policy of "six efficiency enhancements", namely production efficiency, technological efficiency, reform efficiency, management efficiency, policy efficiency, and investment efficiency, formulated measures and strengthened process supervision, developed work ledgers, and promoted various efficiency-enhancing measures for implementation with results achieved, recording an efficiency increase worth of RMB931 million throughout the year. Focusing on low-cost financing, Yangxin Hongsheng has been granted a total capital credit of RMB19 billion to safeguard the capital needs for key projects to reach capacity and expand production. We continued to strengthen financial supervision, and continuously improved and optimized financial systems, as a result, the quality of accounting information has been significantly improved. We strengthened the disclosure and early warning of major operating and financial risks of subsidiaries, and supervised the rectification of problems, the supervisory system has been improving day by day. We strengthened budget management, and continuously improved budget organization, preparation, execution control, team budget, and comprehensive cost control to constantly improve the budget management system. We comprehensively promoted the revision of quotas for consumption, funds, labor, etc., and strengthened the basis of management and control. We carried out financial diagnosis, and with focus on resource allocation, profitability, cost control, capital operation, risk control, financial compliance and other items, analyzed data and problems and put forward suggestions for improvement to form a financial diagnosis report. We actively implemented special tasks such as special audits by the National Audit Office, management of overseas commission matters, clearing of arrears of corporate accounts, and special inspections of false trade, leading to a continued improvement in the level of financial control.

The concept of compliant operation was continuously strengthened. We continued to improve the organizational mechanism for compliance work, set up a Committee for Legal Construction and Compliance Management, formulated the Working Rules for the (Legal and) Compliance Committee, and implemented quarterly special meetings and other working mechanisms. We promoted the downward extension of the chief compliance officer system to allocate a chief compliance officer at major investing companies. We strengthened basic compliance management work and released the Key Points of Compliance Management Work in 2023 (二零二三年合規管理工作要點), with compliance work tasks being fully completed. We strengthened the rectification of compliance issues and assessment and evaluation work, comprehensively implemented the rectification of issues fed back from the assessment of the situation of legal and compliance construction, and formulated a catalog of supporting standards for the compliance management system and the Measures for the Assessment and Evaluation of Compliance Management Work (合規管理工作考核與評價辦法), thus forming a closed loop of compliance management.

The concept of lean management continued to deepen. We kept quality management in strict control, and adhered to product quality supervision and random inspection in supervising quality control of the production process. Focusing on key and critical management areas such as sporadic projects and bidding and procurement, we carried out comprehensive and in-depth special rectifications, and issues involving decision-making and approval, bid invitation and submission, supplier management, internal supervision and other aspects have been fundamentally addressed. In strengthening trade management, we fully terminated "inefficient trade" business, and focused on "serving the principal business and creating value" to continuously implement and optimize trade, and the quality of trade has been significantly improved. "6S+" on-site management was commenced to continuously promote on-site management towards safety, standardization and refinement.

Objective Situational Analysis

In the past year of practice, in the face of the severe and complex external environment and the prevailing problems and deficiencies, and by summarizing the experience of the Company's production and operational reform and development regularity, we must deeply realize that: **First, the Company must adhere to safety as the top priority.** The multiple production suspensions in the mining segment this year tell us that, without the guarantee of safe, stable, reliable, controlled and continued production, no matter how good the business plan is, all will be in vain. **Secondly, we must adhere to innovative development.** The wonderful debut of Yangxin Hongsheng and the remarkable transformation of the outdated smelter tell us that science and technology are the primary productive forces, and innovation is the primary driving force. **Thirdly, we must adhere to deepening reform.** The effect of reforms at the "three no-less-than" pilot units tell us that reform is the way to survive and the way out of a predicament as well as the golden key to emerge renewed and revitalized. **Fourthly, we must adhere to strengthening management.** Only through penetrating management and lean management and control can the development level of enterprises continue to improve. **Fifthly, we must adhere to seizing the primary level.** Only by adhering to laying a solid foundation at the primary level as the top priority, and focusing on consolidating responsibilities and strengthening the foundation can the primary level become a strong fighting fortress promoting development, serving employees, uniting people's hearts, and fostering harmony. **Sixthly, we must adhere to strict governance of enterprises.** Only through a strict governance system can an enterprise have a strong guarantee for its stable and long-term future.

Chairman's Statement

2024 is the 75th anniversary of the founding of the People's Republic of China. Standing at a new starting point in history, the direction of development has been set, and the blueprint path has been drawn. We need to work hard with a vigorous attitude, embrace our dreams in the struggle, and achieve future goals in an enterprising manner. Let's be excited, pioneering and innovative, and make every effort to complete this year's objectives and tasks with solid operating results to build a world-class mining enterprise, showing the responsibilities in the new journey.

Last but not least, I, on behalf of the Board, would like to thank all the Shareholders and the dedicated and diligent staff for their continuous support to the Group, and hereby express our deep gratitude to our customers, suppliers and other business partners for their confidence and trust in the Group.

Chairman of the Board
Xiao Shuxin

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded revenue of approximately RMB44,784,723,000 (2022: RMB33,658,516,000), representing an increase of approximately 33.06% from the previous year, attributable to the year-on-year increase in output of cathode copper and gold, being the of main products the Company, after Yangxin Hongsheng was officially put into operation in 2023.

Cost of sales

For the year ended 31 December 2023, the cost of sales and services rendered of the Group amounted to approximately RMB42,970,448,000 (2022: RMB32,492,731,000), representing an increase of approximately 32.25% from the previous year, which was attributable to the significant increase of the product sales this year after Yangxin Hongsheng was officially put into production in 2023.

Gross profit

For the year ended 31 December 2023, gross profit increased by approximately 55.63% to approximately RMB1,814,275,000, compared with approximately RMB1,165,785,000 in the same period of 2022. The increase in gross profit was mainly attributable to, on the one hand, the increase in sales of the Company's products; on the other hand, the improvement in production efficiency and the reduction in production costs resulted from the adoption of the "double flash process" by the new 400,000-ton smelting plant in Yangxin Hongsheng.

Other income

Other income for the year ended 31 December 2023 amounted to approximately RMB45,983,000 (2022: RMB71,320,000), representing a decrease of approximately 35.53% from the previous year, which was primarily attributable to the decrease in government subsidies the Company received compared with 2022.

Other operating expenses

For the year ended 31 December 2023, other operating expenses decreased by approximately 22.96% to approximately RMB294,794,000, compared with approximately RMB382,650,000 in the same period of 2022. The decrease was primarily due to transfer of the loss due to the mine shutdown period in 2022 to other operating expenses.

Other gains and losses

Other gains and losses for the year ended 31 December 2023 amounted to a net gains of approximately RMB54,227,000 (2022: net loss of RMB66,530,000), representing an increase of gains of approximately RMB120,757,000 from the previous year. The increase in net gains was primarily due to the influence of the loss from the retirement of fixed assets, and the loss from bankruptcy and liquidation of subsidiaries in 2022.

Income tax expenses

Income tax expense for the year ended 31 December 2023 amounted to approximately RMB86,282,000 (2022: RMB69,768,000), representing an increase of approximately 23.67% from the previous year, which was primarily due to more profits made by Yangxin Hongsheng leading to the increased income tax in 2023.

Loss/earnings per share

For the year ended 31 December 2023, basic loss per share amounted to RMB0.31fen (2022: earnings per share RMB0.62 fen).

Management Discussion and Analysis

MINERAL RESOURCES AND ORE RESERVES

As at 31 December 2023, the Company held a total of five mines located in Hubei and Xinjiang.

The following table sets out the mineral information of each mine as at 31 December 2023.

Abundant and high quality mineral resources

	Hubei Mines						Xinjiang Mine	
	Tonglvshan Mine		Fengshan Mine		Tongshankou Mine		Sareke Copper Mine	
Geographical location	Daye City		Yangxin County		Daye City		Wuqia county	
Ownership	95.35%		95.35%		95.35%		55%	
Approximate total area (square kilometres)	4.76		2.35		1.53		1.29	
Year for operation commencement	1971		1972		1984		2017	
Metals with economic values available for exploration	Copper, gold, silver and iron		Copper, gold, silver and molybdenum		Copper, gold, silver and molybdenum		Copper, silver	
Major products	Copper concentrate (containing gold, silver), iron concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing silver)	
Average copper grade	1.18%		0.71%		0.64%		1.21%	1.16%
JORC classification	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred
Ore quantity (million tonnes)	11.08	19	7.16	22	32.48	17	1.7697	1.6417
Resources metal quantity								
Copper (tonnes)	147,545	210,000	51,161	150,000	216,440	100,000	21,429	19,092
Iron (million tonnes)	2.12	3.9	–	–	–	–	–	–
Molybdenum (tonnes)	–	–	330	2,700	2,957	3,400	–	–
Gold (ounce)	165,002	310,000	–	–	–	–	–	–
Silver (thousand ounce)	1,363	3,400	–	–	–	–	–	–

Notes: (1) The mineral resources and ore reserves in the above table are estimated in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Australasian Joint Ore Reserves Committee comprising representatives from the Minerals Council of Australia, the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists (the "JORC Code").

(2) The annual updates on resource quantities and/or reserves are based on the relevant updates made by the internal experts according to the production consumption and/or new exploration on the basis of historical data.

(3) All resources quantities are estimated based on information as of 31 December 2023 (for Tonglvshan Mine, Fengshan Mine, Tongshankou Mine and Sareke Copper Mine).

Tonglvshan Project Summary

As at 31 December 2023, according to JORC standard, the details of resources and reserves of the Tonglvshan Project are set out below:

Resources and reserves summary (JORC Code)

JORC classification	Copper and Iron			Gold and Silver		
	Quantity (million tonnes)	Cu (%)	Fe (%)	Quantity (million tonnes)	Au gram/ tonne	Ag gram/ tonne
Resources (CuEq≥0.5%)						
Indicated	11.08	1.33	20	6.38	0.8	6.8
Inferred	19	1.1	21	13	0.8	8.3
Total	**30.08**	**1.19**	**20**	**19.38**	**0.8**	**7.6**
Reserves (CuEq≥0.79%)						
Probable (in mining licence)	5.21	1.38	17.5	5.21	0.5	3.3
Probable (in exploration licence)	2.6	1.1	15.3	2.6	0.5	6.8
Total Probable	**7.81**	**1.28**	**17.0**	**7.81**	**0.5**	**4.1**

Note:

(1) Please refer to the explanatory notes on page 20 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Fengshan Project Summary

As at 31 December 2023, according to JORC standard, the details of resources and reserves of the Fengshan Project are set out below:

Resources and reserves summary (JORC Code)

JORC classification	Quantity (million tonnes)	Cu (%)	Mo (%)	Metal Quantity Cu (tonne)	Metal Quantity Mo (tonne)
Resources (CuEq≥0.3%)					
Indicated	7.16	0.71	0.004	51,161	330
Inferred	22	0.7	0.012	150,000	2,700
Total	**29.16**	**0.71**	**0.01**	**201,161**	**3,030**
Reserves (CuEq≥0.43%)					
Probable (in mining license)	3.66	0.70	0.003		
Total Probable	**3.66**	**0.70**	**0.003**		

Note:

(1) Please refer to the explanatory notes on page 20 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Tongshankou Project Summary

As at 31 December 2023, according to JORC standard, the details of resources and reserves of the Tongshankou Project are set out below:

Resources and reserves summary (JORC Code)

Cut Off Grade	JORC Classification	Quantity (million tonnes)	Cu (%)	Mo (%)
Resources				
In licence	Indicated	0.99	0.54	0.01
Open cut area	Inferred	0.1	0.3	0.014
CuEq≥0.13%	**Total**	**1.09**	**0.54**	**0.01**
In licence	Indicated	31.29	0.67	0.009
Underground area	Inferred	12	0.6	0.014
CuEq≥0.4%	**Total**	**43.29**	**0.67**	**0.01**
Out of licence	Indicated	0.2	0.9	0.009
Underground area	Inferred	5.0	0.6	0.035
CuEq≥0.4%	**Total**	**5.2**	**0.6**	**0.034**
Total	Indicated	32.48	0.67	0.009
Open cut & underground area	Inferred	17	0.6	0.02
In and out of licence	**Total**	**49.48**	**0.64**	**0.013**
Reserves				
Open cut area (CuEq≥0.17%)	Probable	0.5	0.31	0.011
Underground area (CuEq≥0.50%)	Probable	12.83	0.71	0.006
	Total	**13.33**	**0.70**	**0.006**

Note:

(1) Please refer to the explanatory notes on page 20 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Sareke Project Summary

As at 31 December 2023, according to JORC standard, the details of resources and reserves of the Sareke Project are set out below:

Mineral Resources summary (JORC Code)

	JORC Classification	Resources tonnage (million tonnes)	Copper grade (%)	Copper metal (tonnes)
Resources	Indicated	1.2771	1.184	15,124
	Inferred	1.6417	1.163	19,092
	Total	**2.9188**	**1.172**	**34,216**

Minerals reserves summary (JORC Code)

	Elevation (m)	Probable		Metal Quantity
		Tonnage (1,000 tonnes)	Copper (%)	(tonne)
Reserves	>=2,900	95	1.051	998
	2,790~2,900	154	1.170	1,802
	2,730~2,790	200	0.960	1,920
	2,670~2,730	764.2	1.351	10,325
	<=2,670	467	1.038	4,848
	Total	**1,680.2**	**1.200**	**19,893**

Note:

(1) Please refer to the explanatory notes on page 20 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Notes for the above tables:

(1) In the above tables, Cu, Fe, TFe, Mo, CuEq, Au and Ag mean copper, iron, total iron, molybdenum, copper equivalent, gold and silver, respectively, and t, Kt, Mt, kg, g/t, Oz, and k Oz mean tonne, thousand tonne, million tonne, kilogram, gram per tonne, troy ounce and thousand troy ounce, respectively. The terms "Indicated", "Inferred" and "Probable" have the meanings ascribed to them under the JORC Code.

(2) Mineral resources and ore reserves described as "out of licence" refers to the discovery of mineral resources or ore reserves outside of the permitted level of mining depth prescribed in the mining licence of the relevant mine. Mineral resources and ore reserves described as "in licence" or "in mining licence" refer to the discovery of mineral resources or ore reserves within the permitted level of mining depth prescribed in the mining licence of the relevant mine.

(3) Mineral resources were defined within a mineralized envelop above 0.13% copper equivalent, and reported at a cut-off grade of 0.43% copper equivalent for underground operations and 0.17% copper equivalent for open pit operations.

(4) Ore reserves are estimated using minimum cut-off grades of 0.79%, 0.43%, 0.17% and 0.50% copper equivalent for the Tonglvshan Mine, the Fengshan Mine, the open pit mining at the Tongshankou Mine, the underground mining at the Tongshankou Mine, respectively.

(5) Copper equivalent was calculated for the mines using forecast processing plant recoveries and long-term forecast prices according to the following table:

	Tonglvshan	Fengshan	Tongshankou
Copper (RMB/t)	36,011	35,589	35,950
Iron (RMB/t)	650		
Gold (RMB/g)	267		
Silver (RMB/g)	2.38		
Molybdenum (RMB/kg)		90.1	

(6) Copper and iron mineral resources at the Tonglvshan Mine are inclusive of the gold and silver mineral resources at the Tonglvshan Mine and gold and silver mineral resources at the Tonglvshan Mine are inclusive of the copper and iron mineral resources at the Tonglvshan Mine. Such mineral resources should not be added together.

(7) A minimum mining width of 1 metres was used for estimating the underground ore reserves at Tonglvshan Mine, Fengshan Mine, Tongshankou Mine.

(8) The mineral resources set out in the mineral resources tables above are inclusive of, and not in addition to, the mineral resources modified to produce the ore reserves set out in the ore reserves tables above.

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 year ended 31 December 2023:

Mines	Exploration activities	Development activities	Mining production activities
Tonglvshan Mine	Horizontal drilling reached 6,310.9m/79 holes, and pit drilling reached 1,122m/11,724m³.	The total completed drilling volume of middle portion and mining preparations for the development of the -545m to -605m middle portion No. III、IV# ore body of Tonglvshan Mine was 8,057m³. The total completed drilling volume of middle portion and decline project of the -665m, -725m middle portion No. IV ore body (including IV West) development project of Tonglvshan Mine was 7,793m³.	Copper: 3,092 tonnes Gold: 172kg Silver: 1,303kg Iron concentrate: 111,360 tonnes
Fengshan Mine	1. Horizontal drilling reached 5,210m/80 holes. 2. 7-17 line in-depth supplementary exploration project reached 1,969m/4 holes.	The total completed drilling volume of middle portion for the development of the -440m middle portion of Fengshan Copper Mine was 10,668m³.	Copper: 2,002 tonnes Gold: 45kg Silver: 1,526kg Molybdenum: 19.29 tonnes
Tongshankou Mine	Horizontal drilling reached 5,098m/108 holes.	Tongshankou Mine has been gotten through in 2020. No more drilling is required in 2023.	Copper: 4,661 噸 Silver: 1,560kg
Sareke Copper Mine	Horizontal drilling reached 3,994m.	For the Sareke Copper Mine, the total completed drilling volume of the 2,670m middle portion, the 2,730m middle portion, the 2,790m middle portion, was 6,713.29m/105,710.88m³.	Copper: 5,703 tonnes Silver: 4,879kg

Expenditures incurred

During 2023, we incurred approximately RMB1,443,401,000 (2022: RMB1,233,130,000) on exploration, development and mining production activities, details of which are set out below:

Unit: RMB'000

Mines	Operating expenses	Capital expenditure	2023 Total	2022 Total
Tonglvshan Mine	456,604	32,285	488,889	502,522
Fengshan Mine	249,186	34,789	283,975	252,258
Tongshankou Mine	319,724	35,484	355,208	342,563
Chimashan Mine	4,127	0	4,127	7,967
Sareke Copper Mine	234,792	76,411	311,203	127,821
Total	1,264,433	178,969	1,443,402	1,233,131

Exploration, Development and Mining Expenditures

Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Sareke Copper Mine
Exploration activities				
Drilling and analysis	–	3,007.92	3,372.55	–
Others	–	–	–	
Sub-total	–	3,007.92	3,372.55	–
Development activities (including mine construction)				
Purchases of assets and equipment	8,116.17	7,925.20	23,621.40	8,147.31
Civil work for construction of tunnels and roads	24,168.92	23,855.48	8,489.57	–
Staff cost	–	–	–	
Others	–	–	–	–
Sub-total	32,285.09	31,780.68	32,110.96	8,147.31
Mining activities (including ore processing)				
Auxiliary materials	34,815.32	10,955.96	37,095.28	21,904.33
Power supply	29,746.86	11,646.93	34,992.85	10,796.03
Staff cost	170,421.03	88,970.51	93,282.04	58,975.84
Depreciation	116,994.46	24,542.62	74,806.71	50,633.55
Taxes and resource compensation	10,188.38	5,997.15	12,890.06	13,712.94
Sub-contracting service	–	–	–	22,261.90
Others (administrative fees, selling expenses, non-operating expenditures)	94,437.62	107,073.03	66,657.28	132,918.54
Sub-total	456,603.66	249,186.19	319,724.22	311,203.13
Total	488,888.75	283,974.80	355,207.74	319,350.44

Infrastructure projects, subcontracting arrangements and purchases of equipment

During 2023, the new contracts entered into and commitments undertaken by the Group in relation to exploration, development and mining production activities were as follows:

Unit: RMB'000

Mine	Infrastructure projects	Subcontracting arrangements	Purchase of equipment	Total
Tonglvshan Mine	24,168.92	–	8,116.17	32,285.09
Fengshan Mine	23,855.48	–	7,925.20	31,780.68
Tongshankou Mine	8,489.57	–	23,621.40	32,110.97
Sareke Copper Mine	–	22,261.90	8,147.31	30,409.21
Total	56,513.97	22,261.90	47,810.08	126,585.95

OPERATING OBJECTIVES AND STRATEGIES IN 2024

The production volume targets of the Group for 2024 include producing 19,900 tonnes of mined coppers, 870,000 tonnes of copper cathode, 10.40 tonnes of gold, 895.30 tonnes of silver, 2,522,000 tonnes of sulphuric acid, 163,700 tonnes of iron concentrate, 11.80 kg of platinum, 203.40 kg of palladium, 345.00 tonnes of nickel sulfate (containing metal), 225.80 tonnes of crude selenium, 33.50 tonnes of tellurium, 14,020 tonnes of copper sulfate and 34.00 tonnes of molybdenum concentrate.

Based on the analysis and judgement of the current situation, we propose to ensure a substantial growth in operating results in 2024, which is not only a requirement for the Company's green and high-quality development, but also a responsibility that comes with the duty. In order to achieve the production and operation targets, we should, on the basis of continuously deepening the "six efficiency increases", carry out the following key tasks to ensure that the Company achieves the annual profit target.

1. Comprehensively implement safety and environmental protection to effectively strengthen the foundation for stable development

(1) **Comprehensive realization of the complete elimination of the issues raised by the Central Environmental Protection Inspectorate.** In strict compliance with the requirements of the rectification program of the Central Environmental Protection Inspectorate, we should do the final stage of rectification work with high quality, and change the Company from the "typical" that was reported in the past to a "model" with remarkable rectification results and high-quality transformation and development. We should solidify the good experience and practice of the inspection and rectification to form a long-term mechanism, and practically turn the list of problems raised by the Central Environmental Protection Inspectorate into a report card of the Company's green and high-quality development.

(2) **Comprehensively strengthening the management of safety and environmental protection.** We should comprehensively prevent and resolve major safety and environmental protection risks, and make every effort to achieve safety and environmental protection goals. **In terms of safety management**, we should promote the intelligent construction of mines and the three-year action of science and technology and safety and environmental protection to achieve stage-by-stage results, and we should comprehensively implement the 100-day action of safe production before and after the Spring Festival and the three-year action of tackling the root cause of safe production to solidify the three major tasks of solidifying the hidden dangers, strengthening the foundation and enhancing the effectiveness, and strive to achieve a major improvement in the level of intrinsic safety. **In terms of environmental protection management**, we should take concrete steps to prevent and control pollution, strengthen the control of pollutant emissions, and further improve ecological and environmental issues such as waste gas, wastewater, and solid (hazardous) waste discharge and disposal. We should actively and steadily implement the carbon peaking action plan and the industrial energy efficiency enhancement action plan, systematically carry out equipment energy efficiency diagnosis, establish energy efficiency accounts and energy efficiency enhancement plans for products and equipment of key areas, and accelerate the pace of green and high-quality development.

2. Comprehensively strengthen production control to ensure a stable operating foundation

All production units should adhere to the general principle of "only with stable production can there be stable benefits, and only with effective development can there be quality development", and under the prerequisite of stable production, we will continue to raise the standard to ensure the Company's overall operation with stable production and operation.

Smelting segment: with the goal of increasing production and efficiency, we should further optimize production operation and organization, balance the system maintenance and production organization, and strive to give full play to the economies of scale, continue to reduce production costs, improve core competitiveness, maximize efficiency, and contribute to the Company's annual overall production and operation with practical actions.

Mines segment: we should give full play to the advantages of mechanization and digitalization centering on "full load, high efficiency, safety and environmental protection" to realize production safety under full load, striving to attain the most remarkable level, and ensure that the annual output of copper concentrate in the mines will not be less than 19,700 tonnes. Among them, **Tonglvshan Mine** should accelerate the processing of the mining permit below -800m; the grouting and water control reinforcement project on the southern and northern edge should be completed. It should ensure the stability and safety of production, carry out the work of "three reductions and one optimization" in a practical manner, increase the intensity of mining in the middle section of the -425m or above, and suppress the middle section of the production, and strive to achieve the goal of increasing profits to make up for shortfalls by 900 tonnes of increased production from mines on this basis. **As for Tongshankou Mine**, we should focus on the mining of the southeastern ore body, the ore body on the southern edge and the VI ore body, and accelerate the progress of infrastructure, preliminary mining and cutting construction to build production capacity. At the same time, we should promote the implementation of the optimization of underground mining methods and the efficient application of trackless equipment to enhance the underground mining supply. **As for Fengshan Copper Mine**, we should manage and efficiently utilize the underground goaf areas, especially focusing on the maintenance of the deep cone system, ensure continuous production. **As for Sareke Copper Mine**, the extension of the underground safety production permit should be completed, and the administrative approval for the conversion from exploration to mining of the reserved resources in the isolation zone should be completed before the end of the year, so as to ensure continuous and stable production in the mines.

3. Comprehensively implement the "six efficiency enhancements" to significantly improve the quality of internal development

The Company should make every effort to promote the "six efficiency enhancements", and strive to achieve results through the full promotion of production stability and increase in production, technological innovation, management enhancement, deepening the reform, the implementation of key projects and striving for preferential policies.

In terms of efficiency enhancement in production growth, while ensuring the mission objectives, we should make every effort to strive for the goals, focus on strengthening the optimization of production organization and ensure that the output of main products and by-products reaches the production standard. **In terms of efficiency enhancement in technological innovation**, we should focus on the enhancement of economic and technological indicators and key production factors, strengthen the metal balance management and increase the comprehensive recycling of resources. **In terms of efficiency enhancement in management**, we should focus on cost management, quality enhancement and expense control, and comprehensively carry out the work of quota demonstration, technical indicators enhancement and reduction of non-production expenses. **In terms of efficiency enhancement in reform**, we should do our utmost to promote the revitalization of assets in stock and the settlement of overdue debts. **In terms of efficiency enhancement in investment**, we should focus on the benefits of the Tongshankou Mine non-metallic resources development project; we should strengthen the recovery of the rental fee of the sand discharge capacity of the Jinshandian Iron Mine. **In terms of efficiency enhancement in policy**, we should take the initiative to strive for supportive policies, analyze the conditions for policy application, especially in the enjoyment of supporting policies such as tax reductions and exemptions, policy incentives, and VAT credits and refunds, carry out in-depth research, accurately apply the applicable preferential policies, so as to make full use of the country's policy dividends.

4. Comprehensively promote the deepening and upgrading of reform and ignite the vitality of all employees

(1) **For comprehensively promoting and optimizing remuneration incentive policy**, the Company should firmly establish the concept of continuously promoting the deepening of the reform. While systematically summing up the results and experience of the remuneration incentive mechanism reform in 2023, the Company should promote the deepening of the reform, and comprehensively implement the remuneration incentive mechanism reform in the organizations that meet the conditions. With the mines and smelters, rare and precious metal plants as the key focuses of the reform, the Company should focus on personnel in key positions, core technology and skills personnel and frontline staff in hard positions, and vigorously implement an optimized remuneration incentive policy.

(2) **Strengthening primary construction**: on the basis of summarizing and consolidating the effectiveness of the Company's deepening reforms in the previous period, we should comprehensively, completely and accurately implement the new development concept, focus on promoting the precise implementation of the requirements of corporate governance, advance the digital, intelligent and green transformation and upgrading of traditional industries, promote wider and deeper coverage of the mechanism reform tasks, strengthen the support of scientific and technological innovation and strengthening enterprises with talents, highlight the problem orientation and focus on the creation of value, and continuously enhance the Company's core competitiveness and strengthen its core functions.

5. Comprehensively promote innovation and empowerment, and accelerate the formation of new quality productivity

(1) **Strengthening technology tackling**. We should continuously strengthen scientific and technological innovation, especially focusing on principal business, so that innovation leads the high-quality development of the principal business. **Building a transformation demonstration of traditional non-ferrous mines in China.** We should strengthen the optimization of mine production process and technology tackling of technical equipment upgrading. Taking rock mechanics research as a guide and paste-filled mining technology as a core, we introduce advanced mining equipment, construct large panel mining operations; taking the 3D software of mining industry as cornerstone and ore treatment process as the core, we should process sorting and standardized construction, build a mine production refinement and integrated control platform, and create a transformation demonstration of traditional non-ferrous mines in China. **Creating a traditional copper smelting system transformation demonstration.** We should strengthen the Ausmelt-PS converter copper smelting process optimization and equipment upgrading technology tackling. With the goal of saving energy, reducing consumption, improving quality and enhancing efficiency, we tackle technologies for the production of Ausmelt oxygen-enriched high-grade matte, and promote the key technological and economic indicators to move towards the world's leading goal; taking clean production as the goal, we tackle key technologies for the digital converter of oxygen-enriched bottom-blown high-grade matte, realizing stable and efficient production and standardized operation of copper smelting; we should focus on the development of intelligent copper smelting simulation model, build the centralized digital management and control platform and promote the development of digital transformation and upgrading of the traditional copper smelting system. **Creating intelligent copper smelting industry demonstration.** We should strengthen the "double flash" (i.e. the "flash smelting + flash blowing") intelligent copper smelting process optimization and key technology application to equipment research, develop the "double flash" intelligent copper smelting simulation model, improve and upgrade of intelligent copper smelting software and hardware, deeply excavate and intelligently apply production data, so as to create a non-ferrous copper smelting industry demonstration.

(2) **Promoting digital empowerment**. Driven by business needs and guided by digital empowerment, we effectively meet the needs of the production field and the Company's management field, and realize the deep integration of digitalization and business development. **Comprehensively enhancing the Company's digital infrastructure and information security.** We should fully complete the Company's headquarters core backbone network upgrading and transformation in 2024, realizing full-stack domestic equipment environment and building network security access. **Comprehensively enhancing digitalization capabilities of the main production unit.** Relying on the three-year action of science and technology and safety and environmental protection, we promote the digital transformation of mines, deploy intelligent sensing instruments in infrastructure construction to promote the use of intelligent equipment and significant changes in network construction, and focus on enhancing production efficiency; combining with environmental upgrading and reconstruction of the smelter, we strengthen the synergistic efforts of intelligent equipment and production process optimization, and promote the deep integration of digitization and the industrial chain; we develop the core application optimization of Yangxin Hongsheng intelligent factory, accumulating experience and results and exploring to promote to other organizations. **Comprehensively enhancing the level of digital office at headquarters.** We fully promote paperless office at headquarters, promote the open sharing of public data, and enhance the efficiency of decision-making at headquarters; we continue to deepen the construction of the ERP system, improve the human, financial and material systems, focus on following up on the application of production, supply, and marketing, and deeply promote the integration of industry and finance; we speed up the construction of the financial BI, strengthen the interconnection of data in various lines of communication, and promote the change from business-type finance to management-type finance.

(3) **Promoting organizational reform. In order to promote production technology organizational reform**, we comprehensively sort out the technological and technical responsibilities at the different level of the Company, plant, mine and workshop. We optimize and adjust the technical work organizations according to the responsibilities; we should enhance the capabilities of technology department at the headquarters, enhance the technological planning, technical control and technical supervision and service capabilities of the top level; we should improve and perfect the production technology management department, enhance the ability of production technology management; we should implement the basic technical guidance in the workshop and regulate the standardization of frontline operation. **Promoting innovation to the scientific and technological organization.** Relying on the nationally recognized enterprise technology center, we integrate the Company's research and development resources, and based on nationally recognized laboratories, Hubei Provincial Engineering Technology Research Centre, Hubei Provincial Key Laboratory and other research and development platforms, we set up the Company's organizations of scientific and technological innovation management, mining technology R&D, smelting technology R&D, new materials technology R&D and analytical testing to serve the need of the Company's scientific and technological innovation, and build a smelting technology R&D center with industrial influence. **Deepening the "industry-academia-research-application" cooperation.** Relying on the Company's technology research and development resources, we organize relevant organizations and departments to widely carry out industry-academia-research cooperation, and cooperate with top universities and industry-leading scientific research institutes in China to strengthen the technological innovation alliance. We carry out in-depth, all-round cooperation with focus on technical research such as the green and efficient mining of digital mines, intelligent copper smelting, processing and clean production and the development of new materials, and form a scientific and technological innovation system with enterprises as the main body and deep integration of industry-academia-research-application.

6. Comprehensively deepen lean management and improve corporate governance level

Strengthening financial management. We should give full play to the leading role of the budget, strengthen the integrated linkage of strategy, business and finance, enhance the scientific, rational and practical nature of budget-led resource allocation, and extend the budget management chain in an orderly manner to reach out to the grassroots teams and its positions, so as to promote the improvement of the output efficiency of work processes based on its input. We should strengthen the binding force for the budget, strictly enforce the budget management discipline of "no expenditure without budget, less expenditure with budget", establish an effective monitoring and analysis system, timely identify problems in the implementation of the budget and promote feedback and improvement, in order to provide a strong guarantee for the realization of business objectives. We should give full play to the role of the treasury system in decision-making, value creation and risk prevention, promote the in-depth integration of financial and business systems, accelerate the construction of the financial sharing center, and build an information-based, digital and intelligent financial management system. We should further strengthen the management of interest-bearing liabilities and cash flow, implement the requirements for capital pooling, and safeguard the security of capital resources. We should actively participate in the construction of the sharing center to standardize and streamline accounting and promote the change from experience-led to data- and model-driven operational decision-making. At the same time, it is necessary to strictly prevent financial risks. We adhere to the overall stability of the debt ratio, keep coexistence of guarantee and pressure, promote the reduction of the debt ratio of high-debt and high-risk enterprises, and strictly control the debt default.

Strengthening marketing management. We should focus on the annual production and operation plan of the two smelters, strengthen the market development of the raw materials and products, and do a good job in "ensuring supply and sales". **Maintaining strict control at the sourcing.** We should strengthen the control at the suppliers and customers sources, and further strengthen the sourcing access and the implementation process. **Regulating the futures hedging preservation.** We should refine the raw material pricing and product sales pricing analysis, do a good job in monthly value preservation planning and implementation, achieve compliance value preservation and prevent price risk. **Strengthening raw material procurement.** We should further increase the linkage between imported and domestic raw material procurement, as well as lean control of raw material inventory, consumption and in-transit. **Optimizing product sales.** We should increase the development of non-phosphorus chemical customers and the export market of sulfuric acid, increase the proportion of long-term sales of direct suppliers, stabilize the Company's sulfuric acid sales fundamentals, accurately adjust the sales price, and enhance the quality and efficiency of sales under the premise of ensuring the safety of inventories; we should increase the development of the copper cathode market in the province and neighboring provinces, and increase the sales volume of self-pick-up in the factories and delivery at the terminals along the river to lower the cost of sales and enhance the efficiency of cash flow. We should optimize the proportion of long-term order and fragmented order, as well as export volume of copper cathode by taking into account the pricing of raw materials, strengthen the price hedging of raw material procurement and product sales, reduce the operation of hedging positions in futures, and prevent price risks; we should manage the statistical analysis of the value flow of copper, gold and silver on a monthly basis in a lean way, increase the analysis of prices and refine daily sales (or hedging) operation, and strive to realize that the base price of sales is greater than the base price of raw material procurement, so as to realize the creation of value.

Strengthening the procurement management. We should save RMB200 million for the annual procurement of engineering goods and services, **increase the market development efforts**, carry out targeted, accurate, typical and timely market research, and increase the efforts to search for materials, especially the materials with strong versatility, large and frequent consumption and greatly affected by market fluctuations. We should follow the pace of market, grasp the first-hand information, and give full play to the advantages of centralized bulk procurement to reduce the cost of procurement. We should increase the cooperation with professional manufacturers, increase the introduction of new suppliers, increase the volume of direct purchases, reduce intermediate links, and enhance the bargaining power. **We should strengthen centralized procurement and enhance the quality and efficiency of procurement**, actively promote the use of the e-mall "Non-ferrous Cloud Procurement" (有色雲採), vigorously develop second-level procurement, and publish the second batch of procurement catalogue as soon as possible. It is necessary to strengthen the implementation of framework contracts, set prices at one time and implement them in batches, reduce the amount of temporary contracts, establish stable sources of goods, save costs, reduce inventories and improve efficiency. **We should strengthen the control and management of procurement plans**, and improve the declaration predictability, approval standardization and execution accuracy of procurement plans. We promote the continuous improvement of the procurement management level by reducing the frequency of repetitive purchases, lowering the operating costs of procurement and reducing the backlog of inventory.

Strengthening quality management: We should promote comprehensive quality management in a "all-staff, all-round, all-process, all-coverage" manner, enhance quality awareness, strengthen the foundation of quality management, improve quality positioning, and give full play to quality benefits and brand creation value. **We should strengthen system management**, enhance process control and management standardization, establish a comprehensive control system for key process indicators, improve the grassroots system, and enhance the coverage of quality, environmental, and occupational health and safety management systems. **We should highlight the enhancement of quality and efficiency**, focus on the defective products, zero defects and other aspects of the work, comprehensively review the production and manufacturing process, and reflect the quality benefits in management of the whole process of production and operation. **We should strengthen the combination of quality management and brand building.** We should focus on improving the awareness of products brand and enterprise brand on the basis of quality improvement, focus on promoting the brand registration of Yangxin Hongsheng copper cathodes in the Shanghai Futures Exchange and the London Metal Exchange, and strive to achieve brand registration as soon as possible.

Strengthening project management. We should adhere to the three principles of focusing on the principal business, giving priority to efficiency and green development, increase investment in green development of resources, upgrade of industrial scale and optimization of industrial structure, and orderly push forward the construction of the Company's mines and smelters informatization, digitization and intelligent upgrade projects, continuously improve the level of technology and equipment and labor production efficiency, and realize the goal of reducing costs and increasing efficiency. To speed up the construction of key projects, we should complete as soon as possible the closing of projects such as integrated transport corridors of 400,000-tonne projects, and ensure that the projects are put into operation by the end of June; we should pay close attention to the feasibility study of the intelligent construction of the mines and the science and technology and safety and environmental protection project, demonstrate technical and economic feasibility and safety, and implement strictly in accordance with the annual implementation plan; we should push the feasibility study on smelters' intelligent copper warehouse renovation project, and actively do a good job in the planning and study of copper processing projects such as oxygen-free copper rods and shaped copper parts. **Strengthening the whole life cycle management of construction projects.** We should do a good job in project preliminary planning, establish a control mechanism, and clarify project management objectives and responsible main body; we should strengthen the implementation of regular analysis and reporting system of key projects, and keep informed of the situation in real time, so as to achieve control and coordination in the process; we should strengthen the supervision and assessment of key objectives such as investment, progress, quality, safety and environmental protection in the process of key project construction to ensure that the project achieves the expected goals.

7. Comprehensively strengthen risk prevention and control, and make every effort to ensure the stable development of enterprises

Deepening the construction of the compliance system. We should deeply practice the concept of "managing enterprises according to law and operating in compliance", further improve the management system and control and governance mechanism, strengthen internal control, supervision and evaluation, conduct in-depth investigation on major and important internal control deficiencies in operation and management, and carry out comprehensive and thorough rectification and implementation to improve the internal control system and operation mechanism. We should focus on the goal of "strengthening internal control, preventing risks, and promoting compliance", continue to promote the integrated construction of compliance risk internal control, integrate risk management into the operation and management activities, and form a compliance risk internal control system with clear responsibilities, complete systems, standardized processes, effective operation. **Firmly guarding against major risks.** We should do a good job in annual assessment of major risks, improve the monitoring and early warning, identification and evaluation and research and disposal mechanisms for various types of risks, put forward risk response measures in a targeted manner, and clarify responsibilities of organizations and departments in the risk management. We should make every effort to prevent and control major business risks, formulate quantitative risk monitoring indicators, closely track changes in major business risks, make quarterly reports on major business risk monitoring, provide timely warning, quick response, precise control and proper disposal of major hidden risks or events, and firmly guard against the occurrence of major systemic risks. **Continuously strengthening audit supervision.** We should carry out follow-up audits around the implementation of key tasks arranged by the Company, focusing on reflecting the effectiveness of the implementation of decision-making and deployment, revealing the weak links in implementation, and ensuring the implementation of decision-making and deployment. We should strengthen the audit supervision on the first economic responsible person, focus on auditing the implementation of key initiatives of steadily improving the quality and efficiency, and follow up on various special rectifications to promote the full implementation of the central task of state-owned assets supervision. We should strengthen the authority of the audit, continuously strengthen audit rectification, promote the transformation of audit results, strictly implement audit and rectification, and promote the supervision of the implementation details of the audit and rectification. We should strictly carry out the accountability of non-compliance in operation and investment, and the violations must be pursued and held accountable.

EQUITY

The Company's issued and fully paid share capital as at 31 December 2023 amounted to approximately RMB727,893,000 divided into 17,895,579,706 ordinary shares of HK$0.05 each.

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 year ended 31 December 2023, the Group's receipts and payments were mainly denominated in RMB.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had pledged deposits, and cash and bank balances of approximately RMB991,883,000 (2022: RMB844,040,000), the majority of which were denominated in Renminbi. The Group's current ratio was approximately 1.19 (2022: 1.02), based on current assets of approximately RMB15,115,982,000 (2022: RMB12,242,067,000) divided by current liabilities of approximately RMB12,726,581,000 (2022: RMB11,948,176,000). The Group's gearing ratio as at 31 December 2023 was approximately 482.47% (2022: 395.17%), based on net debts (which included bank and other borrowings, lease liabilities and promissory note less pledged deposits, and cash and bank balances) of approximately RMB14,683,657,000 (2022: RMB12,238,833,000) divided by equity attributable to owners of the Company of approximately RMB3,043,414,000 (2022: RMB3,097,093,000). The increase in gearing ratio was attributable to the increased bank borrowing financing resulting from the fact that Yangxin Hongsheng was put into production and needed to purchase a large amount of raw materials to meet its production needs.

As at 31 December 2023, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2023, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB15,546,930,000 (2022: RMB12,948,226,000).

As at 31 December 2023, the Group had bank and other borrowings of approximately RMB7,591,272,000 (2022: RMB6,695,567,000) and approximately RMB6,775,110,000 (2022: RMB5,114,459,000) which was due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. The majority of the Group's bank and other borrowings were at fixed interest rate.

FOREIGN EXCHANGE RISK

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

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

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into currency forward contracts and currency option contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts and currency option contracts had been entered 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 and joint ventures during the year ended 31 December 2023.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The core and the source of growth of the Company's future business lie in the fields such as the development of non-ferrous metal mineral resources, the smelting of non-ferrous metal, and the research and development of precious metal materials. The Company's project on the clean production of 400,000 tonnes of high-purity copper cathodes has been successfully completed and put into production, representing a solid step towards the goal. The transformation of the smelting system of the old smelter was carried out by upgrading the matte in the Ausmelt Furnace, reducing a converter operation, stopping a set of acid production system, reforming the process and optimizing the production organization, and systematically solving the problems of wastewater and waste gas, so as to comprehensively achieve the goal of energy saving, emission reduction and consumption reduction. In the future, the Company will closely focus on the development of non-ferrous metal resources, the intelligent construction and science and technology and safety and environmental protection of mining segment, and firmly implementing and optimizing the development of resources, mainly copper, to expand resource reserves, accelerate the smelting segment informatization and the intelligent transformation process, and promote the transformation and upgrading of the traditional industry to create the traditional copper smelting system transformation demonstration and the intelligent copper smelting industry demonstration, laying the foundation of green and high-quality development of the Company. At the same time, the Company will pay more attention to the quality of asset investment, improve the efficiency of investment and operation, and scientifically control the scale of investment. We will make every effort to build the Company into a modern copper enterprise with reasonable industrial structure, scientific and sound governance system, flexible and efficient operation mechanism, and strong core competitiveness and profitability.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2023.

FUTURE SIGNIFICANT INVESTMENT PLANS FOR THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE GROUP

2024 is a key year for the Company to achieve the objectives of the "14th Five-Year Plan" and to realize the target one year ahead of schedule. Focusing on the Group's development strategy, focusing on the main responsibilities and principal business, optimizing the adjustment of industrial layout and promoting the transformation and upgrading of traditional industries in accordance with the industrial development plan, we will mainly arrange for the Company's "14th Five-Year Plan" strategic planning, the intelligent construction and science and technology and safety and environmental protection of mines, smelting intelligent plant, as well as technological innovation, informatization construction and other projects.

According to the arrangement of the Company's "14th Five-Year Plan", the direction of the Company's investment in 2024 includes, firstly, actively launching the search for mines in the deep parts of its own mines, increasing the Company's resource reserves and consolidating the foundation for the Company's development; secondly, promoting the construction of intelligent mines, increasing the promotion and application of intelligent equipment and technologies, and promoting the "less manned, unmanned" operation of mines to enhance the all-factor production rate and the level of essential safety; thirdly, promoting the construction of smelting intelligent plants. We will comprehensively promote the digital intelligence of equipment, increase technical transformation and equipment investment, promote the application of advanced technology in traditional industries, and accelerate the progress towards the middle and high end of the industrial chain; fourthly, enhancing the level of digital office at the Company's headquarters, and promoting the informatization construction, and enhancing the efficiency of decision-making at the headquarter.

The key projects in 2024 are arranged as follows:

1. Development and utilization of non-ferrous metal resources

(1) Mine resources development projects

① The development of No. IV ore body (including IV West) of the -665m to -725m middle portion of Tonglvshan Mine (continued)
In 2023, it was planned to complete the following: the total drilling volume 29,000m^3 of -725m middle portion of the ore drift, prospecting chamber, mining area substation, -665m to -725m of ramp, and -605m to -725m of chute, and the ancillary installations of wind, water, electricity equipment. The planned investment was RMB18 million.

② The development of the -440m middle portion of Fengshan Copper Mine (continued)
In 2024, it is planned to complete the following: the total drilling volume 595m/5,264m^3 of -380m middle portion of the ore drift, transverse drift and chute passage of the south rim, -440m middle portion of the transverse drift and chute of the south rim, and inverted air return shaft, and the ancillary equipment installations. The planned investment is RMB5.46 million.

③ Production replacement in the north mining belt of Xinjiang Sareke Copper Mine (new construction)
In 2024, it is planned to complete the following: the total drilling volume 970m/19,276m^3 and 1,856m^3 supporting capacity of the main ramp (extension), 2,610m middle tunnel, inverted air return shaft, mining area substation, pump house, distribution chamber and water sump, and the ancillary equipment installations. The planned investment is RMB30 million.

(2) Smelting scale improvement

① The project of the clean production of 400,000 tonnes of high-purity copper cathodes of Yangxin Hongsheng (continued)
In 2024, it is planned to complete the following: final projects such as integrated transport corridor, residual pole conveyor system, intermediate material handling. The planned investment is RMB94.73 million.

② New rigid landfill for smelter (phase II)
In 2024, it is planned to complete the following: construction of two new landfill disposal facilities and ancillary anti-seepage and leachate collection and disposal systems for sulfate slag and neutralized slag, road construction and landscaping within the plant. The planned investment is RMB40 million.

2. The intelligent construction and science and technology and safety and environmental protection of mining segment

① The science and technology and safety and environmental protection project of Tonglvshan Mine (continued)
In 2024, it is planned to complete the following: south pit curtain water control and reinforcement project; north edge water control and reinforcement project; "six systems" construction; renewal of 154 underground high and low voltage cabinets and soft start cabinets; comprehensive disposal of underground surge water; digital mine construction; safety and environmental protection management system; purchase of a production command vehicle and two rock bolting jumbos. The planned investment is RMB41.55 million.

② The science and technology and safety and environmental protection project of Fengshan Copper Mine (new construction)
In 2024, it is planned to complete the following: the upgrading of rainwater and sewage diversion system of the concentrators; purchase of auxiliary equipment; digital resource management system; renewal of 261 underground high and low voltage cabinets and rectifier cabinets; purchase of a 3D laser scanner. The planned investment is RMB13.02 million.

③ The intelligent construction project of Fengshan Copper Mine (new construction)
In 2024, it is planned to complete the following: ramp traffic signal system, flotation automation control system of the concentrators, -320m unmanned motorcycle transportation system, intelligent power supply and distribution system, underground personnel positioning system, multi-integration network construction (phase II), production operation management system, safety and environmental protection management system, equipment energy management system, and crushing and hoisting automation system. The planned investment is RMB23.02 million.

④ The intelligent construction and science and technology and safety and environmental protection project of Tongshankou Mine (new construction)
In 2024, it is planned to complete the following: remote automatic control system modification of open pit drainage system; surface settlement and underground displacement monitoring system; upgrading and modification of dust collection system of the concentrators; ecological restoration of open pits and dumps; intelligent control center, multi-integration network, integrated centralized control system of mining and selection, automated modification of drainage system, automated upgrading and modification of slipping and hoisting system, automated upgrading of filling system, safety production sensing system, intelligent pressed air and water supply system, digital resource management system; production and operation, safety and environmental protection, and equipment and energy management system; and infrastructure platforms. The planned investment is RMB37.75 million.

⑤ The science and technology and safety and environmental protection project of Xinjiang Sareke Copper Mine (new construction)
In 2024, it is planned to complete the following: digital resource management system; safety and environmental protection management system; the plant's waste dump slope treatment and ecological restoration project; laboratory environmental comprehensive renovation; concentrators and surrounding ecological environment treatment project. The planned investment is RMB2.95 million.

3. Intelligent factory construction in the smelting segment

① Construction of 300,000 tonnes of intelligent copper warehouse at smelter (new construction)
In 2024, it is planned to complete the following: construction of a new warehouse (including balancing, arrangement, weighing, packing, labelling, etc.), warehouse system (including 1,932 racks, 3 stacker cranes, etc.), outbound transfer system (including intelligent vehicles, etc.), control system and information management system. The planned investment is RMB5.5 million.

② Construction of intelligent simulation platform for copper smelting of Yangxin Hongsheng (new construction)
In 2024, it is planned to complete the following: simulation platform construction, development of a set of customized simulation model for acid converter simulation calculation. The planned investment is RMB10.6 million.

③ Construction of high-purity clean laboratory of Yangxin Hongsheng (new construction)
In 2024, it is planned to complete the following: construction of a new 10,000-scale purification air filtration system; purchase of an inductively coupled plasma atomic emission mass spectrometer, an ultra-pure water preparation device, a glow mass spectrometer, a 200,000-fold field emission scanning electron microscope, and an electrochemical workstation. The planned investment is RMB23.34 million.

Management Discussion and Analysis

PROSPECTS OF THE GROUP

The Group will achieve the adjustment and upgrading through grasping the industrial optimization. Under the new development pattern in which the domestic cycle is the mainstay and the domestic and international cycles reinforce each other, the Group will deepen the supply-side structural reform, focus on the main responsibility and main business to develop the concrete economy, and continue to promote downsizing and Company's health and improve quality and efficiency around the corporate strategy of the Group and the implementation of the Company's three major tasks to adjust and optimize the industrial layout and structure. Striving to be a specialized mining company, the Group will promote the optimization and upgrading of the smelting industry chain, improve and completely withdraw from non-principal business, establish an industrial coordinated development mechanism, improve the efficiency of resource allocation, and improve the level of modernization of the industrial chain and supply chain to continuously enhance the vitality and profitability of the enterprise.

CHARGES ON ASSETS

As at 31 December 2023, other deposits which amounted to approximately RMB545,027,000 (2022: RMB687,156,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative and gold forward contracts, and other financing were secured by bank deposits and balances amounting to approximately RMB nil (2022: RMB24,000,000).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no significant contingent liabilities.

The directors of the Company have the pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

BUSINESS REVIEW

A review of the business of the Group during the year as well as a discussion on the Group's future business development are contained in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 7 to 14 and pages 15 to 36 respectively of this annual report.

An analysis of the Group's performance during the year using financial key performance indicators, discussions on the Group's environmental policies and performance, compliance with relevant laws and regulations which have a significant impact on the Group, relationships with its key stakeholders, and the organisation and resources of the Group are set out in the paragraphs below:

Financial key performance indicators

The key performance indicators of the Group are as follows:

	2023	2022
Gross Profit Margin	**4.05%**	3.46%
Debt to Assets Ratio	**82.09%**	81.60%
Current Ratio	**1.19**	1.02
Assets Turnover Ratio	**1.82**	1.67

The Group is managed prudently so that management decisions are focused on long term goals to enable sustainable development and balance amongst stakeholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

In area of environmental protection, the Company has always made the rectification of issues found in the central environmental protection inspection as a top political task. The various rectification measures led by the Company have all met the requirements of the rectification progress, and have been fully recognized by the South China Inspection Bureau of the Ministry of Ecology and Environment and other supervising authorities. There were no unexpected environmental incidents throughout the year and the Company met the assessment requirements for sulfur dioxide emissions, nitrogen oxide emissions, chemical oxygen demand and ammonia nitrogen emissions.

Rectification of Issues Found in Environmental Protection Inspections

The year 2023 was the critical year for taking forward the rectification of issues found in the central environmental protection inspections. Our Company has made a concerted effort and thought in a unified way without any reduction in effort and standard, resolutely promoting the completion of the rectification tasks on environmental protection inspection with high standards. Each unit has strengthened the implementation of responsibility and accelerated the progress. All departments and divisions of the headquarter have devoted all their efforts to provide support and guarantee, thus achieving a milestone victory in the rectification of issues found in environmental protection inspections. Firstly, we have taken forward the rectification and verification and acceptance of environmental protection inspections. The rainwater and sewage diversion project of the smelter was successfully completed. The ecological restoration project of Chimashan Mine was successfully completed and passed the environmental verification and acceptance on 14 November 2023. The tailings pond closure project of the Fengshan Copper Mine is progressing on schedule and project construction is expected to be completed by October 2024. The "3.12" ecological restoration and management project of Tonglvshan Mine passed the project completion verification and acceptance and effect evaluation. The 911 units of energy-consuming and outdated electrical and mechanical equipment were all phased out in October 2023. Thirty-two of the 34 rectification tasks led by the Company were completed. Of the remaining 2 outstanding rectification tasks, the smelter upgrade project is currently being finalized and is scheduled to be completed by the end of March 2024. In March 2023, the 23 rectification measures of the Company successfully passed the evaluation of the Parent Company. Secondly, we have strictly monitored the process of rectification of issues found in the central environmental protection inspections. With respect to the rain and sewage diversion renovation of the smelter, the ecological restoration of Chimashan Mine, the tailings pond closure of the Fengshan Copper Mine and other medium and long-term rectification projects of the central environmental protection inspections, the Company carried out stage-by-stage verification, identified 28 problems in the course of the project implementation, and urged the responsible units to complete the rectification work. In 2023, the Company was monitored and inspected more than 120 times by authorities at all levels. The South China Inspection Bureau of the Ministry of Ecology and Environment, the Department of Soil of the Ministry of Ecology and Environment, and the Hubei Provincial Party Committee's Environmental Protection Inspectorate and other departments and organizations recognized the achievements of the Company's rectification work on issues found in the environmental protection inspections.

Save as disclosed above, there was no material non-compliance with environmental laws and regulations in 2023.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has reinforced its legal review, with the rate of three legal reviews of rules and regulations, economic contracts and important decisions reaching 100%. In 2023, 238 major contracts were reviewed, with a bidding amount of approximately RMB44.083 billion. In addition, the Company has further standardized the model contracts and prepared and put into use 12 model contracts on purchase and sale of the main business and purchase and sale of industrial and mining products. We have compiled the Guidelines for Drafting Terms and Conditions of Economic Contracts and Selected Reference Expressions《經濟合同條款起草指引和部分參考表述》to provide references to important terms and conditions of contracts as well as some compliance clauses, and the Guidelines for Compliance in Economic Contract Management Business《經濟合同管理業務合規指引》to enhance the understanding of the application of business rules on contract management. We have launched contract business training, conducted contract management inspections of key business units, included contract management and contract fulfillment into the range of performance appraisal, and prevented contract management risks.

Hubei Baiyuan Environmental Protection New Material Technology Company Limited (湖北佰源環保新材料科技有限公司) filed a lawsuit for compensation for the failure to execute the contract of "Fengshan Copper Mine Tailings Comprehensive Utilization Project" (豐山銅礦尾砂綜合利用項目). On October 23, 2019, Daye Metal entered into the Fengshan Copper Mine Tailings Comprehensive Utilization Project Contract《豐山銅礦尾砂綜合利用項目合同》with Hubei Baiyuan Environmental Protection New Material Technology Company Limited ("Hubei Baiyuan"). After the inspection by the Sixth Central Ecological and Environmental Protection Inspectorate in August 2021, the Fengshan Copper Mine was completely shut down for rectification and no tailing sand was supplied. On 10 January 2023, Hubei Baiyuan filed a lawsuit claiming for the cancellation of the "Fengshan Copper Mine Tailings Comprehensive Utilization Project Contract" signed with Daye Metal and compensation of RMB15,575,200 for the loss of capital investment and interest, as well as litigation costs. Daye Metal filed a counterclaim demanding Hubei Baiyuan to pay RMB1,370,000 for the cost of utilizing the tailing sand during the performance of the contract and a deposit of RMB400,000 for the performance of the contract.

On September 28, 2023, the People's Court of Xialu district of Huangshi City rendered a judgment of first instance: the ratio of responsibility between Daye Metal and Hubei Baiyuan was determined to be 7:3, and the Company was ordered to pay Hubei Baiyuan RMB4,410,900 for the loss and RMB32,900 for the appraisal fee, and Hubei Baiyuan was ordered to pay Daye Metal RMB1,278,700 for the fee for utilizing the tailing sand. After offsetting the two amounts, a judgment was entered against the Daye Metal to pay Hubei Baiyuan RMB3,165,200. Hubei Baiyuan filed an appeal against the judgment, and the second trial has not yet begun.

Safety Production

The Group has taken its corporate responsibilities in respect of production safety and has established Occupational Health and Safety Management System ISO45001 in accordance with requirements of laws, including the PRC Production Safety Law 《中華人民共和國安全生產法》, and the Prevention and Control of Occupational Diseases Law of the PRC 《中華人民共和國職業病防治法》. There was no material safety production accident of the Group in 2023.

The abovementioned laws and regulations on environmental protection and safety production have provisions of legal responsibilities stipulating the legal consequences upon breach thereof, including orders to cease illegal acts, make corrections within a time limit, set restrictions on production, stop production to take regulation, and imposition of a penalty by the competent administrative authority, and serious incidents shall be reported to the relevant People's Government and might be subject to termination of operations and shutdown orders.

In addition, as a listed company in Hong Kong, the Group is subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) etc.

THE PRINCIPAL RISKS AND UNCERTAINTIES

In 2023, the Company has implemented the decision-making and deployment of preventing and resolving major risks, resolutely prevented and controlled risks in key areas, strictly and carefully performed safety and environmental protection work, promoted the construction of a compliance risk internal control system, closely tracked changes in major business risks, firmly protected the Company from major systemic risks, and achieved stable production and operation, with major business risks generally under control. The prevention and control of major operational risks for the year 2023 and the assessment of major operational risk forecast for 2024 are reported below.

I. Prevention and Control of Major Operational Risks in year 2023

A. Prevention and Control of Major Operational Risks

1. **Major Operational Risk Prevention and Control Efforts.** Firstly, we have strengthened the leading role of the organization, and improved the management mechanism. The risk prevention and control mechanism are based on the guidance and supervision of the audit and risk management committee, the management and control of the risk management department, and the cooperation and coordination of the affiliates and business departments. The management team has conducted regular studies, discussed major issues on a case-by-case basis, and general manager office reviews annual major risk assessment reports, quarterly reports on the monitoring of major operation risks and reports on early warning of major risk events, to clearly define the work methods and priorities of major risk prevention and control, and to properly deal with the key and difficult issues of risk prevention and control work. The principal leaders have seriously fulfilled their responsibilities as the first person responsible for the prevention and control of major risks, and personally supervised the deployment of major risks, major issues, coordination of key aspects, and important cases. Secondly, we have refined our governance system with strong leadership and guidance. We have established a mechanism for daily communication and liaison among shareholders, directors and supervisors, and considered and approved 34 resolutions on major issues, such as the annual investment plan, the key projects for deepening the reforms, the report on major risk assessment, and the report on the self-assessment of internal control, in the light of the role of the board of directors in "strategy setting, decision making, and risk prevention". The Audit and Risk Management Committee has played the role of overseeing the effective operation of the internal control and risk management system, guiding and supervising the overall risk management and making recommendations to the board of directors. Thirdly, we have organized risk assessment and provided guidance on the implementation of control responsibilities. The Company has arranged the pre-assessment of major operational risks for 2023, considering changes in the market environment, commodity prices and other risks, scientifically identified the types of major operational risks, objectively reflected the risk characteristics, formulated indicators for quantifying and monitoring risks, proposed measures to cope with risks specifically, strengthened the responsibilities of risk management of each division and department, and made quarterly summaries of the analysis and report on the major operational risks, in order to build up a firm line of defense for risk management and control.

2. **Development of Risk Management System.** In accordance with the requirements of the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council regarding the enhancement of the corporate governance capacity of central state-owned enterprises and the establishment of the Parent Group system, and in conjunction with the actual situation of the Company, the Company has continued to carry out the work on the development of a risk management system. The Measures for the Implementation of the Decision-making System for the Decision-making of Major Matters, Appointment and Removal of important cadres, Arrangement of Important Projects, and Utilization of Large Amounts of Funds (《"重大事項決策、重要幹部任免、重要項目安排、大額資金的使用"決策制度實施辦法》) has been revised, specifying a list of 128 decision-making matters. With a focus on key business segments such as investment, tender and procurement, trading business and financial derivative business, the Company has newly established or revised 35 key area risk management systems such as Guidelines for the Management and Supervision of Construction Works (Trial) (《建築工程管理監督工作指引(試行)》), Measures for Handling Queries and Objections on Tender and Procurement Projects (《招標採購項目質疑、異議處理辦法》), Measures for the Management of Trading Business (《貿易業務管理辦法》), Rules for the Management of Commodity Derivatives Hedging Risks (《商品類衍生業務套期保值風險管理細則》), which provide a systematic basis for standardizing the risks of the business and implementing the requirements for risk management. We have integrated the common requirements of comprehensive risk management, internal control and compliance management, and further improved the Compliance Risk Internal Control Manual (《合規風險內控手冊》). Based on laws and regulations and rules and systems, through the implementation of risk identification, ranking and control of 25 internal control processes for core business compliance risks, we have integrated comprehensive risk management with systems, processes, authorization, supervision and other elements to clarify the procedures, standards, measures, responsibilities and basis for the development of risk internal control compliance management, and to promote the in-depth integration with business management.

3. **Early Warning and Monitoring of Major Operational Risks and Disposal of Risks.** In 2023, the Company has assessed 17 major risks, taken risk response measures and strengthened quarterly significant risk monitoring and early warning analysis and reporting.

   (1) **Strategic Risk Control.** Firstly, we have carried out the requirements of reform and development and maintained our strategic strength. The Company has thoroughly implemented development strategies, benchmarked against the implementation plan for value creation and actions of world-class enterprises, and reformed, deepened and upgraded the implementation plan for actions, as well as other specialized and comprehensive reform programs. Based on the pilot scheme, the Company has carried out salary incentive and differentiated salary system reforms in three units, including the Tongshankou Mine, and implemented "surplus profit sharing" in Yangxin Hongsheng. These four pilot units have achieved results in production, operation and corporate development. Secondly, we have actively addressed the operational risks of internationalization. With regard to the shipment of imported ores and import tariffs caused by trade frictions in relevant countries and regions, we have paid close attention to the policy trend, excluded or restricted the shipment of U.S. and Taiwan ores from import contracts, and used tariff exemption as a prerequisite for restricting the shipment of ores. We have actively communicated with the Customs to follow up on policy trends and declare tariff exemptions in advance. Thirdly, scientific and technological innovation has led to the enhancement of efficiency and effectiveness, and technological research and development has been carried out continuously. In respect of mines, we have advanced the "Key Technology for Safe and Efficient Mining of Paste Filling in Large Complex Ore Body Areas" (複雜礦體大盤區膏體充填安全高效開採關鍵技術), and put forward the optimized design scheme of mining methods, the zoned and graded support scheme, the supporting and upgrading scheme of underground mining equipment, and the optimized technological scheme of filling pipelines, etc. Some of the results have been applied in the field to enhance the productivity of the mining sites. In respect of smelting, we have completed the optimization and upgrading of the main production process of the smelter, and completed the upgrading and transformation of the main equipment for the conversion and sulphuric acid processes. The first phase of the intelligent centralized control center of the smelter was completed and put into operation. The key production technologies related to smelting have been researched, developed and applied. All of these measures have improved informatization and intelligence level of the equipment, optimized and enhanced the key economic and technological indicators, and created a brand-new intelligent, environmentally friendly and highly efficient green and clean production plant.

(2) **Financial Risk Control.** In terms of foreign exchange management, we have strengthened the management of our foreign exchange risks, obtained approval for the qualification of monetary financial derivative business, followed up and reported the development of derivative business on a quarterly basis, and realized a positive exchange gain for the year. In terms of capital management, we have revised the capital management manual and secured project loans and credits to protect the liquidity safety of key projects and environmental protection rectification projects. We have released RMB518 million of the financing guarantee provided at the beginning of the year. The level of "capital appropriation of inventories and accounts receivable" was within the target, and the size of interest-bearing liabilities decreased by RMB500 million as compared with the target. We have strictly enforced the process of preparing, reporting, executing, controlling and analyzing monthly capital budget reports, coordinated and balanced the scale of interest-bearing liabilities, provided early warning and rectification, and imposed rigid control. The Company has supervised each capital-funded enterprise to make a good balance between production and operation and capital risks, strengthened product sales and cash collection, and promoted the disposal of overdue debts and inefficient assets.

(3) **Market Risk Control.** In respect of raw materials supply, we have developed new suppliers of imported ores, continuously increased the proportion of long-term orders and mine contracts of imported ores, and accomplished the target set at the beginning of the year to ensure a stable supply of imported raw materials for two smelters, and the quality of the raw materials meeting the requirements of smelting production. In order to cope with the situation of delayed feeding due to the upgrade of the smelting system of the smelter, we have dealt with the imported ores by cancellation, delay and resale, so as to mitigate the risk of a high level of inventory in transit and "capital appropriation of inventories and accounts receivable", and to ensure the stability of the production, supply and marketing operations. In respect of copper cathode sales, we have developed self-pick-up customers in the province and neighboring provinces as well as direct-supply customers for shipboard delivery along the river, reducing the cost of transportation and funds occupation, and forming a bargaining power and pricing model for the spot sales of copper cathode. We have developed high-end customers, expanded the sales customers and sales volume of Grade-A+ copper cathode, and enhanced brand benefits. In respect of sulfuric acid sales, when the market price of sulfuric acid was low and stagnant, the marketing department has set up a special team to go to many places to investigate customer demands, and flexibly adjusted the sales strategy to seize the sulfuric acid sales markets in neighboring provinces. We have increased the development of customers using acid in the new energy sector to expand our customer base, enhance our competitiveness and diversify our operating risks. There was no overstocking of sulfuric acid during the year, which ensured the smelting production.

(4) **Safe Production Risk Controls.** The overall situation of safety production was basically stable, realizing a favorable condition of "one reduction, one decline and one elimination". Firstly, we have strengthened the primary responsibility, insisted that no production without safety, no operation without safety, always kept in mind the principle of "safety first", and firmly implemented the main responsibility for safety management at all levels. Secondly, we have strengthened the system construction, revised and improved 550 responsibility systems for safety production, 930 responsibility lists, revised and improved 212 safety regulations and systems, 276 safety procedures, and 223 teams passed the standardization acceptance, with the rate of compliance at 96%. Thirdly, we have strengthened risk management and control. The Company has taken the safety management enhancement year, special investigation and remediation of the major accidents and potential hazards, and three-year campaign for the construction of intelligent mines, science & technology and safety & environmental protection as the main line, to develop action plans, investigate major potential hazards, organize special remediation, supervise and rectify the problems, and strictly implement the accountability system. We have completed the replacement of non-flame retardant cables in three mines. Tonglvshan Mine has implemented a water control project along the northern and southern edge of the underground, and we have focused on the areas of underground roofing, ventilation, water prevention and control, hoisting and transportation, and tailings pond, etc. We have strictly implemented the approval procedures of hazardous operations, and adhered to the daily inspection and reporting of high-risk operations. We have adopted a supervisory approach to the smelting upgrading and renovation project that combines subdivision guarantee system, man-to-man and drone inspections to keep a close eye on on-site construction safety and ensure the safe operation of the commissioning project. Fourthly, we have strengthened our basic capabilities by releasing a plan for the "new organizations, staffing and functions" for safety production, and replenishing and enhancing necessary personnel; The Company has carried out practical trainings by organizing trainings for "key persons in charge, safety management personnel and special operators", new employees, transferring and outsourcing personnel, and fire operation training for more than 3,000 times, and by holding more than 14,000 exams for required knowledge and skills; We have taken strict action against violations of rules and regulations. Throughout the year, we investigated and penalized 395 people for "violation of rules and regulations in ordering employees, violation of rules and regulations in operation, and violation of labor discipline", removed 99 employees from their posts for training, and dismissed 12 outsourced workers, with penalties amounting to RMB296,000. Fifthly, the Company has enhanced its emergency rescue capability, improved the emergency plan system for production safety accidents, organized various units to revise and improve more than 30 emergency plans for production safety accidents, and carried out 307 emergency response drills with a total of 7,260 participants. Sixthly, we have strengthened the level of intrinsic safety. A three-year implementation plan for science & technology and safety & environmental protection of mines has been finalized. The Company has completed the first phase of the digital intelligence project for Fengshan Copper Mine, implemented the smelter environmental protection upgrading and rare copper anode mud treatment system renovation project, and constructed a new mode of intelligent safety supervision for Yangxin Hongsheng. We have set up an informatization platform for safety production, which realizes online approval of dangerous operations and online uploading of potential problems, and improves the efficiency of safety supervision.

(5) Environmental Protection Risk Control. There were no unexpected environmental incidents throughout the year and the Company met the assessment requirements for sulfur dioxide emissions, nitrogen oxide emissions, chemical oxygen demand and ammonia nitrogen emissions. Firstly, we are determined to continuously promote the rectification of issues found in the central environmental protection inspections. The smelter upgrade project is scheduled to be completed by the end of March 2024. In 2023, the South China Inspection Bureau of the Ministry of Ecology and Environment, the Department of Soil of the Ministry of Ecology and Environment, and the Hubei Provincial Party Committee's Environmental Protection Inspectorate and other supervising authorities came to the Company for more than 120 times to monitor and inspect the Company, and all of them fully recognized the achievements made by the Company after the environmental protection inspections and rectifications. Secondly, the Company has carried out quarterly environmental protection inspections. 201 problems were found throughout the year, and 147 have been rectified, representing a rectification rate of 73%; Throughout the year, we organized 11 special environmental protection inspections and identified 154 problems, of which 132 have been rectified. Thirdly, we have tackled key environmental issues, solved critical problems such as the treatment of external water in Tonglvshan 245 meters below and the operation of the rigid hazardous waste landfill, effectively controlling the environmental risks. Fourthly, the Company has promoted the implementation of key environmental projects and the rectification of key environmental issues. In 2023, a total of RMB1.2 billion was invested to promote the implementation of key environmental protection projects and the rectification of key environmental protection issues, with a view to continuously improving the quality of environmental protection. The construction of Yangxin Hongsheng's 400,000-ton project has realized that the environmental protection facilities can be designed, constructed, and put into production and use at the same time, and this project has completed the environmental acceptance, and passed the on-site acceptance of "Grade B Enterprise" for heavy polluted weather performance grading. A new hazardous waste landfill at the smelter was put into operation. We have completed the renovation of the electrolysis system to control sulfuric acid mist in order to improve the separation of rainwater and sewage from the acid waste sludge treatment landfill, thus ensuring that hazardous wastes are disposed of in a compliant manner. We have implemented an environmental upgrading project of rare and precious products to upgrade our environmental protection treatment facilities. We have completed the renovation of the screening and dust removal system at the Tongshankou Mine and solved the difficult problems of dust removal management.

(6) Investment Risk Control. Firstly, we have strengthened the management of project decision-making, enhanced the work of reviewing project proposals, feasibility study reports and preliminary designs, and made scientific decisions of the investment projects. Secondly, the Company has strengthened project tracking and inspection. We have organized and initiated quarterly special inspections of project investment and project management, and strengthened the process management assessment of investment and engineering construction projects of various units. For problems identified in the implementation of the project, we have promptly provided risk warning alerts through the issuance of supervisory letters and inspection notices, so as to identify the problems in a timely manner, analyze the causes, formulate measures, and push forward the rectification and implementation of the project. Thirdly, we have strengthened cost management in the whole process of construction works, prepared and reviewed budgets appropriately, strictly controlled the project costs, supervised, controlled and managed the design estimates, contractual agreements, project changes, on-site approvals, and improved lean management of costs during the construction stage, so that there was no case of over-budgeting in the settlement of construction works throughout the year.

(7) **Compliance Risk Control.** Firstly, we have improved the organizational mechanism for compliance work. The Company has established the Rule of Law Construction and Compliance Management Committee (法治建設和合規管理委員會), formulated the Working Rules of the (Law Construction and) Compliance Committee (《(法治)合規委員會工作規則》), and implemented working mechanisms such as quarterly special meetings. The Company has promoted the extension of the Chief Compliance Officer system downwards, and major capital-funded enterprises have set up Chief Compliance Officers. Secondly, the Company has consolidated its compliance management. The Key Points of Compliance Management in 2023 (《二零二三年合規管理工作要點》) has been issued and the compliance tasks have been fully completed. Thirdly, we have enhanced the rectification of compliance problems and the assessment and evaluation work. We have rectified problems identified in the assessment of the rule of law compliance construction in the year 2022, and formulated a catalogue of complementary standards for the compliance management system and the Measures for Assessment and Evaluation of Compliance Management (《合規管理工作考核與評價辦法》), forming a closed loop of compliance management. Fourthly, we have taken forward our work on compliance risk management in key areas. **In the area of trading business,** the Company has strengthened compliance risk supervision based on the "Negative List" issued by SASAC, conducted two inspections of false trade, and stopped inefficient trading business. **In the area of engineering construction,** we have launched special inspections and rectification on illegal access to engineering projects and special rectification of sporadic projects, and conducted governance on key problems in decision-making and approval, bidding and tendering, supplier management, internal supervision and management. **In the area of financial and tax funds,** we have introduced special governance. We have investigated a total of 16 units, found a total of 101 problems, of which 35 were partially rectified and 66 were continued to be rectified. In addition, the Company has initiated interviews on financial regulatory issues, warned of the risks and put forward management and control requirements. **In the area of production quality management,** we have insisted on production quality supervision and sampling, supervised the quality management of production process, carried out 93 times of cathode copper quality sampling, and inspected every gold and silver piece in each batch, in order to strictly control the quality of production.

4. **Problems and deficiencies.** Firstly, the quantitative indicators for risk monitoring and control are too broad, the risk management responsibilities have not been detailed to specific posts, the risk control performance is difficult to quantify, and the risk awareness of the front-line business staff is not strong. Secondly, the Risk Management Department needs to strengthen its efforts in solving actual problems at the grassroots level. Thirdly, there is a lack of risk management professionals, and the business departments and subsidiaries are not adequately staffed with risk management personnel and have insufficient risk prevention and control capabilities. Fourthly, the degree of informatization of the major risk warning and monitoring work is relatively low, and the daily collection and monitoring of major risk information mainly relies on manual collection and processing, thus the control efficiency is not high.

II. Organizing the Forecast and Assessment of Major Operational Risks for the Year 2024

A. Formulating of risk assessment plan. The Company has taken into account the actual situation and formulated and issued a notice on the forecast and assessment of major operational risk for 2024, specifying the objectives and requirements of the work.

B. Collecting initial risk information. We have collected information around five areas of strategic risk, financial risk, market risk, operational risk and legal risk, including but not limited to the specialized work report, risk assessment reports of each unit and department, to provide a basis for the risk assessment work.

C. Organizing risk identification and assessment. In accordance with the requirements of the quantitative risk assessment index system, we have set the assessment standards for the probability of risk occurrence and the degree of risk impact, designed a survey questionnaire for the assessment of major risks, and organized 66 senior and middle-level managers of the headquarters to assess 18 level II risks.

D. Assessing the major risks on a consolidated basis according to qualitative grades. The Company has considered business risks from the perspectives of macro environment, industry environment, core competitiveness, investment activities and rationality of asset allocation, and identified major risks by adopting qualitative and quantitative comprehensive analysis for different risks.

1. We have summarized the results of the risk assessment questionnaire for each department and division, calculated the risk value in the assessment results according to the formula "risk value = possibility of occurrence * degree of impact", and ranked the risks as a reference for risk assessment.

2. The senior management of the Company has focused on the overall business objectives for 2024, and conducted an in-depth analysis of the changes in macro policies, market environment and commodity prices. Combined with the characteristics of the non-ferrous metal smelting industry and the actual operation, as well as the risk events that have occurred in recent years, we have conducted a comprehensive study of the risk factors affecting the stable production, sufficient supply, and efficiency enhancement, and examined seven major risks, and predicted and assessed that the top five risks in 2024 would be: market changes and market competition risks, operating performance risks, safety and environmental protection risks, foreign exchange risks, and compliance risks, respectively.

III. Analysis and Judgment of Major Operational Risks and Preventive and Control Measures for the Year 2024

A. Market Changes and Competitive Risks

1. Risk Judgment. In 2024, we are facing a more complex internal and external environment, with increasing uncertainties and greater risks and challenges. Firstly, due to the impact of demand-supply imbalance of imported copper concentrate, the treatment charge and refinery charge of copper concentrate converted into refined copper have been falling dramatically since December 2023. Although the guidance price of treatment charge of future copper concentrate in the first quarter of 2024 determined by the China Smelter Purchase Team was US$80 per dry tonne, the spot price was much lower than the guidance price. The treatment charge has fallen to US$34.5 per dry tonne in 19 January 2024, reaching a low in nearly three years, and have yet to show any obvious signs of bottoming out. Secondly, the supply chain of overseas copper mines has been in constant turmoil, with the Panama Mine announcing on 28 November 2023 that it had ceased production due to force majeure, affecting the supply volume by approximately 1.6 million tonnes per year, and Kaz Minerals (哈礦), Anglo American and others adjusting their production volume downward by approximately 20% in 2024 due to resource issues; Thirdly, domestic smelting capacity has increased significantly, with new capacity of 610,000 copper tonnes in 2024, an increase of 7% year-on-year, of which Baiyin Nonferrous (白銀有色), Northern Copper (Houma) and other smelting enterprises have been put into operation. In addition, the smelter in India and the new smelter in Indonesia which is expected to be put into production in 2024, will further increase the demand for copper concentrate, make the market more competitive and tighten the supply of raw materials.

2. Impact Assessment. Global competition for superior mineral resources has intensified, with higher thresholds, more intense competition and greater uncertainty in the acquisition of mineral resources. The treatment charge and refinery charge for the conversion of copper concentrate to refined copper have declined significantly and sulphuric acid sales have continued to be under pressure, which had a significant impact on the achievement of the full year target. Moreover, due to the trade friction between China and the U.S. and the increased tariffs, the Company also faces policy risks in the import and export of its products.

3. Prevention and Control Objectives. We shall ensure the resilience and security of the raw material supply chain, with the annual basic production capacity of blister copper of not less than 696,000 tonnes and basic production capacity of refined copper of not less than 870,000 tonnes. We shall ensure the output of copper in the mines for the whole year, realizing production increase and profit creation. The ratio of sales to production shall be 98%, ensuring the safe and stable production of the smelting units.

4. Prevention and Control Measures. (1) we will strengthen the market development of raw materials and products. We will expand our raw material channels with a focus on "quality control", accelerate the renewal of expired long-term contracts and participate in the tender procurement of mine suppliers, and stabilize the fundamentals of imported ore procurement. On the basis of stabilizing procurement of the flotation ores in the provincial mines, the Company will increase the purchasing volume of flotation ores from outside the province and the conversion of imported ores into domestic ores to enhance the ability to maintain supply. At the same time, we will strengthen the lean control of raw material inventory, consumption and in-transit, and the linkage of supply, production and sales to ensure the stable operation of smelting production. (2) we will optimize our production operation and organization, arrange for system maintenance and production balancing, take advantage of economies of scale of smelting, continuously reduce production costs and maximize benefits. (3) we will conduct lean hedge management to increase the hedging of raw material and product prices and reduce the futures hedging position. We will carry out detailed statistical analysis of the value flows of copper, gold and silver and make monthly value preservation plans, which should be detailed into weekly and daily sales (or value preservation) operations, so as to achieve compliant value preservation and prevent price risks. (4) we will strengthen the optimization of production in the mining sector. With the goal of "safety, stability and efficiency" in mind, we will use the Internet, Internet of Things and big data technology as the means to form a mine data platform, which empowers mine production and enhances mine safety, efficiency and benefits. (5) we will optimize the layout of product sales, enhance the development of non-phosphorus chemical and sulfuric acid export markets, increase the proportion of long-term orders sold directly to manufacturers, stabilize the basic sales of sulfuric acid, and improve the quality and efficiency of sales on the premise of safeguarding the safety of inventories. The Company will enhance the market development of copper cathode in the province and the neighboring provinces, and increase the sales proportion of self-pickup in the factory and delivery along the river port to reduce the cost of sales. (6) we will pay close attention to import and export policy trends, and timely adjust with policy changes. We will actively maintain communication with the Customs and declare tariff exemptions in a timely manner.

5. Leading Responsible Unit: Daye Metal
   Jointly Responsible Unit: Yangxin Hongsheng, smelters, and all mine units

B. Operating Performance Risks

1. Risk Judgment. The processing fee index of imported copper concentrate has fell off a cliff, forming a huge impact on the profit from smelting segment. The market price of non-ferrous metal has fluctuated, and the basis for further improvement of profitability is still not solid. The historical burden is still relatively heavy, the core competitiveness of some production and operation units is not strong, cost control is not in place, the cost pressure of capital occupancy is relatively large, profitability has not yet been significantly improved, thus there is a risk of operating performance.

2. Impact Assessment. In the smelting segment, the decline in processing fee index of copper concentrate by US$1 per tonne has a profit impact of RMB26.5 million, and the decline in the index would have a significant impact on the achievement of the annual operating profit target. In the processing segment and production support segment, the operating performance is not high and their contribution to the overall profit is limited.

3. Prevention and Control Measures. (1) around the goals of improving performance through increasing production, scientific and technological innovation, management, reform, investment, and policy, we will formulate extraordinary measures, make detailed work arrangements, and follow up and supervise in real time, so as to ensure that each performance increasing measure are implemented and put into practice, and realize their effects. (2) we will strengthen cost control, improve the overall cost management system, promote refined cost control, and put cost reduction and consumption reduction into practice. We will improve our cost management and control, and implement the concept of "cost saving, cost reduction and performance improvement" in our work. The Company will guide and urge production units to fully align with market mechanism, focus on selecting major cost and consumption benchmarks, and target against the industry's advanced, historical best values, and researchable (preliminary design) values, in order to continuously strengthen their core competitiveness. (3) we will strengthen procurement management, enhance sourcing of bulk common materials, take the advantages of centralized bulk purchasing, strengthen cooperation with professional manufacturers, enhance the quality and efficiency of our procurement work, strictly control the management of our procurement plan, and strive to reduce procurement costs.

4. Leading Responsible Unit: Finance Department, Supervision and Management Department of Trading and Futures
   Jointly Responsible Unit: All units of the Company, departments and divisions of the headquarter

C. Safe Production Risks

1. Risk Judgment. In September 2023, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council have issued the Opinions on Further Strengthening the Work of Safe Production in Mines《關於進一步加強礦山安全生產工作的意見》. The Three-Year Action Plan for the Remediation of Safe Production (2024-2026)《安全生產治本攻堅三年行動方案(2024-2026 年)》will soon be released, focusing on the remediation and rectification of safety risks and potential hazards, which puts forward higher standards and stricter requirements for the management of safe production. As a smelting enterprise with a number of mines, we do not have a comprehensive and deep understanding of national safety laws, regulations and standards, the ability to find and solve problems is still insufficient, the implementation of safety responsibility of all staff needs to be further strengthened, and there are some shortcomings in the safety and production management.

2. Impact Assessment. Inadequate safety management may result in the risk of production safety accidents.

3. Prevention and Control Objectives. Eliminate fatal accidents; zero serious injury accidents, zero fire accidents, zero major equipment accidents, zero major traffic accidents, zero new occupational diseases.

4. Prevention and Control Measures. (1) we will insist on refining our working ideas and strengthening our working measures, and highly promote the implementation of various safety measures. (2) we will endeavor to solve the historical problems such as the difficulties that constrain our safety development and the incomplete rectification of some of the major potential hazards, as well as the problem of unsystematic and fragmented management of our safety work. We will accelerate the application of the mining permit for the Tonglvshan Mine (below 800 meters) and implementation of the southern and northern edge grouting reinforcement project to control flood, and accelerate solving the subsequent storage problem of the Tongshankou Mine tailing pond. We will manage and efficiently utilize the underground goaf of Fengshan Copper Mine, complete the closure works of the tailings pond safety facilities and the acceptance of the works on schedule, and apply for the extension of the underground mining and tailings pond safety production license of the Sareke Copper Mine as soon as possible. (3) we will strengthen system construction, consolidate the grassroot level, infrastructure and basic skills construction, and promote the standardized management of safety work through the effective operation of the system to further enhance the quantitative level of safety. (4) we will launch the "Hundred Days of Action for Safe Production before and after the Spring Festival" (春節前後安全生產百日行動), "Special Rectification Action for Major Potential Hazards" (重大隱患排查專項整治行動), "Three-Year Campaign for the Construction of Intelligent Mines and the Promotion of Safety and Environmental Protection through the Use of Science and Technology" (智能化礦山建設和借助科技推進安全環保工作三年行動) and " Three-Year Campaign for Strengthening the Governance of Safe Production" (安全生產治本攻堅三年行), and implement a double preventive work mechanism. (5) we will strengthen the construction of our safety management team, improve the organization and staffing, enhance training and competency assessment, and upgrade our safety supervision capability.

5. Leading Responsible Unit: Each unit, Safety and Environmental Protection Supervision and Management Department
   Jointly Responsible Unit: Production Management Department, Planning and Development Department, Internal Security Center, Mining Technology Department, Human Resources Department, Finance Department, Technology and Information Management Department and other departments and divisions.

D. Ecological and Environmental Protection Risks

1. Risk Judgment. With the convening of the National Conference on Eco-Environmental Protection (全國生態環境保護大會) in July 2023 and the Symposium on Further Promoting the High-Quality Development of the Yangtze River Economic Belt (進一步推動長江經濟帶高質量發展座談會) in October, the firm implementation of the decision-making and deployment of eco-environmental protection is not only a major task, but also an intrinsic necessity for the survival and development of the Company. After having gone through the rigorous central ecological environmental protection inspection and rectification, we need to more strictly implement the requirements of environmental protection supervision and comprehensively improve the level of ecological environment management, in order to provide a solid guarantee for green, low-carbon and high-quality development steadily and sustainably.

2. Impact Assessment. The risk of emissions exceeding the standard may occur due to the lack of in-depth investigation of risks and potential hazards and improper operation of environmental protection equipment and facilities.

3. Prevention and Control Objectives. Zero environmental incidents, zero environmental penalties and complete rectification of issues raised by the Central Ecological and Environmental Protection Inspectorate.

4. Prevention and Control Measures. (1) we are determined to take up the social responsibility of enterprises along the Yangtze River to implement the high-level protection of the Yangtze River, and to put into practice the requirements for further promoting the high-quality development of the Yangtze River Economic Belt. We will continue to implement reforms in cleaner production to realize energy conservation, reduce consumption, reduce pollution and increase efficiency. We should complete the transformation project of rainwater and sewage diversion for Fengshan Copper Mine, launch the intelligent upgrading project of sewage treatment system for the smelters, strengthen the prevention and control of soil and groundwater pollution, and complete the investigation of soil and groundwater hazards, in order to fulfill the responsibilities of preserving the blue sky, protecting the blue water, and safeguarding the clean land. (2) we should complete rectification of issues raised by the Environmental Protection Inspectorate in a high quality. The smelters and Fengshan Copper Mine should insist on completing the remaining rectification tasks firmly as planned, and the relevant units should properly supervise the prevention and control of environmental pollution during the rectification period so as to ensure that the dust is controllable, the solid waste is in compliance with the regulations, and the emission is stable and meets the standard, and to prevent new problems arising during the rectification process. (3) we will initiate the construction of science & technology and safety & environmental protection and the intelligent construction of mines, to promote governance with intelligence and enhance the level of intrinsic environmental protection. We will optimize and improve the environmental protection information system, upgrade the level of sharing and application of information and data, and realize centralized control of various businesses such as the discharge of "wastewater, waste gas and solid waste", the operation of environmental protection equipment and facilities, and the disposal of early warning and emergency response. (4) we will strengthen the construction of our environmental management system, optimize our systems and operational guidelines, and upgrade our modern management level. (5) we will strengthen the management, utilization, analysis and response of operational parameters of environmental protection facilities and on-line monitoring data of pollutants, enhance supervision, inspection and assessment, promote rectification and improvement of problems, and improve the level of risk prevention. (6) we will strengthen the building of environmental protection team, deploy and optimize environmental protection management personnel, enhance training and competency assessment, and upgrade supervisory capabilities.

5. Leading Responsible Unit: Each unit, Safety and Environmental Protection Supervision and Management Department
Jointly Responsible Unit: Production Management Department, Planning and Development Department, Mining Technology Department, Human Resources Department, Finance Department, Technology and Information Management Department and other departments and divisions.

E. Foreign Exchange Risks

1. Risk Judgment. The global economic recession and the Federal Reserve's policy shift will increase the volatility of the foreign exchange market.

2. Impact Assessment. Due to the impact of the international financial environment, the value of foreign currency assets of the Company has fluctuated, which has a greater impact on the import remittance settlement business and foreign currency financing costs, and exposes us to the risk of exchange loss.

3. Prevention and Control Objectives. The Company operates a regular foreign exchange risk prevention and control mechanism, controls foreign exchange exposure within a reasonable range, operates foreign exchange derivatives in compliance with the law, and strives to achieve positive foreign exchange gains.

4. Prevention and Control Measures. (1) we will continue to improve the long-term mechanism for risk prevention and control of monetary financial derivatives business and amend the Foreign Exchange Risk Management Rules (《外匯風險管理辦法》). We will formulate the 2024 Annual Operational Plan for Monetary Financial Derivatives Business (《二零二四年度貨幣類金融衍生業務操作計劃》) in accordance with the Implementation Rules for Monetary Financial Derivatives Business (《貨幣類金融衍生業務實施細則》). (2) with the purpose of balancing the capital requirements of foreign exchange positions and controlling capital risks, we will collect foreign exchange information, conduct trend research and guide foreign exchange operations, and conduct daily tracking of exchange rates, interest rates and value preservation costs. We will adjust the reserve fund for foreign exchange purchases according to movements in the RMB exchange rate, appropriately allocate the import bill advance, and formulate contingency plans based on the gain or loss from exchange rate fluctuations to minimize foreign exchange losses. We will adhere to the principle of exchange rate risk neutralization, consider the foreign currency financing according to the corresponding value preservation cost, and carry out the foreign currency financing and RMB financing on merit after comparing their costs. (3) we will balance the procurement and production in the departments, and control the total volume by the good linkage of supply, production and sales. We will reduce transaction risks by studying and researching market conditions and adopting methods such as matching assets and liabilities, advancing or deferring payments, increasing the export settlement of foreign exchange for hedging, and appropriately matching balance value preservation.

5. Leading Responsible Unit: Finance Department
Jointly Responsible Unit: Production Management Department, Yangxin Hongsheng

F. Compliance Risks

1. Risk Judgment. The capital-funded enterprises have a weak awareness of laws and regulations, a lack of solid concepts of operating in compliance with the law, poor ability to prevent and control compliance risks, a lack of rigor in the formulation of contract terms and conditions, inadequate control over the contract execution, selective or incomplete fulfillment of contracts, and the risk of execution of some existing litigation cases, which adversely affects the Company's operations.

2. Impact Assessment. Firstly, some risks in the course of business are ignored due to lack of compliance awareness, which may lead to the failure in realizing the purpose of the contract. There are risks of breach of contract or overdue claims (debts), which may result in contractual disputes. Secondly, it is difficult to enforce a successful legal case or we may lose the lawsuit, which will result in financial loss or adversely affect the Company's reputation.

3. Prevention and Control Objectives. The rate of three legal reviews (三項法律審核) reaches 100%, the annual construction of legal compliance system meets the overall requirements of the assessment, no major regulatory penalties are imposed by the regulator, and the number of existing legal cases decreases by 10% compared with the previous year.

4. Prevention and Control Measures. Firstly, the Company will deeply implement the concept of "managing enterprises according to law and operating in compliance", further improve the management system and control and governance mechanism, strengthen the disposal of compliance issues, and establish an evaluation and emergency response mechanism. Focusing on the goal of "strengthening internal control, preventing risks and promoting compliance", the Company will continue to promote the integrated construction of compliance risk internal control to form a compliance risk internal control system with clear responsibilities, complete systems, standardized processes and effective operation. Secondly, we will continue to play the role of legal review, strengthen the management of business contracts, organize training on contracts, conduct inspections of contract performance, and initiate post-performance evaluations. Thirdly, we will strengthen litigation management, emphasize the management of pre-litigation creditworthiness investigation and collection of evidence in litigation, and timely analyze and summarize the closed cases. We will set up a special task force on the disposal of existing cases and make full use of the strengths of external organizations to expedite the disposal of existing cases.

5. Leading Responsible Unit: Legal Service Department
   Jointly Responsible Unit: Each unit, departments and divisions of the headquarter

G. Quality Risks

1. Risk Judgment. The main products of Daye Metal, such as copper cathodes, gold, silver and sulfuric acid, take a certain market share and have a brand effect. Product quality and customer satisfaction are the foundation for the survival and development of the Company, and quality risk will result in a reduction of market share, financial loss and a decline in the reputation of the Company.

2. Impact Assessment. The control standards of the quality management system have not been met, possibly due to the lack of quality awareness among the employees. Because of the quality problems of purchased raw materials and spare parts, or the lack of strict quality control and inspection in the production process, the production quality problems may lead to higher costs and customer complaints, and in serious cases, lead to quality accidents, result in financial losses or damage to the image of the Company.

3. Prevention and Control Objectives. (1) the pass rate for the output of Grade-A copper ≥ 99%; the pass rate for the output of gold ≥ 98.7%; the pass rate for the output of silver ≥ 96.5%; the pass rate (combined) for the output of sulfuric acid ≥ 97.5%, of which: ① the pass rate for the output of high-quality sulfuric acid produced in the smelters ≥ 96.5%; ② the pass rate for the output of high-quality sulfuric acid produced in Yangxin Hongsheng ≥ 98%; the rate of Grade-A copper rods ≥ 85%; the rate of Grade – A+ copper rods ≥ 35%. (2) the valid quality complaints are zero.

4. Prevention and Control Measures. (1) we will continue to improve our overall quality management system, enhance the collection of laws, regulations and industry standards, increase the inspection and evaluation of system implementation, revise the documents in a timely manner in case of non-compliance, maintain the validity of the system documents, and use a preventive approach to control quality risks in the entire process. (2) we will use technological advances and innovations to ensure the technology indicators and product quality. We will increase investment in science and technology, adopt mature technology, remove technologically outdated equipment, strengthen equipment maintenance and management, and further enhance the level of automated and intelligent production to improve efficiency and prevent quality risks. (3) we will continuously strengthen the quality control of the product realization process, improve the one-time pass rate of product production. In accordance with the requirements of the quality management system standards, with the aim of implementing effective control of the process, we will identify the existing requirements for the control of activities, determine the key control points of the process, implement the quality control of the process, and promote stable quality of production. (4) we will continue to improve and perfect the quality inspection and supervision mechanism, implement quality inspection, continuously refine the quality inspection workflow and laboratory operation standards, randomly review the inspection mode, and keep the quality inspection at source. (5) we will strengthen the management of suppliers, enhance the control of the procurement process, strictly inspect the purchased products, implement standardized warehouse management, and scientifically evaluate the performance of procurement to ensure the quality of the raw materials, supplies and services procured. (6) we will continue to strengthen quality education and quality management for our employees, widely carry out mass quality activities, take incentives to share risks and benefits, mobilize employees to participate in quality risk control, and improve their quality awareness, technical quality and improvement ability.

5. Leading Responsible Unit: Quality Supervision and Standards Management Department
   Jointly Responsible Unit: Quality Measurement Center, each unit

Relationship with customers

Maintaining and upgrading its relationship with customers is crucial to increasing the profits of the Company. When entering into business relationship with customers, the Group has adopted various methods to collect and report their needs and expectations and taken proactive and corresponding measures for improvement. The results of such measures were reviewed and feedbacks were provided to the customers. Consideration priority for the cooperation with major customers is given to delivery needs, customized delivery methods and strengths of communications of both sides, etc. so as to promote deeper cooperation between both sides.

The major customers of the Group are large companies, and most of the major customers have established cooperative relationships with the Group for many years. Since the current domestic market of copper cathodes is large and there are many customers, the relevant risks of reliance on major customers are minimal due to the existence of a large number of substitutes in the market.

Relationship with suppliers

On one hand, we will maintain a good relationship with suppliers with a focus on services and addressing issues through cooperation and negotiation as well as sharing cost to create a long-term win-win situation.

On the other hand, we will maintain moderate "competition" with suppliers. As counterparties to transactions, we have had multiple negotiations regarding transaction time, grading, pricing method and arbitration due to the parties both being insistent on matters related to their principles. We have established a management mechanism system for suppliers to verify and reduce procurement cost and cooperation risks.

Organisation and resources of the Group

To successfully implement the strategies approved by the Board, we must ensure that we have an organisational structure of efficient management and operation, adequate resources and necessary capabilities. Our organisational structure has been continuously optimised to streamline the management functions of the Company, so as to realise the model requirements of highly capable organisational structure, sophisticated business process, optimal resource allocation as well as efficient management and operation, and meet the needs of the Group's strategic development in the near future. The tables below set out the details of the Group's employee distribution as at the end of 2023:

Age				
Below 18	18 to 29	30 to 39	40 to 49	50 or above
–	724	859	2,828	1,157

Gender	
Male	Female
4,769	799

Employment Type	
Permanent	Short-term contract
100%	–

In each of our operation areas, the majority of employees are locally recruited in strict compliance with the regulations of the countries (regions) in which we operate. However, operating business domestically and abroad, we also need to allocate core cadre staff to different business areas for reasons including individual development, transfer of know-how and project resource distribution.

The Group is committed to nurturing talents for corporate strategic development with the strategic concept of "thinking about today from the perspective of future" (用未來思考今天) by strictly adhering to the business philosophy of "talent as the top resource" (人才是第一資源) and "focus on the industry, commitment to the principal business and dedication to expertise" (聚焦主業、突出主業、專注專業). The Group made innovations in the talent motivation mechanism of the Company and had administrative measures for remuneration in place targeting core talents to enhance its remuneration incentive for core talents. The Group also developed administrative measures for positions and ranks for better career development of our core management, technical and operation talents.

We are able to attract and retain staff mainly because of our competitive remuneration, comprehensive retirement and medical benefits, appealing vacation provisions and attractive career development opportunities for high performers.

The Group's internal promotion rate is higher than that of external recruitment, reflecting its attractive career development opportunities for employees under its strong management development and succession plans. While the majority of individual development is derived from on-the-job experience, we are also committed to investing in formal training and development programmes, covering specific work skills, general management or supervisory skills and language training. These programmes are either organised internally or provided through external courses and conferences. The table below set out the percentage of employees trained of the Group by gender, as well as the average training hours per employee during the year ended 31 December 2023:

% of employees trained		Average training hours per employee
Male	Female	Number of hours
100	100	29.8

To support the Group's succession plans, we carried out a number of regular development programmes for the management of the Group to identify successors and other highly potential staff. In addition to their formal training, these programmes also strengthened their personal networks across the Group and exposed participants to a cross-cultural learning environment.

The excellent ability of the Group to retain staff is reflected in its voluntary turnover rate, which is typically lower than the local market average in most of its business segments. The tables below set out the voluntary staff turnover rate of the Group by age group and gender during the year ended 31 December 2023:

Voluntary turnover rate (%)				
Below 18	18 to 29	30 to 39	40 to 49	50 or above
–	0.43	0.23	0.38	0

Voluntary turnover rate (%)		
Male	Female	Overall
1.01	0.11	1.11

To make good use of its talent pool, the Group has deployed its employees by matching their major skills with the needs of its different businesses. Moreover, the Group has recruited and retained employees with valuable experience.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the financial information of the Group for each of the five years ended 31 December 2023 is presented below.

Summary of selected items of consolidated statement of profit or loss

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**44,784,723**	33,658,516	35,677,656	29,387,562	32,805,685
Profit/(loss) for the year attributable to:					
Owners of the Company	**(56,327)**	110,910	286,436	306,415	146,664
Non-controlling interests	**258,823**	(117,326)	50,140	(4,779)	26,884
Profit/(loss) for the year	**202,496**	(6,416)	336,576	301,636	173,548

Summary of selected items of consolidated statement of financial position

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Current assets	**15,115,982**	12,242,067	7,681,773	6,417,099	8,324,527
Non-current assets	**10,996,973**	10,981,682	9,453,334	8,439,149	8,474,837
Total assets	**26,112,955**	23,223,749	17,135,107	14,856,248	16,799,364
Liabilities					
Current liabilities	**12,726,581**	11,948,176	7,038,537	6,333,015	8,247,770
Non-current liabilities	**8,709,456**	7,001,965	5,939,196	5,052,435	5,682,032
Total liabilities	**21,436,037**	18,950,141	12,977,733	11,385,450	13,929,802
	4,676,918	4,273,608	4,157,374	3,470,798	2,869,562
Equity attributable to owners of the Company	**3,043,414**	3,097,093	2,986,511	2,690,540	2,384,125
Non-controlling interests	**1,633,504**	1,176,515	1,170,863	780,258	485,437
	4,676,918	4,273,608	4,157,374	3,470,798	2,869,562

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 1 to the consolidated financial statements.

The Group's revenue and segment information for the year ended 31 December 2023 are set out in notes 5 and 6 to the consolidated financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 105 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil). No interim dividend was declared during the year (2022: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2023 is set out in note 38 to the consolidated financial statements.

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2023.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the company laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders of the Company.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had retained profits of RMB1,332,635,000 available for distribution to the Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this report were:

Executive Directors

Xiao Shuxin *(Chairman)*
Zhang Guangming
Chen Zhimiao
Zhang Jinzhong *(appointed on 31 August 2023)*
Long Zhong Sheng *(resigned on 27 September 2023)*

Independent Non-executive Directors

Liu Fang *(appointed on 31 March 2023)*
Wang Guoqi *(resigned on 31 March 2023)*
Wang Qihong
Liu Jishun

Pursuant to bye-law 83(2) of the Current Bye-Laws, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting of the Company after his or her appointment and shall then be eligible for re-election at that meeting (but shall not be taken into account in determining which particular Director or the number of Directors who are to retire by rotation). Accordingly, Mr. Zhang Jinzhong being the executive Director appointed by the Board after the preceding general meeting of the Company, shall retire at the Annual General Meeting and, being eligible, will offer himself for re-election at the Annual General Meeting.

Pursuant to bye-law 84(2) of the Current Bye-laws, Mr. Xiao Shuxin, Mr. Chen Zhimiao, Mr. Liu Jishun shall retire by rotation at the Annual General Meeting. All of the above three Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

No Director has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

As at 31 December 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 31 December 2023.

Save as disclosed above, as at 31 December 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 31 December 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 31 December 2023.

Save as disclosed above, as at 31 December 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.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance subsisting which the Group or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly during or at the end of the year ended 31 December 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business during the year ended 31 December 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2023.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, the Group's major income was generated from trading of non-ferrous metals.

The sales generated from the Group's major customers as a percentage of the Group's revenue was as follows:

– The largest customer	26.30%
– Five largest customers	58.32%

The purchases from the Group's major suppliers as a percentage of the Group's purchases was as follows:

– The largest supplier	12.13%
– Five largest suppliers	38.00%

At no time during the year ended 31 December 2023 did a Director, an associate of a Director or a Shareholder (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in the Group's major customers and suppliers disclosed above.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2023, at no time was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

CONNECTED TRANSACTIONS

The Company entered into various agreements with Parent Company together with its subsidiaries (the "Parent Group") and certain of the Company's other connected persons, which were subject to annual review and relevant requirements under Chapter 14A of the Listing Rules. Details of their relationship with the Company are set out below:

Entity	Relationship with the Company
Parent Company	Parent Company is a controlling shareholder of the Company and is therefore a connected person of the Company.
CNMC (together with its subsidiaries, the "CNMC Group")	CNMC is a controlling shareholder of the Company and is therefore a connected person of the Company.
Nonferrous Mining Group Finance Company Limited* (有色礦業集團財務有限公司) ("CNMC Financial Company")	CNMC Financial Company is a non-wholly-owned subsidiary of CNMC and is therefore a connected person of the Company.
Hubei Jilong Mountain Gold Mining Co. Ltd* (湖北雞籠山黃金礦業有限公司) ("Hubei Gold")	Hubei Gold is owned as to more than 30% by the Parent Company and is therefore its associate and a connected person of the Company.
Huangshi State-owned Assets Management Co., Ltd.* (黃石市國有資產經營有限公司) ("Huangshi State-owned Assets Management")	Huangshi State-owned Assets Management holds 12% equity interests of Yangxin Hongsheng. It is a substantial shareholder of Yangxin Hongsheng, and thus a connected person of the Company at subsidiary level.
Huangshi Xingang Nonferrous Chemical Terminal Co., Ltd.* (黃石新港有色化工碼頭有限公司) ("Huangshi Xingang")	Huangshi Xingang is indirectly owned by the Parent Company as to more than 30% and is therefore an associate of the Parent Company and a connected person of the Company.
Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司) ("Yangxin Hongsheng")	Yangxin Hongsheng is a connected subsidiary of the Company.
Huangshi Xingang Development Co., Ltd.* (黃石新港開發有限公司) ("Huangshi Xingang Development")	Huangshi Xingang Development holds 16% equity interests of Yangxin Hongsheng. It is a substantial shareholder of Yangxin Hongsheng, and thus a connected person of the Company at subsidiary level.

CONTINUING CONNECTED TRANSACTIONS

The following are the continuing connected transactions, including continuing connected transactions resolutions duly passed as ordinary resolutions of the Company at the special general meeting held on 11 January 2022:

1. Parent Group Sales Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Group will supply certain products to the Parent Group, including gold, silver, copper cathodes, copper concentrate, natural gas, residual heat power generation, water, electricity, raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment, tools, sulfuric acid, dump truck, waste materials, scrap steel, scrap stainless steel, scrap copper cathodes mold, spare part materials, platinum, spongy palladium, crude selenium, tellurium ingot and such other products as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB17,995,212,000. The annual cap for the year of 2024 is RMB31,586,706,000. The annual cap for the year of 2025 is RMB33,624,255,000.

Revised Annual Caps

The amount of copper cathodes to be supplied by the Group to the Parent Group is expected to increase, leading to an increase in the transaction amount under the Parent Group Sales 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 Parent Group Sales Framework Agreement for the financial years ending 31 December 2023, 2024 and 2025, respectively.

The Board resolved to revise the annual caps for the years ending 31 December 2023 from RMB14,849,212,000 to RMB17,995,212,000, 2024 from RMB22,793,246,000 to RMB31,586,706,000 and 2025 from RMB23,515,155,000 to RMB33,624,255,000, respectively for the transactions as contemplated under the Parent Group Sales Framework Agreement. The above revised annual caps are determined with reference to (i) existing purchase orders placed by the Parent Group; (ii) projected further orders based on the expected increase in copper cathodes to be sold to the Parent Group as a result of the expected growth in the business of the Parent Group, including Huangshi Shengxiang; and (iii) average historical market price and the anticipated future market price for the relevant products, including but not limited to copper cathodes. For further information please refer to the announcement dated 12 September 2023 and circular dated 7 November 2023.

The aggregate transaction amount incurred in accordance with the Parent Group Sales Framework Agreement for the year ended 31 December 2023 was RMB12,875,831,000.

2. Yangxin Hongsheng Sales Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company
	(2) Yangxin Hongsheng
Nature of transactions:	The Group will supply certain products to Yangxin Hongsheng, including gold, silver, copper cathodes, copper concentrate, natural gas, residual heat power generation, water, electricity, raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment, tools, sulfuric acid, dump truck, waste materials and such other products as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price.
	If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB7,203,325,000.
	The annual cap for the year of 2024 is RMB7,905,839,000.
	The annual cap for the year of 2025 is RMB3,110,003,000.

Revised Annual Caps

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 31 December 2023 and 2024 respectively.

Accordingly, the Board resolved to revise the annual caps for the years ending 31 December 2023 from RMB2,336,214,000 to RMB7,203,325,000 and 2024 from RMB2,704,630,000 to RMB7,905,839,000 respectively for the transactions as contemplated under the Yangxin Hongsheng Sales Framework Agreement. The above Revised Annual Caps are determined with reference to (i) the projected increase of future orders based on the expected amount of copper concentrates to be supplied to Yangxin Hongsheng; (ii) the historical transaction amount paid by Yangxin Hongsheng to the Group; (iii) existing purchase orders placed by other purchasers with the Group for copper concentrates; and (iv) the average historical market price and the anticipated future market price for copper concentrates. For further information please refer to the announcement dated 23 May 2023 and circular dated 15 June 2023.

The aggregate transaction amount incurred in accordance with the Yangxin Hongsheng Sales Framework Agreement for the year ended 31 December 2023 was RMB4,346,131,000.

3. Parent Group Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company
	(2) the Parent Company
Nature of transactions:	The Group will provide certain services to the Parent Group, including engineering design and surveying, environment monitoring, equipment inspection and examination, research and development, architectural/ore-dressing design, maneuvering wire improvement, technical development services, blueprinting, technical consulting and such other services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price.
	If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB4,430,000.
	The annual cap for the year of 2024 is RMB4,117,000.
	The annual cap for the year of 2025 is RMB4,145,000.

The aggregate transaction amount incurred in accordance with the Parent Group Services Framework Agreement for the year ended 31 December 2023 was RMB2,037,000.

4. Huangshi Xingang Purchase and Production Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) Huangshi Xingang
Nature of transactions:	Huangshi Xingang will: (1) supply certain products to the Group, including scrap copper, blister copper, silver, anode plates, industrial cutting gas, liquefied gas, natural gas, copper concentrate, diesel fuel, equipment, wollastonite, gold concentrate, gold, waste circuit board and such other products as agreed by the parties from time to time; and (2) provide certain production services to the Group, including repair service, maintenance work, construction engineering, engineering labour, safe production costs, design and construction, technology research and development, processing of anode plates/anode scrap, processing of anode copper scrap, gas delivery management and maintenance, transportation, train loading and unloading, copper warehouse crane maintenance and repair, logistics maintenance services and such other production services as agreed by the parties from time to time
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government prescribed price; (ii) if there is no applicable government prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB27,000,000. The annual cap for the year of 2024 is RMB27,000,000. The annual cap for the year of 2025 is RMB27,000,000.

The aggregate transaction amount incurred in accordance with the Huangshi Xingang Purchase and Production Services Framework Agreement for the year ended 31 December 2023 was RMBNil.

5. Yangxin Hongsheng Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company
	(2) Yangxin Hongsheng
Nature of transactions:	The Group will provide certain services to Yangxin Hongsheng, including engineering design and surveying, environment monitoring, equipment, electrical and oil products inspection and examination, research and development, architectural/ore-dressing design, maneuvering wire improvement, technical development services, blueprinting, technical consulting, mineral product examination and such other services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price.
	If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB16,400,000.
	The annual cap for the year of 2024 is RMB21,000,000.
	The annual cap for the year of 2025 is RMB21,000,000.

Exceeded the Annual Cap

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 RMB20,815,000, which had exceeded the annual cap for the year ended 31 December 2023 of RMB16,400,000 in the Yangxin Hongsheng Services Framework Agreement. 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.

The Directors consider that the exceeding of the annual cap of the Yangxin Hongsheng Services Framework Agreement for the year ending 31 December 2023 was an inadvertent oversight and an isolated event. The Company will take the steps mentioned below to strengthen internal control and prevent recurrence of the relevant incidents. The internal audit team of the Company will strengthen the aforesaid measures of internal control as part of its plan for continuous work. The Group will strengthen the training for its employees and the communication among the departments of the Company. The Company will review the list of continuing connected transactions on a monthly basis, and will report to the Board and the audit committee of the Company monthly to ensure continued compliance with applicable requirements of the Listing Rules in the future. For further information please refer to the announcement dated 9 February 2024.

Revised Annual Caps

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 transactions as contemplated under the Yangxin Hongsheng Services Framework Agreement for the years ending 31 December 2024 and 2025 from RMB16,400,000 to RMB21,000,000. The above revised annual caps have been determined with reference to the: (i) historical service fees received by the Group from other purchasers for similar services provided; (ii) expected volume of services to be provided to Yangxin Hongsheng; (iii) expected amount of services fees to be received by the Group in the next two years ending 2025; and (iv) 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. For further information please refer to the announcement dated 9 February 2024.

The aggregate transaction amount incurred in accordance with the Yangxin Hongsheng Services Framework Agreement for the year ended 31 December 2023 was RMB20,815,000.

6. Parent Group Purchase and Production Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Parent Group will: (1) supply certain products to the Group, including scrap copper, blister copper, silver, anode plates, industrial cutting gas, liquefied gas, natural gas, copper concentrate, diesel fuel, equipment, wollastonite, gold concentrate, gold and such other products as agreed by the parties from time to time; and (2) provide certain production services to the Group, including repair service, maintenance work, construction engineering, engineering labour, safe production costs, design and construction, technology research and development, processing of anode plates/anode scrap, processing of anode copper scrap, gas delivery management and maintenance, transportation, train loading and unloading, copper warehouse crane maintenance and repair, logistics maintenance services and such other production services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government prescribed price; (ii) if there is no applicable government prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB3,009,009,000. The annual cap for the year of 2024 is RMB3,520,887,000. The annual cap for the year of 2025 is RMB4,116,336,000.

The aggregate transaction amount incurred in accordance with the Parent Group Purchase and Production Services Framework Agreement for the year ended 31 December 2023 was RMB388,289,000.

7. Hubei Gold Purchase Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) Hubei Gold
Nature of transactions:	Hubei Gold will supply certain products to the Group, including copper concentrate and such other products as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on (i) the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or (ii) a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB44,900,000. The annual cap for the year of 2024 is RMB48,043,000. The annual cap for the year of 2025 is RMB47,865,000.

The aggregate transaction amount incurred in accordance with the Hubei Gold Purchase Framework Agreement for the year ended 31 December 2023 was RMBNil.

8. CNMC Group Purchase and Production Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) CNMC
Nature of transactions:	The CNMC Group (excluding the Parent Group and the Group) will: (1) supply certain products to the Group, including blister copper, copper concentrate, raw materials, auxiliary equipment, supporting materials, components, production equipment, tools and such other products as agreed by the parties from time to time; and (2) provide certain production services to the Group, including maintenance, supervision, construction, mine exploration and such other production services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government prescribed price; (ii) if there is no applicable government prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB6,355,823,000. The annual cap for the year of 2024 is RMB6,663,945,000. The annual cap for the year of 2025 is RMB7,462,154,000.

The aggregate transaction amount incurred in accordance with the CNMC Group Purchase and Production Services Framework Agreement for the year ended 31 December 2023 was RMB1,196,792,000.

9. Yangxin Hongsheng Purchase Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company
	(2) Yangxin Hongsheng
Nature of transactions:	Yangxin Hongsheng will supply certain products to the Group, including copper concentrate, anode scrap, anode mud and such other products as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on (i) the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or (ii) a price determined by the internal documents of the Group developed with reference to the Market Price.
	If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB11,287,354,000.
	The annual cap for the year of 2024 is RMB10,672,780,000.
	The annual cap for the year of 2025 is RMB10,927,565,000.

Revised Annual Caps

The amount of anode scrap and anode plates to be purchased by the Group from Yangxin Hongsheng is expected to increase, leading to an increase in the transaction amount under the Yangxin Hongsheng Purchase 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 Purchase Framework Agreement for the financial years ending 31 December 2023 from RMB6,361,261,000 to RMB11,287,354,000 and, 2024 from RMB5,648,630,000 to RMB10,672,780,000 and 2025 from RMB6,054,003,000 to RMB10,927,565,000, respectively. The Board resolved to revise the annual caps for the years ending 31 December 2023, 2024 and 2025 for the transactions as contemplated under the Yangxin Hongsheng Purchase Framework Agreement. The above revised annual caps are determined with reference to (i) the projected increase of future orders based on the expected amount of, among others, copper concentrates, anode mud, anode scrap and anode plates to be purchased from Yangxin Hongsheng; (ii) historical purchase orders placed by the Group with other suppliers for the relevant products; and (iii) average historical market price and the anticipated future market price for the relevant products. For further information please refer to the announcement dated 12 September 2023 and circular dated 7 November 2023.

The aggregate transaction amount incurred in accordance with the Yangxin Hongsheng Purchase Framework Agreement for the year ended 31 December 2023 was RMB7,583,623,000.

10. Parent Group Combined Ancillary Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Parent Group will provide certain services to the Group, including advertising, steel cylinder repair, gas delivery management, waste disposal, green conservation, vehicle rental, property management, bathhouse, food and beverage and accommodation, logistics service, mineral water, seedling, telecommunication and repair, water, electricity, telephone charges, property repair, training and staff training, materials and such other services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure, or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB357,799,000. The annual cap for the year of 2024 is RMB430,072,000. The annual cap for the year of 2025 is RMB400,607,000.

The aggregate transaction amount incurred in accordance with the Parent Group Combined Ancillary Services Framework Agreement for the year ended 31 December 2023 was RMB171,310,000.

11. Huangshi Xingang Development Combined Ancillary Services Framework Agreement

Date:	22 November 2022
Parties:	(1) Yangxin Hongsheng (2) Huangshi Xingang Development
Nature of transactions:	Huangshi Xingang Development Group will provide certain services to Yangxin Hongsheng, including advertising, steel cylinder repair, gas delivery management, waste disposal, green conservation, vehicle rental, property management, bathhouse, food and beverage and accommodation, logistics service, mineral water, seedling, telecommunication and repair, water, electricity, telephone charges, property repair, training and staff training, materials and such other services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure, or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB25,640,000. The annual cap for the year of 2024 is RMB26,848,000. The annual cap for the year of 2025 is RMB26,848,000.

The aggregate transaction amount incurred in accordance with the Huangshi Xingang Development Combined Ancillary Services Framework Agreement for the year ended 31 December 2023 was RMBNil.

12. Land Lease Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Parent Group will lease certain parcels of land to the Group.
Term:	1 January 2023 to 31 December 2025.
Rent, fees and other payables:	Rent will be the annual depreciation amount of the relevant parcel of land, which will be calculated as the total amount paid by the owner of the land to the relevant government authorities for acquiring the relevant land use right, divided by the estimated useful life of such land. The lessee will also bear all the taxes and duties payable for the lease, which will be calculated by reference to the rent payable. Both the rent and the aggregate taxes and duties payable by the lessee for each parcel of land will be the same for each year during the term of the lease. The above pricing mechanism is adopted since the parcels of land to be leased by members of the Group from the Parent Group are located around the four mines and the smelting plant in Hubei held by the Group and there is no comparable land in the proximity and no corresponding market rent available for reference.
Annual Caps:	The annual cap for the year of 2023 is RMB13,772,000. The annual cap for the year of 2024 is RMB13,772,000. The annual cap for the year of 2025 is RMB13,772,000.

The aggregate transaction amount incurred in accordance with the Land Lease Framework Agreement for the year ended 31 December 2023 was RMB12,634,000.

13. Asset Lease Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Group will lease certain assets (including properties, vehicles and warehouse) to the Parent Group, and also guarantee that the Parent Group will have the exclusive right to use such assets during the term of the Asset Lease Framework Agreement. The Parent Group will lease certain assets (including sulfuric acid tank trucks, circulating water pump station, university student apartments, properties, production line (including properties and equipment etc.)) to the Group, and also guarantee that the Group will have the exclusive right to use such assets during the term of the Asset Lease Framework Agreement.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	The pricing will be based on the depreciation and related tax amount.
Annual Caps:	The Group's lease of assets to the Parent Group The annual cap for the year of 2023 is RMB3,713,000. The annual cap for the year of 2024 is RMB3,713,000. The annual cap for the year of 2025 is RMB3,713,000. The Parent Group's lease of assets to the Group The annual cap for the year of 2023 is RMB3,780,000. The annual cap for the year of 2024 is RMB3,780,000. The annual cap for the year of 2025 is RMB3,780,000.

The aggregate transaction amount incurred in accordance with the Asset Lease Framework Agreement for the year ended 31 December 2023 was RMB2,839,000 for the Group's lease of assets to the Parent Group and RMB2,241,000 for the Parent Group's lease of assets to the Group.

14. CNMC Financial Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) CNMC
Nature of transactions:	The Group shall place deposits with the CNMC Group. The CNMC Group shall provide to the Group the following financial services: loans, guarantees and integrated credit facilities, bills acceptance and settlement, foreign exchange settlement and sales and such other financial services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Price of services:	With reference to the fees charged by commercial banks for similar services, subject to compliance with applicable laws and regulations and provisions of PBOC on interest rate management. To ensure that the pricing policies under the CNMC Financial Services Framework Agreement are complied with, prior to conducting the connected transactions under the CNMC Financial Services Framework Agreement, the Group will enquire with third party commercial banks about the interest rates for loans and deposits of the same term and the fees for provision of similar financial services charged by them, to compare with the interest rates for loans and deposits and fees charged for the connected transactions between the Group and the CNMC Group and determine the relevant interest rates and fees in accordance with the pricing policies under the CNMC Financial Services Framework Agreement. The Group will seek to obtain quotations from at least three independent third party commercial banks in each case where practicable.

Deposit and loan amounts:	The average daily amount of deposits placed by the Group with the CNMC Group must not exceed the average daily amount of outstanding loans extended by the CNMC Group to the Group.
Undertaking by CNMC:	CNMC undertakes to the Group that if CNMC Financial Company experiences or foresees any difficulties in payment, CNMC will inject capital into CNMC Financial Company based on the latter's needs in order to ensure the latter's normal operations.
Annual Caps:	Deposit services The annual cap for the year of 2023 is RMB2,697,750,000. The annual cap for the year of 2024 is RMB2,827,221,000. The annual cap for the year of 2025 is RMB2,929,468,000. Bills acceptance and settlement and foreign exchange settlement and sales services The annual cap for the year of 2023 is RMB8,286,025,000. The annual cap for the year of 2024 is RMB8,288,625,000. The annual cap for the year of 2025 is RMB8,288,625,000.

The aggregate transaction amount incurred in accordance with the CNMC Financial Services Framework Agreement for the year ended 31 December 2023 was RMB843,893,000 for the deposit services and RMB165,304,000 for financial services provided by CNMC Group.

15. Huangshi State-owned Assets Management Sales Framework Agreement

Date:	26 February 2024
Parties:	(1) the Company
	(2) Huangshi State-owned Assets Management
Nature of transactions:	The Group will supply certain products to Huangshi State-owned Assets Management Group, including gold, silver, copper cathodes, copper concentrates, natural gas, residual heat power generation, water, electricity, raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment, tools, sulfuric acid, dump trucks, waste materials and such other products as agreed by the parties from time to time.
Term:	1 January 2024 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price.
	If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2024 is RMB4,026,060,000.
	The annual cap for the year of 2025 is RMB4,852,518,000

The failure to make timely disclosure in accordance with Rule 14A.76 of the Listing Rules

On 27 November 2023, Huangshi Xingang Development has transferred 4% of equity interests of Yangxin Hongsheng to Huangshi State-owned Assets Management. Equity interests of Yangxin Hongsheng owned by Huangshi State-owned Assets Management raised from 8% to 12% and Huangshi State-owned Assets Management became the Company's connected person at subsidiary level since then. From 27 November 2023 to the date of this announcement, the historical sales transaction amount by the Group to Huangshi State-owned Assets Management Group was approximately RMB194,590,000. As Huangshi State-owned Assets Management is a connected person at the subsidiary level of the Company, the transaction is exempted from the requirements of circulars, independent financial opinions and shareholders' approval in accordance with Rule 14A.101 of the Listing Rules. However, if the maximum applicable percentage ratio exceeds 1% respectively, the Company must make an announcement in accordance with Rule 14A.76 of the Listing Rules. The failure to make timely disclosure as mentioned above was due to the inadvertent oversight of the management of the Company. As such, the Company shall implement measures to strengthen its internal control procedure to ensure timely compliance with the relevant requirements of the Listing Rules. To prevent recurrence of similar event, the Directors, management, staffs of commerce department and accounting department of the Company will closely monitor and review the continuing connected transactions of the Company from time to time. The Company will strengthen the reporting and documentation system of the Group.

16. Huangshi State-owned Assets Management Purchase Framework Agreement

Date:	26 February 2024
Parties:	(1) the Company (2) Huangshi State-owned Assets Management
Nature of transactions:	Huangshi State-owned Assets Management Group will supply certain products to the Group, including import copper concentrate, domestic copper concentrate, anode plates, blister copper and such other products as agreed by the parties from time to time.
Term:	1 January 2024 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2024 is RMB5,908,225,000. The annual cap for the year of 2025 is RMB7,020,042,000

Save as disclosed above, there are no other related party transactions or continuing related party transactions as set out in Note 43 to the Consolidated Financial Statements as set out in this report which constitutes connected transactions or continuing connected transactions that need to be disclosed under the Listing Rules. The connected transactions of the Company are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Confirmation from the Independent Non-Executive Directors

The independent non-executive Directors confirmed that the internal control procedures put in place by the Company are adequate and effective.

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above and confirmed that the transactions have been entered into in the ordinary and usual course of the business of the Group, on normal commercial terms or better, and in accordance with the relevant pricing policies and the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Auditor

The Company's auditor has been engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued the qualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rule. The basis of qualified conclusion is relating to the aggregate amount of the transactions for the provision of services to Yangxin Hongsheng in accordance with the Yangxin Hongsheng Services Framework Agreement for the year ended 31 December 2023 has exceeded the annual cap by RMB4,415,000.

INTERNAL CONTROL

The Company has established the connected transactions management committee, which is the discussion and decision-making body for the connected transactions management, and is led by the Board which directly and comprehensively manages the relevant matters of the connected transactions.

The Company has implemented stringent measures to monitor the pricing standards for the continuing connected transactions of the Group. The department heads of the relevant business departments are responsible for the initial price determination of the proposed connected transactions of the Group. Such initial price determination will be reported to and approved by the finance department of the Company. Then, these prices will be reported to the legal department of the Company, which is responsible for collating from the various business departments such information regarding the proposed connected transactions of the Group, and ensuring that the terms of any such proposed connected transactions are in compliance with applicable laws, rules and regulations. After all these review processes, the legal representative or authorised representative of the Company will execute such connected transactions on behalf of the Company. The capital operation department, finance department and legal department of the Company are responsible for monitoring each of the connected transactions of the Group to ensure that they are conducted in accordance with its terms, including the relevant pricing mechanism and the periodic reporting of the relevant transaction amounts.

The capital operation department and the finance department of 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. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the capital operation department of the Company would initiate the procedures for a board meeting and/or shareholders' meeting (as and when required) to increase the annual cap as soon as practicable.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 5,568 employees (2022: 5,434). The Group's total staff costs for the year was approximately RMB962,595,000 (2022: RMB905,425,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to the market, individual performance and their respective contribution to the Group. The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2023 and as of the date of this report.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

AUDITOR

SHINEWING (HK) CPA Limited ("SHINEWING (HK)") resigned as the auditor of the Company with effect from 13 December 2023, considering the fact that the Company and SHINEWING (HK) could not reach a consensus on the audit fee. Baker Tilly Hong Kong Limited ("Baker Tilly") has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of SHINEWING (HK) with effect from 13 December 2023 and to hold office until the conclusion of the next annual general meeting of the Company.

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by Baker Tilly, who will retire and being eligible, offer themselves for re-appointments at the forthcoming annual general meeting of the Company. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Baker Tilly as the auditor of the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board
Xiao Shuxin
Chairman
28 March 2024

The Company recognizes the importance of maintaining a high standard of corporate governance. The Company believes that an effective corporate governance practice is fundamental to enhancing shareholder value and safeguarding the interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate government practices appropriate to the conduct and growth of the Group's business. The code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") have been adopted to shape the Company's corporate governance structure. This corporate governance report describes how the principles of the CG Code have been applied during the year ended 31 December 2023 under different aspects.

CG CODE COMPLIANCE

For the year ended 31 December 2023, the Company had complied with the code provisions of the CG Code except for deviation from code provision A.1.1 of the CG Code as summarized below:

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2023, only three regular board meetings were held to review and discuss first quarter results, the annual results and interim results. The financial and operational data for the third quarter has been given to the Directors 14 days before the meeting. All the Directors did not have opinion after reviewing and considered the holding of quarterly meetings not necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2023.

CORPORATE CULTURE AND STRATEGY

The Company has carried out planning and design of the corporate culture visual identity system, and standardized the scope of application of the visual identity system. We celebrated the 70th anniversary of the founding by launching the theme activity of "Seventy Years of Struggle and Unity for the Future" ("奮進七十年, 團結向未來"), setting up columns such as "My Colorful Years" ("我的有色年華"), "Colorful Memory" ("有色記憶"), "Historical Influence" ("歷史影響") and "Continuing to Struggle, I'm the First" ("接續奮鬥我先行"), launching publicity and reporting on Hubei Daily《湖北日報》and China Nonferrous Metals Newspaper《中國有色金屬報》, producing two large-scale feature films, releasing the 70th anniversary photo exhibition, compiling the Journal of Daye Nonferrous Metals Group Holding Co., LTD (Volume 5)《大冶有色金屬集團控股有限公司志(第五卷)》, and organizing and conducting the corporate culture knowledge training and knowledge quiz competition, so as to further strengthen the cultural self-confidence and enhance the confidence in development.

The Company has developed core values, cultural ethos and an action-oriented multi-dimensional cultural regime to foster a corporate atmosphere of responsibility, loyalty, learning, and enterprising and enhance staff sense of belonging and responsibility, while facilitating the Company's long-term sustainable development through extensive publicity of typical experience and practices, advanced role models, and carry forward the spirit of enterprise in the new era. For details of the Company's corporate culture, please refer to the column headed "About Us" on the Company's official website.

Corporate Governance Report

BOARD OF DIRECTORS

Composition of the Board

As at the date of this report, the Board comprises four executive Directors (including the Chairman of the Board) and three independent non-executive Directors, whose biographical details are set out in the "Biographical Details of Directors" section on pages 3 to 5 of this annual report, namely:

Name of Director	Date of first appointment to the Board	Date of last re-election as Director
Executive Directors		
Xiao Shuxin *(Chairman)*	15 July 2021	25 May 2023
Chen Zhimiao	21 June 2019	25 May 2023
Zhang Guangming	28 October 2022	25 May 2023
Zhang Jinzhong	31 August 2023	N/A
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

Roles and responsibilities of the Board

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board meets regularly to discuss the overall strategies as well as operational and financial performances of the Group. Certain matters are reserved for decisions by the Board, including matters relating to: (i) the formulation of the Group's overall strategy and directions; (ii) any material conflict of interest of substantial Shareholders of the Company or Directors; (iii) approval of the Group's annual results, annual budgets, interim results and other significant operational and financial transactions; (iv) changes to the Company's capital structure; and (v) major appointments by the Board. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of policies and strategies decided by the Board to the executive Directors and management of the Company. No Directors have any relations among one another (including financial, business, family or other material or related relations).

The Board is also responsible for performing the corporate governance duties including risk management, internal controls and relevant compliance issues relating to the business operation of the Group.

The Board reviews and monitors the training and continuous professional developments of directors and senior management; develops, reviews and monitors the code of conduct and compliance manual applicable to employees and directors.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. All Directors bring a variety of experience and expertise to the Company.

Board meetings and Board practices

All Directors have been given sufficient time and support to understand the affairs of the Group and they have full and timely access to all relevant information regarding the Group's affairs and have unrestricted access to the advice and services of the Company Secretary. The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

During the year ended 31 December 2023, 6 Board meetings and 3 general meeting of the Company were held. The meetings are structured to allow open discussion. At the Board meetings, the Directors participated in discussing the strategies, operational and financial performance, corporate governance policy and internal control of the Group.

Set out below is the attendance of the Directors at the Board and general meetings held during the year:

Name of Director	No. of meetings attended/ Eligible to attend Board meeting	 General meeting
Executive Directors		
Long Zhong Sheng *(resigned on 27 September 2023)*	2/5	2/2
Xiao Shuxin	5/6	2/3
Chen Zhimiao	3/6	3/3
Zhang Guangming	5/6	3/3
Zhang Jinzhong *(appointed on 31 August 2023)*	1/2	0/0
Independent Non-executive Directors		
Liu Fang *(appointed on 31 March 2023)*	5/5	2/2
Wang Guoqi *(resigned on 31 March 2023)*	1/1	1/1
Wang Qihong	5/6	3/3
Liu Jishun	6/6	2/3

The Company Secretary or the staff of the company secretarial department of the Company prepared and kept detailed minutes of each Board meeting and, within a reasonable time after each meeting, the draft minutes were circulated to all Directors for comment and the final and approved version of the minutes were sent to all Directors for their records. The same practices and procedures as used in the Board meetings had also been adopted and followed for the Board committees meetings. All the minutes of the meetings recorded sufficient details of the matters considered and decision reached are available for inspection by the Directors at anytime.

Notices of regular Board meetings were given to the Directors at least 14 days prior to the date of the relevant meeting. Briefing papers were prepared for all substantive agenda items and were circulated to the Directors at least 3 days before each Board meeting. The Company Secretary is responsible for providing accurate, timely and clear information to the Directors prior to the Board meetings so as to ensure that the Directors are able to make informed decisions regarding the matters to be discussed in the meeting.

If any of the Directors has a potential conflict of interest in a matter being considered in the Board meeting, such Director(s) shall abstain from voting in relation to that particular matter. Independent non-executive Directors present at the Board meetings with no conflict of interest in such matters would deal with such conflict of interest issues.

Access to sufficient information of the Group

The management is committed to providing the Board with appropriate and sufficient explanation and information of the Group's affairs through financial reports, business and operational reports and budget statements, in a timely manner, to enable them to make informed decisions.

The Directors are also provided with access to the Group's management and Company Secretary at all times to obtain relevant information for carrying out their duties as Directors of the Company.

Continuing professional development

The Directors keep abreast of their responsibilities and of the conduct, business activities and development of the Company. The Company Secretary from time to time updates and provides training materials to the Directors, and organizes seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities.

During the year ended 31 December 2023, the Company provided training materials to the Directors and the management of the Company regarding the Listing Rules and other applicable regulatory requirements.

A summary of the trainings participated by the Directors during the year ended 31 December 2023 is as follows:

	Mode of Continuous Professional Development Training
Name of Director	**Reading materials and/ or attending seminars**
Executive Directors	
Xiao Shuxin	✓
Zhang Guangming	✓
Chen Zhimiao	✓
Zhang Jinzhong	✓
Independent Non-Executive Directors	
Liu Fang	✓
Wang Qihong	✓
Liu Jishun	✓

Permitted Indemnity Provisions

During the financial year ended 31 December 2023 and up to the date of this report, the Company has in force indemnity provisions under its Bye-laws as permitted under applicable laws.

The Company has appropriate liability insurance in place to indemnify all the Directors for the liabilities arising out of the corporate activities to the extent permissible under applicable laws. The Company renews the insurance coverage on an annual basis.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with code provision A.2.1 of the CG Code, during the year ended 31 December 2023, the roles of the Chairman, Mr. Xiao Shuxin, and those of the Chief Executive Officer, Mr. Zhang Jinzhong, are segregated in order to reinforce their independence and accountability.

Mr. Xiao Shuxin is responsible for providing leadership of the Board and ensuring that all Directors are properly informed on issues to be discussed at Board meetings. In addition, he is responsible for ensuring that all Directors receive, in a timely manner, adequate, complete and reliable information in relation to the Group's affairs. The Chairman also encourages Directors to actively participate in and to make a full contribution to the Board so that the Board functions effectively and acts in the best interest of the Company.

Mr. Zhang Jinzhong is responsible for the strategic planning, administration and management of the business of the Group. He is also responsible for the formulation and successful implementation of Group policies and assuming full accountability to the Board for all operations of the Group. Mr. Zhang Jinzhong oversees the Group's compliance and internal control matters and maintains an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. He has also been focusing on strategic planning and assessment of mergers and acquisitions opportunities for the Company.

NON-EXECUTIVE DIRECTORS

All the incumbent independent non-executive Directors have retired from the office by rotation and have been re-elected in the past three years. In the Board meetings and Board committee meetings held during the year, constructive views and comments are given from the independent non-executive Directors, who have provided their independent judgment on the issues relating to the strategy, performance, conflict of interest and management process of the Group. Independent non-executive Directors will attend and provide advices when the Board consider material issues. The Board will count the number of board meetings the independent non-executive directors attended and the advices they provided every year to ensure that the Boards can obtain independent views and opinions.

During the year ended 31 December 2023, there were three independent non-executive Directors, representing more than one-third of the Board. Among the three independent non-executive Directors, one of them has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its independent non-executive Directors a written confirmation of his independence and the Board considers all of them, namely Mr. Wang Qihong, Ms. Liu Fang and Mr. Liu Jishun, to be independent pursuant to Rule 3.13 of the Listing Rules.

COMPANY SECRETARY

The Company Secretary, Mr. Wong Yat Tung, plays an important role in supporting the Board by ensuring efficient and effective information flow within the Board and that the Board's policy and procedures are followed.

The Company Secretary has knowledge of the Company's day-to-day affairs. The Company Secretary reports to the Board through the Chairman and Chief Executive Officer. All Directors may access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters and facilitate the induction and professional development of the Directors.

The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the year ended 31 December 2023, the Company Secretary had taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The Board is fully involved in the selection and appointment of the Company Secretary.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, details of which are as follows during the year ended 31 December 2023:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors			
Xiao Shuxin *(Chairman)*	–	–	Chairman
Zhang Guangming	–	–	–
Chen Zhimiao	–	–	–
Zhang Jinzhong	–	–	–
Independent Non-Executive Directors			
Liu Fang	Chairman	Chairman	Member
Wang Qihong	Member	Member	Member
Liu Jishun	Member	Member	Member

The written terms of reference for each of the Board committees are available at the Company's website and the Stock Exchange's website.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company, and the remuneration packages of individual Directors and senior management of the Company.

The remuneration for the executive Directors comprises basic salary, allowance and discretionary bonus.

Salary adjustments are made where the Remuneration Committee takes into account performance, contribution and responsibilities of the individual. Apart from basic salary, executive Directors and employees are eligible to receive a discretionary bonus taking into account factors such as market conditions as well as corporate and individual's performance during the year.

The following table illustrates the elements of remuneration of executive Directors and senior management.

Remuneration	Purpose	Reward	Policy details
Basic salary	To reflect the market value of each individual	Cash payment monthly	Reviewed annually with market trend
Allowance	To attract and retain employees	Reimbursement	Market conditions
Discretionary bonus	To motivate employees to deliver high levels of performance of the Company and individual performance goals	Cash payment	– Individual performance – Company performance

The remuneration committee has reviewed the breakdown of the Directors' remuneration for the year ended 31 December 2023 set out in note 13 to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration (including salary only) payable to the senior management of the Company (who are not the Directors) is shown in the following table by band:

(RMB)	Number of Senior Management Year ended December 31, 2023	2022
1-500,000	**0**	0
500,001-1,000,000	**1**	1
1,000,001-1,500,000	**0**	0

During the year ended 31 December 2023, the Remuneration Committee held 1 meeting. The Remuneration Committee made recommendations to the Board on the remuneration of non-executive Directors and assessed the performance of the executive Directors. Members of the Remuneration Committee and the attendance of each member are as follows:

Name of Directors	Position	Role in Remuneration Committee	Meetings Attended/ Eligible to Attend
Liu Fang *(appointed on 31 March 2023)*	Independent non-executive Director	Chairman	0/0
Wang Guoqi *(resigned on 31 March 2023)*	Independent non-executive Director	Former Chairman	1/1
Wang Qihong	Independent non-executive Director	Member	1/1
Liu Jishun	Independent non-executive Director	Member	1/1

Nomination Committee

The Nomination Committee's responsibilities include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy with due regards to the board diversity policy, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors, making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer, and reviewing the board diversity policy; and reviewing the measurable objectives that the Board has set for implementing the Board diversity policy, and the progress on achieving the objectives; and making disclosure of its review results in the Corporate Governance Report annually.

The criteria for appointment of a new Director are set out below:

- independence (in the case of a potential independent non-executive Director);
- possession of core competencies that meet the needs of the Company;
- ability to commit time and carry out duties and responsibilities.

The Nomination Committee makes recommendations of the appointment of new Directors after taking the following steps:

- Evaluate the balance of skills, knowledge and experience on the Board and determine the role and desirable competencies for a particular appointment in consultation with the management; and
- Conduct interviews with potential candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required.

The Company is committed to maintaining a highly effective Board which should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of its business. Thus, the Company recognizes and embraces the benefits of having a diverse Board. As such, the Nomination Committee formulated and adopted the Board Diversity Policy in August 2013 and the Nomination Committee has been delegated with the task of reviewing the Board Diversity Policy, the measurable objectives set for implementing the Board Diversity Policy, and the progress on achieving such objectives. The Board Diversity Policy sets out the approach to achieve diversity in the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2023, the Nomination Committee held 3 meetings. The Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, recommended list of directors to be re-elected at the annual general meeting, reviewed the independence of independent non-executive Directors, reviewed the goals set for the implementation of the board's diversity policy and recommended appointment of an executive Director, an independent non-executive Director and Chief Executive Office to the Board.

Members of the Nomination Committee and the attendance of each member are as follows:

Name of Directors	Position	Role in Nomination Committee	Meetings Attended/ Eligible to Attend
Wang Yan	Executive Director	Chairman	3/3
Liu Fang (appointed on 31 March 2023)	Independent non-executive Director	Member	2/2
Wang Guoqi *(resigned on 31 March 2023)*	Independent non-executive Director	Member	1/1
Wang Qihong	Independent non-executive Director	Member	3/3
Liu Jishun	Independent non-executive Director	Member	3/3

Board Diversity

The appointment of the Directors will be based on meritocracy, and candidates will be considered with due regard for the capacity, skill, and experience required for the overall operation of the Board, so as to ensure the proper balance of the members of the Board. The Nomination Committee will discuss annually all the agreed measurable objectives for implementing the board diversity, review and assess the composition of the Board, and provide relevant suggestions on the objectives to the Board.

Measurable objectives

Selection of candidates will be based on range of diversity perspectives, including but not limited to culture and ethnicity, gender, educational background, knowledge, professional experience, age, positions, skills, and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and monitoring

The Nomination Committee reviews the structure, size, and composition (including the skills, knowledge, and experience) of the Board annually, makes suggestions in respect of any changes to the Board arising from the changes in the Company's strategies, and monitors the implementation in line with the Board diversity policy.

In March 2024, the Nomination Committee reviewed the Board structure and the biographical details of the retiring Directors and the newly appointed Director for re-election at the forthcoming annual general meeting of the Company in accordance with the criteria under the Nomination Policy and the Diversity Policy. The Nomination Committee considered that the retiring Directors have the required character, integrity and professional knowledge and experience to continue fulfilling their role and contributing to the Company and that the new Director is of sufficient caliber and experience appropriate for the requirements of the Company's businesses. The Nomination Committee has made recommendations to the Board on the nomination of the above-mentioned retiring Directors and new Director.

As at the date of this report, the composition of the Board at a diversity level is summarized as follows:

(1) Gender: Among the existing 7 Directors, 6 are male and 1 is female;

(2) Ethnicity: Among the existing 7 Directors, all are Han nationality;

(3) Education background: Among the existing 7 Directors, 1 has doctor's degrees; 2 have master's degrees; and 4 have bachelor's degrees;

(4) Professional Experience: Among the existing 7 Directors, 1 has professional experience in the management of mining industry and mineral processing, 1 has professional experience in geology and ore-formation, 2 have professional experience in economics and corporate management, 3 have professional experience in finance and accounting;

(5) Age: Among the existing 7 Directors, 2 are aged over 60, 4 are aged between 40 to 50, and 1 is aged under 40;

(6) Positions: Among the existing 7 Directors, 4 are executive Directors and 3 are independent non-executive Directors; and

(7) Length of Service: Among the existing 7 Directors, 5 have service less than 5 years, 1 has service between 5 and 10 years, 1 has service more than 10 years.

To achieve the objectives for gender diversity of the Board, the Company have appointed at least one female director. When identifying the suitable candidate, apart from gender, the Company will also consider factors including skills, experience, independence and knowledge of the candidates as part of the recruitment process to ensure that the candidates can discharge their duties and responsibilities to the board.

The board had reviewed the implementation of the mechanism and considered the mechanism worked effectively.

Audit Committee

The principal duties of the Audit Committee include monitoring the integrity of the financial statements of the Company, reviewing the effectiveness of Company's internal control (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget) and risk management as delegated by the Board, and making recommendations to the Board on the appointment and engagement of the external auditor for the audit and non-audit services. The responsibilities and authorities of the Audit Committee also include such responsibilities and authorities set out in the relevant code provisions of the CG Code as contained in Appendix 14 to the Listing Rules (as amended from time to time). The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

Members of the Audit Committee and the attendance of each member are as follows:

Name of Directors	Position	Role in Audit Committee	Meetings Attended/ Eligible to Attend
Liu Fang *(appointed on 31 March 2023)*	Independent non-executive Director	Chairman	2/2
Wang Guoqi *(resigned on 31 March 2023)*	Independent non-executive Director	Former Chairman	2/2
Wang Qihong	Independent non-executive Director	Member	3/4
Liu Jishun	Independent non-executive Director	Member	4/4

During the year ended 31 December 2023, the Audit Committee held four meetings and reviewed with the management the Group's 2022 annual results, 2023 interim results and related announcements including the disclosures, financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval; discussed significant judgments affecting Group's consolidated financial statements and approved the appointment of auditor; reviewed and discussed the internal control report; reviewed and assessed the adequacy and effectiveness of the Company' internal control and risk management; and reviewed and monitored the external auditor's independence and objectivity and the effectiveness during the audit process; matters relating to the CG code: (1) to review the policies and practices on corporate governance of the Company; (2) to review and monitor the training and continuous professional development of directors; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and (5) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report; and approved change of auditor.

The Board is responsible for preparing the financial statements that give a true and fair view of the financial position of the Group on a going concern basis. The Audit Committee has reviewed the Company's annual results and consolidated financial statements for the year ended 31 December 2023. The Directors acknowledge their responsibilities for preparing a balanced, clear and comprehensive assessment in annual/interim reports, price-sensitive announcements and other financial disclosures. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 December 2023, the remuneration paid and payable to SHINEWING (HK) and Baker Tilly in respect of their audit and non-audit services were as follow:

	2023 RMB'
Audit Services	1,679,000
Non-audit Services	594,000
Total	2,273,000

The above non-audit services mainly included the review of the Group's interim report for the six months ended 30 June 2023 by SHINEWING(HK).

The accounts for the year were audited by Baker Tilly whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that Baker Tilly be nominated for re-appointment as the auditor of the Company at the forthcoming annual general meeting.

BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2023, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the effectiveness of the Group's risk management and internal control systems. The risk management and internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against any misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business operations and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. The top down risk assessment approach performed by the Board is complemented by a bottom up approach of significant risks reported by different departments and business units. The results of evaluation of significant risks by different departments and business units will be reported to the management through internal meetings. The Board will discuss and consider the responses on the identified significant risks.

The Group has established procedures on disclosure of inside information to ensure that inside information is promptly identified, assessed and submitted, where appropriate, for the attention of the Board. Only personnel at appropriate level can get reach of the inside information. In case of the occurrence of any inside information that needs to be disclosed, the Board will assess the inside information and go through the relevant approval procedure before disclosing the information.

The Group's internal audit function is performed by the internal audit department of the Parent Group due to cost-saving. It is responsible for conducting independent reviews of the adequacy and effectiveness of the Group's internal control and risk management systems.

To further strengthen the internal control of the Group, a control department has been established to provide day-to-day management of the compliance and control of the Group in order to eliminate risks of failure of operational systems and the achievement of the Company's objectives.

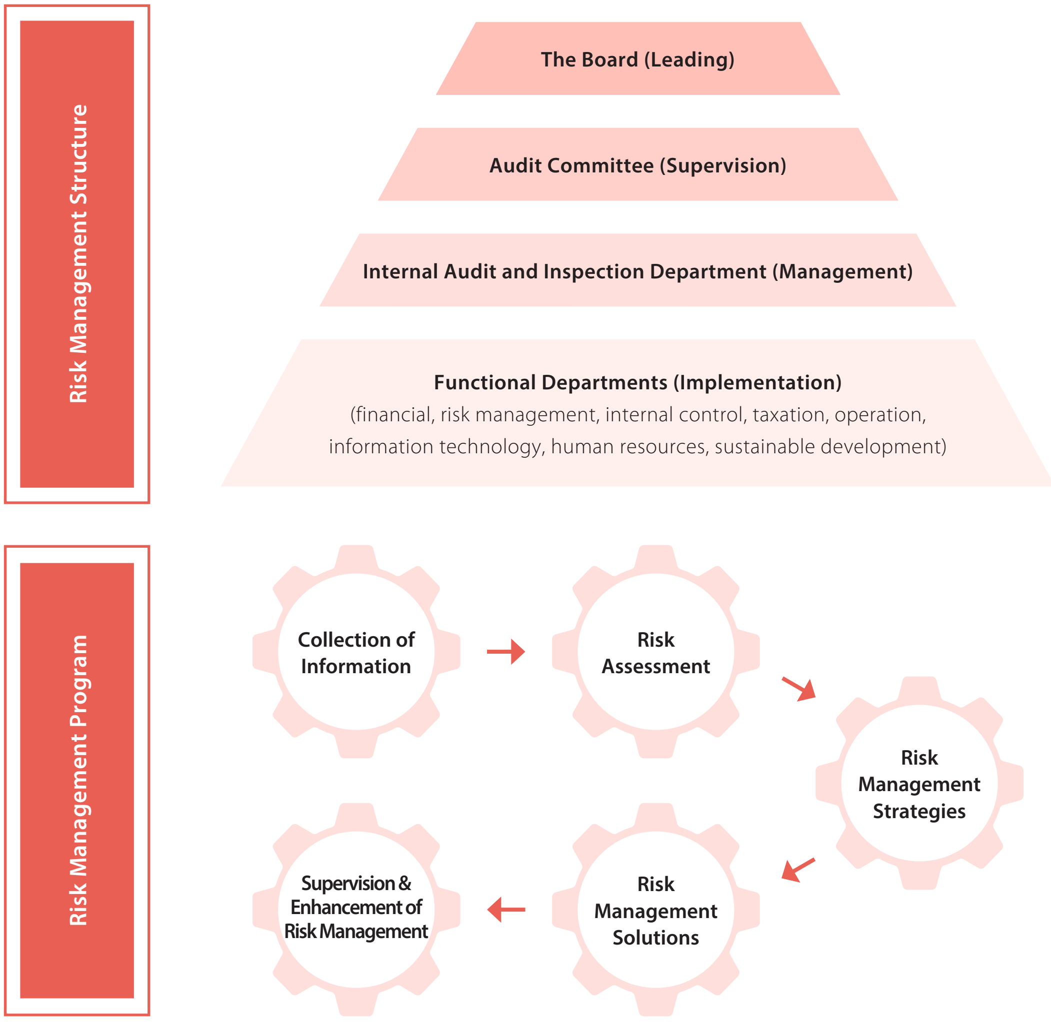
To enhance the knowledge of relevant staff of the Group, training will be provided to them on the relevant rules and applicable laws when appropriate.

The Audit Committee conducted a review on the effectiveness of the internal control and risk management systems and procedures of the Group on an annual basis. During the year ended 31 December 2023, the Audit Committee was satisfied that the Company's internal control and risk management systems are effective and adequate to meet the needs of the Company in its current business environment.

Based on the internal control reports, the Board is of the view that the internal controls of the Group are adequate and in compliance with the code provisions on internal control as set out in the Listing Rules.

The Board was of the view that the Company has maintained effective internal control over the year in all material respects in accordance with the requirements of the internal control and risk management systems and procedures and other relevant regulations. As at benchmark date of the internal control report, the Company was not aware of any significant deficiency in respect of internal control over financial reporting and non-financial reporting.

Risk Management Structure and Program



INVESTOR AND SHAREHOLDER RELATIONS

Dividend policy

In determining whether dividends are to be declared and paid, the Company will review and consider the following factors:

- prevailing and projected profitability of the Group;
- general business conditions and future expansion needs of the Group;
- the Group's capital requirements;
- projected operating cash flows of the Group; and
- other relevant factors.

Communication with Shareholders and Investors

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders and investors. The Board also recognizes that effective communication with investors is the key to establish investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders are receiving accurate, clear, comprehensive and timely information of the Group via the publication of annual reports, interim reports, press releases and announcements, and also the Company's website at www.hk661.com.

Corporate communications issued by the Company have been provided to the Shareholders in both English and Chinese versions to facilitate their understanding of the Group's affairs. A section entitled "Investor relations" is available on the Company's website, of which information is updated on a regular basis.

Information released by the Company on the website of the Stock Exchange is also posted on the Company's website immediately thereafter in accordance with the Listing Rules. Such information includes financial statements, announcements, circulars to Shareholders and notices of general meetings, etc.

The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed with the Group's strategy, operations, management and plans. The Company's website is also a source of information for its Shareholders and prospective Shareholders. All materials on annual reports, interim reports and announcements are available on our website immediately following confirmation of their release. The contact details of the Investor Relations are also available on the Company's website which allows Shareholders to contact the Company easily.

In order to help investors to have a better understanding of the 2021 annual results and the business operation of the Company, the Company convened the 2022 annual results briefing on 25 April 2023 to exchange views on the common concerned issues of investors.

The Directors and the Board committees' members are available to answer the questions from the Shareholders through the annual general meeting. External auditor is also available at the annual general meeting to address Shareholders' queries. Separate resolutions are proposed at general meeting on each substantially separate issue.

Our investor relations activities include:

- convened annual results briefing with institutional investors, Shareholders and prospective Shareholders;
- updating the Company's website regularly;
- holding annual general meetings with Shareholders; and
- disclosing information on a timely basis via the Company's and Stock Exchange's website.

Shareholders can contact the company secretary through the company's email address. Shareholders' comments or questions will be forwarded to the management for answers or arrangements, and the company secretary will timely follow up on the processing progress when appropriate. Communication session is set up at the general meeting. Necessary time was provided for investors to speak, ask questions, and communicate with the Directors and senior managements of the Company.

During the reporting period, the company secretary received certain written enquires from shareholders and investors through email, and responded to matters not relating to inside information after communicating with the management. The board had reviewed the implementation of the mechanism and considered the mechanism worked effectively.

Convening of General Meetings

The Board strives to maintain an on-going dialogue with the Shareholders of the Company. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The process of the Company's general meeting are monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. The Company uses annual general meeting as one of the principal channels for communicating with the Shareholders. The Company ensures that Shareholders' views are communicated to the Board.

At the annual general meeting, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors. The Chairman of the Board, chairmen of the respective Board committees and the external auditor usually attend annual general meetings to communicate with and answer questions from the Shareholders.

Shareholder's Rights

Procedures for Shareholders to convene an extraordinary general meeting

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to put forward proposals at Shareholders' meetings

The Board may whenever it think fit call extraordinary general meetings. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expense incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may put forward enquiries to the Board through the Company Secretary who will direct the enquiries to the Board for handling.

Contact details of the Company Secretary:
Mr. Wong Yat Tung
Room 1, 11/F.
China United Plaza
1008 Tai Nan West Street
Kowloon
Hong Kong
Fax: (852) 2868 2302

Company's constitutional documents

The Company amended its Current Bye-laws in order to among others, (i) bringing the Current Bye-laws in line with the latest legal and regulatory requirements, including the applicable laws and procedures of Bermuda and the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 during the year. For further information please refer to the circular dated 28 April 2023.

Whistleblowing Policy

The whistleblowing policy of the Group is set out on the Company's website.

天職國際

TO THE MEMBERS OF CHINA DAYE NON-FERROUS METALS MINING LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 105 to 197, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine

Refer to notes 16, 17 and 19 to the consolidated financial statements and the accounting policies on pages 128 to 129.

The key audit matter	How our audit addressed the key audit matter
Included in the Group's consolidated statement of financial position as at 31 December 2023 were property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine located in Xinjiang, the People's Republic of China ("Hui Xiang CGU") of RMB637,670,000, RMB9,292,000 and RMB205,923,000 respectively. When there are indications that the Hui Xiang CGU may be impaired or an impairment loss previously recognised no longer exists or may have decreased are identified, management determines the recoverable amount of Hui Xiang CGU using a value in use ("VIU") calculation. Based on management's impairment assessment on the Hui Xiang CGU, no impairment loss was recognised or reversed for the year ended 31 December 2023. We identified the impairment assessment of property, plant and equipment, right-of-use assets and mining rights as a key audit matter due to the significance of the balances of Hui Xiang CGU, and the significant degree of judgement made by the Group's management in determining the VIU.	Our procedures in relation to impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to the copper mine included: • Understanding the key controls relevant to the impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to the copper mine; • Comparing copper price used in VIU calculation to industry forecasts of copper price and challenging management's basis on the estimation; • Evaluating the independent external valuer's competence, objectivity and qualification; • Evaluating the valuation methodology used in determining the recoverable amount of the relevant CGU with the assistance of our valuation specialists; and • Reviewing the discount rate used in determining the recoverable amount of the relevant CGU with the assistance of our valuation specialists.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another independent auditor whose report dated 31 March 2023 expressed an unmodified opinion on those consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Chau Fong, Lily.

BAKER TILLY HONG KONG LIMITED
Certified Public Accountants
Hong Kong, 28 March 2024
Chau Fong, Lily
Practising certificate number P08090

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Revenue	5	**44,784,723**	33,658,516
Cost of sales		**(42,970,448)**	(32,492,731)
Gross profit		**1,814,275**	1,165,785
Other income	7	**45,983**	71,320
Selling expenses		**(21,892)**	(38,754)
Administrative expenses		**(741,077)**	(414,995)
Other operating expenses		**(294,794)**	(382,650)
Impairment losses (recognised)/reversed under expected credit loss model, net	8	**(14,178)**	56,310
Other gains and losses	9	**54,227**	(66,530)
Finance costs	10	**(553,766)**	(327,134)
Profit before tax		**288,778**	63,352
Income tax expenses	11	**(86,282)**	(69,768)
Profit/(loss) and total comprehensive income/(expense) for the year	12	**202,496**	(6,416)
Profit/(loss) and total comprehensive income/(expense) attributable to:			
Owners of the Company		**(56,327)**	110,910
Non-controlling interests		**258,823**	(117,326)
		202,496	(6,416)
(Loss)/earnings per share			
Basic and diluted	15	**RMB(0.31) fen**	RMB0.62 fen

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**9,244,752**	9,131,706
Right-of-use assets	17	**881,627**	933,766
Exploration and evaluation assets	18	**5,128**	8,198
Intangible assets	19	**594,030**	651,234
Investment in an associate	20	**9,651**	–
Investment in a joint venture	21	**–**	–
Deferred tax assets	22	**188,757**	99,970
Other deposits	25	**73,028**	156,808
		10,996,973	10,981,682
CURRENT ASSETS			
Inventories	23	**12,576,489**	10,026,776
Trade and bills receivables	24	**343,048**	56,759
Other deposits	25	**545,027**	687,156
Prepayments and other receivables	26	**647,453**	527,197
Derivative financial instruments	27	**12,082**	100,139
Pledged deposits	28	**–**	24,000
Cash, deposits and bank balances	28	**991,883**	820,040
		15,115,982	12,242,067
CURRENT LIABILITIES			
Trade payables	29	**3,568,124**	3,590,256
Other payables and accrued expenses	30	**1,348,098**	1,397,421
Contract liabilities	31	**77,458**	50,461
Bank and other borrowings	32	**7,591,272**	6,695,567
Lease liabilities	33	**6,332**	6,037
Derivative financial instruments	27	**31,108**	113,616
Early retirement obligations	37	**13,170**	18,010
Current income tax liabilities		**91,019**	76,808
		12,726,581	11,948,176
NET CURRENT ASSETS		**2,389,401**	293,891
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,386,374**	11,275,573

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CAPITAL AND RESERVES			
Share capital	38	**727,893**	727,893
Share premium and reserves		**2,315,521**	2,369,200
Equity attributable to owners of the Company		**3,043,414**	3,097,093
Non-controlling interests		**1,633,504**	1,176,515
TOTAL EQUITY		**4,676,918**	4,273,608
NON-CURRENT LIABILITIES			
Other payables	30	**385,119**	373,138
Bank and other borrowings	32	**6,775,110**	5,114,459
Lease liabilities	33	**122,278**	128,610
Promissory note	35	**1,180,548**	1,138,200
Provision for mine rehabilitation, restoration and dismantling	34	**94,529**	73,656
Deferred income	36	**125,062**	129,702
Early retirement obligations	37	**26,810**	44,200
		8,709,456	7,001,965
		13,386,374	11,275,573

The consolidated financial statements on pages 105 to 197 were approved and authorised for issue by the board of directors on 28 March 2024 and are signed on its behalf by:

Xiao Shuxin
Director

Chen Zhimiao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company										
	Share capital RMB'000	Other reserve RMB'000 (note (i))	Share premium RMB'000	Contributed surplus RMB'000 (note (ii))	Capital reserve RMB'000 (note (iii))	Statutory reserve RMB'000 (note (iv))	Translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	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
Loss and total comprehensive expense for the year	–	–	–	–	–	–	–	110,910	110,910	(117,326)	(6,416)
Appropriation of maintenance and production funds	–	–	–	–	–	63,960	–	(63,960)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	(39,470)	–	39,470	–	–	–
Transfer to PRC statutory reserve	–	–	–	–	–	30,071	–	(30,071)	–	–	–
Loss of control of subsidiaries (note 47)	–	–	–	–	–	–	(328)	–	(328)	22,978	22,650
Capital Injection from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	100,000	100,000
At 31 December 2022 and 1 January 2023	**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 and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(56,327)**	**(56,327)**	**258,823**	**202,496**
Appropriation of maintenance and production funds	**–**	**–**	**–**	**–**	**–**	**108,490**	**–**	**(108,490)**	**–**	**–**	**–**
Utilisation of maintenance and production funds	**–**	**–**	**–**	**–**	**–**	**(90,493)**	**–**	**90,493**	**–**	**–**	**–**
Transfer to PRC statutory reserve	**–**	**–**	**–**	**–**	**–**	**50,372**	**–**	**(50,372)**	**–**	**–**	**–**
Loss of control of subsidiaries (note 47)	**–**	**–**	**–**	**–**	**–**	**–**	**2,648**	**–**	**2,648**	**(1,369)**	**1,279**
Capital Injection from non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**200,000**	**200,000**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(465)**	**(465)**
At 31 December 2023	**727,893**	**1,563,838**	**124,592**	**4,373,075**	**(4,184,848)**	**256,323**	**8,196**	**174,345**	**3,043,414**	**1,633,504**	**4,676,918**

Notes:

(i) Other reserve represents (i) the deemed contribution from a shareholder during the group reorganisation in 2012 and (ii) contribution from a shareholder for environmental rectification in 2021.

(ii) In accordance with the provisions of Section 46(2) of the Bermuda Companies Act, 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.

(iii) Capital reserve mainly arose from the group reorganisation in 2012.

(iv) Statutory reserves comprise statutory surplus reserve and specific reserve for maintenance and production funds.

Statutory surplus reserves

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 to convert 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 earnings 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 earnings.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**288,778**	63,352
Adjustments for:			
Interest income	7	**(17,191)**	(24,888)
Finance costs	10	**553,766**	327,134
Exchange gains, net		**(78)**	–
Depreciation and amortisation	12	**160,551**	148,609
Gain on disposal of property, plant and equipment, net	9	**(20,736)**	(3,525)
Gain on disposal of right-of-use assets	9	**(2,111)**	(144)
Write-off of property, plant and equipment	9	**24,110**	47,762
Impairment losses recognised/(reversed) under expected credit loss model, net	8	**14,178**	(56,310)
(Gains)/losses on fair value changes in respect of:			
Gold forward contracts	9	**61,030**	(75,991)
Gold loans designated as financial liabilities at fair value through profit or loss	9	**(69,429)**	73,105
Reversal of early retirement obligations	37	**(5,660)**	(2,010)
Impairment loss of property, plant and equipment	9	**–**	13,051
Impairment loss of intangible assets	9	**–**	5,228
Write-down of inventories	12(iii)	**19,860**	6,390
Deferred income recognised	7	**(18,285)**	(27,302)
Write-off of trade payables	9	**(5,204)**	(12,845)
Write-off of trade receivables	9	**–**	38,945
Write-off of other receivables	9	**–**	4,095
Loss on loss of control of subsidiaries	9	**6,437**	24,561
Operating cash flows before movements in working capital		**990,016**	549,217
Increase in inventories		**(1,889,306)**	(3,684,563)
Decrease in derivative financial instruments, net		**13,948**	92,209
Increase in trade and bills receivables		**(294,257)**	(14,326)
Increase in prepayments and other receivables		**(131,651)**	(354,836)
Increase in trade payables		**27,912**	1,823,699
(Decrease)/increase in other payables and accrued expenses		**(123,853)**	20,072
Increase/(decrease) in contract liabilities		**26,997**	(181,242)
Decrease/(increase) in other deposits		**225,909**	(389,941)
Decrease in early retirement obligations		**(17,890)**	(21,550)
Increase in provision for mine rehabilitation, restoration and dismantling		**19,251**	17,738
Cash used in operations		**(1,152,924)**	(2,143,523)
Income tax paid		**(162,152)**	(142,954)
Net cash used in operating activities		**(1,315,076)**	(2,286,477)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(977,643)**	(1,442,945)
Placement of structured bank deposits		**(900,000)**	(2,060,000)
Payments for intangible assets		**(8,920)**	(27,095)
Payments for exploration and evaluation assets		**(8,871)**	(7,863)
Advance to a fellow subsidiary		**(30)**	–
Release of structured bank deposits		**900,000**	2,460,000
Proceeds from disposal of property, plant and equipment		**71,288**	3,589
Release of pledged deposits		**24,000**	195
Proceeds from disposal of right-of-use assets		**19,511**	1,275
Interest received		**17,191**	24,888
Receipts of government grants		**10,025**	8,300
Proceeds from disposal of equity interests in a subsidiary	47(a)	**8,859**	–
Placement of pledged deposits		**–**	(24,000)
Payments for right-of-use assets		**–**	(20,000)
Deregistration of subsidiaries		**–**	(34)
Repayment from a joint venture		**–**	25,533
Repayment from a fellow subsidiary		**–**	1,099
NET CASH USED IN INVESTING ACTIVITIES		**(844,590)**	(1,057,058)
FINANCING ACTIVITIES			
Proceeds from new bank borrowings		**16,643,087**	13,127,567
Proceeds from gold loans		**2,150,432**	1,525,777
Advance from Daye Nonferrous Metals Group Holdings Company Limited and its subsidiaries ("Daye Group")		**2,005,748**	2,813,079
Advance from a fellow subsidiary		**304,166**	490,583
Capital injection from non-controlling shareholders of subsidiaries		**200,000**	100,000
Advance from/(repayments to) Nonferrous Mining Group Finance Company Limited ("Finance Company", a fellow subsidiary of the Company)		**50,000**	(240,000)
Repayments of bank borrowings		**(14,356,584)**	(9,030,092)
Repayments to Daye Group		**(2,012,681)**	(2,675,000)
Repayments of gold loans		**(1,763,145)**	(1,614,119)
Finance costs paid		**(411,747)**	(323,418)
Repayments to a fellow subsidiary		**(305,155)**	(501,604)
Repayments of other loans		**(172,147)**	(324,000)
Dividend paid to non-controlling interests		**(465)**	–
NET CASH FROM FINANCING ACTIVITIES		**2,331,509**	3,348,773
NET INCREASE IN CASH AND CASH EQUIVALENTS		**171,843**	5,238
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**820,040**	814,802
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY CASH, DEPOSITS AND BANK BALANCES		**991,883**	820,040

Notes to the Consolidated Financial Statements

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 addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries (the "Group") are engaged 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 ("China Times") (incorporated in the British Virgin Islands) and China Nonferrous Metal Mining (Group) Co., Ltd., a state-owned enterprise established in the PRC, respectively.

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

As at 31 December 2023, the Group had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB991,883,000 and RMB7,591,272,000 respectively. Taking into account (i) the expected future cash flows of the Group, (ii) the unutilised bank facilities of not less than RMB17,838,147,000 and (iii) bank borrowings of RMB1,762,386,000 raised after 31 December 2023 and due after 31 December 2024, the directors 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 consolidated financial statements have been prepared on a going concern basis.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (Continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial positions and performance, except that the Group disclose the related deferred tax assets of RMB34,464,000 and deferred tax liabilities of RMB34,464,000 on a gross basis in Note 22 but it has no impact on the retained earnings at the earliest period presented.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3.2.

Notes to the Consolidated Financial Statements

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (Continued)

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendment to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (Continued)

Amendments to HKFRSs issued but not yet effective (Continued)

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)" (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (Continued)

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Fair value measurement

When measuring fair value except for the Group's leasing transaction, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5 and 31.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold lands, offices, warehouses and dormitories that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in an index or a rate used to determine those payments/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Employee benefits

Pension obligation

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

Moreover, the Group's contributions to the defined contribution retirement scheme set up pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPF" Scheme) for all qualifying employees are expensed as incurred. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Early retirement obligations

Early retirement are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises early retirement obligation when the Group can no longer withdraw the offer of the early retirement. The early retirement is offered for a clearly defined period and once the termination plan is confirmed by the employee and the Group, there is no possibility of new participant. Benefits falling due more than 12 months after the end of reporting period are discounted to present value using the projected unit credit actuarial valuation method.

Other social insurance and housing funds

The Group provides other social insurance and housing funds to the qualified employees in the PRC based on certain percentages of their salaries. These percentages are not to exceed the upper limits of the percentages prescribed by Ministry of Human Resources and Social Security of the PRC. These benefits are paid to social security organisation and the amounts are expensed as incurred. The Group has no legal or constructive obligations for further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to their current and past services.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at time of the transactions does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, an associate and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress includes property, plant and equipment in the course of construction for production. Construction in progress is carried at cost less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation of mining infrastructure and property is calculated using the units-of-production method based on the estimated proven and probable mineral reserves.

Depreciation for other property, plant and equipment is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method as follows:

Buildings and mining infrastructure	10 to 40 years
Plant and machinery	12 to 20 years
Motor vehicles	8 to 12 years
Electricity equipment and others	5 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Exploration and evaluation expenditures

The Group capitalises only expenditures directly attributable to exploration and evaluation activities, including acquisition of exploration rights, topographical and geological studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource during exploration and evaluation phase related to a specific area of interest to the extent that the Group's right to tenure of the area of interest is current.

These capitalised expenditures are stated at cost less impairment and are presented within non-current assets as "Exploration and evaluation assets" on the consolidated statement of financial position. All other exploration and evaluation expenditures are charged to profit or loss as incurred.

A "feasibility study" consists of a comprehensive study of the viability of a mineral project that has advanced to a phase where the mining method has established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering and operating economic factors, and the evaluation of other relevant factors. The feasibility study allows the Group to conclude whether it is demonstrable that it will obtain future economic benefits from the expenditures.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Exploration and evaluation expenditures (Continued)

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to non-current assets as mining rights under "Intangible assets". In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

Capitalised exploration and evaluation expenditures are assessed for impairment when facts and circumstances indicate that the carrying amount of an exploration and evaluation expenditure may exceed its recoverable amount. Once a development decision has been taken, the capitalised expenditures are also assessed for impairment before reclassification. An impairment test is also performed if any of the following indicators are present (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised when the carrying amount exceeds its recoverable amount.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Amortisation for mining rights is provided on a straight-line basis over their estimated useful lives of 10 to 30 years, which is the shorter of the length of the licence period and the estimated useful lives of relevant mines determined based on the estimated mineral reserves. Amortisation for other intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives of 5 to 10 years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Research costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, (if any). When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 28.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed net realisable value, the materials are written down to net realisable value.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from contracts with Customers" ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

<u>Classification and subsequent measurement of financial assets</u>
Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including cash, deposits and bank balances, pledged deposits, trade and bills receivables, other receivables and other deposits) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 3 years past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience, continuous long term customers relationship and forward-looking information that is available.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with the corresponding adjustment to their carrying amount through a loss allowance account.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 9) as part of the foreign exchange gains/losses, net;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/loss from changes in fair value of financial assets (note 9).

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)
A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at amortised cost
Financial liabilities including trade payables, other payables and accrued expenses, bank and other borrowings, promissory note are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 9) as part of foreign exchange gains/losses, net for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for mine rehabilitation, restoration and dismantling

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or production facilities. These costs discounted to net present value are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to profit or loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is presented as a finance cost in profit or loss.

Costs for restoration of subsequent site damage are provided for at their net present values and charged to profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment, right-of-use assets and mining rights

Property, plant and equipment, right-of-use assets and mining rights, are stated at costs less accumulated depreciation/amortisation and impairment, as appropriate. Management of the Group review for their impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount has been determined based on the higher of value-in-use and fair value less cost of disposal.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or there are any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of the value in use, i.e. the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates in the cash flow projections, could materially affect the recoverable amounts.

Management of the Group conducted impairment testing for the property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine held by Xinjiang Hui Xiang Yong Jin Mining Co., Ltd. ("Hui Xiang"), a subsidiary of the Group and concluded that the recoverable amounts of those assets as at 31 December 2023 are close to their carrying amounts and, according, no further impairment losses or reversal of impairment loss was recognised in the year ended 31 December 2023.

As at 31 December 2023, the carrying amounts of properly, plant and equipment, right-of-use assets and mining rights of Hui Xiang were RMB858,707,000 (2022: RMB860,353,000).

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Mine rehabilitation, restoration and dismantling obligations

Provision is made for the anticipated costs of future restoration, rehabilitation and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues.

These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies, engineering cost estimates and discount rates. A change in any of the assumptions used may have a material impact on the carrying value of mine rehabilitation, restoration and dismantling provisions.

As at 31 December 2023, the carrying amount of provision for rehabilitation, restoration and dismantling was approximately RMB94,529,000 (2022: RMB73,656,000).

Allowance for inventories

Management review the net realisable values of inventories at the end of the reporting period based on the estimated selling prices in the ordinary course of business less the estimated costs of completion, selling expenses and related taxes to determine the allowance for inventories. Management may take reference to the available price in the open market or the most recent or subsequent selling price if the open market information is not available. These estimates could change significantly as a result of change in market demand of products or technical innovation and impact the expectation of net realisable value and allowance for inventories required.

As at 31 December 2023, the carrying amount of inventories was approximately RMB12,576,489,000 (2022: RMB10,026,776,000).

Provision for expected credit losses on trade receivables

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables are assessed collectively for impairment allowance. The expected credit loss rates are determined based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. As at 31 December 2023, the carrying amount of trade receivables was RMB335,546,000 (2022: RMB56,759,000), net of the allowance for expected credit losses on trade receivables of RMB40,984,000 (2022: RMB44,735,000).

Deferred tax assets

As at 31 December 2023, a deferred tax asset of RMB86,043,000 (2022: RMB25,447,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB56,139,000 (2022: RMB127,640,000) for non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially volatility in foreign currency or commodity markets may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the subjective estimation involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as proven and probable. Proven and probable mine reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, price and cost levels change from year to year, the estimates of proven and probable mine reserves also change. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in the related depreciation rate of mining infrastructure and property. The carrying amounts of building and mining infrastructure and the related depreciation are set out in note 16.

Depreciation for mining-related assets

The Group determines the depreciation of mining-related assets by the actual units of production over the estimated reserves of the mines. Further details about the reserve estimates are included in paragraph headed Mine reserves above.

Fair value of derivative financial instruments

Management of the Group use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the assumptions used are disclosed in note 40(c). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of derivative financial instruments.

Retirement benefit obligations

The early retirement obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting periods.

5 REVENUE

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

	2023 RMB'000	2022 RMB'000
Disaggregation of revenue from contracts with customers		
Sales of goods	**44,750,442**	33,620,958
Rendering of services	**34,281**	37,558
	44,784,723	33,658,516
Timing of revenue recognition		
At a point in time	**44,750,442**	33,620,958
Over time	**34,281**	37,558
	44,784,723	33,658,516

Performance obligations for contracts with customers and revenue recognition policies

The performance obligations for contracts with customers include sales of non-ferrous metals and other materials or provision of processing service directly to customers. The majority of sales are made under contractual arrangements whereby a significant portion of transaction price of each sale is received before delivery or promptly after delivery. The advance payments received from customers are recorded as contract liabilities until the control of the goods or service is transferred to the customers.

Sales of goods

The Group sells copper products under provisional pricing arrangements where final grades of copper, gold, silver and cobalt in copper products are agreed based on third-party examination and final prices are set at a specified date based on market prices. Revenue is recognised when control of the goods has transferred, being at the point when the goods have been delivered to the customers at the locations agreed between the Group and the customers. Initial recognition of the amounts is based on the forward prices for the expected date of final settlement. The period between revenue recognition and final settlement is within one to three months.

Copper processing service

The Group provides copper processing services to customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these processing services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to process that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under HKFRS 15.

Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts are for periods of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

6 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 consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole. No further discrete financial information is available. Accordingly, no operating segments information is presented other than entity-wide disclosures.

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

	2023 **RMB'000**	2022 RMB'000
Sales of goods:		
Copper cathodes	**36,948,887**	27,258,231
Other copper products	**1,495,847**	864,381
Gold and other gold products	**2,335,747**	1,754,037
Silver and other silver products	**3,346,380**	3,007,489
Sulphuric acid and sulphuric concentrate	**179,546**	480,877
Iron ores	**98,016**	89,814
Copper sulphate	**97,031**	48,833
Others	**248,988**	117,296
	44,750,442	33,620,958
Rendering of services:		
Copper processing	**15,464**	19,409
Others	**18,817**	18,149
	34,281	37,558
Total revenue	**44,784,723**	33,658,516

Geographical information

All the Group's non-current assets (excluding financial instruments and deferred tax assets) as at 31 December 2023 and 2022 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:

	2023 **RMB'000**	2022 RMB'000
Mainland China	**44,192,030**	33,150,438
Hong Kong	**372,494**	265,931
Others	**220,199**	242,147
	44,784,723	33,658,516

6 SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2023 RMB'000	2022 RMB'000
Company A	**11,776,876**	5,628,543
Company B	**6,212,744**	4,703,096

7 OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income from banks	**8,744**	17,669
Interest income from Finance Company	**8,447**	7,219
Government grants (note)	**3,855**	12,462
Deferred income recognised (note 36)	**18,285**	27,302
Others	**6,652**	6,668
	45,983	71,320

Note: The government grants for the years ended 31 December 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.

8 IMPAIRMENT LOSSES RECOGNISED/(REVERSED) UNDER EXPECTED CREDIT LOSS MODEL, NET

	2023 RMB'000	2022 RMB'000
Impairment losses recognised/(reversed), net, on:		
Trade receivables	**2,675**	(31,520)
Loans to and amounts due from a joint venture	**–**	(25,533)
Other receivables	**11,503**	743
	14,178	(56,310)

9 OTHER GAINS AND LOSSES

	2023 RMB'000	2022 RMB'000
Gain on disposal of property, plant and equipment	**20,736**	3,525
Gain on disposal of right-of-use assets	**2,111**	144
Write-off of property, plant and equipment (note 16)	**(24,110)**	(47,762)
Fair value changes from:		
Gold forward contracts	**(61,030)**	75,991
Gold loans designated as financial liabilities at fair value through profit or loss	**69,429**	(73,105)
Exchange gains, net	**48,324**	47,712
Impairment loss of property, plant and equipment (note 16)	**–**	(13,051)
Impairment loss of intangible assets (note 19)	**–**	(5,228)
Write-off of trade payables	**5,204**	12,845
Write-off of trade receivables	**–**	(38,945)
Write-off of other receivables	**–**	(4,095)
Loss on loss of control of subsidiaries (note 47)	**(6,437)**	(24,561)
	54,227	(66,530)

10 FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	**441,581**	318,203
Interest on loans from Daye Group	**21,166**	15,025
Interest on loans from Finance Company	**2,920**	6,839
Interest on loans from a fellow subsidiary	**36,211**	270
Interest on lease liabilities	**6,598**	6,880
Interest on promissory note (note 35)	**42,348**	42,348
Unwind interest of provision for mine rehabilitation, restoration and dismantling (note 34)	**1,622**	1,574
Unwind interest of early retirement obligations (note 37)	**1,320**	1,830
Total finance costs	**553,766**	392,969
Less: Borrowing costs capitalised in the cost of qualifying assets (note 16)	**–**	(65,835)
	553,766	327,134

Borrowing costs capitalised during the year ended 31 December 2022 arose on the specific borrowings.

11 INCOME TAX EXPENSES

	2023 RMB'000	2022 RMB'000
PRC Enterprise Income Tax		
– current year	**171,675**	111,740
– under/(over) provision in prior years	**3,734**	(2,640)
PRC withholding tax	**954**	–
Deferred tax (note 22)	**(90,081)**	(39,332)
	86,282	69,768

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both years.

During the year ended 31 December 2023, two (2022: one) of the PRC subsidiaries of the Group was recognised as high new technology enterprises and entitled to a preferential tax rate of 15%.

According to the PRC income tax law and its relevant regulations issued in 2019, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB1,000,000) or 10% (for taxable income range from RMB1,000,000 to RMB3,000,000). During the year ended 31 December 2023, one (2022: one) of the PRC subsidiaries of the Group was qualified as small and low profit enterprise and entitled to the preferential income tax rate of 5%.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the years ended 31 December 2023 and 2022.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Withholding tax is calculated at 10% of the dividend income received from a subsidiary in the PRC during the year ended 31 December 2023.

11 INCOME TAX EXPENSES (Continued)

Income tax expenses for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 RMB'000	2022 RMB'000
Profit before tax	**288,778**	63,352
Tax at the applicable income tax rate at 25% (2022: 25%) (note)	**72,195**	15,838
Tax effect of expenses not deductible for tax purpose	**22,150**	25,632
Tax effect of tax losses not recognised	**506**	29,707
Utilisation of tax losses previously not recognised	**(9,524)**	(312)
Utilisation of deductible temporary differences previously not recognised	**–**	(924)
Tax effect of tax concession of research and development costs	**(794)**	(1,591)
Additional deduction of environmental friendly equipments	**(5,896)**	–
Under/(over) provision in respect of prior years	**3,734**	(2,640)
Tax effect of income not taxable for tax purpose	**(383)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions and concessionary rate	**(1,732)**	(162)
Withholding tax on dividend income from a subsidiary	**954**	–
Others	**5,072**	4,220
Income tax expenses for the year	**86,282**	69,768

Note: The domestic tax rate (which is EIT rate) in the jurisdiction where the operation of the Group is substantially based is used.

12 PROFIT/(LOSS) FOR THE YEAR

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

	2023 RMB'000	2022 RMB'000
Depreciation of property, plant and equipment (note (i))	**730,376**	565,240
Depreciation of right-of-use assets (note (i))	**34,739**	32,738
Amortisation of intangible assets (note (i))	**78,065**	74,459
Total depreciation and amortisation	**843,180**	672,437
Capitalised in inventories	**(682,629)**	(523,828)
	160,551	148,609
Employee benefit expense (including directors' remuneration as disclosed in note 13) (note (ii)):		
Salaries, wages and welfare	**866,928**	799,433
Retirement benefits scheme contributions	**95,667**	105,992
Total staff costs	**962,595**	905,425
Capitalised in inventories	**(756,561)**	(586,542)
	206,034	318,883
Cost of sales comprise:		
Cost of inventories recognised as an expense (notes (iii) and (iv))	**42,945,794**	32,460,356
Direct operating expense arising from services provided	**24,654**	32,375
	42,970,448	32,492,731
Auditors' remuneration	**2,273**	3,285
Research and development costs (note (iv))	**65,440**	20,584

Notes:

(i) During the year ended 31 December 2023, due to temporary shutdown of a mining site and certain melting plant, depreciation of property, plant and equipment of approximately RMB85,486,000 (2022: RMB80,532,000) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB2,116,000 (2022: RMB10,240,000) were classified as other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

(ii) During the year ended 31 December 2023, due to a temporary shutdown of a mining site, employee benefits expense in relation to production of approximately RMB92,305,000 (2022: RMB151,773,000) was classified as other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

(iii) During the year ended 31 December 2023, a write-down of raw material of approximately RMB19,860,000 (2022: RMB6,390,000) has been recognised and included in cost of sales.

(iv) Research and development costs and cost of inventories recognised as an expense included approximately RMB12,674,000 (2022: RMB4,903,000) in total relating to staff costs which is included in employee benefits expense disclosed separately above.

13 DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

Directors and Chief Executive Officer

Details of the emoluments paid or payable to the directors for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

		Other emoluments			
	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Bonus RMB'000	Total RMB'000
2023					
Executive Directors					
Mr. Xiao Shuxin	–	832	65	–	897
Mr. Long Zhong Sheng (note (v) and (vii))	372	103	14	–	489
Mr. Chen Zhimiao	–	791	41	–	832
Mr. Zhang Guangming (notes (iv) and (vii)) (Chief Executive Officer)	–	646	41	–	687
Mr. Zhang Jinzhong (note (vi))	–	307	39	–	346
Independent Non-executive Directors					
Ms. Liu Fang (note (viii))	68	–	–	–	68
Mr. Wang Qihong	90	–	–	–	90
Mr. Liu Jishun	90	–	–	–	90
Mr. Wang Guoqi (note (ix))	23	–	–	–	23
	643	2,679	200	–	3,522

13 DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors and Chief Executive Officer (Continued)

Details of the emoluments paid or payable to the directors for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows: (Continued)

		Other emoluments			
	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Bonus RMB'000	Total RMB'000
2022					
Executive Directors					
Mr. Wang Yan (note (i))	–	52	5	–	57
Mr. Wan Jun (note (ii))	–	397	32	–	429
Mr. Xiao Shuxin (note (iii))	–	780	60	–	840
Mr. Zhang Guangming (note (iv))	–	432	36	–	468
Mr. Long Zhong Sheng (note (v) and (vii)) (Chief Executive Officer)	906	192	54	–	1,152
Mr. Chen Zhimiao	–	881	39	–	920
Independent Non-executive Directors					
Mr. Wang Guoqi	92	–	–	–	92
Mr. Wang Qihong	92	–	–	–	92
Mr. Liu Jishun	92	–	–	–	92
	1,182	2,734	226	–	4,142

13 DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors and Chief Executive Officer (Continued)

Notes:

(i) Mr. Wang Yan resigned as executive director and chairman of the board of directors on 28 January 2022.

(ii) Mr. Wan Jun was appointed as executive director on 28 January 2022 and resigned as executive director on 28 October 2022.

(iii) Mr. Xiao Shuxin was appointed as chairman of the board of directors on 28 January 2022.

(iv) Mr. Zhang Guangming was appointed as executive director on 28 October 2022 and Chief Executive Officer on 17 September 2023.

(v) Mr. Long Zhong Sheng resigned as executive director on 27 September 2023.

(vi) Mr. Zhang Jinzhong was appointed as executive director on 31 August 2023.

(vii) Mr. Zhang Guangming and Mr. Long Zhong Sheng are the Chief Executive Officer of the Company in 2023 and 2022, respectively, and their emoluments disclosed above include those for services rendered by them as the Chief Executive Officer.

(viii) Ms. Liu Fang was appointed as independent non-executive director on 31 March 2023.

(ix) Mr. Wang Guoqi resigned as independent non-executive director on 31 March 2023.

Bonus is determined by reference to the market, individual performance and their respective contribution to the Group.

The executive directors' emoluments shown above were mainly for their services in connection with the management of affairs of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as the directors of the Company.

The remuneration of certain of the directors was borne by Daye Group during the current and prior years.

There was no arrangement under which a director or the Chief Executive Officer waived or agreed to waive any remuneration during both years.

Employees

Of the five individuals with the highest emoluments in the Group, three (2022: three) were directors whose emoluments are included in the disclosures above. The emoluments of the remaining two (2022: two) individuals are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries and other allowances	**1,346**	1,247
Retirement benefit scheme contributions	**83**	78
	1,429	1,325

13 DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees (Continued)

The emolument of the above employee is within the following band in Hong Kong dollar ("HK$"):

	2023	2022
Nil to HK$1,000,000	**2**	2

For both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14 DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period (2022: nil).

15 (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings

	2023 **RMB'000**	2022 RMB'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(56,327)**	110,910

Number of shares

	2023 **'000**	2022 '000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**17,895,580**	17,895,580

The computation of diluted (loss)/earnings per share for both years does not include the impact of any potential ordinary shares to be allotted for settlement of the promissory note (see note 35) 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.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electricity equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2022	8,864,908	3,133,003	125,046	51,101	1,847,316	14,021,374
Additions	3,354	78,479	5,330	986	2,208,155	2,296,304
Interest capitalised (note 10)	–	–	–	–	65,835	65,835
Transfer	172,815	3,327,684	24,293	3,596	(3,528,388)	–
Disposals	–	(104)	(1,297)	–	–	(1,401)
Write-off	(133,886)	(110,520)	(14,851)	(1,722)	–	(260,979)
Loss of control of subsidiaries (note 47)	(5,825)	–	(436)	(517)	(442)	(7,220)
At 31 December 2022 and 1 January 2023	8,901,366	6,428,542	138,085	53,444	592,476	16,113,913
Additions	6,747	129,009	9,624	2,561	829,702	977,643
Transfer	112,845	868,916	–	3,280	(985,041)	–
Disposals	(8,280)	(141,318)	–	–	–	(149,598)
Write-off	(3,363)	–	(5,828)	(314)	(22,601)	(32,106)
Loss of control of subsidiaries (note 47)	–	(62,685)	(497)	(130)	–	(63,312)
Reclassification	(3,294,736)	3,251,022	–	43,714	–	–
At 31 December 2023	5,714,579	10,473,486	141,384	102,555	414,536	16,846,540
Accumulated depreciation						
At 1 January 2022	(3,929,984)	(2,216,145)	(100,589)	(40,905)	–	(6,287,623)
Provided for the year	(381,784)	(173,487)	(7,724)	(2,245)	–	(565,240)
Eliminated on disposals	–	104	1,233	–	–	1,337
Eliminated on write-off	96,352	97,338	14,060	1,405	–	209,155
Loss of control of subsidiaries (note 47)	588	–	172	491	–	1,251
At 31 December 2022 and 1 January 2023	(4,214,828)	(2,292,190)	(92,848)	(41,254)	–	(6,641,120)
Provided for the year	(300,013)	(415,150)	(10,799)	(4,414)	–	(730,376)
Eliminated on disposals	4,917	94,129	–	–	–	99,046
Eliminated on write-off	2,390	–	5,307	299	–	7,996
Loss of control of subsidiaries (note 47)	–	3,637	67	49	–	3,753
Reclassification	1,901,860	(1,870,414)	–	(31,446)	–	–
At 31 December 2023	(2,605,674)	(4,479,988)	(98,273)	(76,766)	–	(7,260,701)
Accumulated impairment						
At 1 January 2022	(267,076)	(35,432)	(17)	(3,033)	(26,982)	(332,540)
Impairment loss recognised in profit or loss	(11,588)	(1,463)	–	–	–	(13,051)
Eliminated on write-off	734	3,323	5	–	–	4,062
Loss of control of subsidiaries (note 47)	–	–	–	–	442	442
At 31 December 2022 and 31 December 2023	(277,930)	(33,572)	(12)	(3,033)	(26,540)	(341,087)
Carrying values						
At 31 December 2023	2,830,975	5,959,926	43,099	22,756	387,996	9,244,752
At 31 December 2022	4,408,608	4,102,780	45,225	9,157	565,936	9,131,706

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment

During the year ended 31 December 2022, in view of the existence of impairment indications, management of the Group, with the assistance of Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent qualified professional valuer not connected with the Group, conducted impairment assessment for the property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine comprising the cash-generating unit in relation to the operations of Hui Xiang (the "Hui Xiang CGU"). The recoverable amount of the Hui Xiang CGU was determined on basis of its value in use. The value in use calculation uses cash flow projection based on the financial budget approved by the management covering 5 years, being the expected useful life of relevant assets. The pre-tax discount rate adopted in the cash flow projection was 13.04% which reflected the specific risks relating to the Hui Xiang CGU. Based on the results of impairment assessment, impairment losses on property, plant and equipment and mining rights of RMB13,051,000 and RMB5,228,000 were recognised in profit or loss, respectively.

For the year ended 31 December 2023, management of the Group, with the assistance of JLL, carried out a similar impairment assessment. The recoverable amount of the Hui Xiang CGU has been determined on basis of its value in use. The value in use calculation uses cash flow projection based on the financial budget approved by the management covering 5 years, being the expected useful life of the relevant assets. The pre-tax discount rate adopted in the cash flow projection is 12.86% which reflects the specific risks relating to Hui Xiang CGU. The impairment assessment did not lead to recognition of further impairment losses or reversal of impairment losses for the Hui Xiang CGU.

Key assumptions adopted in the above value-in-use calculations include future revenue, budgeted gross margin and operating cost, which were determined based on the Hui Xiang CGU's past performance, the Group's business plans and management expectations for the market development.

17 RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000
As at 1 January 2022	952,556
Additions	22,547
Depreciation for the year	(32,738)
Disposals	(8,599)
As at 31 December 2022 and 1 January 2023	933,766
Depreciation for the year	(34,739)
Disposals	(17,400)
As at 31 December 2023	881,627

Right-of-use assets of approximately RMB881,627,000 (2022: RMB933,766,000) represents land use rights located in the PRC.

During the year ended 31 December 2023, expense relating to short-term leases with lease terms ending within 12 months and leases of low-value assets amounted to approximately RMB316,000 (2022: RMB2,530,000) in total. The total cash outflow for leases during the year amounted to approximately RMB316,000 (2022: RMB22,530,000).

The remaining lease periods of the existing leases range from 3 to 57 years (2022: 16 to 57 years).

18 EXPLORATION AND EVALUATION ASSETS

	RMB'000
As at 1 January 2022	5,179
Additions	7,863
Transfer to mining right (note 19)	(4,844)
As at 31 December 2022 and 1 January 2023	8,198
Additions	8,871
Transfer to mining right (note 19)	(11,941)
As at 31 December 2023	5,128

The exploration and evaluation expenditures of the Group mainly represented the capitalised costs incurred during the evaluation phase for the exploratory drilling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource with respect to the mines located in Hubei Province and Xinjiang Uygur Autonomous Region in the PRC.

19 INTANGIBLE ASSETS

	Mining rights RMB'000	Others RMB'000	Total RMB'000
Cost			
At 1 January 2022	1,444,556	19,482	1,464,038
Additions	–	9,937	9,937
Transfer from exploration and evaluation assets (note 18)	4,844	–	4,844
At 31 December 2022 and 1 January 2023	1,449,400	29,419	1,478,819
Additions	–	8,920	8,920
Transfer from exploration and evaluation assets (note 18)	11,941	–	11,941
At 31 December 2023	1,461,341	38,339	1,499,680
Accumulated amortisation and impairment			
At 1 January 2022	(731,111)	(16,787)	(747,898)
Amortisation for the year	(71,074)	(3,385)	(74,459)
Impairment loss recognised in profit or loss	(5,228)	–	(5,228)
At 31 December 2022 and 1 January 2023	(807,413)	(20,172)	(827,585)
Amortisation for the year	(73,679)	(4,386)	(78,065)
At 31 December 2023	(881,092)	(24,558)	(905,650)
Carrying values			
At 31 December 2023	580,249	13,781	594,030
At 31 December 2022	641,987	9,247	651,234

During the year ended 31 December 2022, the Group recognised an impairment loss of mining rights of RMB5,228,000 in respect of a copper mine held by Hui Xiang (see note 16).

20 INVESTMENT IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000
Cost of investment in an associate	**9,651**	–

The balance represents the Group's investment in an associate after the completion of the deemed acquisition of an associate on 31 December 2023. Details is set out in note 47(a).

No share of results have been recognised in the consolidated financial statements during the year ended 31 December 2023 as the deemed acquisition of the associate is completed at the end of the reporting period.

21 INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture are as follows:

	2023 RMB'000	2022 RMB'000
Cost of unlisted equity investments	**–**	64,702
Share of post-acquisition results and other comprehensive expense, net of dividends received	**–**	(64,702)
	–	–

During the year ended 31 December 2023, the joint venture, Jetlight Investment Limited, was de-registered.

The amounts of unrecognised share of loss of the joint venture, extracted from the financial statements of the joint ventures prepared in accordance with HKFRSs, are as follows:

	2023 RMB'000	2022 RMB'000
Accumulated unrecognised share of loss:		
At 1 January	**81,656**	85,740
Unrecognised share of loss for the year	**–**	(4,084)
Deregistration of a joint venture	**(81,656)**	–
At 31 December	**–**	81,656

22 DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities of the same taxable entity have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**188,757**	99,970
Deferred tax liabilities	**–**	–
	188,757	99,970

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Accrued expenses RMB'000	Provision for mine rehabilitation, restoration and dismantling RMB'000	Early retirement obligations RMB'000	Impairment losses RMB'000	Write-down of inventories RMB'000	Tax losses RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Accelerated depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	10,565	13,036	23	27,057	5,856	8	(34,464)	34,464	(7,158)	11,251	60,638
Credited/(charged) to profit or loss	12,865	4,876	(8)	3,307	1,423	25,439	802	(802)	544	(9,114)	39,332
At 31 December 2022 and 1 January 2023	23,430	17,912	15	30,364	7,279	25,447	(33,662)	33,662	(6,614)	2,137	99,970
Credited/(charged) to profit or loss	13,543	(8)	(6)	(324)	3,584	61,890	4,621	(1,509)	910	7,380	90,081
Loss of control of subsidiaries (note 47)	–	–	–	–	–	(1,294)	–	–	–	–	(1,294)
At 31 December 2023	36,973	17,904	9	30,040	10,863	86,043	(29,041)	32,153	(5,704)	9,517	188,757

22 DEFERRED TAX (Continued)

At the end of the reporting period, the Group has unused tax losses of RMB400,311,000 (2022: RMB230,216,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB344,172,000 (2022: RMB102,576,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB56,139,000 (2022: RMB127,640,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB56,139,000 (2022: RMB127,640,000) that will expire in 2028 (2022: 2027).

At the end of the reporting period, the Group has deductible temporary differences of RMB389,852,000 (2022: RMB389,852,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributable profits of the PRC subsidiaries amounting to approximately RMB1,416,961,000 as at 31 December 2023 (2022: RMB1,414,478,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23 INVENTORIES

	2023 **RMB'000**	2022 RMB'000
Raw materials	**3,010,515**	1,943,602
Work in progress	**4,439,204**	2,887,930
Finished goods	**290,550**	508,135
Goods in transit	**4,836,220**	4,687,109
	12,576,489	10,026,776

24 TRADE AND BILLS RECEIVABLES

	2023 **RMB'000**	2022 RMB'000
Trade receivables	**376,530**	101,494
Less: Allowance for credit losses	**(40,984)**	(44,735)
	335,546	56,759
Bills receivables	**7,502**	–
Total trade and bills receivables	**343,048**	56,759

24 TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2023, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB376,530,000 (2022: RMB101,494,000).

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 were matured within 1 year.

The following is an ageing analysis of trade and bills receivables, net of allowance for credit losses, 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.

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**324,974**	38,082
More than 1 year, but less than 2 years	**230**	18,274
More than 2 years, but less than 3 years	**17,844**	2
Over 3 years	**–**	401
	343,048	56,759

Details of impairment assessment of trade and bills receivables are set out in note 40(b).

Included in the Group's trade and bills receivables, net of allowance for credit losses, are balances with the following related parties:

	2023 **RMB'000**	2022 RMB'000
Trade and bills receivables:		
Fellow subsidiaries	**–**	45,128
Daye Group	**18,483**	–

The above balances with related parties are unsecured, interest-free and are repayable according to the relevant sales contracts. The bills receivables from Daye Group are matured within one year.

An analysis of trade and bills receivables denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	2023 **RMB'000**	2022 RMB'000
Denominated in United States dollar ("US$")	**54,751**	44,887

25 OTHER DEPOSITS

	2023 RMB'000	2022 RMB'000
Classified under non-current assets:		
Deposits for acquisition of property, plant and equipment and intangible assets	**66,640**	145,058
Deposits for environment rehabilitation (note (a))	**800**	4,492
Deposits for land restoration (note (b))	**5,588**	7,258
	73,028	156,808
Classified under current assets:		
Margin deposits (note (c))	**545,027**	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 commodities derivative instruments (note 27).

26 PREPAYMENTS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Prepayments for inventories	**22,512**	62,453
Value-added tax recoverable	**596,726**	445,510
Loans to a joint venture (note (a))	**–**	93,079
Amount due from a joint venture (note (b))	**–**	142
Amounts due from fellow subsidiaries (note (b))	**230**	200
Other receivables	**72,470**	51,952
	691,938	653,336
Less: Allowance for credit losses on other receivables	**(44,485)**	(126,139)
	647,453	527,197

26 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

(a) The loans to a joint venture were unsecured and carried fixed interest rate ranging from 4.35% to 4.60% per annum and overdue and credit-impaired as at 31 December 2022.

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

Details of impairment assessment of other receivables are set out in note 40(b).

27 DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets		Current liabilities	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Copper futures contracts	**10,582**	5,622	**16,391**	102,907
Gold futures contracts	**–**	107	**13,375**	6,151
Gold forward contracts	**–**	61,030	**–**	–
Silver futures contracts	**1,500**	33,380	**1,342**	4,558
	12,082	100,139	**31,108**	113,616

Major terms of the futures, forward and option contracts are as follows:

	At 31 December			
	2023		2022	
	Quantity	**Contract price (RMB)**	Quantity	Contract price (RMB)
Copper futures contracts (tonnes)				
Buy	**51,685**	**67,585 to 69,019**	26,525	65,776 to 66,169
Sell	**55,175**	**60,186 to 67,451**	35,455	52,029 to 66,289
Gold futures contracts (kg)				
Buy	**–**	**–**	86	409,590
Sell	**1,017**	**468,050 to 480,986**	495	396,548 to 410,340
Gold forward contracts (kg)				
Buy	**–**	**–**	2,650	379,700 to 409,170
Silver futures contracts (kg)				
Buy	**40,140**	**6,022 to 6,079**	107,025	5,071
Sell	**32,925**	**5,930 to 6,155**	31,170	5,056 to 5,307

27 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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.

The Group did not formally designate or document the hedging transactions with respect to the commodity derivative contracts, foreign currency forward, option and exchange swap contracts. Therefore, those transactions were not designated for hedge accounting.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The amounts recognised for the derivative financial assets and liabilities in respect of commodity derivative contracts, foreign currency forward, option and exchange swap contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets At 31 December		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position At 31 December		Net amounts of financial assets presented in the consolidated statement of financial position At 31 December	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Deposits in futures margin accounts (note 25)	**545,027**	687,156	**–**	–	**545,027**	687,156
Derivatives in respect of:						
Copper futures contracts	**10,582**	5,622	**–**	–	**10,582**	5,622
Gold futures contracts	**–**	107	**–**	–	**–**	107
Gold forward contracts	**–**	61,030	**–**	–	**–**	61,030
Silver futures contracts	**1,500**	33,380	**–**	–	**1,500**	33,380
Total	**557,109**	787,295	**–**	–	**557,109**	787,295

27 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial assets presented in the consolidated statement of financial position At 31 December		Related amounts not set off in the consolidated statement of financial position: Derivative financial liabilities At 31 December		Related amounts not set off in the consolidated statement of financial position: Cash collateral received At 31 December		Net amount At 31 December	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Counterparty A	**195,821**	366,694	**(561)**	(3,568)	**–**	–	**195,260**	363,126
Counterparty B	**-**	17,059	**–**	–	**–**	–	**–**	17,059
Counterparty C	**-**	43,970	**–**	–	**–**	–	**–**	43,970
Counterparty D	**1**	1	**–**	–	**–**	–	**1**	1
Counterparty E	**(1,080)**	–	**–**	–	**–**	–	**(1,080)**	–
Counterparty F	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty G	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty H	**1**	1	**–**	–	**–**	–	**1**	1
Counterparty I	**362,366**	359,570	**(21,996)**	(63,786)	**–**	–	**340,370**	295,784
	557,109	787,295	**(22,557)**	(67,354)	**–**	–	**534,552**	719,941

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities At 31 December		Gross amounts of recognised financial assets set off in the consolidated statement of financial position At 31 December		Net amounts of financial liabilities presented in the consolidated statement of financial position At 31 December	
	2023	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Derivatives in respect of:						
Copper futures contracts	**16,391**	102,907	**–**	–	**16,391**	102,907
Gold futures contracts	**13,375**	6,151	**–**	–	**13,375**	6,151
Silver futures contracts	**1,342**	4,558	**–**	–	**1,342**	4,558
Total	**31,108**	113,616	**–**	–	**31,108**	113,616

27 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial liabilities presented in the consolidated statement of financial position At 31 December		Related amounts not set off in the consolidated statement of financial position: Derivative financial assets At 31 December		Related amounts not set off in the consolidated statement of financial position: Cash collateral received At 31 December		Net amount At 31 December	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Counterparty A	**561**	3,568	**–**	–	**(561)**	(3,568)	**–**	–
Counterparty B	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty C	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty D	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty E	**8,551**	23,471	**–**	–	**–**	–	**8,551**	23,471
Counterparty F	**–**	4,958	**–**	–	**–**	–	**–**	4,958
Counterparty G	**–**	17,833	**–**	–	**–**	–	**–**	17,833
Counterparty H	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty I	**21,996**	63,786	**–**	–	**(21,996)**	(63,786)	**–**	–
	31,108	113,616	**–**	–	**(22,557)**	(67,354)	**8,551**	46,262

28 PLEDGED DEPOSITS, AND CASH, DEPOSITS AND BANK BALANCES

Pledged deposits

	2023 RMB'000	2022 RMB'000
Deposits placed with Finance Company		
Classified under current assets	**–**	24,000

Cash, deposits and bank balances

Included in cash, deposits and bank balances as at 31 December 2023 was an amount of approximately RMB938,022,000 (2022: RMB818,463,000) placed with Finance Company as saving deposits, which bear interest at rate ranging from 0.50% to 1.32% (2022: 0.52% to 1.32%) per annum and repayable on demand. The remaining bank balances carry interest at rates ranging from 0.01% to 0.35% (2022: 0.01% to 0.35%) per annum.

28 PLEDGED DEPOSITS, AND CASH, DEPOSITS AND BANK BALANCES (Continued)

Cash, deposits and bank balances (Continued)

Analysis of cash, deposits and bank balances denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	2023 RMB'000	2022 RMB'000
Denominated in Euro	**6**	–
Denominated in US$	**46,072**	176,849
Denominated in HK$	**604**	439
	46,682	177,288

Details of impairment assessment of bank balances and pledged bank deposits are set out in note 40(b).

29 TRADE PAYABLES

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

	2023 RMB'000	2022 RMB'000
Within 1 year	**3,554,795**	3,576,635
More than 1 year, but less than 2 years	**10,360**	8,890
More than 2 years, but less than 3 years	**697**	665
Over 3 years	**2,272**	4,066
	3,568,124	3,590,256

Included in the Group's trade payables are payables to fellow subsidiaries of approximately RMB35,514,000 (2022: RMB135,020,000). The payables to fellow subsidiaries are unsecured, interest-free and are repayable within one year according to respective purchase contracts.

Analysis of trade payables denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	2023 RMB'000	2022 RMB'000
Denominated in US$	**2,769,264**	2,885,561

The average credit period on purchases of goods is ranging from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

30 OTHER PAYABLES AND ACCRUED EXPENSES

	2023 RMB'000	2022 RMB'000
Classified under current liabilities:		
Salaries and welfare payables	**213,446**	155,829
Current portion of deferred income (note 36)	**14,846**	18,466
Payables for purchase of property, plant and equipment (note (a))	**762,559**	934,648
Amounts due to Daye Group (note (b))	**41,783**	31,417
Amounts due to joint ventures (note (b))	**–**	2,299
Land restoration costs payable to a fellow subsidiary	**66,427**	67,940
Payables for mining rights	**18,218**	17,681
Value-added tax payables	**40,893**	11,039
Other payables and accruals	**129,433**	110,575
Other deposits received	**60,493**	47,527
	1,348,098	1,397,421
Balances repayable after one year and classified under non-current liabilities:		
Payables for mining rights	**78,586**	96,805
Payables for purchase of property, plant and equipment (note (a))	**306,533**	276,333
	385,119	373,138

Notes:

(a) Included in payables for purchase of property, plant and equipment are payables to fellow subsidiaries of approximately RMB370,658,000 (2022: RMB806,069,000) in relation to the construction work conducted by these fellow subsidiaries. All of the payables to fellow subsidiaries are interest-free, unsecured and repayable in accordance with the terms of the relevant construction contracts.

(b) The amount due to Daye Group and a joint ventures are unsecured, interest-free and repayable on demand.

31 CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Contract liabilities in respect of sales of goods at 31 December	**77,458**	50,461
Revenue recognised during the year in respect of sales of goods that was included in the contract liabilities at the beginning of year	**50,461**	228,850

The Group receives range from 5% to 10% of the contract values as initial payments from certain customers when they sign the contracts for sales of goods. The receipt in advance results in contract liabilities being recognised until the customers obtain control of the copper cathodes.

The significant changes in contract liabilities were mainly due to increase in deposits received from customers in relation to the sales of goods.

32 BANK AND OTHER BORROWINGS

	2023 RMB'000	2022 RMB'000
Bank borrowings:		
Unsecured	**12,163,565**	9,877,062
Other borrowings:		
Loans from Daye Group, unsecured (note (a))	**660,858**	655,156
Loans from Finance Company, unsecured (note (a))	**50,000**	–
Loans from a fellow subsidiary, unsecured (note (a))	**–**	989
Gold loans, unsecured (note (b))	**1,491,959**	1,104,672
Other loans, unsecured (note (c))	**–**	172,147
	14,366,382	11,810,026

	2023 RMB'000	2022 RMB'000
Bank borrowings carrying amounts repayable*:		
Within one year	**5,867,484**	5,297,710
More than one year, but not exceeding two years	**3,685,566**	1,447,868
More than two years, but not exceeding five years	**2,500,661**	3,011,684
More than five years	**109,854**	119,800
	12,163,565	9,877,062
Other borrowings carrying amounts repayable*:		
Within one year	**1,723,788**	1,397,857
More than one year, but not exceeding two years	**–**	61,750
More than two years, but not exceeding five years	**479,029**	473,357
	2,202,817	1,932,964
Total bank and other borrowings	**14,366,382**	11,810,026
Less: Amounts due within one year shown under current liabilities	**(7,591,272)**	(6,695,567)
Amount shown under non-current liabilities	**6,775,110**	5,114,459

* The amounts due are based on scheduled payment dates set out in the respective loan agreements.

	2023 RMB'000	2022 RMB'000
Fixed-rate bank and other borrowings	**7,567,096**	7,359,385
Variable-rate bank and other borrowings	**6,799,286**	4,450,641
	14,366,382	11,810,026

32 BANK AND OTHER BORROWINGS (Continued)

	2023	2022
Effective interest rate: (per annum)		
Fixed-rate bank and other borrowings	**1.45% to 4.6%**	1.50% to 4.85%
Variable-rate bank and other borrowings#	**2.6% to 4.2%**	2.8% to 4.15%

These borrowings bear floating rate on benchmark interest rates quoted by People's Bank of China ("PBOC") and Bank of China ("BOC").

Notes:

(a) The details of unsecured loans from Daye Group, Finance Company and a fellow subsidiary are as follows:

Interest rate	Terms of repayment	**2023 RMB'000**	2022 RMB'000
Daye Group			
Fixed rate:			
At 4.75% per annum	Repayable on 29 August 2021*	**1,829**	1,798
At 3.65% per annum	Repayable on 30 December 2025	**479,029**	473,358
At 3.7% per annum	Repayable on 17 March 2023*	**90,000**	90,000
At 4.6% per annum	Repayable on 24 September 2023*	**90,000**	90,000
		660,858	655,156
Finance Company			
Floating rate:			
At 2.6% per annum	Repayable on 25 March 2024	**50,000**	–
A fellow subsidiary			
Floating rate:			
At 3.92% per annum	Repayable on 1 January 2022*	**–**	989

* The loans were natured and not repaid by the Group as at 31 December 2023.

32 BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(b) During the year ended 31 December 2023, gain (2022: loss) arising from change in fair value of gold loans designated as financial liabilities at FVTPL amounted to approximately RMB69,429,000 (2022: RMB73,105,000). These gains (2022: losses) have been charged to profit or loss. The gold loans bear interest ranging from 1.1% to 2% (2022: 1.5% to 2%) per annum and approximately RMB1,491,959,181 (2022: RMB1,104,672,000) of gold loans are repayable within one year.

(c) On 23 December 2015, the Group entered into an agreement with a third party financing company whereby the Group had agreed to transfer the ownership of certain equipment to the financing company (the "Equipment") at a consideration of RMB500,000,000 and leased back the Equipment for a period of 8 years subject to the terms and conditions of the agreement. The transaction was completed in January 2016.

Upon discharging all the Group's obligations under the agreement, the financing company would return the ownership of the Equipment to the Group for a nominal amount of RMB1. Despite the agreement involved a legal form of a lease, the Group accounted for the agreement as collateralised borrowing in accordance with the substance of such agreement.

During the year ended 31 December 2023, the other loan was fully settled.

Analysis of bank and other borrowings denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	2023 **RMB'000**	2022 RMB'000
Denominated in US$	**707**	1,059

As at 31 December 2023, the Group had approximately RMB17,838,147,000 (2022: RMB17,272,208,000) of available undrawn facilities.

As at 31 December 2023, the Group's bank borrowings with carrying amount of approximately RMB4,171,540,000 (2022: RMB2,749,517,000) are subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 40(b). As at 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

33 LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**6,332**	6,037
Within a period of more than one year but not more than two years	**5,709**	6,332
Within a period of more than two years but not more than five years	**18,863**	17,981
Within a period of more than five years	**97,706**	104,297
	128,610	134,647
Less: Amount due for settlement with 12 months shown under current liabilities	**(6,332)**	(6,037)
Amount due for settlement after 12 months shown under non-current liabilities	**122,278**	128,610

The weighted average incremental borrowing rate applied to lease liabilities was 4.9% (2022: 4.9%) per annum.

As at 31 December 2023, lease liabilities of RMB128,610,000 are recognised with related right-of-use assets of RMB134,329,000 (2022: lease liabilities of RMB134,647,000 and related right-of-use assets of RMB143,881,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

34 PROVISION FOR MINE REHABILITATION, RESTORATION AND DISMANTLING

	RMB'000
As at 1 January 2022	54,344
Additional provision	17,738
Interest cost charged to profit or loss (note 10)	1,574
As at 31 December 2022 and 1 January 2023	73,656
Additional provision	19,251
Interest cost charged to profit or loss (note 10)	1,622
As at 31 December 2023	94,529

The provision for mine rehabilitation, restoration and dismantling includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues. The discount rate used in determining this provision is 3% (2022: 3%) per annum.

35 PROMISSORY NOTE

	Principal amount RMB'000	Interest accrued RMB'000	Total RMB'000
At 1 January 2022	891,537	204,315	1,095,852
Interest charged to profit or loss (note 10)	–	42,348	42,348
At 31 December 2022 and 1 January 2023	891,537	246,663	1,138,200
Interest charged to profit or loss (note 10)	–	42,348	42,348
At 31 December 2023	891,537	289,011	1,180,548

A promissory note with a principal amount of RMB891,537,000 was issued to China Times on 7 March 2017 (the "Promissory Note"). The principal amount together with accrued interest of the Promissory Note should be paid either in full or by installments no later than 6 March 2022 and had been further extended to 7 March 2027 on 4 March 2022. The interest payable under the Promissory Note shall accrue at the rate of 4.75% per annum on the outstanding principal amount. The modification was not accounted for as an extinguishment and no gain or loss on modification of terms was recognised in profit and loss for the modification.

Payment under the Promissory Note shall be made, at the option of the Company, by:

(i) the payment of immediately available funds in Renminbi by wire transfer to the China Times's bank account designated by China Times in writing; and/or

(ii) the allotment and issue of shares of the Company (the "Shares") to China Times subject to compliance with applicable laws, regulations and the Listing Rules.

If the Company elects payment by immediately available funds under (i) above, the amount of payment shall include the principal amount outstanding on the Promissory Note together with accrued and unpaid interest as at the date of payment. If the Company elects the allotment and issue of the Shares under (ii) above, the issue price of the Shares shall be determined by reference to the market price of the Shares quoted on the Stock Exchange.

36 DEFERRED INCOME

	RMB'000
As at 1 January 2022	167,170
Government grants obtained	8,300
Credited to profit or loss (note 7)	(27,302)
As at 31 December 2022 and 1 January 2023	148,168
Government grants obtained	10,025
Credited to profit or loss (note 7)	(18,285)
As at 31 December 2023	139,908

	2023 RMB'000	2022 RMB'000
Analysed as:		
Current (note 30)	**14,846**	18,466
Non-current	**125,062**	129,702
	139,908	148,168

Deferred income represents grants obtained from the PRC government in relation to the construction and the purchase of certain plant and machinery by the Group.

37 EARLY RETIREMENT OBLIGATIONS

The Group had made offers to certain employees for encouraging them to accept voluntary redundancy before their normal retirement date (the "Early Retirement Scheme"). Early retirement benefits are recognised when the Group enters into agreements specifying the terms of early retirement or after the individual employees have been advised of the specific terms.

The movement of the early retirement obligations is see out as below:

	RMB'000
As at 1 January 2022	83,940
Interest cost charged to profit or loss (note 10)	1,830
Reversed during the year	(2,010)
Benefits paid	(21,550)
As at 31 December 2022 and 1 January 2023	62,210
Interest cost charged to profit or loss (note 10)	1,320
Reversed during the year	(5,660)
Benefits paid	(17,890)
As at 31 December 2023	39,980

37 EARLY RETIREMENT OBLIGATIONS (Continued)

	2023 RMB'000	2022 RMB'000
Analysed as:		
Current	**13,170**	18,010
Non-current	**26,810**	44,200
	39,980	62,210

38 SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	30,000,000,000	1,500,000
		RMB'000
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	17,895,579,706	727,893

There was no movement in the Company's share capital for both years ended 31 December 2023 and 2022.

39 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank and other borrowings, lease liabilities and promissory note, net of pledged deposits, and cash, deposits and bank balances), and equity attributable to owners of the Company (comprising share capital, share premium and all other reserves).

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	Notes	**2023** **RMB'000**	2022 RMB'000
Debts	(i)	**15,675,540**	13,082,873
Less: Pledged deposits, and cash, deposits and bank balances		**(991,883)**	(844,040)
Net debts		**14,683,657**	12,238,833
Equity attributable to owners of the Company	(ii)	**3,043,414**	3,097,093
Net debts to equity ratio		**482.47%**	395.17%

Notes:

(i) Debts comprise non-current and current bank and other borrowings, lease liabilities and promissory note as detailed in notes 32, 33 and 35, respectively.

(ii) Equity includes share capital, share premium and all other reserves attributable to owners of the Company.

40 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost	**1,908,173**	1,607,189
Financial asset at FVTPL:		
Derivative financial instruments	**12,082**	100,139
Financial liabilities		
Financial liabilities at amortised cost	**20,792,532**	17,174,864
Financial liabilities at FVTPL:		
Derivative financial instruments	**31,108**	113,616
Designated at FVTPL – Gold loans*	–	1,104,672

* The fair value changes attributable to changes in credit risk were not significant during the year ended 31 December 2022 and on a cumulative basis.

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, margin deposits, other receivables, structured bank deposits, pledged deposits, cash, deposits and bank balances, trade payables, other payables, bank and other borrowings (including gold loans), promissory note and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Commodity price risk

The Group is principally engaged in the mining and processing of mineral ores and trading of non-ferrous metal in the PRC. The major products of the Group include copper cathodes and gold, and other products include silver, iron ores, sulphuric acid, etc. As the commodity market is influenced by global as well as the PRC supply and demand conditions, any unexpected price change in the market might affect the Group's earnings and performance. To mitigate this risk, the Group closely monitors any significant exposures, and may enter into commodity derivative contracts from time to time in accordance with the policies approved by the directors of the Company to manage the exposure with respect to its inventories, forecast sell or firm sell commitments mainly includes copper and certain other metal products. The Group does not enter into any commodity derivative contracts in respect of iron ores and other commodities, except the commodities below.

The Group enters into copper and other metal derivative contracts for the purpose of managing its exposure to copper and other metal product price risk.

Financial assets and liabilities of the Group that expose to the commodity price risk – the fair value change, primarily with respect to its outstanding derivative financial instruments, mainly the copper and other metal derivative contracts.

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Commodity price risk (Continued)

The following table details the Group's sensitivity to movement in prices in respect of its outstanding commodity derivative contracts at each reporting date. At each reporting date, if the prices of these commodity derivative contracts increased/decreased by a reasonable possible change, with all other variables being held constant, the Group's profit after tax (2022: loss after tax) would have been affected as set out below:

	2023 (Decrease)/ increase in profit after tax RMB'000	2022 Increase/ (decrease) in loss after tax RMB'000
The prices of the commodity derivative contracts:		
Increased by 10%	**(1,427)**	5,588
Decreased by 10%	**1,427**	(5,588)

Interest rate risk

The Group is exposed to interest rate risk on deposits, bank balances, lease liabilities, interest-bearing other payables, bank and other borrowings and promissory note. Deposits, bank balances and bank and other borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits, bank balances, lease liabilities, interest-bearing other payables, promissory note and bank and other borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's margin deposits, pledged deposits, cash, deposits and bank balances, bank and other borrowings, lease liabilities and promissory note have been disclosed in notes 25, 28, 32, 33 and 35, respectively. The Group does not use derivative financial instruments to hedge its interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on fluctuation of benchmark interest rates quoted by the PBOC and BOC.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rate, with all other variables held constant (such effect on deposits and bank balances, however, had been ignored as most of them bear interest at minimal rate at the end of each reporting period), of the Group's profit after tax (2022: loss after tax) as a result of the change in interest expense for variable-rate borrowings after consideration of capitalisation of borrowing costs:

	2023		2022	
	+100 basis points (Decrease)/ increase in profit after tax RMB'000	**-100 basis points (Decrease)/ increase in profit after tax RMB'000**	+100 basis points Increase/ (decrease) in loss after tax RMB'000	-100 basis points Increase/ (decrease) in loss after tax RMB'000
Financial liabilities:				
Variable-rate bank and other borrowings	**(50,995)**	**50,995**	33,380	(33,380)

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Foreign exchange risk

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

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

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

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB to US$ exchange rates ("RMB – US$"), with all other variables held constant, of the Group's profit after tax (2022: loss after tax) due to changes in the carrying value of monetary assets and liabilities, and certain derivative financial instruments.

	2023 (Decrease)/ increase in profit after tax RMB'000	2022 Increase/ (decrease) in loss after tax RMB'000
RMB – US$		
Appreciation of US$ by 5%	**(100,093)**	99,933
Depreciation of US$ by 5%	**100,093**	(99,933)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from cash, deposits and bank balances, trade and bills receivables, other receivables, loans to a joint venture, amount due from a joint venture, amounts due from fellow subsidiaries pledged deposits and other deposits. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history. The credit risk arising from sales to major non-ferrous metals customers are managed by contracts that stipulate an upfront payment of significant portion of the amount of each sale and the remaining balance is normally received within 6 months to 1 year after delivery. The Group performs periodic credit evaluations of its customers and slow moving debts, if any, are regularly monitored with timely follow-up action taken.

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For trade receivables, the Group has assessed collectively the loss allowance at lifetime ECL. The Group determines the ECL based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

During the year ended 31 December 2023, the Group recognised impairment losses of approximately RMB2,675,000 (2022: reversal of impairment loss of approximately RMB31,520,000) for trade receivables measured at amortised cost taking into account the past due status of debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Bills receivables are only drawn from major state-owned financial institutions and Finance Company in the PRC. Substantially all margin deposits, pledged deposits, and cash, deposits and bank balances as detailed in notes 25 and 28 are held in major state-owned financial institutions and Finance Company located in the PRC. Substantially all derivative financial instruments are directly entered into with the Shanghai Futures Exchange and financial institutions with high credit rating, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any material loss arising from non-performance by these counterparties.

For other receivables, loans to a joint venture and amount due from a joint venture, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. In addition, the Group had joint control over its joint ventures and their financial positions were regularly monitored in order to minimise the credit risk associated with the loans to and amount due from a joint venture. The Group also reviews the recoverable amount of each individual balance at the end of the reporting period to ensure that adequate impairment losses are made.

Management considered amounts due from fellow subsidiaries to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group had concentration of credit risk as 25% (2022: 25%) and 70% (2022: 81%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors, respectively.

Apart from the above, the Group does not have any significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables measured at amortised cost	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL.

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2023 RMB'000	2022 RMB'000
Financial assets at amortised cost				
Trade receivables (note 24)	Low risk	Lifetime ECL – not credit impaired	**317,472**	38,082
	Doubtful	Lifetime ECL – not credit impaired	**18,074**	18,677
	Loss	Lifetime ECL – credit impaired	**40,984**	44,735
Bills receivables (note 24)	Low risk	12-month ECL	**7,502**	–
Other receivables (note 26)	Low risk	12-month ECL	**25,022**	12,347
	Doubtful	Lifetime ECL – not credit impaired	**2,963**	2,862
	Loss	Lifetime ECL – credit impaired	**44,485**	36,743
Loans to a joint venture (note 26)	Loss	Lifetime ECL – credit impaired	**–**	93,079

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2023 RMB'000	2022 RMB'000
Amount due from a joint venture (note 26)	Loss	Lifetime ECL – credit impaired	**–**	142
Amounts due from fellow subsidiaries (note 26)	Low risk	12-month ECL	**230**	200
Pledged deposits (note 28)	Low risk	12-month ECL	**–**	24,000
Other deposits (note 25)	Low risk	12-month ECL	**545,027**	687,156
Cash, deposits and bank balances (note 28)	Low risk	12-month ECL	**991,883**	820,040

The following table shows the movement in lifetime ECL that has been recognised for trade receivables measured at amortised cost under the simplified approach.

	Lifetime-ECL (not credit-impaired) RMB'000	Lifetime-ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2022	542	75,713	76,255
Transfer to Lifetime-ECL (credit impaired)	(542)	542	–
Impairment losses reversed	–	(31,520)	(31,520)
At 31 December 2022 and 1 January 2023	–	44,735	44,735
Impairment losses recognised	–	2,675	2,675
Exchange adjustments	–	459	459
Written-off	–	(6,885)	(6,885)
At 31 December 2023	**–**	**40,984**	**40,984**

The decrease in loss allowance during the year ended 31 December 2023 is mainly due to write off of trade receivables.

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in ECL that has been recognised for other receivables, and loans to and amounts due from a joint venture measured at amortised cost.

	12-month ECL RMB'000	Lifetime-ECL (not credit-impaired) RMB'000	Lifetime-ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2022	–	–	150,929	150,929
Impairment losses reversed, net	–	–	(25,533)	(25,533)
Impairment losses recognised, net	–	–	743	743
As at 31 December 2022 and 1 January 2022	–	–	126,139	126,139
Impairment losses	–	–	11,503	11,503
Exchange adjustments	–	–	(78)	(78)
Written-off	–	–	(93,079)	(93,079)
As at 31 December 2023	**–**	**–**	**44,485**	**44,485**

During the year ended 31 December 2023, the Group recognised an impairment allowance of approximately RMB11,503,000 (2022: a reversal of impairment allowance of approximately RMB24,790,000) for other receivables, and loans to a joint venture and amount due from a joint venture which was made based on the individual assessment.

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

In order to mitigate the liquidity risk, the directors of the Company regularly monitor the operating cash flows of the Group to meet its liquidity requirement in the short and long term, and have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Meanwhile, the Group recorded net operating cash outflows for the years ended 31 December 2023 and 2022.

The directors of the Company have prepared a working capital forecast of the Group covering a period of not less than 12 months from 31 December 2023. Based on the forecast, the sufficiency of the Group's working capital for the next 12 months depends on the Group's ability to obtain the anticipated cash flows from the Group's operating activities, and assuming the bank borrowings to be raised from unutilised banking facilities. The directors of the Company, after taking into account the reasonably possible changes in the operational performance and the availability of borrowings and the expected renewal of the short-term borrowings, are of the opinion that, the Group will have sufficient working capital to meet its financial obligations as and when they fall due.

40 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities, lease liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows including interest and principal of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. To the extent that interest flows are variable rate, the undiscounted amount is driven from interest rate at the end of reporting period.

Liquidity tables

	Weighted average interest rate %	Less than 1 year and on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2023							
Non-derivative financial liabilities:							
Trade payables	–	3,568,124	–	–	–	3,568,124	3,568,124
Other payables	–	1,295,250	21,110	369,863	–	1,686,223	1,677,478
Bank and other borrowings	2.97	7,906,521	3,860,457	3,102,250	111,720	14,980,948	14,366,382
Promissory note	4.75	–	–	1,315,017	–	1,315,017	1,180,548
		12,769,895	3,881,567	4,787,130	111,720	21,550,312	20,792,532
Lease liabilities	4.90	12,634	23,402	35,103	117,010	188,149	128,610
Derivatives – net settlement		31,108	–	–	–	31,108	31,108

	Weighted average interest rate %	Less than 1 year and on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2022							
Non-derivative financial liabilities:							
Trade payables	–	3,590,256	–	–	–	3,590,256	3,590,256
Other payables	–	1,371,345	297,443	63,330	21,110	1,753,228	1,741,054
Bank and other borrowings	3.06	6,975,852	1,514,944	3,570,092	390,056	12,450,944	11,810,026
Promissory note	4.75	–	–	1,315,017	–	1,315,017	1,138,200
	–	11,937,453	1,812,387	4,948,439	411,166	19,109,445	18,279,536
Lease liabilities	4.90	12,634	12,634	35,103	140,413	200,784	134,647
Derivatives – net settlement	–	113,616	–	–	–	113,616	113,616

The amounts included above of variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimate of interest rates determined at the end of the reporting period.

40 FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position

Fair value of 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 31 December 2023				
Financial assets				
Commodity future contracts	**–**	**12,082**	**–**	**12,082**
Financial liabilities				
Commodity future contracts	**–**	**31,108**	**–**	**31,108**
At 31 December 2022				
Financial assets				
Commodity future contracts	–	39,109	–	39,109
Other derivative financial instruments	–	61,030	–	61,030
Financial liabilities				
Commodity future contracts	–	113,616	–	113,616
Gold loans	–	1,104,672	–	1,104,672

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. 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 As at 31 December 2023 RMB'000	2022 RMB'000	Fair value hierarchy	Valuation technique
Copper futures contracts:	Assets	**10,582**	5,622	Level 2	Note 1
	Liabilities	**16,391**	102,907	Level 2	Note 1
Gold futures contracts:	Assets	**–**	107	Level 2	Note 1
	Liabilities	**13,375**	6,151	Level 2	Note 1
Gold forward contracts:	Assets	**–**	61,030	Level 2	Note 2
Silver futures contracts:	Assets	**1,500**	33,380	Level 2	Note 1
	Liabilities	**1,342**	4,558	Level 2	Note 1
Gold loans:	Liabilities	**–**	1,104,672	Level 2	Note 2

40 FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

Fair value of 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 were estimated based on gold forward prices that were discounted at a rate that reflected the credit risk of various counterparties.

There were no transfers between Level 1 and 2 for the years ended 31 December 2023 and 2022, and there were no transfers into or out of Level 3 during both years.

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

41 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Promissory note RMB'000	Amounts due to joint ventures and Daye Group under other payables RMB'000	Total RMB'000
At 1 January 2022	8,151,601	137,855	1,095,852	31,299	9,416,607
Financing cash flows	3,246,356	–	–	2,417	3,248,773
Settled through current account balances with Daye Group	–	(12,635)	–	–	(12,635)
Fair value adjustments	73,105	–	–	–	73,105
Interest expenses	340,337	6,880	42,348	–	389,565
New leases entered	–	2,547	–	–	2,547
Loss of control of subsidiaries (note 47)	(1,373)	–	–	–	(1,373)
At 31 December 2022 and 1 January 2023	11,810,026	134,647	1,138,200	33,716	13,116,589
Financing cash flows	2,123,907	–	–	8,067	2,131,974
Settled through current account balances with Daye Group	–	(12,635)	–	–	(12,635)
Fair value adjustments	(69,429)	–	–	–	(69,429)
Interest expenses	501,878	6,598	42,348	–	550,824
At 31 December 2023	14,366,382	128,610	1,180,548	41,783	15,717,323

42 CAPITAL COMMITMENTS

	2023 RMB'000	2022 RMB'000
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	**853,635**	1,472,687

43 RELATED PARTY TRANSACTIONS

Transactions and balances with the 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 consolidated financial statements, the Group also had the following significant transactions with related parties during the year.

Nature of balances/transactions	Notes	Relationship	2023 RMB'000	2022 RMB'000
Income:				
Sales of non-ferrous metals	(i)	Daye Group*	**12,873,765**	12
	(i)	Fellow subsidiaries	**–**	6,593,425
Sales of other materials	(i)	Daye Group*	**2,059**	–
	(i)	Fellow subsidiaries	**271**	15,079
Rendering of services	(i)	Daye Group*	**2,043**	58
	(i)	Fellow subsidiaries	**1,012**	1,911
Interest income	(ii)	Finance Company	**8,447**	7,219
Rental income for leasing of assets	(iii)	Daye Group*	**2,839**	2,160
Rental income for leasing of lands	(iii)	Daye Group	**924**	924

43 RELATED PARTY TRANSACTIONS (Continued)

Transactions and balances with the PRC government-related entities (Continued)

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

Nature of balances/transactions	Notes	Relationship	2023 RMB'000	2022 RMB'000
Expenses:				
Transportation fees	(i)	Daye Group*	**74,414**	–
	(i)	Fellow subsidiaries	**–**	57,863
Utilities fees	(i)	Daye Group*	**159,443**	794
	(i)	Fellow subsidiaries	**–**	334,769
Purchases of non-ferrous metals	(i)	Daye Group*	**12,041**	–
	(i)	Fellow subsidiaries*	**1,068,581**	2,704,243
Purchase of other products	(i)	Daye Group*	**23,596**	–
	(i)	Fellow subsidiaries*	**4,883**	15,841
Other service expense	(i)	Daye Group*	**76,981**	2,164
	(i)	Fellow subsidiaries*	**5,759**	12,602
Financial service fee paid	(i)	Finance Company*	**165,304**	818,463
Rental expense for leasing of lands	(iii)	Daye Group*	**12,634**	7,207
	(iii)	Fellow subsidiaries	**–**	849
Rental expense for leasing of assets	(iii)	Daye Group*	**2,241**	2,811
Interest expense	(iv)	Daye Group	**57,377**	15,025
	(iv)	Finance Company	**2,920**	6,839
	(iv)	Fellow subsidiaries	**–**	270
	(v)	China Times	**42,348**	42,348
Interest expense on lease liabilities	(vi)	Daye Group	**6,598**	6,755
	(vi)	Finance Company	**–**	125
Capital expenditures:				
Construction contract fees	(i)	Daye Group*	**187,245**	–
	(i)	Fellow subsidiaries*	**116,092**	1,378,613
Other service fees	(i)	Fellow subsidiaries*	**27,355**	30,430
Liabilities:				
Lease liabilities	(vi)	Daye Group	**128,610**	132,909

* These related party transactions also constitute continuing connected transactions which are subject to annual review and relevant requirements under Chapter 14A of the Listing Rules.

43 RELATED PARTY TRANSACTIONS (Continued)

Transactions and balances with the PRC government-related entities (Continued)

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

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements, of which the transaction price was determined based on the government-prescribed price or by reference to market price.

(ii) The interest income arose from the deposits placed with Finance Company and short-term advances to Daye Group. Further details of these balances at the end of the reporting period are set out in notes 25 and 28, respectively.

(iii) These transactions were conducted in accordance with the terms of the relevant agreements, in which the rent of the leased land/assets was determined by reference to the amortisation/depreciation of the relevant land/assets.

(iv) The interest expense arose from unsecured loans from Daye Group, Finance Company and a fellow subsidiary. Further details are set out in notes 32.

(v) The interest expense arose from promissory note from China Times. Further details of the promissory note are set out in note 35.

(vi) During the year, lease payments of approximately RMB12,754,000 (2022: RMB11,701,000) 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 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

The key management personnel of the Group includes the directors (who are also top executives of the Company). Further details of directors' emoluments are included in note 13.

44 RETIREMENT BENEFITS SCHEME

The employees of the Group are members of the state-managed retirement benefits scheme operated by the PRC government authority. The PRC subsidiaries are required to contribute specified rate of the employees' salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

In accordance with the relevant mandatory provident fund laws and regulations of Hong Kong, the Group operates a Mandatory Provident Fund scheme ("MPF Scheme") for all qualifying Hong Kong employees. The assets of the scheme are held separately from those of the Group and under the control of an independent MPF service provider. Under the rules of the MPF Scheme, the employer and its employees are required to make contributions to the scheme at rates specified in the rules separately. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group contributed an aggregate amount of RMB95,667,000 (2022: RMB105,992,000) to the above retirement benefit scheme during the year ended 31 December 2023.

45 DETAILS OF SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of establishment and place of business	Registered capital	Proportion of ownership interest held by the Company At 31 December 2023	2022	Proportion of voting power held by the Company At 31 December 2023	2022	Principal activities
大冶有色設計研究院有限公司 (Daye Non-ferrous Design and Research Institute Company Limited*) (Notes (b) and (c))	PRC/PRC	RMB6,800,000	**95.35%**	95.35%	**95.35%**	95.35%	Research and development
大冶有色金屬有限責任公司 (Daye Non-ferrous Metals Co., Ltd.*) ("Hubei Daye") (Notes (a) and (d))	PRC/PRC	RMB1,490,977,877	**95.35%**	95.35%	**95.35%**	95.35%	Mining and processing of mineral ores and trading of metal concentrates
陽新弘盛銅業有限公司 (Yangxin Hongsheng Copper Industry Company Limited*) ("Yangxin Hongsheng") (Notes (b) and (c))	PRC/PRC	RMB2,500,000,000	**49.58%**	49.58%	**52.00%**	52.00%	Smelting and processing of non-ferrous metals, gold and silver products and trading of non-ferrous metals
新疆匯祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Co., Ltd*) ("Hui Xiang") (Notes (a) and (d))	PRC/PRC	RMB226,000,000	**55.00%**	55.00%	**55.00%**	55.00%	Mineral and processing of mineral ores

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

45 DETAILS OF SUBSIDIARIES (Continued)

Notes:

(a) This subsidiary is directly held by the Company.

(b) These subsidiaries are indirectly held by the Company.

(c) These subsidiaries are PRC limited liability companies.

(d) These subsidiaries are sino-foreign owned enterprises established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length. None of the subsidiaries had any debt securities outstanding as at 31 December 2023 and 2022 nor at any time during both years.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and place of business	Proportion of ownership interests held by non-controlling interests	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Hubei Daye*	PRC/PRC	4.65%	**255,185**	(29,006)	**1,663,692**	1,208,972
Hui Xiang	PRC/PRC	45%	**3,593**	(82,623)	**(15,557)**	(19,150)
Individually immaterial subsidiaries with non- controlling interests			**45**	(5,697)	**(14,631)**	(13,307)
Total			**258,823**	(117,326)	**1,633,504**	1,176,515

* As at 31 December 2023, capital injection from non-controlling interests of Yangxin Hongsheng amounted to RMB200,000,000 (2022: RMB100,000,000).

45 DETAILS OF SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Hubei Daye

	2023 RMB'000	2022 RMB'000
Current assets	**15,375,270**	12,501,173
Non-current assets	**10,521,518**	10,494,146
Current liabilities	**(12,212,569)**	(11,481,926)
Non-current liabilities	**(7,244,896)**	(5,558,618)
Net assets	**6,439,323**	5,954,775
Equity attributable to owners of the Company	**4,775,631**	4,745,803
Non-controlling interests of Hubei Daye	**242,084**	229,400
Non-controlling interests of Hubei Daye's subsidiaries	**1,421,608**	979,572
Total equity	**6,439,323**	5,954,775
Revenue	**44,417,168**	33,489,503
Expenses	**(44,132,155)**	(33,260,057)
Profit for the year	**285,013**	229,446
Profit attributable to:		
Owners of the Company	**29,828**	258,452
Non-controlling interests of Hubei Daye	**13,149**	10,669
Non-controlling interests of Hubei Daye's subsidiaries	**242,036**	(39,675)
	285,013	229,446
Dividend paid to non-controlling interests	**465**	–
Net cash (outflow)/inflow from:		
Operating activities	**(1,105,376)**	(1,900,771)
Investing activities	**(1,202,411)**	(1,387,723)
Financing activities	**2,406,471**	3,336,146
Net cash inflow	**98,684**	47,652

45 DETAILS OF SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Hui Xiang

	2023 RMB'000	2022 RMB'000
Current assets	**44,875**	25,499
Non-current assets	**855,691**	952,223
Current liabilities	**(543,251)**	(547,125)
Non-current liabilities	**(391,887)**	(473,154)
Net liabilities	**(34,572)**	(42,557)
Equity attributable to owners of the Company	**(19,015)**	(23,407)
Non-controlling interests of Hui Xiang	**(15,557)**	(19,150)
Total equity	**(34,572)**	(42,557)
Revenue	**300,671**	131,186
Expenses	**(292,686)**	(314,793)
Profit/(loss) for the year	**7,985**	(183,607)
Profit/(loss) attributable to:		
Owners of the Company	**4,392**	(100,984)
Non-controlling interests of Hui Xiang	**3,593**	(82,623)
	7,985	(183,607)
Dividend paid to non-controlling interests	**–**	–
Net cash inflow/(outflow) from:		
Operating activities	**177,430**	(18,039)
Investing activities	**(103,643)**	(46,208)
Financing activities	**(57,173)**	33,926
Net cash inflow/(outflow)	**16,614**	(30,321)

46 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Investments in subsidiaries		**3,885,785**	3,885,785
Investment in a joint venture		**–**	1
Amounts due from subsidiaries	(a)	**–**	5
		3,885,785	3,885,791
Current assets			
Cash and bank balances		**3,065**	1,189
Prepayments and other receivables		**140**	274
		3,205	1,463
Current liabilities			
Amounts due to subsidiaries	(b)	**–**	1,216
Loans from a subsidiary	(b)	**216,030**	198,321
Other payables and accrued expenses		**5,467**	3,000
		221,497	202,537
Net current liabilities		**(218,292)**	(201,074)
Total assets less current liabilities		**3,667,493**	3,684,717
Capital and reserves			
Share capital		**727,893**	727,893
Reserves	(c)	**1,459,052**	1,518,624
Total equity		**2,186,945**	2,246,517
Non-current liabilities			
Loans from a subsidiary	(b)	**300,000**	300,000
Promissory note		**1,180,548**	1,138,200
		1,480,548	1,438,200
		3,667,493	3,684,717

46 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The amounts due from subsidiaries were unsecured, interest-free and no fixed repayment term.

(b) The amounts due from subsidiaries/loans from a subsidiary are unsecured, interest-free and repayable on demand.

(c) Movements in the Company's reserves

	Share premium RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2022	124,592	1,825	1,580,442	1,706,859
Loss for the year	–	–	(188,235)	(188,235)
As at 31 December 2022 and 1 January 2023	124,592	1,825	1,392,207	1,518,624
Loss for the year	–	–	(59,572)	(59,572)
As at 31 December 2023	**124,592**	**1,825**	**1,332,635**	**1,459,052**

47 LOSS OF CONTROL OF SUBSIDIARIES

(a) Disposal of a subsidiary/acquisition of an associate

On 31 December 2023, the Group completed the disposal of 26% equity interest in 大冶銅貴建材有限公司 (Daye Tonggui Building Material Company Limited) ("Daye Tonggui"), the then indirect non-wholly owned subsidiary of the Company before the disposal. Following the completion of disposal, the Group ceased to have control on Daye Tonggui and the remaining 25% equity interest is accounted for as an investment in an associate (note 20).

47 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

(a) Disposal of a subsidiary/acquisition of an associate (Continued)

The net assets of Daye Tonggui at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	59,559
Deferred tax assets	1,294
Prepayments and other receivables	5,293
Inventories	2,362
Bank balances and cash	1,178
Other payables and accrued expenses	(33,375)
Net assets disposed of	36,311
Gain on disposal of a subsidiary:	
Consideration received and receivable	10,037
Fair value of residual investment retained (note 20)	9,651
Disposed net assets	(36,311)
Non-controlling interests	17,792
	1,169
Net cash inflow from disposal:	
Cash consideration	10,037
Less: bank balances and cash disposed of	(1,178)
	8,859

47 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

(b) Deregistration of subsidiaries

During the year ended 31 December 2023, the Group deregistered two subsidiaries, namely China Reservoir Mining Limited ("China Reservoir") and Prosper Well Group Limited ("Prosper Well").

The net liabilities of China Reservoir and Prosper Well at the date of deregistration were as follows:

	China Reservoir RMB'000	Prosper Well RMB'000	Total RMB'000
Other payables	(11,465)	(19)	(11,484)
Net liabilities	(11,465)	(19)	(11,484)
Loss on deregistration of a subsidiary:			
Net liabilities deregistered	(11,465)	(19)	(11,484)
Non-controlling interests	16,423	–	16,423
Waiver of amounts payable to subsidiaries of the Group	–	19	19
Release of exchange reserve	2,648	–	2,648
	7,606	–	7,606

47 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

(b) Deregistration of subsidiaries (Continued)

During the year ended 31 December 2022, the Group deregistered two subsidiaries, namely Reservoir (Mongolia) Limited ("Reservoir (Mongolia)") and Kunming Daxin Trading Co., Ltd ("Kunming Daxin").

The net liabilities of Reservoir (Mongolia) and Kunming Daxin at the date of deregistration were as follows:

	Reservoir (Mongolia) RMB'000	Kunming Daxin RMB'000	Total RMB'000
Property, plant and equipment	–	5,527	5,527
Inventories	–	454	454
Trade receivables	–	90	90
Other receivables	340	567	907
Cash and bank balances	–	34	34
Trade payables	–	(3)	(3)
Other payables	(2,913)	(812)	(3,725)
Amounts due to the Group's subsidiaries	(40,422)	(33,785)	(74,207)
Other borrowings	(1,373)	–	(1,373)
Net liabilities	(44,368)	(27,928)	(72,296)
Loss on deregistration of a subsidiary:			
Net liabilities deregistered	(44,368)	(27,928)	(72,296)
Non-controlling interests	9,293	13,685	22,978
Release of exchange reserve	(328)	–	(328)
Waiver of amounts due to the Group's subsidiaries	40,422	33,785	74,207
	5,019	19,542	24,561

48 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Daye Metal"	Daye Non-ferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company
"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 non-wholly owned subsidiary of the Company
"%"	per cent

* *For identification purpose only*