



Jiangxi Copper Company Limited

(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

(Stock Code · H Share: 0358 · A Share: 600362)

2022 Annual Report



Important Notice

- I. The board of directors (the “**Board**”) and the supervisory committee of the Company (the “**Supervisory Committee**”) and its directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management warrant the truthfulness, accuracy and completeness of the information contained in this annual report that there are no false representations, misleading statements contained herein or material omissions, and jointly and severally accept full responsibility.
- II. All Directors of the Company attended the Board meeting in relation to, among others, the approval of results for the year ended 31 December 2022.
- III. The consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”) prepared in accordance with PRC Accounting Standards for Enterprises (“**PRC GAAP**”) and International Financial Reporting Standards (“**IFRSs**”) have been audited by Ernst & Young Hua Ming Certified Public Accountants LLP (domestic auditor) and Ernst & Young (overseas auditor) respectively with standard unqualified audit report issued.
- IV. The person in charge of the Company, Mr. Zheng Gaoqing, the person in charge of accounting, Mr. Yu Tong, and the head of finance department (accounting chief), Mr. Bao Xiaoming, warrant the truthfulness, accuracy and completeness of the financial report as set out in the annual report.
- V. Proposal of profit distribution plan or transfer of capital reserve to share capital during the Reporting Period after consideration by the Board

The Board has recommended distributing to all shareholders a final dividend of RMB0.50 per share (inclusive of tax) for 2022. The Board did not recommend transfer of capital reserve to share capital or issue of bonus shares.
- VI. Statement for the risks involved in the forward-looking statement

This annual report contains forward-looking statements that involve future plans and development strategies which do not constitute a commitment by the Company to its investors. Investors should be aware of the investment risks.
- VII. There is no misappropriation of funds by the controlling shareholders and their connected parties for non-operation purpose.
- VIII. There is no external guarantee made in violation of the required decision-making procedures.
- IX. There is no more than half of the Directors that could not guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Group.
- X. Notice of principal risks

The Company has described the industrial risks in details in the report. Please refer to the content of “Discussion and analysis concerning the future development of the Company – Potential risks” under the section headed “Management Discussion and Analysis” of this report.
- XI. Others

Unless otherwise specified, financial data involved in this report was extracted from audited consolidated financial statements of the Group prepared in accordance with the PRC GAAP.

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Definitions

Terms used herein, unless otherwise specified, shall have the same meanings ascribed to them as follow:

Definitions to the frequently-used terms:

Articles	means	the Articles of Association of Jiangxi Copper Company Limited
Audit Committee	means	the independent audit committee of the Company
Board	means	the board of Directors
Chengmenshan Copper Mine	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Jiujiang City, Jiangxi Province, and also refers to Chengmenshan Copper Mine of the Company
Company or Jiangxi Copper	means	Jiangxi Copper Company Limited
copper cathode and refined copper	means	prefabricate thick plate with crude copper as anode and sheet with fine copper as cathode, and take the mixed solution of sulphuric acid and copper sulphate as electrolyte. After electrification, the copper is dissolved on the anode as copper ions, which then move from the anode to the cathode, pick up electrons and are deposited on the cathode
copper concentrate	means	the concentrate from low grade ore containing copper achieving certain quality indicators through processing procedures, which can be directly used for smeltery in smelting plants
copper contained in copper concentrate	means	the amount of copper in copper concentrate
copper rod wire	means	rods and wires made of copper cathode by melting, casting and rolling
crude copper	means	the raw copper materials including impure copper and blister copper
CSRC	means	China Securities Regulatory Commission
Dexing Copper Mine	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Dexing City, Shangrao City, Jiangxi Province, and also refers to Dexing Copper Mine of the Company

Definitions

Director(s)	means	the director(s) of the Company
Fuye Group	means	Zhejiang Fuye Group Co., Ltd.* (浙江富冶集团有限公司)
Group	means	the Company and its subsidiaries
Guixi Smelter	means	a copper smelter factory owned by the Company, located in Guixi City, Jiangxi province, and also refers to Guixi Smelter of the Company
Heding Copper	means	Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.* (浙江江銅富冶和鼎銅業有限公司)
Humon Smelting	means	Shandong Humon Smelting Co., Ltd.
IFRSs	means	International Financial Reporting Standards
JCC	means	Jiangxi Copper Corporation Limited (formerly known as Jiangxi Copper Corporation) and its subsidiaries, but excluding the Group
JCC Hongyuan	means	a copper smelter factory owned by Jiangxi Copper, located in Guixi City, Jiangxi Province, and also refers to JCC Hongyuan Copper Industry Co., Ltd.
JCC Guoxing	means	a copper smelter factory owned by Jiangxi Copper, located in Yantai City, Shandong Province, and also refers to JCC Guoxing (Yantai) Copper Company Limited
Listing Rules	means	the Rules Governing the Listing of Securities on the Stock Exchange
LME	means	London Metal Exchange

Definitions

matte	means	copper produced by smelting of copper concentrate in a reverberatory furnace, electric furnace or flash furnace, with copper content of approximately 60%
Ministry of Finance	means	The Ministry of Finance of the People's Republic of China
PRC	means	The People's Republic of China
PRC GAAP	means	the PRC Accounting Standards for Enterprises
refined smelting	means	production and processing of crude copper to copper cathode
Reporting Period	means	the year ended 31 December 2022
rough smelting	means	production and processing of copper concentrate to crude copper
SHFE	means	Shanghai Futures Exchange
SSE	means	Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
sulphur concentrate	means	the sulphur product made from copper ores through mining, crushing, grinding-flotation, washing and other process as an important material for sulphuric acid production
sulphuric acid	means	one of the important products in the chemical industry, with molecular formula H_2SO_4 , which is a colorless, tasteless oil-like liquid, a strong acid with high boiling point, difficult to volatilise, easily soluble in water and miscible with water in any ratio
Supervisor(s)	means	the supervisor(s) of the Company
Supervisory Committee	means	the supervisory committee of the Company

Definitions

Wushan Copper Mine	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Ruichang City, Jiangxi Province, and also refers to Wushan Copper Mine of the Company
Yinshan Mining	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Dexing City, Shangrao City, Jiangxi Province, and also refers to JCC Yinshan Mining Company Limited
Yongping Copper Mine	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Qianshan County, Shangrao City, Jiangxi Province, and also refers to Yongping Copper Mine of the Company

In this annual report, the English names of certain PRC entities are translations of their Chinese versions, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese versions shall prevail.

Corporate Profile

I. CORPORATE INFORMATION

Name of the Company in Chinese	江西銅業股份有限公司
Chinese abbreviation	江西銅業
Name of the Company in English	Jiangxi Copper Company Limited
English abbreviation	JCCL
Legal representative	Zheng Gaoqing

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities Affairs Representative
Name	Tu Dongyang	Lu Gaoming
Address	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China
Telephone	(86)791-82710117	(86)791-82710112
Facsimile	(86)791-82710114	(86)791-82710114
E-mail	jccl@jxcc.com	jccl@jxcc.com

III. BASIC INFORMATION

Registered address of the Company	15 Yejin Avenue, Guixi City, Jiangxi Province, the People's Republic of China
Historical changes in the registered address of the Company	Nil
Office address of the Company	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China
Postal code of the office address of the Company	330096
Website of the Company	http://www.jxcc.com
E-mail	jccl@jxcc.com

Corporate Profile

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media and website for disclosure of the Company's annual report	Shanghai Securities News (www.cnstock.com)
Website of the stock exchange for disclosure of the Company's annual report	www.sse.com.cn
Place for inspection of annual report	7666 Changdong Avenue, High-tech Development Zone, Nanchang, Jiangxi Province, the People's Republic of China

V. INFORMATION ON THE COMPANY'S SHARES

Securities' information of the Company			
Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A Shares	SSE	Jiangxi Copper	600362
H Shares	the Stock Exchange	Jiangxi Copper	358

VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company (Domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, EY Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing
Auditor appointed by the Company (Overseas)	Name of auditor as signatories	Yang Lei (楊磊), Wang Yangyisu (汪洋一粟)
	Name	Ernst & Young
	Office address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Name of auditor as signatories	Shun Lung Wai, Ricky (孫龍偉)

Summary of Accounting Data and Financial Indicators

I. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE LAST THREE YEARS

(I) Major accounting data (prepared in accordance with PRC GAAP)

Unit: Yuan Currency: RMB

Major accounting information	2022	2021	Increase/decrease for the period over the same period of last year (%)	2020
Revenue	479,938,045,193	442,767,670,161	8.40	318,563,174,838
Net profit attributable to shareholders of the Company	5,993,964,274	5,635,567,528	6.36	2,320,394,755
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	5,417,038,713	7,094,451,239	-23.64	2,774,288,564
Net cash flows from operating activities	10,641,320,122	9,031,634,346	17.82	1,381,996,439

	End of 2022	End of 2021	Increase/decrease at the end of the period over the end of the same period of last year (%)	End of 2020
Net assets attributable to shareholders of the Company	73,518,652,248	69,798,852,884	5.33	52,745,619,575
Total assets	167,330,538,537	161,034,644,301	3.91	134,913,915,434

Summary of Accounting Data and Financial Indicators

(II) Major financial indicators (prepared in accordance with PRC GAAP)

Currency: RMB

Major financial indicator	2022	2021	Increase/decrease for the period over the same period of last year (%)	2020
Basic earnings per share (RMB/share)	1.73	1.63	6.36	0.67
Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A
Basic earnings per share after non-recurring profit and loss items (RMB/share)	1.56	2.05	-23.64	0.8
Rate of return on net assets (weighted average) (%)	8.36	8.69	-0.33	4.11
Rate of return on net assets after non-recurring profit and loss items (weighted average) (%)	7.56	10.94	-3.38	4.91

II. DIFFERENCES IN ACCOUNTING DATA BETWEEN IFRSs AND PRC GAAP

Differences in net profit and net assets attributable to shareholders of the Company in the consolidated financial report prepared under IFRSs and those under PRC GAAP

Unit: Yuan Currency: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Amount for the period	Amount for the previous period	As at the end of the period	As at the beginning of the period
Prepared in accordance with the PRC GAAP	5,993,964,274	5,635,567,528	73,518,652,248	69,798,852,884
Adjustments to items and amounts under IFRSs:				
Safety fund expenses provided but not used under the PRC GAAP during the period	7,512,046	136,957,041		
Under IFRSs	6,001,476,320	5,772,524,569	73,518,652,248	69,798,852,884

Summary of Accounting Data and Financial Indicators

Description of the differences between domestic and overseas accounting standards:

Pursuant to the provisions of the Ministry of Finance of the PRC and the Ministry of Emergency Management of the PRC, the safety fees are collected in accordance with the requirements of the Administrative Measures on the Collection and Use of Production Safety Fees of Enterprises ([2022] No.136). The safety fees are used exclusively for the improvement and enhancement of enterprises to provide safe production conditions. The safety fees to be drawn down are included in the cost or current profit or loss of the underlying products, and are separately reflected in “special reserves” of the equity interests of shareholders. When the withdrawn safety production fees are being used, if the expenditure is being expensed, the special reserve shall be directly written off. For fixed assets which have been generated using the withdrawn safety production expenditure, the expenses incurred in the collection of the construction-in-progress items shall be recognised as fixed assets when the safety project is completed and ready for its intended use; at the same time, the special reserve shall be offset by the cost of forming the fixed assets, and recognise the same amount of accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods. According to the IFRSs, the expenditure on production safety is separately reflected in the form of profit distribution in restricted reserve of ownership of equity at the time of withdrawal. Expenses which are expensed in the prescribed scope of use are included in the statement of comprehensive income in the period in which they are incurred; for capital expenditure, they are transferred to property, plant and equipment upon completion and depreciated in accordance with the depreciation policies of the Company. At the same time, in accordance with the actual amount use of the safety production fees of the current period, such amount shall be carried forward within the owner's equity to write off the restrictive reserve items and increase the undistributed profit, and shall limit the reduction of the remaining restricted reserve to zero.

III. MAJOR QUARTERLY FINANCIAL DATA IN 2022 (PREPARED IN ACCORDANCE WITH PRC GAAP)

Unit: Yuan Currency: RMB

	First quarter (January–March)	Second quarter (April–June)	Third quarter (July–September)	Fourth quarter (October– December)
Operating revenue	122,154,074,980	133,093,786,224	112,910,658,876	111,779,525,113
Net profit attributable to shareholders of the Company	1,473,560,664	1,992,998,594	1,261,923,437	1,265,481,579
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	1,758,970,031	997,469,228	1,104,490,515	1,556,108,939
Net cash flows from operating activities	-1,942,800,280	9,282,003,889	3,257,063,592	45,052,921

Summary of Accounting Data and Financial Indicators

IV. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNT (PREPARED IN ACCORDANCE WITH PRC GAAP)

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	2022 amount	2021 amount	2020 amount
Profit and loss from disposal of non-current asset	58,022,750	-117,634,636	-122,836,491
Government grant as included in profit and loss of the current period, other than those closely relating to the normal business of enterprises and subject to a fixed amount or quantity under certain standard and in compliance with national policies	294,680,838	158,982,823	142,904,812
Profit and loss from changes in the fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities, and investment gains from disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other debt investments except for effective hedging businesses related to normal operation of the Company	161,795,843	-1,970,504,423	-932,775,106
Reversion of provision for impairment of the receivables and contract assets under independent impairment test	174,857,236	200,121,859	0
Other non-operating income and expenses other than the above	-53,193,618	29,262,806	53,856,196
Less: Impact from income tax	67,372,770	-95,185,568	-130,629,189
Impact from interests of non-controlling shareholders (after tax)	-8,135,282	-145,702,292	-264,327,591
Total	576,925,561	-1,458,883,711	-453,893,809

Summary of Accounting Data and Financial Indicators

V. ITEMS MEASURED AT FAIR VALUE (PREPARED IN ACCORDANCE WITH PRC GAAP)

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Changes during the period	Impact on profit of the current period
1. Investment in held-for-trading equity instruments				
Equity investments	213,520,573	12,020,713	-201,499,860	-2,226,691
2. Investment in held-for-trading debt instruments				
Bond investment	973,592,548	2,298,998,908	1,325,406,360	42,277,545
Investment in debt instruments	2,832,879,447	2,236,993,848	-595,885,599	239,387,918
3. Held-for-trading financial liabilities	0	0	0	-12,344,587
4. Other non-current financial assets	1,266,705,556	1,229,629,359	-37,076,197	-167,381,568
5. Other equity instruments	19,260,619,266	18,498,826,276	-761,792,990	85,613,529
6. Derivatives not designated as a hedging relationship				
Foreign currency forward contracts	45,391,790	-78,797,439	-124,189,229	-676,149,803
Commodity option contracts	-8,854,726	-45,832,723	-36,977,997	132,746,823
Commodity derivative contracts	33,153,553	-426,247,521	-459,401,074	735,222,504
7. Hedging instruments				
Effective hedging derivative instruments				
Commodity futures contracts	29,880,118	-93,458,731	-123,338,849	-326,401,106
Provisional price arrangement	-11,441,879	-313,841,842	-302,399,963	-302,399,963
8. Items measured at fair value included in inventory	6,311,663,309	7,495,770,557	1,184,107,248	655,942,678
9. Financing of accounts receivable	2,535,148,368	1,903,238,251	-631,910,117	0
10. Financial guarantee contracts	-36,129,277	-38,353,000	-2,223,723	-2,223,723
Total	33,446,128,646	32,678,946,656	-767,181,990	402,063,556

Management Discussion and Analysis

(The data in this section is extracted from the consolidated financial statements prepared under the PRC GAAP)

I. DISCUSSION AND ANALYSIS OF OPERATION

In 2022, the Group maintained a rock-solid strategic determination, having faced many challenges, such as severe and complex situations, rise in the business risks, the price cuts of main products, and heavy rainfall attacks, and achieved the dual increase in quantity and profit, and preservation of quality and value.

In 2022, the Company achieved operating income of RMB479,938,000,000, representing a year-on-year increase of 8.40% (the same period of last year: RMB442,768,000,000); net profit attributable to shareholders of the listed company was RMB5,994,000,000, representing a year-on-year increase of 6.36% (the same period of last year: RMB5,636,000,000). As of 31 December 2022, the Company's total assets amounted to RMB167,331,000,000, representing an increase of 3.91% as compared with the beginning of the year (beginning of the year: RMB161,035,000,000), of which net assets attributable to shareholders of the Company amounted to RMB73,519,000,000, representing an increase of 5.33% as compared with the beginning of the year (beginning of the year: RMB69,799,000,000).

(1) Production and operation advanced despite adversity and reached new heights

Products	2022 Production Volume	2021 Production Volume	Year-on-year growth (%)
Copper cathode (ten thousand tonnes)	183.94	178.22	3.21
Gold (tonnes)	88.80	71.66	23.92
Silver (tonnes)	1,232.72	1,123.71	9.70
Sulphuric acid (ten thousand tonnes)	541.64	530.11	2.18
Copper processing products (ten thousand tonnes)	176.74	165.17	7.00
Including: copper rods	163.40	150.03	8.91
Self-produced copper contained in copper concentrate (ten thousand tonnes)	20.44	20.23	1.04
Sulphur concentrates (ten thousand tonnes)	265.45	254.12	4.46
Molybdenum concentrate folding (45%) (tonnes)	8,108	7,906	2.56

Management Discussion and Analysis

(2) Quickening pace, improving quality, and expanding into new space for project construction

1. Key projects were completed and put into operation efficiently: the 220,000 tonnes/year copper rods and 30,000 tonnes/year new casting material project in Jiangxi Shangrao Industrial Park was completed and put into operation ahead of schedule; Yinshan Mining 8,000 tonnes/day deep exploration and production expansion technical transformation underground project and Humon Smelting high purity material research and development and industrialisation (phase I) project were comprehensively promoted to achieve production on schedule; Jiangxi Copper (Qingyuan) Company Limited (江西銅業(清遠)有限公司) (“**Qingyuan**”) 100,000 tonnes/year copper cathode reconstruction and expansion project, JCC Guoxing (Yantai) Copper Company Limited (江銅國興(煙台)銅業有限公司) 180,000 tonnes/year copper cathode energy conservation and emission reduction project were successfully completed and put into operation, promoting the further optimisation of the Company’s industrial layout.
2. Accelerated progress of projects under construction: Wushan Copper Mine phase III 10,000 tonnes/day expansion project exceeded the annual schedule and anchored the goal of completion and production half a year ahead of schedule; Yinshan Mining 5,000 tonnes/day open pit project has stepped up construction with high quality and efficiency; Kazakhstan Bakuta tungsten mine project overcame various difficulties and challenges, with the construction of the project promoted in an orderly manner.
3. Prospective layout of long-term projects: Jiangxi Shangrao Industrial Park 100,000 tonnes/year lithium battery copper foil project, Jiangxi JCC Copper Foil Technology Company Limited(江西省江銅銅箔科技股份有限公司) (“**JCC Copper Foil**”) phase IV 20,000 tonnes/year high-grade electrolytic copper foil reconstruction and expansion project seized the window of opportunity, and endeavored to forge ahead. The construction of 100,000 tonnes/year new energy electromagnetic wire material project, environmental protection equipment manufacturing and 50,000 tonnes/year comprehensive resource recycling project were started.

Management Discussion and Analysis

(3) New momentum driven by scientific and technological innovation

1. Continuous deepening of the reform of the system and mechanism: through newly establishing the “unveiling and commanding” and patent management measures, the Company improved a series of management systems, such as the assessment of scientific and technological innovation, the use of funds, and the transformation of achievements. It further made increased efforts in scientific and technological innovation, optimised the process of scientific and technological innovation, and stimulated the two-way enthusiasm of scientific and technological research and problem-solving, thus removing the pain points, connecting the breakpoints, and unblocking the blocking points for scientific and technological research, and connecting the internal and external scientific research resources of the Company, so as to create a new ecosystem and cultivate new drivers with a better institutional system.
2. More fruitful scientific and technological achievements: scientific and technological personnel became more driven and active in innovation, leading to the emergence of a large number of scientific and technological achievements. Key breakthroughs have been made in the development of 4/4.5 micron lithium battery copper foil, oxygen-free copper rod for motor flat wire, class B1 flame-retardant and fireproof cable technology, and the preparation technology of low-segregation molybdenum-rhenium alloy for space stacking, which are being transformed into real productivity.

(4) Orderly promotion and elevation of the “double carbon” strategy to a new level

1. Solid and effective low-carbon energy conservation: the road of “reducing pollution and reducing carbon” coordinated governance and efficiency enhancement was getting wider and wider. Guixi Smelter continued to expand its leading advantage in energy conservation and carbon reduction. Throughout the year, the comprehensive energy consumption of copper smelting fell by 3.63% year on year, and the purchased steam fell by 38.48% year on year, realising “double harvest” of economic and social benefits. Throughout the year, the two state-level green factories of Qingyuan, Jiangxi Copper – Taiyi Special Electrical Materials Company Limited (江銅 — 台意特種電工材料有限公司) (“**JCC Taiyi**”) were added, and the number of state-level green mines and green factories of the Company increased to 12, and the advantages of green and low-carbon development were constantly consolidated.

Management Discussion and Analysis

2. Great achievements made in ecological governance: The Company invested more than RMB300 million in various types of ecological restoration throughout the year, and the ecological reclamation area reached more than 270 hectares. Guangdong Taolin Ecological Environmental Co., Ltd. (廣東桃林生態環境有限公司) stood out in the ecological environment remediation project with its unique patented technology of acid soil microbial soil remediation. The Company has been highly recognised in improving the quality of ecological environment, addressing prominent ecological and environmental issues, and promoting high-quality economic development.

(5) Digital-empowered transformation and upgrading for creating a new engine

1. Accelerating the construction of digital ecology: The Company compiled and completed the Top-level Design of Digital Jiangxi Copper(《數字江銅頂層設計》) with high quality, constructed eight core business digitalised transformation areas, such as open-pit mines and copper smelting, and accelerated the cultivation of industrial digitalised new ecology with the core of the Company. The Company established and improved a closed-loop mechanism for the whole process management of digitalised projects, including technical review, project approval, procurement of business, construction implementation and acceptance, to ensure the standardised operation and efficient promotion of digitalised projects.
2. Digital achievements continued to emerge: Dexing Copper Mine built a smart mine brain, and three parts of “driverless and intelligent control”, including electric locomotive, electric wheel and blasthole drill, have initially taken shape, and have been listed in the first eight pilot units of “smart mine” construction by the Ministry of Natural Resources of the People’s Republic of China. The construction of the digital transformation demonstration application scenario of “smart optimisation technology and application of copper smelting material flow” in Guixi Smelter has been fully completed, and the world’s first unmanned smart transfer production line for electrode plates has been independently developed and put into operation, realizing the one-time completion of the whole process automation of copper smelting process. Several digital projects were successfully selected into the provincial industrial development projects, and received a total of RMB5.5 million of provincial financial special fund support.

Management Discussion and Analysis

(6) Further strengthening of the high level of risk control

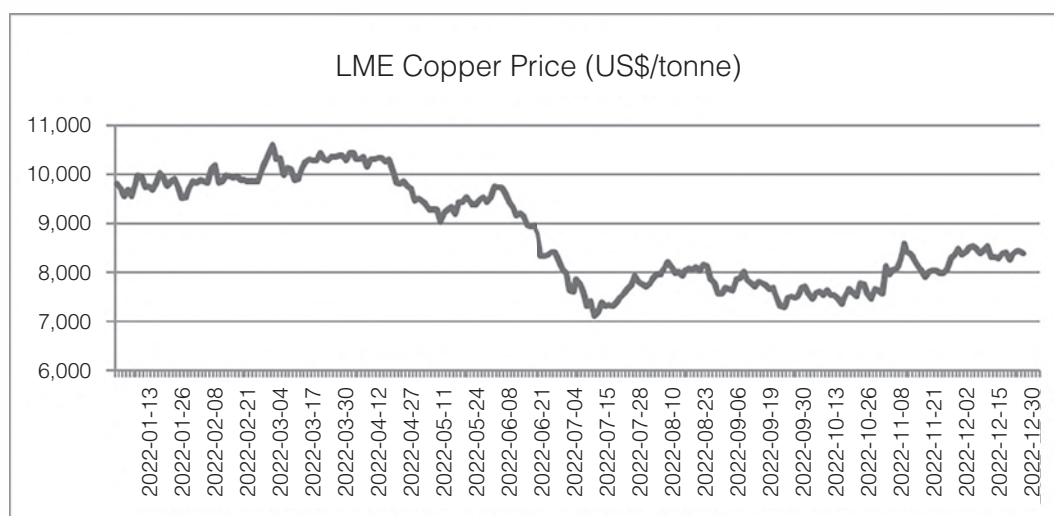
The Company overall coordinated development and safety, made every effort to strengthen production safety, strengthened risk management and control, and resolutely maintained the overall situation of reform, development, stability and harmony.

1. Firmly preventing and resolving major risks: facing the severe and complex domestic and international economic situation and various risk challenges, the Company carefully learned the lessons of historical risk events, further tightened the customer access review process with firmer determination, stricter standards and more practical measures, vigorously carried out the standardisation construction of risk management, strengthened daily supervision, and improved important risk control measures, and improved the risk management standard system. It also strengthened the role of audit supervision, opened up a precedent for audit supervision of concealed projects, and closed the management loopholes in the field of engineering.
2. Unswervingly tackling difficult tasks in production safety: the Company has thoroughly carried out the three-year action of rectification project of production safety, promoted the rectification of hidden dangers with high standards, strict requirements and high quality, and fundamentally solved a batch of key and difficult problems and hidden dangers in production safety, such as waste dump, safety monitoring of high and steep slopes, "overhead pond treatment", "construction of storage and transportation capacity of dangerous chemicals", forming a series of institutional achievements, and successfully completing the three-year action of rectification project of production safety. It carried out supervision of work safety in a strict, detailed and practical manner, made the implementation rules of work safety inspection with the strictest standards and more practical contents, established a pool of safety and environmental protection experts, innovated the safety supervision methods, and started the cadres-checking supervision and safety inspection during important holidays. The average monthly injury rate per thousand people of the Company was 0.027‰, down by 18% year on year, effectively curbing the occurrence of greater and the above-mentioned production safety accidents.

Management Discussion and Analysis

II. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

In the first quarter of 2022, the monetary policies of central banks of different countries remained loose, the economies of China, the United States and the world recovered as scheduled, and the copper price remained high and oscillated. However, without a full recovery of the global supply and a general rise in prices of goods brought by the growth of consumption, the inflation level in the United States and the world continued to rise to a record high, and the Russia-Ukraine conflict exacerbated the rise in inflation. Faced with better economic data and high inflation, the Federal Reserve started the process of raising interest rates and shrinking the balance sheet in March and June respectively, and the monetary policy stance of major central banks in the world also gradually shifted from loose to tight. Against this backdrop, copper prices began to fall unilaterally in the second quarter. However, after the tightening of the Federal Reserve's monetary policy, the rapid decline in copper prices led to the reluctance to sell scrap copper, and the phenomenon of refined copper replacing scrap copper was highlighted, leading to a structural shortage in the copper market. Driven by the disturbance of the Federal Reserve's interest rate hikes, and affected by the strengthening of copper market fundamentals, copper prices in the second half of the year mainly fluctuated in the range of US\$7,300-US\$8,600. As at 30 December 2022, the three-month closing copper price on the LME was US\$8,374/tonne, down by 14.2%; in 2022, the average three-month copper price on the LME was US\$8,786.1/tonne, down by 5.5%.



Management Discussion and Analysis

For copper concentrate, according to the data of International Copper Study Group (ICSG), global copper mine production and copper cathode production increased year-on-year in the first half of the year, resulting in a global oversupply of copper concentrate to a small extent and a rising spot copper concentrate processing fee of US\$82/tonne, up from US\$62/tonne at the beginning of the year. The 2023 copper concentrate long-term order processing fee benchmark ascertained by smelters in the PRC and Freeport is US\$88/tonne. This represented a 35.38% increase on the 2022 copper concentrate long-term order processing fee benchmark of US\$65/tonne. According to statistics, supply from major mines of the world is expected to increase by 840,000 tonnes in 2023 and overall copper concentrate supply would remain buoyant.

For scrap copper, in March 2022, the tax reform policy had a strong impact on the domestic scrap copper industry chain, resulting in a wait-and-see attitude among the relevant scrap-using production enterprises, which suppressed production and limited procurement demand, with downstream scrap-using enterprises keeping their capacity utilisation rate at a low level. Following the interest rate hikes by the Federal Reserve and European Central Bank, market fears were intensified and copper prices continued to fall, with scrap copper prices following an obvious decline. According to statistics, the aggregated domestic import volume of scrap copper in 2022 was approximately 1.77 million tonnes, with an increase of 4.54% year-on-year.

For downstream, production rates of domestic copper enterprises gradually increased in 2022, but performance varied by sector, with companies closely related to wire and cable and new energy photovoltaic showing a marked increase in capacity utilisation rate, while housing and home appliance related copper tube companies recorded poorer production rate. Overall speaking, the strong investment in photovoltaics and new energy had a significant impact on copper consumption.

III. MAJOR BUSINESS OPERATIONS DURING THE REPORTING PERIOD

According to the audited 2022 consolidated financial statement prepared in accordance with the PRC GAAP, the consolidated operating income of the Group is RMB479,938,045,193 (2021: RMB442,767,670,161), representing an increase of RMB37,170,375,032 (or 8.40%) as compared with last year; achieving net profit attributable to shareholders of the Company of RMB5,993,964,274 (2021: RMB5,635,567,528), representing an increase of RMB358,396,746 (or 6.36%) as compared with last year; basic earning per share is RMB1.73 (2021: RMB1.63).

Management Discussion and Analysis

(I) Analysis of principal businesses (prepared in accordance with PRC GAAP)

1. Table of movement analysis for the related items in profit statement and cash flow statement

Unit: Yuan Currency: RMB

Items	For the period	For the same period last year	Changes (%)
Operating revenue	479,938,045,193	442,767,670,161	8.40
Operating cost	465,609,468,267	425,222,600,397	9.50
Tax expenses and surcharge	1,545,196,166	1,153,231,976	33.99
Selling expenses	439,245,670	367,464,400	19.53
Administrative expenses	2,637,606,992	2,795,789,161	-5.66
Financial expenses	641,145,897	1,245,023,830	-48.50
Expenses on research and development	903,061,561	874,110,910	3.31
Net cash flow from operating activities	10,641,320,122	9,031,634,346	17.82
Net cash flow from investing activities	-7,718,982,585	-3,228,842,582	139.06
Net cash flow from financing activities	-9,753,801,867	1,153,944,774	-945.26
Impairment losses on assets	905,516,956	1,424,898,041	-36.45
Credit impairment loss	284,586,395	480,018,755	-40.71
Gains on disposal of assets	8,251,749	40,062,722	-79.40
Investment income	1,167,632,003	-1,764,177,554	-166.19
Changes in fair value	-796,606,072	-209,589,196	280.08
Non-operating revenue	89,245,205	66,546,695	34.11
Non-operating expenses	243,582,378	194,981,248	24.93
Income tax expenses	1,403,004,445	1,387,448,718	1.12

Management Discussion and Analysis

Explanation on changes in operating revenue: mainly due to the changes in price and sales volume of main products;

Explanation on changes in operating cost: mainly due to changes in price and sales volume of raw material cost;

Explanation on changes in selling expenses: mainly due to the increase in sales commission and customs agency fee;

Explanation on changes in administrative expenses: mainly due to the decrease in repair costs;

Explanation on changes in financial expenses: mainly due to the increase in interest income and exchange gains;

Explanation on changes in expenses on research and development: mainly due to the increase in research and development investment;

Explanation on changes in net cash flow from operating activities: mainly due to the expected profit realisation;

Explanation on changes in net cash flow from investing activities: mainly due to the increase in assets such as purchase and construction of fixed assets and intangible assets;

Explanation on changes in net cash flow from financing activities: mainly due to repayment of borrowings;

Explanation on changes in tax expenses and surcharge: mainly due to the increase in stamp duty, urban construction tax and education surcharge;

Explanation on changes in impairment losses on assets: mainly due to year-on-year decrease in the Group's provision for impairment losses on assets;

Explanation on changes in credit impairment loss: mainly due to the lower year-on-year decrease in the realisable value of the preserved assets held under accounts receivable;

Explanation on changes in gains on disposal of assets: mainly due to the decrease in gains from disposal of fixed assets;

Explanation on changes in investment income: mainly due to the profit from closing positions in commodity futures contracts;

Management Discussion and Analysis

Explanation on changes in the changes in fair value: mainly due to the increase in losses on changes in fair value of commodity futures contracts as a result of rising copper price due to the Company's hedging with futures instruments to avoid the risk of fluctuations in inventory prices;

Explanation on changes in non-operating revenue: mainly due to the increase in the income from default payment and compensation incomes in the period;

Explanation on changes in non-operating expenses: mainly due to the increase in expenditure for land restoration;

Explanation on changes in income tax expenses: mainly due to changes in profit.

Details of material changes in business type, profit composition or profit source of the Company during the period

Not applicable

2. Analysis on income and cost

(1) Principal businesses by industry, by product, by geographical location and by sales model

Unit: Yuan Currency: RMB

By industry	Principal businesses by industry					
	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Industry and other non-trading revenue	242,202,354,206	234,630,391,880	3.13	1.70	3.93	Decreased by 2.08 percentage points
Trading revenue	236,126,036,130	229,713,408,514	2.72	16.30	15.85	Increased by 0.37 percentage point
Others	1,609,654,857	1,265,667,873	21.37	2.18	6.45	Decreased by 3.16 percentage points

Management Discussion and Analysis

By product	Principal businesses by product					
	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Copper cathode	251,802,920,921	243,929,795,911	3.13	13.88	15.72	Decreased by 1.54 percentage points
Copper rods and wires	108,259,138,036	107,399,489,885	0.79	5.68	6.08	Decreased by 0.38 percentage point
Copper processed products	6,119,072,942	5,741,594,330	6.17	-5.01	-3.21	Decreased by 1.75 percentage points
Gold	35,532,927,226	34,635,564,289	2.53	25.82	26.14	Decreased by 0.25 percentage point
Silver	16,669,893,563	16,181,635,417	2.93	18.94	18.78	Increased by 0.13 percentage point
Chemical products (sulphuric acid and sulphur concentrate)	3,553,977,719	1,482,469,001	58.29	5.30	2.94	Increased by 0.95 percentage point
Scattered metals	3,116,289,581	2,651,533,869	14.91	3.49	8.24	Decreased by 3.73 percentage points
Copper concentrate, coarse copper and anode plates	19,988,076,434	19,819,874,616	0.84	-36.45	-36.17	Decreased by 1.68 percentage points
Other non-ferrous metals	26,940,676,907	26,806,962,215	0.50	8.95	10.82	Decreased by 0.44 percentage point
Other principal business	6,345,417,007	5,694,880,861	10.25	-0.34	-2.60	Increased by 2.08 percentage points
Other business income	1,609,654,857	1,265,667,873	21.37	2.18	6.45	Decreased by 0.97 percentage point

Management Discussion and Analysis

Principal businesses by geographical location						
By geographical location	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Mainland China	419,335,347,264	403,408,893,960	3.80	10.50	11.82	Decreased by 1.14 percentage points
Hong Kong	35,469,823,109	36,273,316,454	-2.27	2.96	-0.04	Increased by 3.07 percentage points
Other region	25,132,874,820	25,927,257,853	-3.16	-12.86	-7.99	Decreased by 5.45 percentage points

Principal businesses by sales model						
Sales model	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Offline sales	479,938,045,193	465,609,468,267	2.99	8.40	9.50	Decreased by 0.98 percentage point

Explanation on principal businesses by industry, by product, by geographical location and by sales model

None

Management Discussion and Analysis

(2) Analysis table for output and sales

Major products	Unit	Output	Sales	Stock	Increase/ decrease in output as compared with last year (%)	Increase/ decrease in sales as compared with last year (%)	Increase/ decrease in stock as compared with last year (%)
Copper cathode	Ten thousand tonnes	183.94	183.45	1.49	3.21	2.81	49.00
Gold	Tonnes	88.80	88.64	0.93	23.92	21.46	20.78
Silver	Tonnes	1,232.72	1,222.74	47.75	9.70	4.58	26.42
Sulphuric acid	Ten thousand tonnes	541.64	538.62	10.08	2.18	2.32	42.78
Copper processing products	Ten thousand tonnes	176.74	176.74	2.62	7.01	6.00	0.00

Explanation on output and sales volume

The scope of statistics of the “Analysis table for output and sales” mentioned above excludes trading.

Management Discussion and Analysis

(3) Performance of material purchase contracts and material sales contracts

Not applicable

(4) Analysis table for costs

Unit: Yuan Currency: RMB

By industry	Cost constituent	By industry				Changes of the amount for the period compared to the same period last year (%)
		For the period	Share of total costs for the period (%)	For the same period last year	Share of total costs for the same period last year (%)	
Manufacturing of non-ferrous metals	Raw materials	222,534,150,808	47.93	213,815,515,124	50.42	4.08
	Energy power	3,410,263,470	0.73	3,033,360,519	0.72	12.43
	Labour	2,165,315,926	0.47	2,177,250,883	0.51	-0.55
	Overheads	6,520,661,675	1.40	6,726,636,457	1.59	-3.06
	Sub-total	234,630,391,880	50.53	225,752,762,983	53.24	3.93
Trading of non-ferrous metals and others		229,713,408,514	49.47	198,280,906,802	46.76	15.85
	Total	464,343,800,394	100.00	424,033,669,785	100.00	9.51

Management Discussion and Analysis

Unit: Yuan Currency: RMB

By Product						
By Product	Cost constituent	For the period	Share of total costs for the period (%)	For the same period last year	Share of total costs for the same period last year (%)	Changes of the amount for the period compared to the same period last year (%)
Copper products	Raw materials	183,573,321,413	39.54	180,764,230,117	42.63	1.55
	Energy power	2,543,900,217	0.55	2,253,369,254	0.53	12.89
	Labour	1,601,453,903	0.34	1,588,991,706	0.38	0.78
	Overheads	4,689,873,962	1.01	4,747,422,899	1.12	-1.21
	Sub-total	192,408,549,496	41.44	189,354,013,976	44.66	1.61
Precious metals and by-products	Raw materials	38,718,982,615	8.35	32,831,392,651	7.74	17.93
	Energy power	339,187,029	0.07	304,904,286	0.07	11.24
	Labour	300,712,973	0.06	300,742,472	0.07	-0.01
	Overheads	928,978,926	0.20	965,366,017	0.23	-3.77
	Sub-total	40,287,861,543	8.68	34,402,405,426	8.11	17.11
Chemical products	Raw materials	173,279,283	0.04	108,381,588	0.03	59.88
	Energy power	405,336,149	0.09	357,910,443	0.08	13.25
	Labour	207,837,336	0.04	213,206,192	0.05	-2.52
	Overheads	696,016,234	0.15	760,574,236	0.18	-8.49
	Sub-total	1,482,469,001	0.32	1,440,072,459	0.34	2.94
Rare metals	Raw materials	68,567,498	0.01	111,510,768	0.02	-38.51
	Energy power	121,840,075	0.03	117,176,536	0.03	3.98
	Labour	55,311,714	0.01	74,310,513	0.02	-25.57
	Overheads	205,792,554	0.05	253,273,305	0.06	-18.75
	Sub-total	451,511,840	0.10	556,271,122	0.13	-18.83
Trading	Sub-total	229,713,408,514	49.46	198,280,906,802	46.76	15.85
Total		464,343,800,394	100.00	424,033,669,785	100.00	9.51

Other explanation on analysis on cost

Note: The scope of statistics of the "Principal businesses by product" stated above includes trading.

Management Discussion and Analysis

(5) Changes in the scope of consolidation due to changes in shareholding of major subsidiaries during the Reporting Period

On 17 February 2022, Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd (江西銅業(深圳)國際投資控股有限公司), a subsidiary of the Group, contributed RMB500 million to establish Jiangxi Copper (Guangzhou) New Material Co., Ltd. (江銅(廣州)新材料有限公司) (“**Guangzhou New Material**”), a wholly-owned subsidiary, whose scope of business includes manufacturing of metal materials, metal wire rope and manufacturing of its products, sales of metal products and so on. During the year, Guangzhou New Material was incorporated into the scope of consolidation.

On 11 April 2022, Jiangxi Tongxing Inspection and Testing Co., Ltd. (江西銅興檢驗檢測有限公司) (“**Tongxing Inspection**”), a wholly-owned subsidiary of the Group, was incorporated with an initial registered capital of RMB15 million, and its scope of business includes inspection and testing services. During the year, Tongxing Inspection was incorporated into the scope of consolidation.

On 25 May 2022, Jiangxi Tongxin Inspection and Testing Co., Ltd. (江西銅信檢驗檢測有限公司) (“**Tongxin Inspection**”), a wholly-owned subsidiary of the Group, was incorporated with an initial registered capital of RMB20 million, and its scope of business includes inspection and testing services and occupational health technical services. During the year, Tongxin Inspection was incorporated into the scope of consolidation.

On 28 October 2022, Jiangxi JCC Tongxin Environmental Technology Co., Ltd. (江西江銅同鑫環保科技有限公司) (“**JCC Tongxin**”), a subsidiary of the Group, was incorporated with an initial registered capital of RMB450 million, and the Group holds 63.00% equity interests in JCC Tongxin. The principal businesses of JCC Tongxin are hazardous wastes management, smelting of precious metals, manufacturing of non-ferrous metal alloys, sales of non-ferrous metal alloys, smelting of common non-ferrous metals, etc. During the year, JCC Tongxin was incorporated into the scope of consolidation.

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On 16 November 2022, JCC Geology Exploration Tajikistan Co., Ltd. (江銅地勘塔吉克斯坦有限公司) (“**JCC Tajikistan**”), a wholly-owned subsidiary of the Group, was incorporated with an initial registered capital of US\$10,000. The principal businesses of JCC Tajikistan are mineral geological investigation and survey and construction, engineering geological investigation and construction, foundation and foundation engineering construction, hydrogeological investigation and construction, etc. During the year, JCC Tajikistan was incorporated into the scope of consolidation.

On 28 December 2021, the Group entered into an equity transfer agreement with JCC to dispose of its entire 95% equity interests in Thermonamic Electronics (Jiangxi) Corp. Ltd. (江西納米克熱電電子股份有限公司) (“**TE Jiangxi**”) for RMB83.6 million with the disposal date of 25 February 2022. With effect from 25 February 2022, the Group ceased to incorporate TE Jiangxi into the scope of consolidation.

(6) Significant changes or adjustments in the business, products or services of the Company during the Reporting Period

Not applicable

(7) Major sales customers and major suppliers

The sales amount of the top five customers was RMB60,461,290,100, accounted for 12.60% of the total annual sales amount; among the sales amount of the top five customers, the sales amount of related parties was RMB0, accounted for 0% of the total annual sales amount.

The proportion of sales to a single customer exceeding 50% of the total amount, the existence of new customers among the top five customers, or heavy reliance on minority customers during the Reporting Period

Not applicable

The purchase amount of the top five suppliers was RMB57,003,147,100, accounted for 12.24% of the total annual purchase amount; among the purchase amount of the top five suppliers, the purchase amount of related parties was RMB0, accounted for 0% of the total annual purchase amount.

Management Discussion and Analysis

The proportion of purchase from a single supplier exceeding 50% of the total amount, the existence of new suppliers among the top five suppliers, or heavy reliance on minority suppliers during the Reporting Period

Not applicable

Other descriptions

Nil

(8) Gearing Ratio

As at 31 December 2022, the gearing ratio of the Group was 51.02%. The gearing ratio was calculated based on the difference between total assets and total liabilities.

3. Expenses

Unit: Yuan Currency: RMB

Item	For the period	For the same period last year	Increase/ (decrease) over the same period last year (%)
Selling expenses	439,245,670	367,464,400	19.53
Administrative expenses	2,637,606,992	2,795,789,161	-5.66
Finance expenses	641,145,897	1,245,023,830	-48.50

Management Discussion and Analysis

4. Research and Development (“R&D”) Investment

(1) Analytics of R&D investment

Unit: 0'000 Yuan Currency: RMB

Expensed R&D investment for the current period	508,275.4
Capitalised R&D investment for the current period	35,506.2
Total R&D investment	543,781.6
Percentage of the total R&D investment in operating income (%)	1.13
Proportion of capitalisation R&D investment (%)	6.53

(2) Analytics of R&D personnel

Number of R&D personnel in the Company	5,347
Percentage of R&D personnel in the total number of employees of the Company (%)	21.34

Education level of R&D personnel	
Education level	Number of staff
Doctorate	101
Postgraduate	438
Undergraduate	3,398
Junior college	1,410
High school and below	0

Age level of R&D personnel	
Age level	Number of staff
Under 30 years old (excluding 30 years old)	721
30–40 years old (including 30 years old and excluding 40 years old)	1,467
40–50 years old (including 40 years old and excluding 50 years old)	1,330
50–60 years old (including 50 years old and excluding 60 years old)	1,829
60 years old and above	0

(3) Explanation

Not applicable

Management Discussion and Analysis

(4) Reasons for major changes in the composition of R&D personnel and the impact on the future development of the Company

Not applicable

5. Cash Flow

Unit: Yuan Currency: RMB

	For the year	For the same period last year	Changes (%)
Net cash flow from operating activities	10,641,320,122	9,031,634,346	17.82
Net cash flow from investing activities	-7,718,982,585	-3,228,842,582	139.06
Net cash flow from financing activities	-9,753,801,867	1,153,944,774	-945.26

(II) Explanation on major changes in profit caused by non-principal business

Not applicable

Management Discussion and Analysis

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	As at the end of the period	Share of total assets as at the end of the period (%)	As at the end of the previous period	Share of total assets as at the end of the previous period (%)	Changes as at the end of the period over the end of the previous period (%)	Explanation
Derivative financial assets	503,626,263	0.30	379,097,507	0.24	32.85	Note 1
Factoring receivables	303,992,665	0.18	561,493,319	0.35	-45.86	Note 2
Prepayments	1,091,186,533	0.65	1,737,027,198	1.08	-37.18	Note 3
Non-current assets due within one year	3,097,794,823	1.85	0	0.00	100.00	Note 4
Other current assets	5,899,541,075	3.53	3,452,347,246	2.14	70.88	Note 5
Investment properties	882,327,002	0.53	603,419,772	0.37	46.22	Note 6
Construction in progress	4,659,060,140	2.78	2,862,627,924	1.78	62.75	Note 7
Right-of-use assets	264,786,499	0.16	438,372,774	0.27	-39.60	Note 8
Other non-current assets	7,559,070,631	4.52	5,572,894,567	3.46	35.64	Note 9
Derivative financial liabilities	1,461,804,519	0.87	290,968,651	0.18	402.39	Note 10
Contract liabilities	1,115,288,325	0.67	2,192,493,955	1.36	-49.13	Note 11
Long-term borrowings	6,256,716,059	3.74	11,856,035,207	7.36	-47.23	Note 12
Bonds payable	3,500,000,000	2.09	1,500,000,000	0.93	133.33	Note 13
Lease liabilities	19,790,657	0.01	199,148,655	0.12	-90.06	Note 14
Other non-current liabilities	31,267,076	0.02	103,684,433	0.06	-69.84	Note 15

Management Discussion and Analysis

- Note 1.* As at the end of the Reporting Period, the derivative financial assets of the Group amounted to RMB503.63 million, representing an increase of RMB124.53 million (or 32.85%) as compared with the end of the period of last year, mainly attributable to the floating profit or loss of the futures business of the Group.
- Note 2.* As at the end of the Reporting Period, the factoring receivables of the Group amounted to RMB303.99 million, representing a decrease of RMB257.50 million (or -45.86%) as compared with the end of the period of last year, mainly attributable to the fact that part of the factoring of the subsidiaries of the Group received pledged assets.
- Note 3.* As at the end of the Reporting Period, the prepayments of the Group amounted to RMB1,091.19 million, representing a decrease of RMB645.84 million (or -37.18%) as compared with the end of the period last year, mainly attributable to the decrease in prepayments for raw materials and commodity trade purchases of the Group.
- Note 4.* As at the end of the Reporting Period, the non-current assets due within one year of the Group amounted to RMB3,097.79 million, representing an increase of RMB3,097.79 million (or 100%) as compared with the end of the period of last year, mainly attributable to the increase in the time deposits due within one year.
- Note 5.* As at the end of the Reporting Period, other current assets of the Group amounted to RMB5,899.54 million, representing an increase of RMB2,447.19 million (or 70.88%) as compared with the end of the period last year, mainly attributable to the increase in debt investments of the subsidiaries of the Group.
- Note 6.* As at the end of the Reporting Period, the investment properties of the Group amounted to RMB882.33 million, representing an increase of RMB278.91 million (or 46.22%) as compared with the end of the period last year, mainly attributable to the ownership of pledged properties of customers obtained by the subsidiaries of the Group.
- Note 7.* As at the end of the Reporting Period, the construction in progress of the Group amounted to RMB4,659.06 million, representing an increase of RMB1,796.43 million (or 62.75%) as compared with the end of the period last year, mainly attributable to the increase in investment of the construction in progress of the Group.
- Note 8.* As at the end of the Reporting Period, the right-of-use assets of the Group amounted to RMB264.79 million, representing a decrease of RMB173.59 million (or -39.60%) as compared with the end of the period last year, mainly attributable to the depreciation of the rented land of the Group.
- Note 9.* As at the end of the Reporting Period, other non-current assets of the Group amounted to RMB7,559.07 million, representing an increase of RMB1,986.18 million (or 35.64%) as compared with the end of the period last year, mainly attributable to the increase in the Group's time deposits of more than one year.
- Note 10.* As at the end of the Reporting Period, the derivative financial liabilities of the Group amounted to RMB1,461.80 million, representing an increase of RMB1,170.84 million (or 402.39%) as compared with the end of the period of last year, mainly attributable to the floating profit or loss of the futures business of the Group.

Management Discussion and Analysis

Note 11. As at the end of the Reporting Period, the contract liabilities of the Group amounted to RMB1,115.29 million, representing a decrease of RMB1,077.21 million (or -49.13%) as compared with the end of the period of last year, mainly attributable to the decrease in the advance payment for goods received by the Group.

Note 12. As at the end of the Reporting Period, the long-term borrowings of the Group amounted to RMB6,256.72 million, representing a decrease of RMB5,599.32 million (or -47.23%) as compared with the end of the period of last year, mainly attributable to the repayment of the long-term borrowings of the Group upon maturity.

Note 13. As at the end of the Reporting Period, the bonds payables of the Group amounted to RMB3,500.00 million, representing an increase of RMB2,000.00 million (or 133.33%) as compared with the end of the period of last year, mainly attributable to the issuance of debt instruments by the Group.

Note 14. As at the end of the Reporting Period, the lease liabilities of the Group amounted to RMB19.79 million, representing a decrease of RMB179.36 million (or -90.06%) as compared with the end of the period of last year, mainly attributable to the payment of rent of land by the Group.

Note 15. As at the end of the Reporting Period, other non-current liabilities of the Group amounted to RMB31.27 million, representing a decrease of RMB72.42 million (or -69.84%) as compared with the end of the period of last year, mainly attributable to the decrease in absorption of time deposits with maturity dates of more than one year of the related parties by JCC Finance Company Limited, a subsidiary of the Group.

2. Overseas assets

(i) **Asset scale**

Including: overseas assets of RMB39,670,970,861.14 (Unit: Yuan, Currency: RMB) accounting for 23.71% of the total assets.

(ii) **Explanation on higher proportion of overseas assets**

Not applicable

Management Discussion and Analysis

3. Limitation of assets as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Book value at the end of the period	Reasons for the limitation
Cash and bank	17,718,940,206	They were the time deposits of the Group for the application of gold lease, issuance of letters of credit, bank guarantees and security deposits deposited by bank acceptance notes, the required statutory reserve deposited with the People's Bank of China, environment rehabilitation deposits, and pledged to secure short-term borrowings and frozen bank deposits and interest receivables.
Held-for-trading financial assets	1,298,060,223	The Group obtained short-term bank borrowings and gold leases with wealth management products as collateral and also as security for the issuance of letters of credit and bank acceptance notes.
Financing of accounts receivable	52,080,635	Bank acceptance notes with book values of RMB52,080,635 were pledged to issue bank acceptance notes.
Other receivables	1,707,742,268	Futures deposits.
Inventories	1,858,121,616	Inventories with book values of RMB728,354,612 were pledged as collateral for issuance of letters of credit; inventories with book values of RMB409,428,768 were placed as futures deposits; inventories with book values of RMB9,506,490 were held by court due to litigations; inventories deposited in the third-party warehousing company, with book value of RMB710,831,746, were subject to restrictions on the ownership, as such third-party warehousing company was involved with legal procedures.
Time deposits due within one year	2,753,093,187	Time deposits in the bank with book values of RMB1,061,460,000 were pledged for the issuance of letters of guarantee to secure long-term bank borrowings; time deposits in the bank with book values of RMB1,199,900,000 were pledged for the issuance of bank acceptance notes and letters of credit; time deposits in the bank with book values of RMB317,500,000 were pledged for the issuance of letters of guarantee; interests relating to the above restricted time deposits due within one year amounted to RMB174,233,187.
Investment properties	151,010,454	Held by court due to litigations.
Fixed assets	613,739,841	Houses and buildings with book values of RMB43,533,271 were pledged as collateral to secure short-term bank borrowings; houses and buildings with book values of RMB255,631,687 and machinery and equipment with book values of RMB206,456,960 were pledged as collateral to secure long-term bank borrowings; houses and buildings with book values of RMB108,117,923 were held by the court due to litigation.



Management Discussion and Analysis

Item	Book value at the end of the period	Reasons for the limitation
Intangible assets	195,122,172	Land use rights with book values of RMB64,419,380 were pledged as collateral to secure short-term bank borrowings; land use rights with book values of RMB130,702,792 were pledged as collateral to secure long-term bank borrowings.
Other non-current assets	3,856,315,550	Time deposits with maturity dates of more than one year with book values of RMB885,000,000 were pledged to secure long-term bank borrowings; time deposits with maturity dates of more than one year with book values of RMB1,553,586,898 were pledged to issue bank acceptance notes and letters of credit; time deposits with maturity dates of more than one year with book values of RMB1,047,728,652 were pledged to secure short-term bank borrowings; time deposits with maturity dates of more than one year with book values of RMB370,000,000 were pledged as security deposit for the gold lease.

4. Other explanations

Not applicable

Management Discussion and Analysis

(IV) Analysis of industry operational information

Please refer to “Industry of the Company during the Reporting Period” section in “Management Discussion and Analysis” for further details.

Analysis on business information of non-ferrous metal industry

1. Cost of ore raw materials

Unit: 0'000 Yuan Currency: RMB

Type and source of ore raw materials	Total cost of raw materials	Percentage (%)	Increase or decrease of the total cost of raw materials compared with last year (%)
Self-owned mines	510,963.61	7.53	-5.88
Domestic procurement	238,162.54	10.69	5.96
Overseas procurement	1,477,839.75	66.36	-15.90
Total	2,226,965.90	100	-11.80

Note: Data of the self-owned mines in this report cover mines owned by the parent company.

Management Discussion and Analysis

2. Basic information of self-owned mines (if any)

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Dexing Copper Mine	Main mineral copper (industrial copper ore)	113.675 (ten thousand t)/23,689.7 (ten thousand t), of which: measured resources 52.69 (ten thousand t)/10,816.7 (ten thousand t)	96.01 (ten thousand t)/19,906.0 (ten thousand t) of which: proved reserves 51.01 (ten thousand t)/10,470.2 (ten thousand t)	0.456%	Copper: 15.6106 (ten thousand t); Gold: 3,706 kg; Silver: 29,539 kg.	23 years	29 July 2000 to 29 July 2027
	Main mineral copper (low grade copper ore)	49.519 (ten thousand t)/9,435.8 (ten thousand t)		0.254%			
	Associated gold (industrial copper ore)	40.382 (t)/23,385.5 (ten thousand t) of which: measured resources 0(kg)/0 (kt)	-		0.174g/t		
	Associated gold (low grade copper ore)	10.526 (t)/9,211.0 (ten thousand t)	-		0.108g/t		
	Associated silver (industrial copper ore)	280 (t)/23,145.3 (ten thousand t) of which: measured resources 0(t)/0 (kt)	-		1.121g/t		
	Associated molybdenum (industrial copper ore)	25,589 (t)/21,354.4 (ten thousand t) of which: measured resources 0 (t)/0 (kt)	-		0.0120%		
	Associated molybdenum (low grade copper ore)	3,659 (t)/3,388.9 (ten thousand t)	-		0.011%		

Management Discussion and Analysis

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Fujiawu mining area of Dexing Copper Mine	Main mineral copper (industrial copper ore)	155.65 (ten thousand t)/31,319.7 (ten thousand t) of which: measured resources 0 (t)/0 (kt)	142.22 (ten thousand t)/28,591.8 (ten thousand t) of which: proved reserves 0 (ten thousand t)/0 (ten thousand t)	0.497%		23 years	10 October 2020 to 10 October 2050
	Main mineral copper (low grade copper ore)	7.4388 (ten thousand t)/2,958.8 (ten thousand t)	-	0.251%			
	Associated silver (industrial copper ore)	851.56 (t)/31,319.7 (ten thousand t) of which: measured resources 0(t)/0 (kt)	-	2.751g/t			
	Associated molybdenum (industrial copper ore)	104,204 (t)/31,319.7 (ten thousand t) of which: measured resources 0(t)/0 (kt)	-	0.033%			
	Associated molybdenum (low grade copper ore)	1,498 (t)/386.3 (ten thousand t)	-	0.0388%			
Yongping Copper Mine	Main mineral copper metal volume/ore volume	40.39 (ten thousand t)/6,857.06 (ten thousand t) of which: measured resources 7.213 (ten thousand t)/4,610.08 (ten thousand t)	28.79 (ten thousand t)/4,829.4 (ten thousand t) of which: proved reserves 6.05 (ten thousand t)/962.3 (ten thousand t)	0.596%	Copper: 12,902 t; Gold: 35 kg; Silver: 13,516 kg.	33 years	21 December 2018 to 21 November 2024
	Associated gold	7.905 (t)/6,735.1 (ten thousand t) of which: measured resources 0 (t)/0 (ten thousand t)	-	0.117g/t			
	Associated silver	904 (t)/6,735.1 (ten thousand t) of which: measured resources 0 (t)/0 (ten thousand t)	-	13.43g/t			



Management Discussion and Analysis

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/ mining rights
Yinshan Mining	Main mineral copper metal volume/ore volume	94.21 (ten thousand t)/15,754.0 (ten thousand t) of which: measured resources 19.6 (ten thousand t)/2,859.6 (ten thousand t)	66.28 (ten thousand t)/9,873.4 (ten thousand t) of which: proved reserves 17.57 (ten thousand t)/2,545.3 (ten thousand t)	0.598%	Copper: 12,232 t; Gold: 1,050 kg; Silver: 25,845 kg; Lead: 2,103 t; Zinc: 2,611 t	47 years	16 June 2020 to 31 December 2026
	Associated gold	112.64 (t)/16,814.1 (ten thousand t) of which: measured resources 22.22 (t)/3,053.0 (ten thousand t)	74.10 (t)/10,656.4 (ten thousand t) of which: proved reserves 18.82 (t)/2,728.2 (ten thousand t)	0.670g/t			
	Associated silver	1,504 (t)/16,814.1 (ten thousand t) of which: measured resources 310.2 (t)/3,053.0 (ten thousand t)	1,091 (t)/10,636.4 (ten thousand t) of which: proved reserves 269.5 (t)/2,708.2 (ten thousand t)	8.949g/t			
Wushan Copper Mine	Copper ore main mineral copper metal volume/ ore volume	128.87 (ten thousand t)/11,811.6 (ten thousand t) of which: measured resources 27.28 (ten thousand t)/2,258.0 (ten thousand t)	99.52 (ten thousand t)/8,807.9 (ten thousand t) of which: proved reserves 24.00 (ten thousand t)/1,987.0 (ten thousand t)	1.09%	Copper: 11,621 t; Gold: 140 kg; Silver: 7,046 kg	32 years	16 June 2020 to 31 December 2026
	Associated gold	19.218 (t)/10,974.0 (ten thousand t) of which: measured resources 0 (t)/0 (ten thousand t)	-	0.175g/t			
	Associated silver	1,190 (t)/110,238.0 (ten thousand t) of which: measured resources 0 (t)/0 (ten thousand t)	-	10.80g/t			

Management Discussion and Analysis

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Chengmenshan Copper Mine	Main mineral copper metal volume/ore volume	179.13 (ten thousand t)/25,366.5 (ten thousand t) of which: measured resources 12.35 (ten thousand t)/1,150.8 (ten thousand t)	136.33 (ten thousand t)/16,933.3 (ten thousand t) of which: proved reserves 11.14 (ten thousand t)/1,256.4 (ten thousand t)	0.805%	Copper: 11,502t; Gold: 105 kg; Silver: 7,716 kg.	19 years	22 November 2017 to 22 November 2034
	Associated gold	54.09 (t)/20,579.9 (ten thousand t) of which: measured resources 0 (t)/0 (ten thousand t)	-	0.263g/t			
	Associated silver	2,575 (t)/21,479.9 (ten thousand t) of which: measured resources 0 (t)/0 (ten thousand t)	-	11.99g/t			



Management Discussion and Analysis

3 Production capacity

Company type	Product	Company name	Design production capacity	Actual production capacity	Capacity under construction	Production volume	Capacity utilisation rate (%)	Comprehensive utilisation rate of mineral resources (%)
Mines	Copper contained in copper concentrate (ten thousand t)	Dexing Copper Mine	14.24	-	-	15.61	109.62	72.08
		Yongping Copper Mine	1.85	-	-	1.29	69.73	78.42
		Wushan Copper Mine	1.21	-	-	1.16	95.87	70.94
		Chengmenshan Copper Mine	1.62	-	-	1.15	70.99	70.14
		JCC Yinshan Mining Company Limited	1.98	-	-	1.22	61.62	73.07
Smelting	Copper cathode (ten thousand t)	Guixi Smelter	93	-	-	102.07	109.75	-
		Jiangxi Copper (Qingyuan) Company Limited	10	-	-	10.55	105.50	-
		Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.	35	-	-	42.04	120.11	-
		Shandong Humon Smelting Co., Ltd.	20	-	-	19.89	99.45	-
		JCC Hongyuan Copper Industry Co., Ltd.	10	-	-	9.40	94.00	-
	Gold (t)	Guixi Smelter	25	-	-	42.04	168.16	-
		Shandong Humon Smelting Co., Ltd.	50	-	-	46.76	93.52	-
	Silver (t)	Guixi Smelter	510	-	-	407.78	79.96	-
		Shandong Humon Smelting Co., Ltd.	700	-	-	824.95	117.85	-
	Sulphuric acid (ten thousand t)	Guixi Smelter	185	-	-	198.48	107.29	-
Jiangxi Copper Dexing Chemical Company Limited		50	-	-	49.96	99.92	-	
Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited		40	-	-	40.82	102.05	-	
Shandong Humon Smelting Co., Ltd.		130	-	-	125	96.15	-	
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.		80	-	-	127.38	159.23	-	
Processing	Copper processing (ten thousand t)	JCC Copper Foil	3	-	-	2.82	94.00	-
		Jiangxi Copper Products Company Limited	37	-	-	35.40	95.68	-
		JCC Copper Products Company Limited	4.2	-	-	4.67	111.19	-
		Jiangxi Copper (Guangzhou) Copper Production Company Limited	75	-	-	58.57	78.09	-
		Jiangxi Copper-Taiyi Special Electrical Materials Company Limited	3	-	-	2.05	68.33	-
		Jiangxi Copper Longchang Precise Copper Pipe Company Limited	7.6	-	-	3.81	50.13	-
		Jiangxi Copper North China (Tianjin) Copper Co., Ltd.	44	-	-	37.71	85.70	-

Management Discussion and Analysis

(V) Analysis of investment

General analysis of external investment in equity

Unit: 0'000 Yuan Currency: RMB

Investment during the Reporting Period	100,611.01
Investment during the same period last year	84,720.25
Year-on-year increase/decrease (%)	18.76

Name of investee	Principal activity	Share of interests in the investee (%)	Investment amount (RMB0'000)
Jiangxi Copper Technical Institution Co., Ltd. (江西銅業技術研究院有限公司)	General projects: technical services, technical development, technical consultation, technology exchange, technology transfer, technology promotion, new materials technology research and development, non-ferrous metal alloy manufacturing, non-ferrous metal alloy sales, metal materials manufacturing, high-performance non-ferrous metal and alloy materials sales, basic chemical raw materials manufacturing (excluding the manufacture of dangerous chemicals and other licensed chemicals), chemical products sales (excluding licensed chemical products), graphite and carbon products manufacturing, graphite and carbon products sales, paint manufacturing (excluding dangerous chemicals), paint sales (excluding dangerous chemicals), special chemical products manufacturing (excluding dangerous chemicals), special chemical products sales (excluding dangerous chemicals), software development, software sales, machinery and equipment research and development, metallurgical special equipment manufacturing, mining machinery manufacturing, machinery and equipment sales	100	8,000

Management Discussion and Analysis

Name of investee	Principal activity	Share of interests in the investee (%)	Investment amount (RMB'000)
JCC Guoxing (Yantai) Copper Company Limited (江銅國興(煙台)銅業有限公司)	Production of copper sulphate, electrolytic copper and non-ferrous metal products. Wholesale and retail of copper, aluminum, lead, zinc, nickel, tin, tellurium, platinum, palladium, bismuth and mineral products, zinc sulphate, aluminum sulphate, descaling sand; import and export business of goods and technology; non-ferrous metal new product development, exchange, technology promotion and transfer services; scientific research project agency services; scientific research enterprise technology support services; scientific and technological information consulting services; general freight; investment in copper smelting-related industries with own funds (without the approval of financial regulatory authorities, deposit-taking, financial guarantee, customer financial management and other financial services shall not be engaged in).	65	32,500
Jiangxi Tongxing Inspection and Testing Co., Ltd. (江西銅興檢驗檢測有限公司)	Permitted items: inspection and testing services (for projects which require approvals in accordance with the laws, business activities may only be carried out after approvals by the relevant departments)	100	1,500
MCC-JCL Aynak Mining Co., Ltd. (中冶江銅艾娜克礦業有限公司)	Mining investment	25	1,253.30
JCC Yinshan Mining Company Limited (江西銅業集團銀山礦業有限責任公司)	Production and sale of non-ferrous metals, precious metals, non-metallic mineral products and extended products (excluding products prohibited for foreign investment); production and sales of construction materials; production and sales of related process equipment and spare parts; undertaking of construction projects; trading of copper, lead, zinc, sulphur and mineral products and relevant auxiliary mineral products (the import and export of the above commodities do not involve commodities subject to special regulations such as state-owned trade, import and export quota licence, export quota bidding and export licence); road general cargo transportation; mining technology development, consultation, exchange, transfer and promotion services; leasing of buildings and machinery equipment; sales of mining materials. (Projects which require approvals in accordance with the laws may only commerce business activities upon approvals from relevant authorities)	100	12,600

Management Discussion and Analysis

Name of investee	Principal activity	Share of interests in the investee (%)	Investment amount (RMB'000)
Jiangxi Copper Products Company Limited (江西銅業銅材有限公司)	Production of copper rods and wires and further processing of related copper; sales of self-produced products. Trading of copper and copper alloy products and copper products, foreign trade operation (except for import and export of goods managed by state-owned trade), after-sales services and related technical consulting services. (Projects which require approvals in accordance with the laws may only commerce business activities upon approvals from relevant authorities)	100	22,000
JCC Construction Company Limited (江西銅業集團建設有限公司)	Processing and sales of mineral products; mining engineering; earthwork; highway engineering; geotechnical slope engineering; industrial and civil construction engineering; municipal engineering; pipeline installation engineering; anti-corrosion and waterproofing engineering; dust prevention engineering; surveying and mapping engineering; decoration engineering; housing demolition; cleaning engineering; mechanical processing, repair and fabrication; electrical and mechanical equipment and wiring installation, repair and debugging; new product and accessory development, processing, manufacturing and marketing; development, production and sales of road materials and harnesses; gardening and greening projects, ecological rehabilitation projects, floral services, public green space maintenance; mining new technologies, new craftsmanships, new products, new equipment research, development, design and application; mechanical and electrical and automation engineering design, development, installation and debugging; electrical instrument and equipment, spare parts repair, production and distribution; mining dressing projects, industrial and civil building design; design and construction of building decoration projects; technical consultation, service transfer; cement pre-product production; mining equipment, building materials, chemical products (except dangerous goods), hardware and electrical appliances, metal materials, electrical and mechanical parts, decoration materials, labor protection supplies, office automation equipment and supplies procurement and sales. (Projects which require approvals in accordance with the laws may only commerce business activities upon approvals from relevant authorities)	100	5,934.88



Management Discussion and Analysis

Name of investee	Principal activity	Share of interests in the investee (%)	Investment amount (RMB'000)
Jiangxi Copper Xinrui Technology Co., Ltd. (江西銅業鑫瑞科技有限公司)	General projects: technical services, technical development, technical consultation, technology exchange, technology transfer, technology promotion, new materials technology research and development, non-ferrous metal alloy manufacturing, non-ferrous metal alloy sales, metal materials manufacturing, high-performance non-ferrous metal and alloy materials sales, chemical products sales (excluding licensed chemical products), special chemical products sales (excluding dangerous chemicals), labour services (excluding labour despatch) (except for projects requiring approval according to laws, business activities can be carried out independently with business licence according to laws)	100	1,500
Jiangxi JCC Environmental Resources Technology Co., Ltd. (江西江銅環境資源科技有限公司)	General projects: recycling of renewable resources (except for productive old and scrap metals), solid waste treatment, renewable resources processing, sales of non-metallic mines and products, metal waste and scrap processing, non-metallic waste and scrap processing, treatment and regeneration of sewage, soil treatment and restoration service, technical services, technical development, technical consultation, technology exchange, technology transfer, and technology promotion, landscape construction works (in addition to licensed businesses, projects which are not restricted nor prohibited by laws and regulations can be independently operated in accordance with the laws)	100	14,175
Jiangxi Tongxin Inspection and Testing Co., Ltd. (江西銅信檢驗檢測有限公司)	Permitted items: inspection and testing services, occupational health technical services (for projects which require approvals in accordance with the laws, business activities may only be commenced upon approvals by the relevant departments, specific business projects shall be subject to the approval documents or licences of relevant authorities) general projects: environmental protection monitoring, environmental consulting services, information consulting services (in addition to licensed businesses, projects which are not restricted nor prohibited by laws and regulations can be independently operated in accordance with the laws)	100	1,147.83

Note: The description of statistics above is based on the actual amount of capital contributions by the Group during the Reporting Period, which includes capital contributions to non-wholly owned subsidiaries or newly established companies (including contributions by equity and debt, etc.), excluding the increased capital contribution by the Company to wholly-owned subsidiaries established in previous years.

Management Discussion and Analysis

(1) Significant equity interest investment

Not applicable

(2) Significant non-equity interest investment

Not applicable

(3) Financial assets measured at fair value

For details of financial assets measured at fair value, please refer to the subsection “Items measured at fair value (prepared in accordance with PRC GAAP)” under the section headed “Summary of Accounting Data and Financial Indicators”.

Securities Investments

Not applicable

Investment in Private Equity

Not applicable

Derivative investments

The Group’s product prices are mainly determined with reference to the prices of related products listed on the LME and the Shanghai Metal Exchange. Major raw materials and products, including copper, gold and silver, are important trading varieties in the international non-ferrous metal market and have their own pricing mechanism in international market. Due to the scarcity of resources of copper, gold and silver metals, the prices of copper, gold and silver metals are highly volatile, as they are affected by various factors, including global economy, the relationship between supply and demand, market expectations and speculations. Further, the purchase and sales pricing have mismatch in supply-demand structure, cycle, pricing methods and pricing period, and the metal and mineral market may experience significant fluctuations in the short term; therefore, the Group is subject to the commodity price risk.

Management Discussion and Analysis

The Group hedges against the price fluctuation risk by matching the purchase and sales pricing, and adopts futures contracts, T+D contracts, option contracts, temporary pricing arrangements and other derivative instruments based on the purchase and sales pricing to mitigate the commodity price risk, fully leveraging the high correlation of the spot market and the futures market and reducing the impact of commodity price fluctuations on the Group's business operation. The Group develops a strict hedging plan and internal control system, under which hedging activities only aim to mitigate the commodity price fluctuation risk and prohibit any speculation, so as to ensure long-term and robust development.

For the said derivative investment including futures contracts, T+D contracts, option contracts and temporary pricing arrangements that comply with the accounting requirements of Accounting Standards for Business Enterprises No. 24 – Hedging, the Group adopts the corresponding accounting treatment in accordance with the relevant hedging accounting requirements and provides disclosure in Note 26 of the consolidated financial statements. For other hedging transactions for which the Group has not applied the hedging accounting standards, gains or losses from changes in the fair value of derivatives involved are recognised at the end of each period and transferred to investment profit/losses when the positions are closed. The amount of the said profit/losses from changes in the fair value or investment profit/losses is affected by the quantity of relevant commodities, the quantity of derivative contracts and the relevant price fluctuations. The Group discloses the hedging transactions which are not treated in accordance with hedging accounting standards and their financial effect in Notes 8 and 26 of the Group's consolidated financial statements.

(4) *Specific progress of major asset restructuring and integration during the Reporting Period*

Not applicable

(VI) Material disposal of assets and equity interests

Not applicable

Management Discussion and Analysis

(VII) Analysis of principal controlled subsidiaries and other companies with shareholding

(1) Production and operation of our principal controlled subsidiaries as of 31 December 2022

Unit: 0'000 Yuan Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Shandong Humon Smelting Co., Ltd. (山東恒邦冶煉股份有限公司)	Exploration, mining, selection and smelting of gold and chemical production	114,801	44.48	2,096,329	912,894	5,007,416	39,220
JCC Finance Company Limited (江西銅業集團財務有限公司)	Provision of guarantee and deposits taking from and loans to member units	260,000	100	2,900,688	415,842	67,814	40,611
Jiangxi Copper Products Company Limited (江西銅業銅材有限公司)	Sale of processed copper materials	42,450	100	170,098	159,587	26,196	8,134
JCC Copper Products Company Limited (江西銅業集團銅材有限公司)	Processing and sale of hardware electric product	18,639	98.89	99,685	42,253	274,451	2,184
JCC Guixi Recycling Resources Company Limited (江西銅業集團(貴溪)再生資源有限公司)	Acquisition and sale of scrap metals	680	100	1,558	1,109	9,868	11
Shenzhen Jiangxi Copper Marketing Company Limited (深圳江銅營銷有限公司)	Sales of copper products	226,000	100	76,593	-26,800	734	-6,158
Shanghai Jiangxi Copper Trading Company Limited (上海江銅營銷有限公司)	Sales of copper products	75,000	100	159,502	-375,808	392,940	-10,900
Beijing Jiangxi Copper Trading Company Limited (北京江銅營銷有限公司)	Sales of copper products	26,100	100	667	-50,351	0	-12,143
JCC Yinshan Mining Company Limited (江西銅業集團銀山礦業有限責任公司)	Manufacture and sale of non-ferrous metals, rare metals and non-metals	48,200	100	344,962	169,304	127,452	7,174
Jiangxi Copper Longchang Precise Copper Pipe Company Limited (江西江銅龍昌精密銅管有限公司)	Production of spiral tubes, externally finned copper tubes and other copper pipe products	89,053	92.04	67,819	33,922	308,887	-12,062

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Jiangxi Copper-Taiyi Special Electrical Materials Company Limited (江西省江銅-台意特種電工材料有限公司)	Design, production and sale of various copper wires, enameled wires and provision of aftersales repair and consulting services	USD1,680	70	68,241	10,140	132,626	-1,824
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited (江西銅業集團(貴溪)冶金化工工程有限公司)	Metallurgical chemistry, equipment manufacturing and maintenance	3,508	100	23,785	9,215	50,249	787
JCC (Guixi) New Metallurgical and Chemical Technologies Company Limited (江西銅業集團(貴溪)冶化新技術有限公司)	Copper smelting, development of new chemical technologies and new products	200	100	7,721	6,851	6,091	536
JCC (Guixi) Logistics Company Limited (江西銅業集團(貴溪)物流有限公司)	Provision of transportation services	4,000	100	24,466	17,181	30,422	737
JCC (Dexing) Casting Company Limited (江西銅業集團(德興)鑄造有限公司)	Production and sale of casting products; maintenance of mechanical and electrical equipment; installation and debugging of equipment	6,638	100	32,997	19,101	37,392	1,373
JCC Construction Company Limited (江西銅業集團建設有限公司)	Development and sales of building materials for various projects including mine projects	5,000	100	62,396	26,134	55,683	154
JCC Geology Exploration Company Limited (江西銅業集團地勘工程有限公司)	Geological investigation and survey and construction, engineering measurement	1,500	100	11,346	8,542	5,145	1,758
Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited (江西省江銅-甕福化工有限責任公司)	Sulphuric acid and its by products	18,150	70	34,235	30,470	29,200	4,176
JCC (Ruichang) Casting Company Limited (江西銅業集團(瑞昌)鑄造有限公司)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear resistant materials and products	260	100	1,673	583	4,694	3

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
JCC (Qianshan) Mineral Processing Pharmaceuticals Company Limited (江西銅業集團(鉛山)選礦藥劑有限公司)	Sale of mineral processing chemicals, fine chemicals and other industrial and domestic products	1,020	100	4,066	3,286	4,010	143
Jiangxi Copper Construction Supervision Consulting Company Limited (江西銅業建設監理諮詢有限公司)	Construction	300	100	2,604	2,063	3,245	419
Jiangxi Copper (Guangzhou) Copper Production Company Limited (廣州江銅銅材有限公司)	Production of copper rods and wires and related products	80,000	100	1,081,897	102,949	6,322,084	3,121
Jiangxi Copper International Trade Company Limited (江銅國際貿易有限公司)	Trading of metal products	101,609	59.05	603,710	-23,658	8,893,917	-87,405
Shanghai Jiangtong Investment Holdings Ltd. (上海江銅投資控股有限公司)	Construction	27,254	100	25,126	21,781	856	-749
Jiangxi Copper Dexing Chemical Company Limited (江西銅業(德興)化工有限公司)	Sulphuric acid and related by-products	37,582	100	83,566	71,333	41,752	10,551
Jiangxi Copper (Yugan) Casting Company Limited (江西銅業集團(餘干)鍛鑄有限公司)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear-resistant materials and products	2,800	100	5,319	4,751	5,326	346
Jiangxi Copper (Qingyuan) Company Limited (江西銅業(清遠)有限公司)	Manufacturing, processing and sales of anode sheets of copper cathode and non-ferrous metals	89,000	100	842,329	81,595	1,447,316	2,057
Jiangxi Copper Hong Kong Company Limited (江西銅業香港有限公司)	Import-export business trade and settlement, offshore investment and financing, and cross border RMB settlement	USD14,000	100	203,016	147,517	2,165,471	7,646



Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Jiangxi Copper Recycling Resources Company Limited (江西銅業再生資源有限公司)	Scrap of base metals and their articles	25,000	100	71,890	20,819	622,650	399
Jiangxi Copper International (Istanbul) Mining Investment Co., Ltd. (江銅國際(伊斯坦布爾)礦業投資股份公司)	Import and export trading of copper products	USD7,126	100	7,028	6,351	0	-3,963
Jiangxi Copper Technical Institution Co., Ltd. (江西銅業技術研究院有限公司)	Research and development etc.	50,000	100	14,981	12,584	9,075	47
Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (浙江江銅富冶和鼎銅業有限公司)	Production and sale of copper cathodes	128,000	40	987,819	315,158	2,976,195	46,143
Jiangxi Copper North China (Tianjin) Copper Co., Ltd. (江銅華北(天津)銅業有限公司)	Production of copper rods and wires and the related products	64,020	51	277,011	63,883	2,352,098	1,653
JCC Guoxing (Yantai) Copper Company Limited (江銅國興(煙台)銅業有限公司)	Production of copper sulphate, electrolytic copper and non-ferrous metals	100,000	65	267,048	98,736	9,844	682
JCC Hongyuan Copper Industry Co., Ltd. (江銅宏源銅業有限公司)	Production and sale of electrolytic copper	25,000	43	179,197	5,746	871,483	-19,790
Jiangxi Copper (Hong Kong) Investment Company Limited (江西銅業(香港)投資有限公司)	Project investment, fund investment, investment management, investment advisory and economic information advisory	USD105,761	100	1,106,959	726,319	0	-15,523
Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd. (江西銅業(深圳)國際投資控股有限公司)	Sales of copper cathode, anode plates and nonferrous metals	166,200	100	997,557	197,333	14,313,169	17,198
PIM CUPRIC HOLDINGS LIMITED ("PIM Cupric") ^{note}	Investment	USD113,626	100	1,852,476	1,848,987	0	7,449
JCC (Yingtian) Trading Co., Ltd. (江西銅業(鷹潭)貿易有限公司)	Sale of non-ferrous metals, rare metals and metal products	10,000	100	10,892	9,860	1,383,554	-205
Jiangxi Copper (Hainan) International Supply Chain Co., Ltd. (江銅(海南)國際供應鏈有限公司)	Sales of metal materials, metal ores, and metal products	10,000	100	35,885	15,306	2,804,447	2,296

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Jiangxi Cable Co., Ltd. (江西電纜有限公司)	Manufacture and sales of wire cables	30,612	51	103,125	26,109	103,032	-2,945
TPCO Copper Industry Corp., Ltd. (天津大無縫銅材有限公司)	Research, development, production and sales of copper materials	277,260	91.59	66,731	25,373	966,859	-1,126
Jiangxi Copper Environmental Resources Technology Co., Ltd. (江西銅環境資源科技有限公司)	Recycling of renewable resources, solid waste treatment, processing of renewable resources, sales of non-metallic minerals and products	30,000	100	21,739	21,071	164	-676
Guangdong Taolin Ecology and Environment Co., Ltd. (廣東桃林生態環境有限公司)	Design, construction and maintenance of environmental protection projects	5,000	49	21,415	13,320	17,325	6,762

Note:

On 9 December 2019, as considered and approved at the Company's 15th meeting of the eighth session of the Board, Jiangxi Copper (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of the Company, acquired from Pangaea Investment Management Ltd., a company in which the Company is indirectly interested in ("**PIM**"), 100% equity interest in PIM Cupric, which was wholly-owned by PIM, at a consideration of USD1.1159 billion. After the acquisition, PIM Cupric became an indirect wholly-owned subsidiary of the Company. PIM Cupric held 124,198,371 shares of First Quantum Minerals Ltd. ("**FQM**"), a company listed on the Toronto Stock Exchange of Canada (accounting for 18.015% of the then issued shares of FQM).

As at 31 December 2022, the Company indirectly held 126,842,671 shares of FQM, accounting for 18.316% of the total issued shares of FQM. The fair value of this investment amounted to RMB18,439 million, representing 11.93% of the Company's total assets.

FQM is a global mining company that operates mines in several countries. FQM primarily produces copper, with secondary production in gold, nickel, zinc, cobalt, etc. According to the annual report 2022 of FQM, its total revenue for the twelve months ended 31 December 2022 was US\$7,626 million and its gross profit was US\$2,200 million. During the Reporting Period, the Company has received a total dividend of C\$20,929,040.72.

FQM has abundant copper reserves under its control and is expected to generate strong cash flow in the future. The Company will enjoy the corresponding interests in FQM's copper resources through its shareholding and the expected future cash dividends, which is in line with the Company's strategy of internationalising resources. In addition, FQM has an excellent management team with extensive experience in mine project construction and operation. The Company can explore asset level cooperation with FQM on expansion and development of copper mine projects in their respective portfolios enhancing project profitability.



Management Discussion and Analysis

(2) Production and operation of our associates and joint ventures as of 31 December 2022

Name of investee	Business nature	Registered capital	Our shareholding	Total assets at	Total liabilities at	Net assets in	Total operating	Net profits	
				the end of the year	the end of the year	aggregate at the end of the year	income for the year	for the year	
		Currency	(%)	(0'000)	(0'000)	(0'000)	(0'000)	(0'000)	
I. Joint Venture									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited (江西省江銅百泰環保科技有限公司)	Industrial waste water recycling and product sales	RMB	2,820	50	7,197.44	1,444.59	5,752.85	6,428.46	1,516.70
Nesko Metal Sanayive Ticaret Anonim Şirketi	Exploration and sales of copper products	TRY	7,076	48	16,035.75	1,675.05	14,360.70	9,844.15	-2,341.97
Valuestone GP Ltd. (嘉石普通合夥人有限公司)	Investment company	USD	300	51	1,466.53	0.02	1,466.51	0.00	-464.06
II. Associates									
Minmetals Jiangxi Copper Mining Investment Company Limited (五礦江銅礦業投資有限公司)	Investment company	RMB	606,550	40	460,536.30	11,877.14	448,659.16	0.00	1,777.18
MCC-JCL Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司)	Exploration and sales of copper products	USD	280	25	295,302.11	1,563.15	293,738.96	0.00	0.00
Jiangxi Tongrui Project Management Co., Ltd. (江西銅瑞項目管理有限公司)	Construction management	RMB	1,000	49	1,572.81	435.25	1,137.56	857.67	96.55
Valuestone Global Resources Fund I LP	Fund company	USD	13,247	83.62	28,382.74	0.00	28,382.74	0.00	-28,483.37
Jiangxi JCC Petrochemical Co., Ltd. (江西江銅石化有限公司)	Sales of petroleum and petrochemical products	RMB	1,900	49	2,719.31	144.73	2,574.58	47,105.47	293.26
Jiangxi Wantong Environmental Protection Materials Co., Ltd. (江西萬銅環保材料有限公司)	Environmental protection building materials, comprehensive development and utilisation of tailings resources	RMB	30,000	44.7	30,855.47	3,864.80	26,990.67	6,706.07	-440.57
Ningbo Saimo Technology Co., Ltd. (寧波賽墨科技有限公司)	R&D of technology	RMB	1,544	39.61	2,219.96	14.03	2,205.93	4.69	-337.13

Management Discussion and Analysis

Name of investee	Business nature	Registered capital		Our shareholding	Total assets at the end of the year	Total liabilities at the end of the year	Net assets in aggregate at the end of the year	Total operating income for the year	Net profits for the year
		Currency	(0'000)						
Jiangxi Dongchen Machinery Manufacturing Co., Ltd. (江西東辰機械製造有限公司)	Manufacturing of precision metal products and production of mechanical and electrical products	RMB	3,000	21	5,515.57	2,540.89	2,974.68	6,904.73	171.05
Pangaea Investment Management LTD.	Investment management	USD	5	45	0.00	0.00	0.00	0.00	-413.06
Chengdu Jiangtong Jinhao Co., Ltd. (成都江銅金號有限公司)	Sales of metal products	RMB	4,717	49	378,678.42	372,697.83	5,980.59	489,186.73	1,462.30
Jiangxi Depu Mining Equipment Co., Ltd. (江西德普礦山設備有限公司)	Manufacture and sales of mining machinery	RMB	10,000	49	16,376.61	8,893.85	7,482.76	38.25	-517.24
Wanguo International Mining Group Limited (萬國國際礦業集團有限公司)	Mining, ore processing and sales of concentrate products	HKD	10,000	20.87	203,796.30	58,836.40	144,959.90	68,141.80	16,971.80
HEBEI XINBAOFENG WIRE AND CABLE CO., LTD (河北新寶豐電線電纜有限公司)	R&D, manufacture, processing and sale of electric cables, cable accessories and electrical fittings	RMB	139,063	4.78	43,713.34	21,489.63	22,223.71	2,396.57	-1,245.65
Jiaxin International Resources Investment Co., Ltd. (佳鑫國際資源投資有限公司)	Exploration and sale of tungsten ore and tungsten processing	HKD	1	41.65	177,216.54	65,037.04	112,179.50	-54.64	-7,838.68

(VIII) Structured entities under the control of the Company

Not applicable

Management Discussion and Analysis

IV. DISCUSSION AND ANALYSIS CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Landscape and trend of industry

1. On the macro front

In 2023, the economy of the PRC would be rapidly repaired under a series of measures to stabilise growth, such as promoting investment, promoting consumption and stabilising the property market. Although inflation in the United States is still at a high level and the Federal Reserve still has the demand to raise interest rates, there is not much room to raise interest rates. At present, inflation is already in the downward channel. After inflation has gone down, the monetary policy of the United States would gradually withdraw from tightening, and it is expected that market confidence will also recover rapidly. Since the Federal Reserve's interest rate increase is mainly concentrated in the first half of the year, the macro environment in the second half of the year would be better than that in the first half of the year.

2. On the supply front

The supply of scrap copper is expected to be relatively stable in 2023, but the supply of copper concentrate is subject to relatively more disturbance factors. On the one hand, in 2023, the long-term order processing fee TC signed between the main smelters in the PRC and international mines was US\$88/tonne, up by 35% from last year. On the other hand, affected by strikes and natural disasters, the production and transportation of several large copper mines in Peru and Indonesia are affected in 2023. The global supply of copper concentrates was relatively loose but rapidly tightened, and the spot processing fee slid from above US\$90/tonne at the beginning of the year all the way to US\$77.9/tonne. In recent years, the global copper mine investment has been insufficient, resulting in a weak production environment. The strikes and natural disasters in the copper producing countries have intensified the tightening of supply, and may have a certain impact on the production of the smelters that have not signed long-term orders.

Management Discussion and Analysis

3. On the consumption front

The consumption of copper in the traditional sector has increased slightly, while the consumption in the new energy sector has increased significantly. The consumption momentum is still strong. It is expected that the copper market will begin to destock in the peak season of this year and will maintain a tight balance throughout the year. Looking forward to the future, as the main carrier of the PRC's "double carbon action", copper consumption will continue to maintain rapid growth in fields, such as photovoltaic, wind power, new energy electric vehicles, etc. According to the research data of Jinrui Futures, the copper consumption in the PRC's photovoltaic, wind power and new energy electric vehicles fields will increase from 1.09 million tonnes in 2022 to 2.09 million tonnes and 3.98 million tonnes by 2025 and 2030, respectively. Due to the fact that sizable investment projects in the new energy field are being built in many parts of the country, the actual consumption of copper in the new energy field may maintain a faster growth.

Overall speaking, this year's macro environment is generally good, and the second half of the year would be better than the first half, while the supply of fundamentals is steadily tightening, and consumption is steadily increasing. It is expected that the copper price will fluctuate mainly in the first half of the year, while the bull market is expected to start in the second half of the year after the improvement of the macro environment.

(II) The development strategy of the Company

The Group adheres to the development strategy of "copper-based, transformation and upgrading, diversified development and mutual promotion", upholds the new development concept of innovation, coordination, green, openness and sharing, focuses on the main business and high-quality development, adheres to innovation-driven and talent-driven development, and through the joint efforts of all cadres and employees of the Company and through continuous efforts over a period of time comprehensively builds a world-class enterprise with global core competitiveness, and become a modern, beautiful and brand new JCC.

Management Discussion and Analysis

(III) Business plan

On the basis of analysing current international and domestic macroeconomic situation, the production, operation and development environment of enterprises, and taking into account the actual completion of production and operation in 2022, the development and construction of key projects, progress of mergers and acquisitions and other factors, after thorough investigation, repeated discussions and following the principle of high quality development, we have set the Company's production and operation plan for 2023 as follows: 200,500 tonnes of copper concentrates, 2.07 million tonnes of copper cathodes, 98.5 tonnes of gold, 1,289 tonnes of silver, 5.64 million tonnes of sulphuric acid and 2.01 million tonnes of copper processed materials, with the capital expenditure (fixed assets investment) of RMB12,972 million. (The operation target does not represent the Company's forecast of production in 2023, and whether it can be achieved depends on various factors such as macroeconomic environment and market demand, which are subject to great uncertainties. The Group will adjust its plans in due course according to market changes).

Specific business strategies for 2023:

1. Building the foundation for quality development. The Company will focus our work on "stabilising growth and promoting development" and accelerate the construction of a modern industrial system. Our mining units will benchmark themselves against the world's best and best-ever levels to ensure that existing production capacity is not reduced, efficiency is increased and benefits are enhanced; our smelting units will focus on "green smelting and smart smelting" to improve quality and increase efficiency; our processing units will be market-oriented and focus on "quality and service" to increase the proportion of high-end products and to improve, expand and strengthen the copper processing segment. In addition, we will continue to promote the construction of key infrastructure projects and do our best to strengthen the industrial chain and promote industrial upgrading. We will continue to enhance the industrial base and modernise the industrial chain through continuously nurturing and strengthening strategic emerging industries.
2. Constructing a solid barrier to quality development. Safety is a prerequisite for development, and development is a guarantee for safety. The Company will strengthen its awareness of potential risks, establish a bottom-line mindset, co-ordinate the two major matters of safe production and risk prevention, and resolutely fight the "hard battle" of safe production and the "active battle" of risk prevention and resolution, so as to achieve a positive interaction between high-quality development and high-level safety.

Management Discussion and Analysis

3. Strengthening the momentum of quality development. The Company will continue to insist on technological innovation, rely on technological innovation to enhance the level of industrial development, and promote the ability and level of support for the Company's high-quality development surrounding the Company's industrial layout. The Company will continue to deepen the reform of the science and technology system, improve the industry collaborative innovation system, improve the incentive mechanism for the transfer of scientific and technological achievements, stimulate the innovative vitality of researchers, develop new technologies, transfer new achievements, attract and train new talents and form new collaborations. The Company will insist on the development of digital "Project One" and continue to transform into intelligent and smart production. We are determined to promote the digitisation of industries and digital industrialisation, and to make strengthening, improving and enlarging the digital economy a key increment in the Company's transformation and development, so as to continuously enhance our competitiveness in digitisation.
4. Expanding the scope for quality development. The Company will strive for breakthroughs in resource acquisition, firmly implement the "going out" resource strategy, and focus on enhancing the toughness and safety of the supply chain of the industrial chain. By focusing on various core elements, talents and resources across the Company, we will develop strategic investments in a diversified, multi-channel and multi-platform manner with resource control as the core. Through methods such as risk-based prospecting, geological services and technology export, we will explore a practical way to expand overseas resources. We are committed to making new breakthroughs in external market expansion and giving full play to the market's decisive role in resource allocation. On the one hand, we will develop and stabilise the internal market, and on the other hand, we will adhere to the strategy of seeking progress in stability. With controlled risks, we will take the initiative to study market demand, form new growth points and make new breakthroughs in green and low-carbon development. By establishing the concept that "lucid waters and lush mountains are invaluable assets", we accelerate green development through "double carbon".

Management Discussion and Analysis

(IV) Potential risks

1. Production safety risks

During mining and dressing of ore and copper smelting, potential safety hazards may occur due to natural or human factors. Failure to detect and eliminate such factors in time will lead to major accidents, causing major property losses and environmental impact.

In response to the risk of production safety, the Group will, as always, formulate and strictly implement a series of preventive measures suitable for the actual situation of the Company in accordance with national laws and regulations on production safety, strengthen production operation procedures and accident emergency rescue plans to avoid or eliminate losses caused to the Company by natural or human factors. At the same time, the main property of the Company has been insured to reduce related risks and losses.

2. Exchange rate fluctuation risks

Imported copper raw materials purchased from international mining companies or sizable trading companies by the Group and overseas investments are generally settled in US dollars. With expansion of overseas business of the Group, the income and expenses of foreign currencies would be even more intense. Therefore, in case of more fluctuations in exchange rate or failure to effectively control the exchange rate fluctuation risks by the Group, it may result in exchange rate losses by the Group, which in turn may bring certain negative impact on the profitability of the Group.

In response to the exchange rate fluctuation risks, the Company will closely monitor the changes in national foreign exchange policies and exchange rate information, enhance its ability to determine changes and trends of the international exchange rate market to make prudent decisions, flexible responses, and scientific grasp on the timing of raw material imports, the choice of the country or region where the products are exported, and the exchange rate hedging, so as to avoid the above mentioned risks arising from exchange rate fluctuations.

Management Discussion and Analysis

3. Risk from product price fluctuations

The Group is the largest copper cathode producer in the PRC and one of the largest gold and silver producers in the PRC. The Group's product prices are mainly determined with reference to the prices of related products listed on the LME and the Shanghai Metal Exchange. Copper, gold and silver are important trading varieties in the international non-ferrous metal market and have their own pricing mechanism in international market. Due to the scarcity of resources of copper, gold and silver metals, the prices of copper, gold and silver metals are highly volatile, as they are affected by various factors, including global economy, the relationship between supply and demand, market expectations and speculations. Price fluctuations will affect the revenue and operating stability of the Company.

In order to minimise the impact of product price fluctuations on productions and operations, the Group intends to take the following measures to protect against risk from product price fluctuations: (1) closely monitor the trend of copper and gold prices in the international market, strengthen the analysis and research of various factors affecting the price trend of products, and take timely measures such as hedging to avoid risk from product price fluctuations; (2) the Group will take the world's leading copper mines and smelting companies as the benchmark, and actively adopt new processes and technologies while improving management and operation efficiency, further reducing costs and expenses to resist the risk from product price fluctuations; (3) strengthen financial management level, enhance fund management, and reasonably arrange the raw material procurement and product sales of the Company to reduce the risk of significant tie-up in working capital of the Company due to rising product prices; and (4) strengthen the management of inventory and work in progress products, reduce inventory to the greatest extent to keep inventory at a reasonable level and reduce capital occupation.

Management Discussion and Analysis

4. Risk from changes in the market environment

The risks to the Company from changes in the market environment come from three aspects: (1) the development and operation of the macro economy directly affects total consumption demand, and the demand for the products of the Company will also alter according to the changes in the macro economic cycle; (2) the demand from downstream market for products may change. For example, the market demand for copper products are mainly from consumption in the power, electrical, light industry, electronics, machinery manufacturing, transportation and architecture industries. The development level and growth rate during different periods are imbalanced, and the demand for copper is also different, which will have a cyclical impact on the future business development of the Company; (3) with the continuous improvement of research and production technology, the types and performance of relevant substitutes in the product application industry of the Company will continue to improve, which will have a direct impact on the product demand of the Company.

In response to the risk from changes in the market environment, the Company will closely grasp the trend of the macro economy, pay attention to changes in related downstream industries, and strengthen industry research in order to further improve product quality and reduce production costs following changes in the market environment and actively develop new products that are more adaptable to market needs, and minimise the adverse impact of changes in the market environment on the operations of the Company to the greatest extent.

5. Environmental protection risk

The Group is mainly engaged in the mining, smelting and processing of non-ferrous metals and rare metals. In compliance with a number of environmental protection laws and regulations concerning air, water quality, waste disposal, public health and safety, the Group shall obtain relevant environmental protection permits for its production and operation, and accept inspections by relevant national environmental protection departments. In recent years, the Group has invested a large amount of funding and technological efforts in the transformation of environmental protection equipment and production techniques, and worked on the treatment and discharge of pollutants in accordance with national environmental protection requirements. However, if the environmental protection department continues to raise the environmental protection standard in the future, adopt more extensive and strict pollution control measures, the Group's production and operation may be affected, leading to an increase in operating costs such as environmental protection expenses.

Management Discussion and Analysis

6. Risk from uncertainties

In 2023, the domestic economy is generally improving with accelerating growth, but the momentum of recovery is relatively weak and the global economic growth momentum is lacking. In addition, geopolitical conflicts have led to increased instability and uncertainty in the international environment, which has put the resilience of the Company's production and operations to the test. The Company will fully evaluate the domestic and overseas situation and make good planning for its production and operation.

(V) Other

Not applicable

V. DETAILS OF AND REASONS FOR THE ISSUES NOT DISCLOSED BY THE COMPANY IN ACCORDANCE WITH THE STANDARDS DUE TO INAPPLICABILITY OF STANDARDS OR OTHER SPECIAL REASONS SUCH AS INVOLVEMENT OF STATE OR COMMERCIAL SECRETS

Not applicable



Corporate Governance Report

I. INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company strictly complied with the Disclosure of Inside Information and Procedures of Internal Control, and standardised its operation in strict compliance with provisions of laws, regulations and regulatory documents domestically and overseas including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, and Listing Rules of the Shanghai Stock Exchange and the Listing Rules. We continued optimising the governance structure to regulate the operation of the Company, in which the Board, Supervisory Committee and special committees under the Board duly performed their duties and operated accordance with law.

There was no material difference between the corporate governance of the Company and the laws, administrative regulations and regulations of CSRC in relation to the corporate governance of listed companies.

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANISATION AND BUSINESS, AS WELL AS THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS FOR ENSURING THE COMPANY'S INDEPENDENCE

Not applicable

Circumstances where the controlling shareholder, de facto controller and other units under their control are engaged in the same or similar business as the Company, as well as the impact of peer competition or major changes in peer competition on the Company, the resolution measures that have been taken, the progress of resolution and the follow-up plan for resolution

Not applicable

Corporate Governance Report

III. CORPORATE GOVERNANCE CODE

The Company strives to maintain and establish high quality corporate governance.

To the knowledge of the Board, during the Reporting Period, the Company has been in full compliance with all the code provisions under Part 2 of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 to the Listing Rules, with the exceptions as disclosed in this Corporate Governance Report and the following deviations:

During the Reporting Period, the legal action which the Directors may face is covered by the internal control and risk management of the Company. As the Company considers that no additional risk is likely to exist, insurance arrangements in respect of legal action against the Directors have not been made as required under code provision C.1.8 of the Code.

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Since the cessation of Mr. Long Ziping as the chairman of the Company (the “**Chairman**”) on 9 September 2020, from the beginning of that date until 15 August 2022, the role of the Chairman had been taken up by Mr. Zheng Gaoqing, the then general manager of the Company (the “**General Manager**”) and the responsibilities of the General Manager were shared by each of the deputy general managers of the Company within the scope of their authorities (where necessary). With effect from 15 August 2022, Mr. Zhou Shaobing was appointed as the General Manager and Mr. Zheng Gaoqing ceased to be the General Manager.

The followings are the corporate governance practices adopted by the Company.

(1) Shareholders and general meeting

The Company seeks to ensure that all shareholders, especially minority shareholders, are able to enjoy equal status and fully exercise their rights and the corresponding obligations effectively. Meanwhile, it seeks to ensure shareholders’ rights to be aware of and participate in the Company’s significant events as stipulated under relevant laws, regulations and the Articles.

The procedures for convening, holding of, considering resolutions and voting at the general meetings of the Company are in strict compliance with the relevant regulatory provisions of the places where the Company’s shares are listed as well as the requirements of the Articles. All general meetings of the Company are witnessed by the PRC lawyers with the representative from auditors as the scrutineer.

Corporate Governance Report

(2) Relationship between the controlling shareholder and the Company

JCC, being the controlling shareholder of the Company, performs its rights and obligations legally. The economic business between the Company and its controlling shareholder is carried out strictly in accordance with market and commercial principles and follows the approval procedures for connected transactions. The controlling shareholder has not overridden the power of the general meeting to interfere directly or indirectly the operating activities of the Company. The Company and its controlling shareholder are independent from each other in terms of business, assets, organisation, finance and personnel. The Board, Supervisory Committee and the internal functions of the Company are able to operate independently.

(3) Directors, the Board and senior management

The Board is mainly responsible for devising the Company's overall strategies such as the development strategies, management structure, investment and financing, budget, financial control and human resources (including reviewing and monitoring the training and continuous professional development of the Directors and senior management personnel and formulating, reviewing and monitoring the code of conduct and compliance manual of employees and Directors) and overseeing the operations of the Company. The Board is also responsible for reviewing and monitoring the policies and practices regarding the Company's compliance with laws and regulatory requirements and formulating the operations and disclosures of the Company in accordance with the listing rules or other rules and regulations of places where the shares of the Company are listed and reviewing the financial performance of the Company. In addition, the Board is also responsible for formulating and reviewing the Company's corporate governance policies and practices and reviewing the Company's compliance with the Code and the disclosure in the "Corporate Governance Report" during the Reporting Period.

Of which, the Chairman leads and supervises the operation of the Board and effectively plans Board meetings to ensure that the Board acts in the best interests of the Company. Under the leadership of the Chairman, the Board has adopted sound corporate governance and procedures and taken adequate measures for efficient communication with shareholders. The Chairman implements the Board's decisions and makes daily management decisions. The power and duties of the Board and Chairman are set out in the Articles in details.

Corporate Governance Report

Senior management of the Company comprises the General Manager, the deputy general manager, the chief engineer, the chief financial officer, the chief legal officer, secretary to the Board and other management personnel as determined by the Board. The General Manager is responsible to the Board for exercising the following duties: presiding over the production, operation and management work of the Company; organising the implementation of the Board's resolutions; organising the implementation of business plan and investment plan of the Company for the year; organising the formulation of plan for the establishment of internal management organisations of the Company; organising the formulation of fundamental management system of the Company; organising and formulating the fundamental rules of the Company; proposing the appointment or removal of the deputy general manager and the chief financial officer of the Company; appointing or removing management personnel other than those who shall be appointed or removed by the Board; and other duties granted by the Articles and the Board.

During the Reporting Period, Mr. Zheng Gaoqing served as the Chairman. As Mr. Long Ziping ceased to be the Chairman on 9 September 2020, from that date to 15 August 2022, the role of the Chairman had been taken up by Mr. Zheng Gaoqing, the then General Manager, and the duties of General Manager were shared by each of the deputy general managers of the Company within their scope of authorities, if necessary. With effect from 15 August 2022, Mr. Zhou Shaobing was appointed as the General Manager and Mr. Zheng Gaoqing ceased to be the General Manager.

From 1 January 2022 to 17 October 2022, the Board comprised 10 Directors, including 6 executive Directors and 4 independent non-executive Directors. Since 18 October 2022, the Board comprises 11 Directors, including 7 executive Directors and 4 independent non-executive Directors.

5 executive Directors (i.e., Mr. Zheng Gaoqing, Mr. Zhou Shaobing, Mr. Yu Tong, Mr. Liu Fangyun and Mr. Wang Bo) have background of the controlling shareholder or the de facto controller. Members of the Board have different industrial background and professional knowledge in corporate management, financial accounting, law, mining and metallurgy. For details of the composition of the Board and the biographies of the members of the Board, please refer to the section headed "Particulars of Directors, Supervisors, senior management and staff" in the chapter "Report of the Board" of this report.

To the best knowledge and belief of Directors, there is no relationship among members of the Board, including financial, business, family or other material or relevant relationships.

Pursuant to relevant provisions in the Articles, the term of office of the Chairman and other Directors (including non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and re-appointment.

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Mr. Zhu Xingwen, an independent non-executive Director, is a senior accountant, holds a bachelor's degree in economics from the Department of Finance and Accounting of Jiangxi University of Finance and Economics, majoring in commercial accounting, and a doctoral degree in Management (Accounting) from Tianjin University of Finance and Economics. Mr. Zhu currently works as a professor and a tutor for doctoral and postgraduate students at the School of Accounting of Jiangxi University of Finance and Economics. Due to his educational background and experience, the Board considers that, Mr. Zhu is in compliance with the requirement set out in Rule 3.10(2) of the Listing Rules which prescribes that at least one of the independent non-executive Directors shall have appropriate expertise in accounting or related financial management.

The Company nominates the Director candidates in accordance with the Articles and relevant regulatory requirements. Candidates for independent Directors may be nominated by the Board, Supervisory Committee or by shareholders individually or collectively holding more than 1% of the issued shares of the Company carrying voting rights. Candidates for non-independent Directors may be nominated by the Board or the controlling shareholder of the Company.

The Board established the Independent Audit Committee (the Audit Committee), the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance Development Committee (the “**ESG Development Committee**”):

The responsibilities of the Independent Audit Committee principally cover reviewing and monitoring the performance and procedures of financial reporting as well as the accounting policies and affairs of the Company, making recommendations to the Board on the appointment, re-appointment and removal of external auditors, approving the remuneration and terms of engagement of external auditors and dealing with any issue related to the resignation or dismissal of such auditors, considering the engagement of independent auditors and the related coordination, reviewing their related work efficiency and performance, serving as a major representative between the Company and the external auditors for monitoring the relationship between those two parties, reviewing the risk management and internal control system of the Company, discussing the risk management and internal control system with the management to ensure the management's fulfilment of responsibilities in setting up an effective system, and considering major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings.

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From 1 January 2022 to 17 October 2022, the ninth session of the Independent Audit Committee comprised 4 independent non-executive Directors, namely Mr. Zhu Xingwen, Mr. Liu Erh Fei, Mr. Liu Xike and Mr. Wang Feng, of which Mr. Zhu Xingwen was the chairman of the Independent Audit Committee. Since 18 October 2022, the ninth session of the Independent Audit Committee comprises 4 independent non-executive Directors, namely Mr. Zhu Xingwen, Mr. Liu Xike, Mr. Wang Feng and Mr. Li Shuidi, of which Mr. Zhu Xingwen is the chairman of the Independent Audit Committee. The secretary to the Board is also the secretary to the Independent Audit Committee.

The establishment status, main particulars and performance of the relevant duties of the Independent Audit Committee (the Audit Committee):

1. The Company had formulated the Terms of Reference of the Independent Audit Committee (the Audit Committee) (《獨立審核委員會(審計委員會)議事規則》), in which the Independent Audit Committee (the Audit Committee) is responsible to the Board and assumes the duties to review the Company's financial reporting, financial control, internal control and risk management systems and oversee the preparation procedures of the Company's financial statements and the completeness of their contents as well as the appointment and removal of the auditors. During the Reporting Period, the Independent Audit Committee listened to the report on material matters such as the production and operation and the construction of risk control system for the year from the Company's chief financial officer, financial management department, legal affairs and risk control department, and made constructive suggestions for the development of risk control system of the Company.
2. Summary report on fulfilment of duties of the Independent Audit Committee:
 1. We convened two meetings in 2022, and all members of the Independent Audit Committee at the time attended the meetings. Respectively, we reviewed and confirmed the 2021 annual report audited by Ernst & Young Hua Ming LLP and issued written opinions on the connected transactions, fund appropriation and external guarantees of the Company and made recommendations for the appointment of auditors, reviewed and confirmed the 2022 interim report audited by Ernst & Young Hua Ming LLP and were briefed on the report on 2022 annual audit work arrangements by the auditors.
 2. We reviewed the annual financial statements for 2022 prepared by the Company, and issued written opinions that such financial statements were in compliance with the PRC GAAP, and agreed to submit such financial statements to Ernst & Young Hua Ming LLP for auditing.

Corporate Governance Report

3. We were briefed on matters including the audit process, audit findings and audit adjustments of Ernst & Young Hua Ming LLP and considered that the audit work was executed in strict accordance with provisions of China Standards on Auditing for Certified Public Accountants.
4. Upon issuance of initial audit opinions by the auditors, we reviewed such financial statements prepared by the Company again and considered that they were appropriately prepared in accordance with requirements of the PRC GAAP, and truly and completely reflected the Company's financial position as at 31 December 2022, operating results and cash flow in 2022 in relevant material aspects.
5. We submitted to the Board the summary report of the Company's audit work for the previous year made by the auditors, and considered that Ernst & Young Hua Ming LLP executed the auditing work in strict accordance with provisions of China Standards on Independent Auditing for Certified Public Accountants. With sufficient time for audit and reasonable allocation on audit personnel, the auditors were competent in respect of execution ability. The audit report issued fully reflected the financial position of the Company as at 31 December 2022 and its operating results for 2022 and the audit conclusion issued was in line with the actual situation of the Company.

Members of Independent Audit Committee (the Audit Committee): Zhu Xingwen, Liu Erh Fei (then member), Liu Xike, Wang Feng and Li Shuidi

20 March 2023

Corporate Governance Report

The responsibilities of the Remuneration Committee mainly include: to provide advice to the Board in respect of the remuneration policies and structure of the Company's Directors and senior management and formulation of remuneration policies through establishment of formal and transparent procedures; to review and approve proposals in respect of remuneration of the management in response to the various enterprise principles and targets set by the Board; to propose remuneration of all executive Directors and senior management which includes non-monetary benefits, pension rights and compensation to the Board; to provide advice to the Board in respect of the remuneration of non-executive Directors; to consider the remuneration paid by similar companies, time and duties devoted as well as employment conditions of other positions within the Group; to ensure that no Director or any of his/her associates determines his/her own remuneration; and to provide other duties specified in the terms of reference of the Remuneration Committee.

From 1 January 2022 to 17 October 2022, the ninth session of the Remuneration Committee comprised 4 independent non-executive Directors, namely Mr. Wang Feng, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Wang Feng was the chairman of the Remuneration Committee. Since 18 October 2022, the ninth session of the Remuneration Committee comprises 4 independent non-executive Directors, namely Mr. Wang Feng, Mr. Zhu Xingwen, Mr. Liu Xike, and Mr. Li Shuidi, of which Mr. Wang Feng is the chairman of the Remuneration Committee. The secretary to the Board is also the secretary to the Remuneration Committee.

Performance of duties of the Remuneration Committee of the Board:

In 2022, the Remuneration Committee organised and convened one meeting pursuant to the Terms of Reference for the Remuneration Committee of the Board of Jiangxi Copper Company Limited and by the request of the Board. All members of the Remuneration Committee at the time attended the meeting, and heard the 2021 Remuneration and Travel Allowance Proposal for Directors, Supervisors and Senior Management proposed by the human resources department of the Company, reviewed the proposal and provided independent written opinions on such proposal.

Members of Remuneration Committee: Wang Feng, Liu Erh Fei (then member), Zhu Xingwen, Liu Xike and Li Shuidi

20 March 2023



Corporate Governance Report

The responsibilities of the Nomination Committee mainly include: to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become a Director and select or make recommendations to the Board on the selection of individuals nominated for directorships; to establish a diversity policy for the Board members and disclose its policy or the summary of the policy in the Corporate Governance Report; to supervise the diversity policy for the Board members and review the measurable targets and the progress of achieving the objectives; to assess the independence of independent non-executive Directors; to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive.

From 1 January 2022 to 17 October 2022, the ninth session of the Nomination Committee comprised Mr. Zheng Gaoqing, the Chairman, and 4 independent non-executive Directors, namely Mr. Wang Feng, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Zheng Gaoqing was the chairman of the Nomination Committee. Since 18 October 2022, the ninth session of the Nomination Committee comprises Mr. Zheng Gaoqing, the Chairman, and 4 independent non-executive Directors, namely Mr. Wang Feng, Mr. Zhu Xingwen, Mr. Liu Xike and Mr. Li Shuidi, of which Mr. Zheng Gaoqing is the chairman of the Nomination Committee. The secretary to the Board is also the secretary to the Nomination Committee.

Performance of duties of the Nomination Committee of the Board:

In 2022, the Nomination Committee convened three meetings pursuant to the Terms of Reference of the Nomination Committee of the Board of Jiangxi Copper Company Limited and by the request of the Board. All members of the Nomination Committee at the time attended the meetings and reviewed the detailed information of Zhou Shaobing as the candidate of senior management and the information of Zhou Shaobing and Li Shuidi as the candidates of Directors. Through careful discussion, the Nomination Committee reviewed their qualifications and nomination procedures respectively, and formed a written resolution for the meeting. All independent Directors have provided their written independent opinions.

Members of Nomination Committee: Zheng Gaoqing, Wang Feng, Liu Erh Fei (then member), Zhu Xingwen, Liu Xike and Li Shuidi

20 March 2023

Corporate Governance Report

The responsibilities of the ESG Development Committee mainly include: to study, formulate and implement the Company's medium and long-term Environment, Society and Governance (“**ESG**”) strategies, development policies and principles, key performance indicators, review the Company's ESG report, and supervise and inspect the relevant work of ESG working group.

The first session of the ESG Development Committee comprised Mr. Zheng Gaoqing, the Chairman, independent non-executive Director Mr. Liu Xike and 3 executive Directors, namely Mr. Wang Bo, Mr. Yu Tong and Mr. Liu Fangyun, of which Mr. Zheng Gaoqing and Mr. Liu Xike are the chairman and vice chairman of the ESG Development Committee, respectively.

Performance of duties of the ESG Development Committee of the Board:

In 2022, the ESG Development Committee convened one meeting pursuant to the Terms of Reference for the Environmental, Social and Governance Development Committee of the Board of Jiangxi Copper Company Limited and by the request of the Board. All members of the ESG Development Committee at the time attended the meeting, considered and approved the 2021 Environmental, Social and Governance Report of Jiangxi Copper Company Limited submitted by the ESG working group.

Members of ESG Development Committee: Zheng Gaoqing, Liu Xike, Wang Bo, Yu Tong, Liu Fangyun

20 March 2022

(4) Supervisory Committee

From 1 January 2022 to 13 December 2022, the Supervisory Committee comprised 5 Supervisors, including 2 employees representative Supervisors. Since 14 December 2022, the Supervisory Committee comprises four Supervisors, including two employees representative Supervisors. The Supervisors serve for a term of office of three years and are eligible for re-election and re-appointment. The current Supervisory Committee is the ninth session of the Supervisory Committee since the incorporation of the Company.

During the Reporting Period, the Supervisors exercised its supervising power in accordance with laws, thereby safeguarding the legal interests of shareholders, the Company and its employees.

(5) Directors' responsibilities on the financial statements

With the assistance of the accounting department, the Directors are responsible for preparing the financial statements of the Company for each financial year and ensuring that, in preparing such financial statements, appropriate accounting policies are adopted and applied and the PRC GAAP and IFRSs are complied with to give a true and impartial view of the financial position and operating results of the Company.

Corporate Governance Report

(6) Independence of the independent non-executive Directors

The Board has received the confirmation letter from each of the independent non-executive Directors in respect of their independence in accordance with the requirements provided under Rule 3.13 of the Listing Rules. The Company considers the current independent non-executive Directors to be independent.

(7) Board diversity policy

The Board has adopted a diversity policy for the Board members, and the Nomination Committee is responsible for supervising the effectiveness of the measurable targets and the progress of achieving the objectives.

The Company understands and believes that the diversity policy for the Board members can enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company regards the increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All appointments of the Board are based on meritocracy. Candidates are selected objectively having taken full account of the benefits of diversity on the Board and based on a series of diversity perspectives and measurable objectives. These measurable objectives include but are not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. In addition, the Board reviews the implementation and effectiveness of the Board diversity policy on an annual basis. The Nomination Committee has performed such duties, including selecting candidates and reviewing the implementation and effectiveness of the Board diversity policy. Having considered that the current proportion of the independent non-executive Directors on the Board ranges from one-third to 40%, most Directors are aged between 40 and 60, and the cultural and educational backgrounds of the Directors cover various fields, such as mining, management, finance and accounting, in which the Directors have made outstanding achievements respectively, the Nomination Committee is of the view that the current Board has fully demonstrated a diversified composition in terms of skills, experience, knowledge, cultural and educational background and independence.

While there had been female member(s) in the previous session(s) of the Board, as at the date of this report, the members of the ninth session of the Board are all male. In order to comply with Rule 13.92 of the Listing Rules, at the re-election of the next session of the Board in June 2024, the Company is considering to introduce a female member of the Board through various channels, such as engaging human resources agencies to identify for the Board and nomination by major shareholders. The Company shall also further take into account the Board diversity policy in full, and place emphasis on including gender as a factor for consideration for the achievement of Board diversity of the Company.

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The Company is also devoted to achieving gender diversity in the entire workforce. As at the end of the Reporting Period, the number of female employees of the Company accounted for approximately 15.28% of the total number of employees, which is a relatively high ratio in the mining and smelting industry. The Board is of the view that the Company has achieved gender diversity among its employees. The hiring strategies of the Company also reflect the diversity in the workforce, including the senior management, in terms of gender, age, ethnicity, cultural and educational background, professional experience, skills and knowledge.

(8) Policy for nomination of Directors

The procedures of appointment, re-election and removal of the Directors are set out in the Articles. The Nomination Committee carefully considers a number of aspects including the qualifications and biography of director candidates and then recommends them to the Board. After the Board passes the nomination resolution in relation to the candidate, the resolution will be proposed to the general meeting of the Company for consideration and approval. The Nomination Committee and the Board will consider a number of factors in making nominations, including but not limited to skill, expertise, industrial experience, integrity, independence (regarding the independent non-executive Directors) and the diversity of the Board.

IV. PEER COMPETITION AND CONNECTED TRANSACTIONS

(1) Peer competition

During the Reporting Period, there was no substantive peer competition between the Company and its controlling shareholder, JCC.

(2) Connected transactions

The Company was established in 1997 through separation of part of the assets from the controlling shareholder, JCC. Hence, certain connected transactions are inevitable between the Company and JCC and its subsidiaries from time to time (except the Group). Such connected transactions are in compliance with the market and business principles and follow the approval procedures for connected transactions.

The Company has sought to reduce the connected transactions with JCC and its subsidiaries from time to time (except the Group) since its listing. The types of connected transactions between the Company and JCC and its subsidiaries from time to time (except the Group) have been substantially reduced due to the increasing acquisitions of assets of JCC and its subsidiaries from time to time (except the Group) by the Company and the socialisation of part of assets of JCC.

For details of the connected transactions conducted between the Company and JCC and its subsidiaries from time to time (except the Group), please refer to the section headed “Material Connected Transactions” in the chapter of “Significant Events” in this report.

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V. GENERAL MEETING OVERVIEW

Session of the meeting	Date of convening	Reference of the website specified for information disclosure	Publication date of resolutions	Resolutions of the meeting
2021 Annual General Meeting	17 June 2022	SSE www.sse.com.cn (Announcement No.: 2022-029)	18 June 2022	A total of 6 resolutions were considered and passed at the meeting with no objection. Please refer to the announcement published on SSE and the Company's website for details.
2022 First Extraordinary General Meeting	17 June 2022	SSE www.sse.com.cn (Announcement No.: 2022-030)	18 June 2022	A total of 10 resolutions were considered and passed at the meeting with no objection. Please refer to the announcement published on SSE and the Company's website for details.
2022 Second Extraordinary General Meeting	18 October 2022	SSE www.sse.com.cn (Announcement No.: 2022-048)	19 October 2022	A total of 5 resolutions were considered and passed at the meeting with no objection. Please refer to the announcement published on SSE and the Company's website for details.

Preference shareholders with restored voting rights requested to convene extraordinary general meetings

Not applicable

Explanation on general meeting

In 2022, all resolutions submitted to the three general meeting convened by the Company for consideration were approved.

Corporate Governance Report

VI. INFORMATION ON THE MEETINGS OF THE BOARD HELD DURING THE REPORTING PERIOD

Session	Date of the meetings	Resolutions of the meetings
The sixth meeting of the ninth session of the Board	22 February 2022	The resolution of Jiangxi Copper Company Limited on planning the spin-off listing of its holding subsidiaries was considered and approved
The seventh meeting of the ninth session of the Board	25 March 2022	The following resolutions were considered and approved: <ul style="list-style-type: none">I. to consider the annual report for 2021II. to consider the Resolution of Jiangxi Copper Company Limited on the Profit Distribution Plan for 2021III. to consider the Resolution of Jiangxi Copper Company Limited on the Remuneration of Directors and Senior Management and the Travel Allowances of Independent Directors in 2021IV. to consider the Resolution of Jiangxi Copper Company Limited on Appointment of Ernst & Young Hua Ming LLP and Ernst & Young as Domestic (including Internal Control Audit) and Overseas Auditors of the Company in 2022V. to consider the Resolution of Jiangxi Copper Company Limited on 2022 Production and Business PlanVI. to consider the Resolution of Jiangxi Copper Company Limited on the 2021 Internal Control Evaluation ReportVII. to consider the 2021 Environmental, Social and Governance Report of Jiangxi Copper Company LimitedVIII. to consider the Resolution of Jiangxi Copper Company Limited on Provision for Asset Impairment in 2021IX. to consider the Resolution on Amending the Administrative Measures of Jiangxi Copper Company Limited on Connected TransactionsX. to consider the matters related to the convening and holding of the 2021 annual general meeting and the disclosure of the 2021 annual report

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
The eighth meeting of the ninth session of the Board	11 April 2022	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none"> I. to consider the Resolution on the Compliance of the Spin-off and Listing of a Subsidiary on a Recognised Stock Exchange in the PRC with the Requirements of Relevant Laws and Regulations II. to consider the Resolution on the Plan on the Spin-off and Listing of the Company's Subsidiary Jiangxi JCC Copper Foil Technology Company Limited on a Recognised Stock Exchange in the PRC III. to consider the Resolution on the Proposal on the Spin-off and Listing of the Company's Subsidiary (Jiangxi JCC Copper Foil Technology Company Limited) on a Recognised Stock Exchange in the PRC by Jiangxi Copper Company Limited IV. to consider the Resolution on the Compliance of the Spin-off and Listing of a Subsidiary on a Recognised Stock Exchange in the PRC under the Provisions on the Spin-off of Listed Companies (Trial) V. to consider the Resolution on the Spin-off and Listing of a Subsidiary on a Recognised Stock Exchange in the PRC which Benefits the Safeguarding the Legal Rights and Interests of Shareholders and Creditors VI. to consider the Resolution on the Maintenance of Independence and Continuing Operations of the Company VII. to consider the Resolution on the Capability of Jiangxi JCC Copper Foil Technology Company Limited to Implement Regulated Operation VIII. to consider the Resolution on the Explanation of the Completeness of and Compliance with Statutory Procedures of the Spin-off and the Validity of Legal Documents Submitted IX. to consider the Resolution on the Analysis on the Objectives, Commercial Reasonableness, Necessity and Feasibility of the Spin-off X. to consider the Resolution on the Authorisation by the General Meeting to the Board of Directors and its Authorised Persons to Deal with Matters Relating to the Spin-off of the Company XI. to consider the Resolution on the Spin-off and Listing of a Subsidiary on a Recognised Stock Exchange in the PRC Without Provision of Assured Entitlement to the Shareholders of the Company

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
The ninth meeting of the ninth session of the Board	28 April 2022	The Company's 2022 First Quarterly Report was considered and approved
The tenth meeting of the ninth session of the Board	20 May 2022	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none">I. to consider the Resolution on the Compliance of the Spin-off and Listing of the Company's Subsidiary on the ChiNext with the Relevant Requirement of Laws And RegulationsII. to consider the Resolution on the Plan on the Spin-off and Listing of Jiangxi JCC Copper Foil Technology Company Limited, a Subsidiary of the Company on the ChiNextIII. to consider the Resolution on the Proposal on the Spin-off and Listing of the Company's Subsidiary Jiangxi JCC Copper Foil Technology Company Limited on the ChiNext by Jiangxi Copper Company Limited (Revised)IV. to consider the Resolution on the Compliance of the Spin-off and Listing of a Subsidiary on the ChiNext under the Provisions on the Spin-off of Listed Companies (Trial)V. to consider the Resolution on the Spin-off and Listing of a Subsidiary on the ChiNext which is Beneficial to the Safeguarding of the Legal Rights and Interests of Shareholders and CreditorsVI. to consider the Resolution on the Maintenance of Independence and Continuing Operations of the CompanyVII. to consider the Resolution on the Capability of Jiangxi JCC Copper Foil Technology Company Limited to Implement Regulated Operation

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
		<p>VIII. to consider the Resolution on the Explanation of the Completeness of and Compliance with Statutory Procedures of the Spin-off and the Validity of Legal Documents Submitted</p> <p>IX. to consider the Resolution on the Analysis on the Objectives, Commercial Reasonableness, Necessity and Feasibility of the Spin-off</p> <p>X. to consider the Resolution on the Authorisation by the General Meeting to the Board of Directors and its Authorised Persons to Deal with Matters Relating to the Spin-off of the Company</p> <p>XI. to consider the Resolution on the Spin-off and Listing of a Subsidiary on the ChiNext Without Provision of Assured Entitlement to the Shareholders of the Company</p> <p>XII. to consider the Resolution on the Proposal on the Convening of the First Extraordinary General Meeting of Jiangxi Copper Company Limited in 2022</p>
The eleventh meeting of the ninth session of the Board	19 July 2022	The Resolution on Nominating Mr. Li Shuidi as an Independent Director Candidate was considered and approved
The twelfth meeting of the ninth session of the Board	15 August 2022	<p>The following resolutions were considered and approved:</p> <p>I. to consider the Resolution on the Appointment of Mr. Zhou Shaobing as the General Manager of the Company</p> <p>II. to consider the Resolution on the Appointment of Mr. Zhou Shaobing as a Candidate for the Company's Director</p>
The thirteenth meeting of the ninth session of the Board	25 August 2022	<p>The following resolutions were considered and approved:</p> <p>I. to consider and approve the 2022 interim report</p> <p>II. to consider the Resolution on the Provision for Asset Impairment for Half-Year of 2022</p> <p>III. to consider the Resolution on the Proposal on the Convening of the Second Extraordinary General Meeting of Jiangxi Copper Company Limited in 2022</p>

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
The fourteenth meeting of the ninth session of the Board	11 October 2022	The Resolution on the Investment and Establishment of Jiangxi JCC Tongxin Environmental Technology Company Limited by a Subsidiary of the Company was considered and approved
The fifteenth meeting of the ninth session of the Board	19 October 2022	The Resolution on Electing Mr. Zhou Shaobing as Deputy Chairman of the Ninth Session of the Board of Directors of the Company was considered and approved
The sixteenth meeting of the ninth session of the Board	27 October 2022	The Company's 2022 Third Quarterly Report was considered and approved
The seventeenth meeting of the ninth session of the Board	14 December 2022	The following resolutions were considered and approved: <ol style="list-style-type: none"> I. to consider the Resolution on Signing the Finance Lease Framework Agreement with Shenzhen Jiangtong Finance Leasing Co., Ltd. II. to consider the Resolution on Amending the Terms of Reference of the Remuneration Committee of Jiangxi Copper Company Limited III. to consider the Resolution on the Connected Transactions between Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (a Subsidiary of Jiangxi Copper Company Limited) and Zhejiang Fuye Group Co., Ltd. and its Subsidiaries IV. to consider the Resolution on the Connected Transactions between Jiangxi Copper Company Limited and its Subsidiaries and China Ordins Group Co., Ltd.
The eighteenth meeting of the ninth session of the Board	30 December 2022	The Resolution on External Guarantee by Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. a Subsidiary of the Company was considered and approved

Corporate Governance Report

VII. FULFILMENT OF DUTIES BY DIRECTORS

(1) Attendance of Directors at the Board meetings and general meetings

Name of Director	Whether an independent Director	Required attendance in the year	Attendance in person	Participation in Board meetings			Whether not attending in person for two consecutive times	Attendance in general meetings
				Attendance by telecommunication	Attendance by proxy	Absence		
Zheng Gaoqing	No	13	13	0	0	0	No	2
Zhou Shaobing	No	4	4	0	0	0	No	1
Wang Bo	No	13	13	0	0	0	No	3
Liu Fangyun	No	13	13	0	0	0	No	3
Yu Tong	No	13	13	0	0	0	No	3
Gao Jian-min	No	13	11	2	0	0	No	0
Liang Qing	No	13	11	2	0	0	No	0
Liu Xike	Yes	13	11	2	0	0	No	0
Liu Erh Fei (Resigned)	Yes	9	7	2	0	0	No	0
Wang Feng	Yes	13	13	0	0	0	No	0
Zhu Xingwen	Yes	13	13	0	0	0	No	0
Li Shuidi	Yes	4	4	0	0	0	No	1

Explanation on not attending the Board meeting in person for two consecutive times

Not applicable

Board meetings convened during the year	13
Of which: On-site meetings	11
By telecommunication	0
Meetings held on site and by telecommunications	2

(2) Objection of Directors on the Company's relevant events

Not applicable

Corporate Governance Report

(3) Model Code for Securities Transaction by Directors

During the Reporting Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the requirements of the Model Code during the Reporting Period.

(4) Directors' participation in continuous professional development

During the Reporting Period, according to the requirement of the CSRC and the two stock exchanges, all the Directors namely Mr. Zheng Gaoqing, Mr. Zhou Shaobing, Mr. Wang Bo, Mr. Gao Jian-min, Mr. Liang Qing, Mr. Liu Fangyun, Mr. Yu Tong, Mr. Liu Erh Fei (then member), Mr. Liu Xike, Mr. Zhu Xingwen, Mr. Wang Feng and Mr. Li Shuidi participated in the continuous professional development and updated their knowledge and skills, so as to ensure that they can continue to contribute to the Board with the comprehensive information when needed.

All Directors have read and earnestly studied the latest securities laws, regulations and rules of Hong Kong and the PRC.

VIII. SPECIAL COMMITTEES OF THE BOARD

(1) Members of the special committees of the Board

Type of special committee	Name of Member
Audit Committee	Zhu Xingwen, Liu Xike, Li Shuidi, Wang Feng
Nomination Committee	Zheng Gaoqing, Zhu Xingwen, Liu Xike, Li Shuidi, Wang Feng
Remuneration Committee	Zhu Xingwen, Liu Xike, Li Shuidi, Wang Feng
ESG Development Committee	Zheng Gaoqing, Liu Xike, Wang Bo, Yu Tong, Liu Fangyun

Corporate Governance Report

(2) The Audit Committee held 2 meetings during the Reporting Period

Date	Matters	Key opinions and suggestions	Other performance of duties
21 March 2022	Considering matters related to the Company's 2021 annual report	The independent Directors provided opinions and suggestions on financial accounting treatment, receivables, internal risk control and other aspects.	None
23 August 2022	Considering matters related to the Company's 2022 interim report	None	None

(3) The Nomination Committee held 3 meetings during the Reporting Period

Date	Matters	Key opinions and suggestions	Other performance of duties
18 July 2022	Nominating Li Shuidi as Director candidate	Consent to the nomination	None
12 August 2022	Nominating Mr. Zhou Shaobing as the General Manager and Director candidate	Consent to the nomination	None
19 October 2022	Nominating Mr. Zhou Shaobing as deputy chairman	Consent to the nomination	None

Corporate Governance Report

(4) The Remuneration Committee held 1 meeting during the Reporting Period

Date	Matters	Key opinions and suggestions	Other performance of duties
21 March 2022	Considering the Proposal of the Remuneration and Travel Allowances of Directors, Supervisors and the Senior Management for 2021	Consent	None

(5) The ESG Development Committee held 1 meeting during the Reporting Period

Convening date	Matters	Key opinions and suggestions	Other performance of duties
21 March 2022	Considering the 2021 Environmental, Social and Governance Report of Jiangxi Copper Company Limited	Consent	None

(6) Details of objections

Not applicable

IX. EXPLANATION ON THE RISK IN THE COMPANY DISCOVERED BY THE SUPERVISORY COMMITTEE

Not applicable

The Supervisory Committee had no disagreement in supervised matters during the Reporting Period.

Corporate Governance Report

X. PARTICULARS OF THE APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND OF THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

According to the authorisation by the general meeting, the Board has considered and approved the resolution on remuneration of senior management of the Company for the year 2022.

XI. AUDITORS' REMUNERATION

For the auditors' remuneration in 2022, please refer to the content of "Appointment and removal of accounting firms" under the section headed "Significant Events" in this report.

XII. COMPANY SECRETARY

For the year ended 31 December 2022, Mr. Tu Dongyang and Mr. Tung Tat Chiu, Michael, the joint company secretary of the Company, had received relevant professional trainings of not less than 15 hours to update his skills and knowledge. Mr. Tu Dongyang, the deputy general manager and the joint company secretary of the Company is the main contact person for Mr. Tung Tat Chiu, Michael.

XIII. SHAREHOLDERS' RIGHTS

The Company ensures that all its shareholders enjoy equal rights and they can fully exercise their rights based on their shareholdings. The Articles expressly provides that its shareholder(s) holding more than 10% (including 10%) of the issued shares with voting rights of the Company may request the Board to convene an extraordinary general meeting. The relevant procedures on convening, holding of and voting at the general meeting are in strict compliance with relevant laws and the Articles.

Shareholders, individually or aggregately, holding over 3% of the total number of shares of the Company shall have the right to propose provisional motions to the convener in writing ten (10) days prior to the shareholders' general meeting. The convener shall within two (2) days of receipt of the provisional motions issue supplemental notice of the meeting to disclose the contents of the provisional motions.

The Articles also expressly provides that its shareholders are entitled to supervise and manage the business and operation of the Company, put forward recommendations or questions, inquire relevant information as well as the rights to be aware of and participate in the Company's significant events. For details of the procedures and methods of inquiry, please refer to the Articles. The Company values good communication with its shareholders. The main communication channels of the Company include general meetings, the Company's website and electronic mailbox, the facsimile and telephone of the secretariat of the Board as set out in the section headed "Corporate Profile" in this report, which are available for its shareholders to express their opinions or exercise their rights.

Corporate Governance Report

XIV. INVESTOR RELATIONS

During the Reporting Period, the Company attached great importance to build a sound and harmonious investor relation, and has implemented a proactive policy of promoting investor relations and communication. The Company strengthened the communication and interaction with its shareholders through various channels such as the Company's website, emails, telephone and facsimile, greeted its shareholder's visits and replied to their letter and calls seriously, and addressed their concerns and inquiries, turning the investors' requests and suggestions into an incentive for the Company's growth.

In addition, the websites of the Company and the Stock Exchange contain the information of the Company, the annual reports, interim reports, quarterly reports and extraordinary announcements and circulars published by the Company. The latest information of the Company is available to its shareholders and investors.

The Company reviews the investor relations policy annually, and makes any amendments it considers necessary to ensure the policy's effectiveness and that the legal interests of shareholders and investors are adequately protected.

The Company has reviewed the implementation and effectiveness of its investor relations policy. Having considered the different channels of communication in place, the Company is of the view that an effective investor relations policy has been properly implemented during the Reporting Period.

The Company has uploaded its Articles on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.jxcc.com/>). During the Reporting Period, the Company did not make any amendments to the Articles.

XV. RISK MANAGEMENT AND INTERNAL CONTROL

In order to strengthen the organisation, leadership, command and coordination of the establishment and operation of the risk control system of the Company, comprehensively improve the ability and efficiency of risk control management, prevent and resolve various risks in a timely manner, and promote the sustainable, healthy and stable development of the Company, the Company established Risk Management Committee, comprising the General Manager, the deputy director of co-management, the other administrative deputy leaders and the main heads of each major department of the Company. The risk management committee of the Company holds meetings from time to time. Its responsibilities include reviewing the Company's risk management strategy, determining the Company's risk preference and risk tolerance and reviewing risk management policies and risk assessment standards; reviewing risk management solutions, including major risk response plans, major risk early warning indicators and early warning plans; reviewing risk management assessment and recommending special reports and risk management supervision and evaluation comprehensive audit reports; reviewing risk management organisation settings and their responsibilities plans; and other matters related to risk management.

Corporate Governance Report

The risk management committee of the Company has an office located in the risk control, internal audit and legal department of the Company. The office is responsible for the daily work of the committee, including inspection, supervision, evaluation and reporting on the development of risk control system and daily operation of the Company, submitting decision-making proposals to the risk management committee, and organising and implementing the of relevant decisions and deployments.

The Audit Committee of the Company regularly (twice a year) reviews the risk management system for the year 2022 of the Group. During the Reporting Period, the Independent Audit Committee has conducted an evaluation for the Group's management system, and is of the view that the risk management system of the Group is effective and adequate.

The Board is responsible for the risk management and internal control systems and is responsible for reviewing the effectiveness of these systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board regularly (once a year) reviews the internal control of the Group. The Company has a risk control, internal audit and law department, one of whose functions is internal control, which provides analysis and independent assessment of the Company's risk management and internal control system. During the Reporting Period, the Board has conducted an evaluation for the Group's internal control. Please refer to the 2022 Internal Control Evaluation Report published in the "Internal Control" section of this report for details.

XVI. INSIDE INFORMATION POLICY

The Company has formulated the Registration Filing System of Inside Information Sources of Jiangxi Copper Company Limited to provide guidelines for sources of inside information, including but not limited to Directors, Supervisors and senior management of the Company, to regulate inside information management, strengthen the confidentiality work of inside information and uphold the principle of fairness in respect of disclosure of information.

Business Overview of the Company

I. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

The principal business of the Group covers copper and gold mining and dressing, smelting and processing; extraction and processing of scattered metals; sulphuric chemistry as well as finance and trading fields. It has established the complete industrial chain integrated with exploration, mining, ore dressing, smelting and processing in copper and related non-ferrous metal fields. It is the important production base of copper, gold, silver and sulphuric chemistry in the PRC. The main products include more than 50 varieties, such as copper cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium, bismuth, etc., of which “Guiye”, “JCC” and “HUMON-D” copper cathode (owned by Humon Smelting are registered products in the LME, and “JCC” gold and silver are registered products in the London Bullion Market Association (“LBMA”).

The main assets owned and controlled by the Group include:

1. A listed company: Humon Smelting (stock code: 002237) is a company listed on the Shenzhen Stock Exchange. The Company holds 44.48% of the total share capital of Humon Smelting, and is the controlling shareholder of Humon Smelting. Humon Smelting is mainly engaged in the exploration, mining, dressing, smelting and chemical production of gold. It is a national key gold smelting enterprise with the annual production capacity of 50 tonnes of gold and 1,000 tonnes of silver, and with the production capacity of 0.25 million tonnes of electrolytic copper and 1.3 million tonnes of sulphuric acid.
2. Four smelters under production: Guixi Smelter, Qingyuan, JCC Hongyuan Copper Industry Co., Ltd. and Heding Copper, among which Guixi Smelter is the largest scale and the technology advanced blister and copper concentrate smelter and refiner in the PRC.
3. Five 100% owned mines under production: Dexing Copper Mine (including copper factory mining area, Fujiawu mining area and Zhushahong mining area), Yongping Copper Mine, Chengmenshan Copper Mine (including Jinjiwo Silver-Copper Mine), Wushan Copper Mine and Yinshan Mining.



Business Overview of the Company

4. Eight modern copper products processing plants: Jiangxi Copper Products Company Limited, Jiangxi Copper (Guangzhou) Copper Production Company Limited, JCC Copper Foil, JCC Taiyi, Jiangxi Copper (Longchang) Precise Copper Pipe Company Limited, JCC Copper Products Company Limited, Jiangxi Copper North China (Tianjin) Copper Co., Ltd. and JCC Huadong (Zhejiang Copper) Co., Ltd..

1. Applications of main products of the Company are as follows:

Product	Use
Copper cathode	It is a basic raw material for industries such as electrical, electronics, light industry, machinery manufacturing, construction, transportation, and national defense
Copper rods and wires	For the production of copper cables and enameled wires
Gold	It is a hard currency, which can also be used as raw material for electrical appliances, machinery, military industry and decorative crafts
Silver	It is a raw material for silver solder, electroplating, silver contacts, and decorative crafts
Sulphuric acid	It is a raw material for chemical and fertiliser, and can be used in industries such as metallurgy, food, medicine, fertiliser and rubber

Business Overview of the Company

2. Business model

(1) Procurement model

The Company's procurement of the main raw materials, copper concentrate and production equipment for production are as follows:

Product	Procurement channel	Procurement method	Pricing method
Copper concentrate	Domestic and foreign procurement	Purchased uniformly by the trading business department of the Company	Foreign procurement was conducted with reference to the LME copper price, the LBMA gold and silver price, and TC/RC was deducted from the above metal price basis as procurement price. TC/RC was determined through negotiations between both parties; domestic procurement was conducted with reference to the copper price on SHFE, and the corresponding processing fees were deducted or multiplied by the corresponding pricing coefficient on the basis of the average price or spot price of the SHFE.
Thick copper, coarse copper	Domestic and foreign procurement	Purchased uniformly by the trading business department of the Company	Foreign procurement was conducted with reference to the LME copper price, the LBMA gold and silver price, and TC/RC was deducted from the above metal price basis as procurement price. TC/RC was determined through negotiations between both parties; domestic procurement was conducted with reference to the copper price on the SHFE, and the corresponding processing fees were deducted or multiplied by the corresponding pricing coefficient on the basis of the average price or spot price of the SHFE.
Production equipment	Domestic and foreign procurement	Purchased uniformly by the material and equipment department of the Company	Compare to the market price

Business Overview of the Company

(2) Sales model

Product	Method of sales	Major sales market
Copper cathode	The main consumer groups are users such as copper processing enterprises, including spot and futures trading, of which: direct sales are used for spot, and futures are traded through the centralised quotation system of SHFE	Mainly in Eastern China and Southern China, some products are exported to South Korea, Japan and Southeast Asia
Copper rods and wires	Enter into long-term contracts with relatively stable major customers	Mainly in Eastern China, Southern China, Northern China and Southwest China
Gold	National unified acquisition or direct trading on the Shanghai Gold Exchange	
Silver	Export and domestic sales, domestic sales are mainly sold to domestic industrial enterprises of electronics, electroplating, electrical alloys, silver nitrate, machinery, military, jewelleryes and other industries by direct sales	Mainly export to Hong Kong, Eastern and Southern China domestically
Sulphuric acid	Enter into long-term contracts with relatively stable major customers, and supply and sell in installments	Mainly in regions such as Eastern China, Central China, Southern China and Southwest China

(3) Production model

At present, there are two main smelting methods of copper in the world: pyrometallurgical smelting and wet smelting. Pyrometallurgical smelting is to produce copper cathode by melting smelting and electrolytic refining, which is generally suitable for high-grade copper sulphide ore; wet smelting is generally suitable for low-grade copper oxide, which is lower in cost, but has great restrictions on the grade and type of ore, and has higher impurity content. The Company mainly uses pyrometallurgical copper smelting, and adopts wet smelting for gold smelting.

Business Overview of the Company

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

After years of development, the Group has grown into the largest copper cathode supplier in the PRC, forming a complete industrial chain integrating exploration, mining, ore processing, smelting and processing, with the following core competitive advantages:

1. Advantage of scale

The Group has the largest production base of copper, associated gold and silver and owns an important base of sulphuric chemistry in the PRC. The Company owns the copper mine of the largest scale currently in the PRC, namely Dexing Copper Mine and a number of copper mines under production. As at 31 December 2022, the Company had 100% ownership in the resource reserves of approximately 8.993 million tonnes of copper metal, 275.9 tonnes of gold, 8,626 tonnes of silver, and 210,000 tonnes of molybdenum. Among the resources jointly controlled by the Company and other companies, metal resource reserves attributable to the Company (based on its equity percentage) were approximately 4,435,000 tonnes of copper and 52 tonnes of gold. Humon Smelting, a controlled subsidiary of the Company and its subsidiaries have 150.38 tonnes of proven gold reserves which have completed reserve registration.

2. Advantage of having a complete integrated industrial chain

- (1) As the largest integrated copper production enterprises in the PRC, the Group has established its industrial chain with core businesses in mining, ore dressing, smelting and processing of gold and copper, as well as sulphuric chemistry and extraction and processing of precious and rare metals. The annual production of copper contained in copper concentrates of the Company is over 200,000 tonnes. Humon Smelting, a controlled subsidiary of the Company, has an annual production capacity of 50 tonnes of gold and 1,000 tonnes of silver and has production capacity of 0.25 million tonnes of electrolytic copper and 1.3 million tonnes of sulphuric acid.
- (2) The Group is currently the largest copper processing manufacturer in the PRC, with over 1,700,000 tonnes of processed copper products produced per year.
- (3) The production capacity of copper cathode of the Group is over 1,700,000 tonnes per year, and the Guixi Smelter of the Company is the copper smelter with the largest monomer smelting scale in the world.



Business Overview of the Company

3. Advantage of technologies

The Group possesses industry-leading copper smelting and mine development technologies. Guixi Smelter is the first entity to introduce the entire flash smelting technology production line in the PRC with the overall production technology and key techno-economic indicators reaching advanced international standards. Dexing Copper Mine is the largest modernised copper mine with advanced technological level in the PRC, and is the first to introduce international software for the design, planning and optimisation of mining and the global satellite positioning system for truck dispatching. Humon Smelting has strong smelting technology and is the first professional factory to process high lead complex gold concentrate by using oxygen bottom blowing smelting-reduction furnace pulverised coal bottom blowing direct reduction technology. It ranks first among the “PRC’s Top Ten Gold Smelting Enterprises”.

4. Advantage of cost

The Dexing Copper Mine owned by the Company is the largest copper open-pit mine in the PRC. The unit cash cost is below the industry average. At the same time, the advantages of mine resources further ensure the self-sufficiency rate of copper concentrates, which is conducive to the Company to smoothen the risk of fluctuations in raw material costs. The Guixi Smelter owned by the Company is the world’s largest monomer smelter, with leading technology and scale effect, giving the Company more cost advantage.

5. Advantage of brand

The “Guiye” copper cathode owned by the Company has been successfully registered with the LME in one go in 1996, which is the first world-class brand of copper of the PRC. The Company is also the first enterprise in the PRC copper industry which has the three main products – copper cathode, gold and silver products registered with the LME and the LBMA. The copper testing factory established based on the laboratory of Guiye Center of the Company is the only testing factory of copper cathode in the PRC recognised by the LME, which has completed testing of a number of copper cathode registered with the LME for various domestic enterprises. The Company has established good and long-term relationship with world-class mining enterprises.

6. Management and talent advantage

The management team of the Company has extensive experience and has participated actively in corporate governance for a long period and has professional and leading management level in the industry. In addition, the Company also reserves a large number of mining and smelting talents, with the expansion ability and advantages to replicate and operate same types of mining or smelting enterprise.

Report of the Board

I. PRINCIPAL BUSINESS

The principal business of the Group covers copper and gold mining and dressing, smelting and processing; extraction and processing of scattered metals; sulphuric chemistry as well as finance and trading fields. It has established the complete industrial chain integrated with exploration, mining, ore dressing, smelting and processing in copper and related non-ferrous metal fields. It is the important production base of copper, gold, silver and sulphuric chemistry in the PRC. The main products include more than 50 varieties, such as copper cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium, bismuth, etc., of which “Guiye”, “JCC” and “HUMON-D” copper cathode (owned by Humon Smelting) are registered products in the LME, and “JCC” gold and silver are registered products in the LBMA.

II. CHANGES IN SHARE CAPITAL

During the Reporting Period, there were no changes in the total number and capital structure of shares of the Company.

III. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities as of the Reporting Period

Not applicable

(II) The total number of shares and changes in the shareholding structure of the Company and changes in the asset and liability structure of the Company

During the Reporting Period, the Company had no relevant changes.

(III) Existing internal staff shares

During the Reporting Period, the Company had no existing internal staff shares.

IV. BUSINESS OVERVIEW

(I) Business summary and analysis

Business and result analysis combining key financial performance indicators of the Group are set out in Summary of Accounting Data and Major Financial Indicators on pages 8 to 12, Business Overview of the Company on pages 90 to 95 and the Management Discussion and Analysis on pages 13 to 64 of this report.



(II) Environmental policies and performance

For information including the environmental policies and social responsibilities of the Company, please refer to the content in “XVI. Active Performance of Social Responsibility” under “Significant Events” of this report and the Company has separately issued the “Environmental, Social and Governance Report” for the year 2022 in accordance with the relevant requirements of the Listing Rules on 24 March 2023.

(III) Compliance with relevant laws and regulations

The Group understands the importance of compliance with the requirements of regulations. The risks of not complying with relevant requirements may lead to material adverse effects. During the Reporting Period, the Company would strictly comply with applicable laws and regulations in various countries and regions as before, and update various terms in a timely manner. The legal affairs department of the Company will regularly organise and arrange internal study to ensure that the Company is in compliance with laws and regulations in its ordinary operations. If potential legal risks are found, the legal affairs department of the Company will cooperate with the risk control department and carry out rectification in a timely manner.

Saved as disclosed in this report, the Group is also in compliance with relevant requirements of the Companies Ordinance in Hong Kong and the Company Law in the PRC, listing rules of the applicable stock exchanges and relevant provisions in the Securities and Futures Ordinance.

(IV) Significant relationship with stakeholders

Trust and support from stakeholders are closely related to the growth and success of the Company. Our stakeholders include employees, suppliers and customers:

1. Employees

The Company firmly implements “talent strategies” to provide employees with sound and safe working environment, and constantly optimise the remuneration and benefit system. Over the years, management teams and employees of the Company are stable.

2. Suppliers

Since the establishment of the Company, the product output has continuously increased exponentially, providing suppliers with rich business opportunities and forming strategic partnerships with various well-known domestic and foreign companies. The development of the Company has also promoted the prosperity of related industries. During the Reporting Period, the relationship between the Company and major suppliers was good and stable.

Report of the Board

3. Customers

The Company abided by the business ethics of honesty and harmony, adhered to the business philosophy of “creating value with customers”, and pursued customer relationships of mutual trust and mutual understanding, mutual benefit, and win-win cooperation. The Company required all employees to treat customers as themselves, emphasising product quality and corporate reputation awareness, providing high-quality and qualified products to customers, effectively maintaining good customer relations, and focusing on after-sales services. During the Reporting Period, the relationship between the Company and major customers was good and stable.

(V) Major risks and uncertainties

Description of the potential risks which may be encountered by the Group is set out on pages 61 to 64 in the Management Discussion and Analysis of this report.

(VI) Significant matters after the Reporting Period

Not applicable

(VII) Future development

Future development of the business of the Group is set out on pages 57 to 64 in the Management Discussion and Analysis of this report.

V. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	146,730
Total number of ordinary shareholders at the end of the previous month before the disclosure of the annual report	143,342
Total number of shareholders of preference shares with voting rights restored at the end of the Reporting Period	0
Total number of shareholders of preference shares with voting rights restored at the end of last month before the disclosure of the annual report	0

Report of the Board

(II) Particulars of shareholdings of the top ten shareholders and top ten holders of tradable shares (or holders of shares not subject to lock-up) as of the end of the Reporting Period

Shareholdings of top ten shareholders

Unit: Share

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to lock-up	Situation of pledge, mark or freeze Share status	Number	Nature of shareholder
JCC	19,124,200	1,512,741,810	43.69	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ("HKSCC")	-104,000	1,073,420,014	31.00	0	Nil	0	Unknown
China Securities Finance Corporation Limited	0	103,719,909	3.00	0	Nil	0	Unknown
Hong Kong Securities Clearing Company Limited	56,564,430	87,448,910	2.53	0	Nil	0	Unknown
Yang Weiyu	8,345,500	16,051,051	0.46	0	Nil	0	Unknown
Yuanxin Yongfeng Fund – Kunlun Health Insurance Company Limited – Yuanxin Yongfeng Preferred Gold Stock 2 Single Asset Management Plan (圓信永豐基金— 昆侖健康保險股份有限公司—圓信永豐優 選金股2 號單一資產管理計劃)	6,713,613	6,713,613	0.19	0	Nil	0	Unknown
Liu Ding	-10,000	4,160,451	0.12	0	Nil	0	Unknown
Industrial and Commercial Bank of China Limited – Huatai-PB CSI 300 Open ended Index Fund (中國工商銀行股份有 限公司—華泰柏瑞滬深300交易型開放式指 數證券投資基金)	1,745,700	3,978,129	0.11	0	Nil	0	Unknown
Yu Guohua	2,013,800	2,519,200	0.07	0	Nil	0	Unknown
Industrial and Commercial Bank of China Limited – Southern CSI Shewan Nonferrous Metals Trading Open-ended Index Fund (中國工商銀行股份有限公司— 南方中證中萬有色金屬交易型開放式指數 證券投資基金)	-228,500	2,514,994	0.07	0	Nil	0	Unknown

Report of the Board

Shareholdings of the top ten shareholders not subject to lock-up

Unit: Share

Name of shareholder	Number of tradable shares held not subject to lock-up	Class and number of shares	
		Class	Number
JCC	1,512,741,810	Ordinary shares denominated in RMB (A shares)	1,204,284,810
		Overseas listed foreign shares (H shares)	308,457,000
HKSCC	1,073,420,014	Overseas listed foreign shares (H shares)	1,073,420,014
China Securities Finance Corporation Limited	103,719,909	Ordinary shares denominated in RMB (A shares)	103,719,909
Hong Kong Securities Clearing Company Limited	87,448,910	Ordinary shares denominated in RMB (A shares)	87,448,910
Yang Weiyu	16,051,051	Ordinary shares denominated in RMB (A shares)	16,051,051
Yuanxin Yongfeng Fund – Kunlun Health Insurance Company Limited – Yuanxin Yongfeng Preferred Gold Stock 2 Single Asset Management Plan (圓信永豐基金 – 崑崙健康保險股份有限公司 – 圓信永豐優選金股2號單一資產管理計劃)	6,713,613	Ordinary shares denominated in RMB (A shares)	6,713,613
Liu Ding	4,160,451	Ordinary shares denominated in RMB (A shares)	4,160,451
Industrial and Commercial Bank of China Limited – Huatai-PB CSI 300 Open-ended Index Fund (中國工商銀行股份有限公司 – 華泰柏瑞滬深300交易型開放式指數證券投資基金)	3,978,129	Ordinary shares denominated in RMB (A shares)	3,978,129
Yu Guohua	2,519,200	Ordinary shares denominated in RMB (A shares)	2,519,200
Industrial and Commercial Bank of China Limited – Southern CSI Shewan Non-ferrous Metals Trading Open-ended Index Fund (中國工商銀行股份有限公司 – 南方中證申萬有色金屬交易型開放式指數證券投資基金)	2,514,994	Ordinary shares denominated in RMB (A shares)	2,514,994
The explanation on special repurchase accounts of top ten shareholders		Nil	
The explanation on entrusting/being entrusted voting rights or waiving voting rights of the aforesaid shareholders		Nil	
The explanation on the connected relationship or parties acting in concert among the aforesaid shareholders		Nil	
The explanation on preferred shareholders with restored voting rights and the number of shares held		Nil	

Report of the Board

- Notes:*
1. HKSCC is a member of the Central Clearing and Settlement System, providing registration and custodial services for customers. HKSCC held a total of 1,073,420,014 H shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 31.00% of the total issued share capital of the Company.
 2. The 308,457,000 H shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC when disclosed in the table above. Taking into account the H shares held by JCC, HKSCC held 1,381,877,014 shares as nominee, representing approximately 39.91% of the issued share capital of the Company.
 3. During the Reporting Period, JCC, the controlling shareholder, commenced securities lending business. The increase in number of shares held by JCC in the above table during the Reporting Period was in fact the number of shares returned from the securities lending.
 4. As at 31 December 2022, the net securities lending from JCC was 1,194,300 A shares. If the number of securities lending is included, the actual holding of JCC is 1,513,936,110 shares, representing approximately 43.72% of the total issued share capital.

Shareholdings of the top ten shareholders subject to lock-up and trading restrictions

Not applicable

Strategic investors or general legal persons who become the top ten shareholders due to the placement of new shares

Not applicable

Report of the Board

(III) Interests and short positions of shareholders

As at 31 December 2022, the interests or short positions of the shareholders, other than Directors, Supervisors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (“SFO”) or otherwise as notified to the Company were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares (Note 1)	Approximate percentage of the number of the relevant class of shares (%)	Approximate percentage of total issued share capital (%)
JCC (Note 2)	A shares	Beneficial owner	1,205,479,110(L)	58.09(L)	34.81(L)
Jiangxi State-Owned Capital Operation Holdings Group Co. Ltd. (江西省國有資本運營控股集團有限公司) (Note 2)	A shares	Interest of corporation controlled by you	1,205,479,110(L)	58.09(L)	34.81(L)
JCC (Notes 2 and 3)	H shares	Beneficial owner	308,457,000(L)	22.23(L)	8.90(L)
Jiangxi State-Owned Capital Operation Holdings Group Co. Ltd. (江西省國有資本運營控股集團有限公司) (Notes 2 and 3)	H shares	Interest of corporation controlled by you	308,457,000(L)	22.23(L)	8.90(L)
Brown Brothers Harriman & Co.	H shares	Approved lending agent	97,342,636(L) 97,342,636(P)	7.02(L) 7.02(P)	2.81(L) 2.81(P)

Note 1: “L” means long positions in the shares; and “P” means shares available for lending in the shares.

Note 2: As at 31 December 2022, JCC was held as to 90% by Jiangxi State-Owned Capital Operation Holdings Group Co. Ltd.. As such, Jiangxi State-Owned Capital Operation Holdings Group Co. Ltd. was deemed to be interested in the shares interested by JCC.

Note 3: The 308,457,000 H shares held by JCC were registered with HKSCC. During the Reporting Period, JCC commenced its securities lending business, and the above table includes the 1,194,300 A shares lent.

Save as disclosed above, pursuant to the register required to be kept under Section 336 of SFO or otherwise as notified to the Company, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2022.

Report of the Board

VI. PARTICULARS OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Particulars of controlling shareholder

Name	Jiangxi Copper Corporation Limited
Person in charge or legal representative	Zheng Gaoqing
Establishment date	26 June 1979
Principal operations and businesses	Non-ferrous mines, non-metallic mines and products of refined and processed non-ferrous metals
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the Reporting Period	<ol style="list-style-type: none">1. Shenzhen Nanfang Jiangxi Copper Co., Ltd. holds 4,507,786 A shares of Guotai Junan (SSE stock code: 601211), accounting for 0.0005% of its total share capital;2. Jiangxi Copper Corporation Qibaoshan Mine Co., Ltd. holds 550,000 A shares of Zhuye Group (SSE stock code: 600961), accounting for 0.104% of its total share capital;3. Jiangxi Copper (Hong Kong) Capital Holdings Company Limited holds 2.47 million H shares of HTSC (stock code: HK06886), accounting for 0.03% of its total share capital.

1. Change in controlling shareholder during the Reporting Period

During the Reported Period, there was no change in controlling shareholder.

Report of the Board

2. Chart of the equity and controlling relationship between the Company and its controlling shareholder



(II) Particulars of the de facto controller

Name	State-owned Assets Supervision and Administration Commission of Jiangxi Province
Person in charge or legal representative	Chen Deqin

1. Change in the Company's control during the Reporting Period

During the Reporting Period, there was no change in the Company's control.

Report of the Board

2. Chart of the equity and controlling relationship between the Company and its de facto controller



VII. The Company's controlling shareholders or the largest shareholder and its parties acting in concert with the accumulated number of shares pledged accounting for more than 80% of the number of shares of the Company held by them

Not applicable

VIII. OTHER LEGAL PERSON SHAREHOLDERS WITH OVER 10% SHAREHOLDING

Saved as disclosed in this report, as at the end of the Reporting Period, the Company had no other legal person shareholders with over 10% of shareholding of the Company.

IX. PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Report of the Board

X. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company did not redeem any of its listed securities. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the Reporting Period.

XI. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and the PRC law which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

XII. PARTICULARS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

(I) Changes in shareholdings and remunerations

1. Changes in shareholdings and remunerations of existing Directors, Supervisors and senior management and those during the Reporting Period

Unit: Share

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change	Total remuneration payable by the Company during the Reporting Period (before tax)	Whether received remuneration from connected parties of the Company
Zheng Gaoqing	Chairman	Male	57	9 September 2020		0	0	/	/	133.16	No
	General manager			18 January 2019	15 August 2022						
	Executive Director			22 March 2019							
Zhou Shaobing	Deputy chairman	Male	53	18 October 2022		0	0	/	/	22.19	No
	Executive Director			18 October 2022							
	General manager			15 August 2022						16.98	
Wang Bo	Executive Director	Male	59	18 July 2016		0	0	/	/	133.16	No
Liu Fangyun	Executive Director	Male	57	10 June 2020		0	0	/	/	133.16	No
	Deputy general manager			13 November 2019							
Yu Tong	Chief financial officer	Male	51	28 August 2018		0	0	/	/	133.16	No
	Executive Director			15 January 2019							
Gao Jian-min	Executive Director	Male	63	24 January 1997		0	0	/	/	25.00	No

Report of the Board

Unit: Share

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change	Total remuneration payable by the Company during the Reporting Period (before tax) (RMB'000)	Whether received remuneration from connected parties of the Company
Liang Qing	Executive Director	Male	69	12 June 2002		0	0	/	/	25.00	No
Liu Erh Fei	Independent non-executive Director	Male	64	18 July 2016	18 October 2022	0	0	/	/	12.50	No
Liu Xike	Independent non-executive Director	Male	49	12 June 2018		0	0	/	/	15.00	No
Zhu Xingwen	Independent non-executive Director	Male	61	15 January 2019		0	0	/	/	15.00	No
Wang Feng	Independent non-executive Director	Male	46	8 June 2021		0	0	/	/	15.00	No
Li Shuidi	Independent non-executive Director	Male	69	18 October 2022		0	0	/	/	2.50	No
Guan Yongmin	Supervisor (resigned)	Male	59	10 June 2020	14 December 2022	0	0	/	/	95.61	No
Wu Donghua	Supervisor (resigned)	Male	60	10 June 2020	18 October 2022	0	0	/	/	79.68	No
Zhang Jianhua	Supervisor (resigned)	Male	58	18 July 2016	18 October 2022	0	0	/	/	79.68	No
Zhao Bicheng	Supervisor	Male	34	27 January 2022		0	0	/	/	87.65	No
Gong Bin	Supervisor	Female	45	27 January 2022		0	0	/	/	87.65	No
Zha Kebing	Supervisor	Male	54	18 October 2022		0	0	/	/	15.94	No
Liu Guobiao	Supervisor	Male	56	18 October 2022		0	0	/	/	15.94	No
Zeng Min	Supervisor (resigned)	Male	58	21 March 2016	27 January 2022	0	0	/	/	7.97	No
Zhang Kui	Supervisor (resigned)	Male	60	29 March 2017	27 January 2022	0	0	/	/	7.97	No
Liao Xingeng	Deputy general manager	Male	56	18 July 2018		0	0	/	/	101.87	No
Chen Yunian	Deputy general manager	Male	59	23 October 2017		0	0	/	/	101.87	No
Jiang Wenbo	Deputy general manager	Male	54	18 March 2021		0	0	/	/	101.87	No
Tu Dongyang	Deputy general manager	Male	48	18 March 2021		0	0	/	/	101.87	No
Peng Xihong	Secretary to the Board			28 May 2021							
	Chief legal officer	Male	51	28 May 2021		0	0	/	/	101.87	No
Tung Tat Chiu, Michael	Company secretary	Male	60	24 January 1997		0	0	/	/	5	No
Total		/	/	/	/	0	0	/	/	1,674.25	/

Report of the Board

Name	Major work experience
Zheng Gaoqing	<p>Mr. Zheng is a current Party Committee secretary, executive Director and Chairman of the Company. He received postgraduate education with a master in business management. He had been a technician, assistant engineer and engineer of Jiangxi Optical Instrument Factory* (江西光學儀器廠); cadre of Shangrao County Economic Commission of Jiangxi Province* (江西上饒縣經委幹部), deputy director and deputy secretary of the Second Light Bureau* (二輕局), deputy director of the Power Supply Bureau* (供電局), concurrently as chairman and general manager of Jiangxi Hexing Electronics Co., Ltd.* (江西和興電子有限公司); the chairman and general manager of Jiangxi Shangrao Ganxing Electronics Co., Ltd.* (江西上饒贛興電子有限公司); Director of Shangrao County Handicraft Association* (上饒縣手工聯社), the general manager of Great Wall Enterprise Group* (長城企業集團); concurrently as Secretary to the Party Committee of Shangrao County Second Light General Corporation* (上饒縣二輕總公司); the deputy magistrate of the Poyang County Government of Jiangxi Province, member of the Standing Committee of the County Party Committee, executive deputy magistrate; the deputy secretary of the Municipal Party Committee and mayor of Dexing City; the secretary of the Wannian County Party Committee; member of the Party Committee and deputy manager of the State-owned Assets Supervision and Administration Commission of Jiangxi Province. He has extensive management experience.</p>
Zhou Shaobing	<p>Mr. Zhou, a current deputy Party Committee secretary, an executive Director, the deputy chairman and the General Manager of the Company, with a bachelor's degree. He was the head of Dexing Copper Mine of the Company, the chief engineer of Dexing Copper Mine, the head of the Chengmenshan Copper Mine, and a deputy general manager of the Company, and the Party Committee secretary and chairman of Jiangxi Tungsten Holding Group Co., Ltd.* (江西鎢業控股集團有限公司).</p>
Wang Bo	<p>Mr. Wang, a current deputy Party Committee secretary and an executive Director of the Company, senior political engineer with postgraduate educational level and extensive experience in administration management.</p>

Report of the Board

Name	Major work experience
Liu Fangyun	Mr. Liu, a current Party Committee member, an executive Director, and deputy general manager of the Company, graduated from Kunming Institute of Technology majoring in mining machinery, with a bachelor's degree and is a professor-level senior engineer. He was the head of the Chengmenshan Copper Mine, the head of the Dexing Copper Mine, the secretary to the Party committee, chairman and general manager of Jiangxi Province Minbao Investment Company Limited* (江西省民爆投資有限公司).
Yu Tong	Mr. Yu, a current Party Committee member, an executive Director, and a chief financial officer of the Company, graduated from Jianxi University of Finance and Economics majoring in statistics and finance. He obtained a master's degree in business administration from the MBA School of Jiangxi University of Finance and Economics. He used to be the financial auditing department manager of Jiangxi International Economic and Technical Cooperation Corporation of China, and the financial director of Jiangxi Dacheng State-owned Assets Management and Management Co., Ltd., with rich financial management experience.
Gao Jian-min	Mr. Gao graduated from Tsinghua University. Mr. Gao has been a Director of the Company since its incorporation. He is currently the chairman of Silver Grant Group (HK) Limited, and was a director and the managing director of Silver Grant International Holdings Group Limited, a director of Qingling Motors Co., Ltd. and the vice chairman of Oshidori International Holdings Limited. He has extensive experience in finance, industrial investment and development.
Liang Qing	Mr. Liang has been appointed as a Director of the Company since June 2002. Mr. Liang was the vice chairman and general manager of China Minmetals H.K. (Holdings) Limited. He has abundant experience in international trading and investment.
Liu Xike	Mr. Liu is currently the president of Jiangxi Financial Development Group Co., Ltd., graduated from Jiangxi University of Finance and Economics majoring in investment and Cheung Kong Graduate School of Business. He had worked for China Construction Bank, Zhonglei Certified Public Accountants, and CSRC Jiangxi Supervision Bureau.

Report of the Board

Name	Major work experience
Zhu Xingwen	Mr. Zhu is currently a professor, Ph. D., and a master's tutor at the School of Accounting, Jiangxi University of Finance and Economics. His main research interests are accounting theory and methods, auditing theory and practice. He especially acquired research outcome of a self-developed system in the aspect of accounting legal norms, accounting standards theory and accounting and auditing issues under the corporate governance framework.
Wang Feng	Mr. Wang is a Ph. D., graduated from Peking University majoring in corporate management. He is currently the chairman of Beijing He Jun Consulting Limited *(北京和君諮詢有限公司), the chairman of He Jun Consulting of He Jun Group Limited* (和君集團有限公司和君諮詢), the associate dean and senior partner of He Jun Business School* (和君商學院).
Li Shuidi	Mr. Li, with postgraduate educational level, graduated from Nanchang University with a bachelor's degree in mechanics and a master's degree in ideological and political education. He served as the deputy secretary of the Party Committee of Nanchang University, the secretary of the Party Committee of Nanchang Institute of Engineering, and the deputy chairman of the Education, Science, Culture and Health Committee of Jiangxi Provincial People's Congress.
Zhao Bicheng	Mr. Zhao is currently a standing vice chairman of the Labour Union of the Company and a university graduate. He had worked for Jiangxi Provincial Fire Brigade, and worked as the deputy secretary and director of Disciplinary Inspection and Supervision Office of Discipline Inspection Commission of Jiangxi State-owned Capital Operation Holdings Group Co. Ltd.* (江西省省屬國有企業資產經營(控股)有限公司)
Gong Bin	Ms. Gong is currently the deputy secretary of the Disciplinary Committee of the Company and director of the Inspection Office of the Party Committee, with a bachelor's degree. She served as the deputy director of the TV station and the deputy secretary of the Youth League Committee of the Company, and the secretary of the Disciplinary Committee of the Processing Division of Dexing Copper Mine.

Report of the Board

Name	Major work experience
Zha Kebing	Mr. Zha is currently an assistant to the General Manager, and the general manager of the strategy and investment department of the Company, a master's graduate and a senior engineer. He served as the head of Dexing Copper Mine, a Party Committee member and the head of the Chengmenshan Copper Mine, and a deputy chief engineer of JCC.
Liu Guobiao	Mr. Liu is currently the general manager of the audit department of the Company and a university graduate. He served as a deputy director of audit department of JCC; a deputy director of the Secretariat of the Board of the Company; the chief financial officer and the deputy general manager of Sichuan Kangxi Copper Industry Co., Ltd.* (四川康西銅業有限責任公司); the chief financial officer of Sichuan JCC Rare Earths Company Limited* (四川江銅稀土有限責任公司); a member of the General Party Branch and the chief financial officer of the JCC Copper Strip Company Limited; and a member of the General Party Branch and the chief financial officer of JCC Copper Foil.
Liao Xingeng	Mr. Liao is currently a member of the Party Committee, a deputy general manager and the senior engineer of the Company. He graduated from the Southern Metallurgical College with a major in non-ferrous metallurgy. He is a master's graduate from Nanchang University with a major in business administration. He used to be the chairman of Jiangxi Rare Earth Metal Tungsten Industry Group Import and Export Co., Ltd. and an assistant to the general manager and the deputy general manager of Jiangxi Rare Metal Tungsten Holding Group Co., Ltd.; the deputy general manager of Jiangxi Tungsten Holding Group Co., Ltd., with rich experience in administrative management.
Chen Yunian	Mr. Chen is currently a member of the Party Committee, a deputy general manager, and a senior engineer of the Company. He graduated from the Changsha School of Engineering majoring in smelting profession in July 1982 and graduated from the Central Party School (Open College), majoring in economics management in December 2003. He served as the deputy director of the electrolysis workshop, director of smelting workshop of Guixi Smelter, deputy director of Guixi Smelter, assistant to the General Manager of the Company and director of Guixi Smelter of the Company.

Report of the Board

Name	Major work experience
Jiang Wenbo	Mr. Jiang is currently a deputy general manager of the Company, a senior political engineer, graduated from the Southern Institute of Metallurgy majoring in surveying. He served as the secretary of the Party Committee and chief mining officer of the Company's Wushan Copper Mine; secretary of the Party Committee and chairman and general commander of Sichuan rare earth project construction of Sichuan JCC Rare Earths Company Limited*(四川江銅稀土有限責任公司).
Tu Dongyang	Mr. Tu is currently a member of the Company's Party Committee, deputy general manager, secretary of the board of directors, and a Ph.D. of economics. He successively worked for the People's Bank of China, insurance institutions, and financial regulatory authorities. He served as the director of the Personal Insurance Supervision Division, and the director of the Office (Consumer Rights Protection Division) of the Xiamen Supervision Bureau of the former China Insurance Regulatory Commission, the director of the supervising division of foreign-funded institutions of Xiamen Office of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會廈門監管局外資機構監管處), a first-level researcher, and assistant to the General Manager of the Company (temporary post).
Peng Xihong	Mr. Peng is currently the chief legal officer of the Company, and graduated from East China University of Political Science and Law with a master of Laws. He was the head of the Civil Adjudication Tribunal No.3, head of the Criminal Adjudication Tribunal and a member of the tribunal committee of the People's Court of Donghu District, Nanchang City, Jiangxi Province, the PRC. He served as the deputy director and the director (general manager) of the legal affairs department of Jiangxi Provincial Investment Group Co., Ltd.* (江西省投資集團有限公司) and director of the legal affairs department of the enterprise management department of Jiangxi Military Industry Holding Co., Ltd.* (江西省軍工控股集團有限公司).
Tung Tat Chiu, Michael	The Hong Kong legal adviser of the Company, a senior partner of Tung & Co., Mr. Tung holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom. He has over 30 years of experience as a practicing lawyer in Hong Kong. Mr. Tung joined the Company in January 1997. Mr. Tung is also the company secretary of a number of companies listed in Hong Kong.

Report of the Board

(II) Engagements of existing and resigned Directors, Supervisors and senior management during the Reporting Period

1. Positions held in shareholders' entities

Name	Name of shareholder's entity	Position held in the shareholder's entity	Appointment date	End of term
Zheng Gaoqing	JCC	Secretary to the Party Committee	31 August 2020	
Wang Bo	JCC	Chairman	21 September 2020	
Chen Yunian	Jinrui Futures Shareholding Company	Director	16 December 2021	
Zhao Bicheng	JCC	Supervisor	1 February 2021	
Zha Kebing	Jiangxi Copper Engineering Magazine Co., Ltd.	Supervisor	28 February 2022	
Zhang Jianhua	Jiangxi Copper (Beijing) International Investment Co., Ltd	Executive director, legal representative	9 March 2021	
	Jinrui Futures Shareholding Company	Director	6 December 2021	
	Jiangxi Copper (Beijing) International Investment Co., Ltd	Director, chairman, legal representative	18 September 2021	
Explanation on positions held in shareholders' entities	Nil			

Report of the Board

2. Positions held in other entities

Name	Name of other entities	Position held in other entities	Appointment date	End of term
Zheng Gaoqing	Jiangxi Copper (Hong Kong) Company Limited	Chairman	25 October 2019	28 February 2022
Yu Tong	JCC Finance Company Limited	Director, chairman	27 November 2020	11 February 2022
Zha Kebing	Minmetals Jiangxi Copper Mining Investment Company Limited	Director		
Gao Jian-min	Silver Grant Group (HK) Limited	Chairman	2 September 2019	
Liu Erh Fei	Asia Investment Fund	Chief executive officer		
Liu Xike	Jiangxi Financial Development Group Shareholding Co., Ltd.	Director, general manager	1 June 2016	
Zhu Xingwen	The School of Accounting of the Jiangxi University of Finance and Economics	Professor		
Wang Feng	Beijing He Jun Consultancy Limited	Chairman		
	He Jun Consultancy of He Jun Group Limited	Chairman		
	He Jun Business School	Associate dean		
Explanation on positions held in other entities	Nil			

Report of the Board

(III) Remuneration of Directors, Supervisors and senior management

Determination procedures for remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Company formulates proposals on remuneration of Directors and senior management to be submitted to the Board for consideration and approval. The remuneration of Supervisors was considered by the Supervisory Committee.
Determination basis for remuneration of Directors, Supervisors and senior management	Remuneration for the Directors, Supervisors and senior management consist of basic salaries and performance salaries, among which performance salaries are calculated based on the basic salaries to be received by the Directors, Supervisors and senior management according to the assessment of their annual performance results. Remuneration for the independent Directors are determined according to the annual subsidies.
Particulars of remuneration payable to Directors, Supervisors and senior management	During the Reporting Period, remuneration payable to Directors, Supervisors and senior management were RMB16.7425 million.
Actual total payment of remuneration to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, Directors, Supervisors and senior management received a total remuneration of RMB16.7425 million.

Report of the Board

(IV) Change in Directors, Supervisors and senior management

Name	Position held	Changes	Reasons for changes
Zhou Shaobing	Director, deputy chairman	Election	Job transfer
	General Manager	Appointment	Job transfer
Li Shuidi	Independent Director	Election	By-election
Liu Erh Fei	Independent Director	Resignation	Expiry of the term of office
Guan Yongmin	Supervisor	Resignation	Job transfer
Wu Donghua	Supervisor	Resignation	Job transfer
Zhang Jianhua	Supervisor	Resignation	Job transfer
Zeng Min	Supervisor	Resignation	Job transfer
Zhang Kui	Supervisor	Resignation	Job transfer
Gong Bin	Supervisor	Election	Job transfer
Zhao Bicheng	Supervisor	Election	Job transfer
Zha Keping	Supervisor	Election	Job transfer
Liu Guobiao	Supervisor	Election	Job transfer

(V) Explanation on punishments received from securities regulatory institutions in the recent three years

Not applicable

(VI) Directors' and Supervisors' service contracts

Pursuant to relevant provisions in the Articles, the term of office of the Chairman and other Directors (including non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and re-appointment. Under the Company Law of the PRC, the term of office of Supervisors is also three years and they are eligible for re-election and re-appointment.

None of the Directors or Supervisors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

(VII) Permitted indemnity provisions

At no time during the Reporting Period and as at the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors or Supervisors (whether made by the Company or otherwise) or the directors or supervisors of an associated corporation of the Company (if made by the Company).

Report of the Board

(VIII) Interests of Directors, Supervisors and chief executive in shares

As at 31 December 2022, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation as recorded in the register of the Company required to be kept under section 352 of the SFO or 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 of the Listing Rules.

(IX) Directors’ and Supervisors’ interests in competing business or other interests in material transactions, arrangement or contracts

During the year and as at the date of this report, none of the Directors or Supervisors had any interest in any business which competes or may compete with the business of the Company.

Except for the transactions disclosed in Significant Events XIII. Material Connected Transactions in this annual report, as at 31 December 2022 or at any time during the reporting year, none of the Company or its subsidiaries entered into any transactions, arrangements or contracts of significance in which any of the Directors or Supervisors or an entity connected with them was either directly or indirectly materially interested.

(X) Employee information of the parent and its major subsidiaries as at the end of the Reporting Period

1. Employee information

Number of in-service employees in the parent	12,469
Number of in-service employees in major subsidiaries	12,582
Total number of in-service employees	25,051
Number of employees retired for whom the parent and major subsidiaries shall be liable to expenses	0

Specialty composition

Category	Headcount
Production	17,396
Sales	384
Technician	3,138
Finance	412
Administration	3,721
Total	25,051

Report of the Board

Education level

Category	Headcount
Doctorate	106
Postgraduate	638
Undergraduate	4,701
Junior college	4,887
Technical secondary	1,582
Technical school	2,745
High school and below	10,392
Total	25,051

2. Remuneration policies

In 2022, the Company followed the implementation of a position-performance remuneration mechanism and based on the principle of division of labour, made remuneration distribution according to value of position, work techniques and results. Staff remuneration mainly including position salaries, performance salaries and other welfare, were released based on assessment with reference to the business performance of the Company and management obligation, etc.

3. Training plan

In 2022, the Company followed the systems related to training management, such as the Management Measures of Education and Trainings (《公司教育培訓管理辦法》), Management Measures on Education and Training Budgets (《公司教育培訓經費管理辦法》), Management Measures on Nurturing and Use of Outstanding Students (《公司優秀生培養與使用管理辦法》), Proposal for Evaluation on the Effectiveness of Training Implementation (《公司培訓實施效果評估方案》) and Proposal for Talent Self-nurturing and Evaluation Implementation (《公司技能人才自主培養與評價實施方案》). The Company continuously optimised the training management system, deepened the construction of self-nurturing and evaluation system for skilled talents, improved the talent cultivation mechanism and consolidated the foundation of three talent teams, namely management, technology and skills to continuously enhance the guarantee ability of talents for the sustainable development. In 2022, the Company has held a total of 89 sessions of trainings of various types with 8,512 persons participating.

4. Outsourcing

Not applicable

XIII. PROFIT DISTRIBUTION PLAN OR PLAN TO TRANSFER CAPITAL RESERVES INTO SHARE CAPITAL

(I) The formulation, implementation or adjustment of the cash dividend policy

1. Profit distribution principle: the Company distributes dividend annually. It may distribute interim or special dividend provided that it is in compliance with the Articles. The dividend distribution policy of the Company should maintain certain continuity and steadiness, and be in compliance with relevant regulatory requirements which may be amended from time to time.
2. Profit distribution method: the Company distributes dividend by ways of cash, shares or a combination of cash and shares, among which cash dividend will be preferred.
3. Profit distribution plan: Under the conditions that the Company's accumulated distributable profit is a positive figure, the profit and cash can satisfy normal production and operation of the Company, earnings per share of the year is above RMB0.01, and the cash dividend per share is above RMB0.01 if no less than 10% of the distributable profit of the year is distributed, then the distributed profit in cash shall not be less than 10% of the distributable profit of the year. For the last three years, the accumulated distributed profit in cash shall be no less than 30% of the average annual distributable profit in the last three years.
4. The profit distribution plan proposed by the Board should obtain approvals from over half of all the independent Directors, and shall be submitted to the general meeting of the Company for approval after the consideration and approval of the Board. The general meeting of the Company should communicate with the minority shareholders and obtain adequate opinions from them while considering the cash dividend plan.
5. Should the Company have profit but the Board have not made any cash dividend proposal, then such reasons should be disclosed in the periodic reports and so as the usage of the undistributed fund in the Company. Independent Directors should issue their independent opinions to such matter.

Report of the Board

The Board hereby recommends that after the approval of the shareholders at the forthcoming 2022 annual general meeting of the Company:

- (1) appropriate 10% of the profit after tax of the parent company calculated under the PRC GAAP to the statutory surplus reserve;
- (2) distribute a final dividend of RMB5 per 10 shares (tax inclusive) for the year ended 31 December 2022 (2021: RMB5 per 10 shares) to all shareholders based on the total issued share capital of 3,462,729,405 shares as at 31 December 2022, amounting to approximately RMB1,731,364,702.5, accounting for 28.89% of the net profit attributable to shareholders of the listed company for the year of 2022. The remaining undistributed profits are carried down to the next year;
- (3) the A shares 2022 final dividend will be declared and paid in Renminbi, and the H shares 2022 final dividend will be declared in Renminbi and paid in Hong Kong dollars; and
- (4) The profit distribution will not carry out transfer of capital reserve to share capital or issue of bonus shares.

Independent Directors have expressed independent opinions on the profit distribution plan.

(II) A special explanation on cash dividend policy

Whether the policy is in compliance with the requirements of the Articles or the resolutions passed at the general meeting	Yes
Whether the basis and ratio of the distribution of dividends are specific and clear	Yes
Whether the relevant decision making procedure and mechanism are sound	Yes
Whether the independent Directors have duly performed their duties and functions	Yes
Whether there are sufficient opportunities for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected	Yes

(III) If the Company records positive profits and distributable profit to shareholders during the Reporting Period but there is no proposal for cash dividend, the Company to disclose the reasons, the usage and planned usage of the undistributed profits in detail

Not applicable

(IV) Other Explanations

Explanation on final profit distribution ratio being less than 30% for the year

During the Reporting Period, the net profit attributable to the shareholders of the Company amounted to RMB5,993,964,274. The accumulated undistributed profit amounted to RMB31,450,179,926. The total cash dividend proposed to be distributed by the Company amounted to RMB1,731,364,702.5, accounting for 28.89% of the net profit attributable to the shareholders of Company for the year 2022, which is lower than 30%. Specific reasons are explained as follows:

I. Self-development strategy and demand for capital of the Company

In 2023, the Company will continue to develop various projects, such as the infrastructure construction of the Kazakhstan tungsten mine project, phase 3 of the expansion project of Wushan Copper Mine, the diversion pit project of Yinshan Mining. At the same time, in order to further enhance the competitiveness and increase corporate value, the Company will continue to strengthen the investment in mergers and acquisitions, and explore new domestic and overseas investment and mergers and acquisitions projects through multiple channels at various levels. As such, the demand for capital increases.

II. Characteristics of the industry in which the Company operates

The Company is principally engaged in the production, smelting, processing and sales of copper and gold. The industry has the characteristics of large-scale investment, long investment return period and high requirements of environmental protection level. In order to improve the Company's ability to resist risks and to continue the operation, and to enhance the Company's ability to continuously return to our shareholders, the Company adheres to the concept of green, high-quality and efficient development. The Company will continue to invest substantial amount of capital in scientific research and development, environmental protection and technological transformation.

Report of the Board

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprise Shareholders

Pursuant to the “Enterprise Income Tax Law of the PRC” (《中華人民共和國企業所得稅法》) and the relevant implementing rules which came into effect on 1 January 2008 and the “Notice of the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which are Overseas non-resident Enterprises” (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation on 6 November 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H shares register of members of the Company. Any shares registered in the names of non-individual registered shareholders (including HKSCC Nominees Limited, other corporate nominees, trustees or other entities and organisations) will be treated as being held by non-resident enterprise shareholder and will therefore be subject to the withholding of the enterprise income tax.

Withholding and Payment of Personal Income Tax for Individual H Shareholders

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) dated 28 June 2011, and the letter entitled “Tax arrangements on dividends paid to Hong Kong residents by Mainland companies” dated 4 July 2011 issued by the Stock Exchange, the Company is required to withhold and pay the individual income tax in respect of the 2022 final dividends paid to the individual H Shareholders (the “**Individual H Shareholders**”), as a withholding agent on behalf of the same. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2022 final dividends is to be distributed to the holders of H shares whose names appear on the register of members of the Company as at 23 June 2023, the Company will base on the tax rate of 10% to withhold 10% of the dividend to be distributed to the Individual H Shareholders as individual income tax. For non-resident enterprise holders of H shares, the Company will withhold 10% of the dividend as enterprise income tax according to the relevant tax regulations in line with its previous practice.

Report of the Board

If shareholders' names appear on the H shares register of members, please refer to nominees or trust organisation for details of the relevant arrangements. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with the laws, and withhold and pay the enterprise income tax and individual income tax on behalf of the relevant shareholders based on the H shares register of members of the Company as of 23 June 2023. The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any uncertainties in the identity of the shareholders.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for dividends received by domestic individual investors from investing in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for domestic individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Pursuant to the Notice on the Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for domestic individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Should the holders of H shares of the Company have any doubts in relation to the aforesaid arrangements, they are recommended to consult their tax advisors regarding the relevant tax impacts in mainland China, Hong Kong and other countries (regions) on the possession and disposal of H shares of the Company.

Report of the Board

XIV. EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company during the Reporting Period.

XV. DONATION

Details of the Group's donations are set out on page 174 under the "Significant Events" section of this report.

XVI. DISTRIBUTABLE RESERVE

Based on the calculation under the applicable laws and regulations of the jurisdiction where the Company is incorporated, the Company's distributable reserve as at 31 December 2022 amounted to approximately RMB70,055,921 (2021: RMB66,336,123).

XVII. MANAGEMENT CONTRACTS

During the Reporting Period, the Company did not enter into any contract in respect of the management or administration of the whole or any substantial part of the business, nor did any such contract exist.

Report of the Supervisory Committee

2022 WORK REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee exercised its powers in accordance with the provisions of the Company Law of the People's Republic of China (hereinafter referred to as the “**Company Law**”) and the Articles and inspected and supervised the financial management of the Company, internal control system, implementation of resolutions of general meetings, business decisions, decisions of the Board and management, and business activities during the Reporting Period, and expressed opinions on the following matters:

1. Compliant operation of the Company: During the Reporting Period, in accordance with the relevant provisions of the Company Law and the Articles, the Supervisory Committee supervised the convening procedures and resolutions of the general meetings and Board meetings of the Company of the year, the implementation of the resolutions of the general meetings by the Board; the integrity and diligence of Directors and the senior management. The Supervisory Committee is of the view that the decision-making procedures of the Company are legal and operate in strict accordance with the internal control system, and no connected parties abnormally misappropriate the funds of the Company and provide guarantee in violation of laws and regulations. As at 31 December 2022, Heding Copper, a subsidiary of the Company, provided a guarantee of RMB638 million for Fuye Group, and Fuye Group provided counter-guarantee to Heding Copper in respect of the said guarantee.

Save as disclosed above, the Company did not provide any guarantees to its major shareholders and subsidiaries of the major shareholders. There was no misappropriation of funds for non-operation purpose between the Company, its major shareholder and subsidiaries of the major shareholders. When performing official duties, the Directors and senior management earnestly fulfilled their obligations of honesty and diligence, without violating laws, administrative regulations, the Articles, or activities that would damage the interests of the Company.

2. Financial inspection of the Company: The Supervisory Committee duly considered the periodic reports of the Company and effectively inspected the 2022 financial position and financial structure of the Company. The Supervisory Committee concluded that the financial position of the Company is performing well and there are no major risks. The Supervisory Committee is of the view that the audited 2022 financial report of the Company prepared in accordance with PRC GAAP and IFRSs reflects the financial position and operating results in an objective, fair and true manner.

Report of the Supervisory Committee

3. During the Reporting Period, there was no material asset acquisition and disposal and no indication of damage to shareholders' interests or dissipation of the Company's assets.
4. During the Reporting Period, the procedures for entering into connected transactions complied with the requirements of the Listing Rules. The disclosure of connected transactions was timely and sufficient. The implementation of connected transaction contracts reflected the principle of justice and fairness, and there was no behavior that harmed the interests of shareholders or the Company.
5. Internal control of the Company: The Supervisory Committee duly reviewed the Assessment Report on Internal Control of the Jiangxi Copper Company Limited (《江西銅業股份有限公司內部控制評價報告》). The Supervisory Committee is of view that the Company has established a sound internal control system which can be effectively implemented. The Assessment Report on Internal Control of the Jiangxi Copper Company Limited (《江西銅業股份有限公司內部控制評價報告》) completely, truly, accurately and objectively reflected the actual situation of the internal control of the Company, and the Supervisory Committee had no objection to the above assessment report.
6. During the Reporting Period, information disclosure was in compliance with the regulatory requirements of domestic and overseas listing locations where the shares of the Company are listed, and the information disclosure management system and business processes of the Company were able to operate effectively.

In summary, in 2023, the Supervisory Committee will continue to perform its duties faithfully in strict accordance with the Company Law, the Articles and the relevant laws and regulations of the PRC, effectively supervise the Board of Directors and senior management in their daily duties in accordance with the law, actively attend the general meetings and board meetings, keep abreast of the Company's financial position, be aware of and supervise the lawfulness and compliance of all major decisions and their procedures, and further improve the standard operation of the Company.

Internal Control

I. STATEMENT ON THE RESPONSIBILITY OF INTERNAL CONTROL AND ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

According to the requirements of the Standard System for Enterprise Internal Control, it is the responsibility of the Board to establish a sound internal control, implement it effectively, and evaluate its effectiveness and truthfully disclose the assessment report on internal control. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The management of the Company is responsible for organising and leading the daily operation of internal control of the Company.

The Board, Supervisory Committee and Directors, Supervisors and senior management of the Company warrant that there are no false representations, misleading statements or material omissions in this report, and are severally and jointly responsible for the truthfulness, accuracy and completeness of the content contained herein.

The objectives of the Company's internal control are reasonable assurance of operation and management in compliance with laws and regulations, asset safety, truthfulness and completeness of financial report and relevant information, improvement of operation efficiency and results, as well as promotion of development strategy. Due to inherent limitations of internal control, it can only provide reasonable assurance for the achievement of the above objectives. In addition, changes in circumstances may lead to unsuitability of internal control or reduction of the adherence of control policies and procedures, thus there are certain risks in assessing the effectiveness of future internal control with the evaluation results of internal control.

(I) Conclusions on the evaluation of internal control

According to the identification criteria of material deficiency of internal control in the financial reporting of the Company, as at the basis date of the internal control evaluation report, material deficiency of internal control in the financial reporting did not exist. The Board is of the view that the Company has maintained efficient internal control in the financial report in all material respects in accordance with the requirements of the Standard System for Enterprise Internal Control and relevant regulations.

According to the identification of material deficiency of internal control in the non-financial reporting of the Company, as at the basis date of the internal control evaluation report, the Company did not discover material deficiency of internal control in non-financial reporting.

There were no factors affecting the conclusion of the evaluation of efficiency of internal control from the basis date of the internal control evaluation report to its issue date.

Internal Control

(II) Evaluation of internal control

1. Evaluation scope of internal control

The Company determined to incorporate major units, business and matters as well as high-risk fields into the evaluation scope pursuant to the risk-oriented principle.

1. *Major units being incorporated in the evaluation scope comprise of:*

The Company, Humon Smelting, Yinshan Mining, Jiangxi Copper International Trade Company Limited, Jiangxi Copper Shanghai Trading Company Limited, Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd, Jiangxi Copper Products Company Limited, JCC Copper Products Company Limited, JCC Taiyi, Jiangxi Copper Longchang Precise Copper Pipe Company Limited, JCC Copper Foil, Jiangxi Copper North China (Tianjin) Copper Co., Ltd, Jiangxi Cable Co., Ltd., JCC Finance Company Limited, JCC Geology Exploration Company Limited, Jiangxi Copper Technical Institution Co., Ltd., Jiangxi Copper Construction Supervision Consulting Company Limited, Thermonamic Electronics (Jiangxi) Company Limited, Jiangxi Copper (Hong Kong) Investment Company Limited, Jiangxi Copper Hong Kong Company, Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited, Jiangxi Copper Dexing Chemical Company Limited, JCC (Dexing) Casting Company Limited, JCC Hongyuan Copper Industry Co., Ltd., Jiangxi Copper Recycling Resources Company Limited, JCC (Guixi) New Metallurgical and Chemical Technologies Company Limited, JCC (Guixi) Logistics Company Limited, JCC (Ruichang) Casting Company Limited, JCC (Qianshan) Mineral Processing Pharmaceuticals Company Limited, Jiangxi Copper (Qianshan) Photovoltaics Company Limited and JCC Guixi Recycling Resources Company Limited.

Internal Control

2. *Percentage of the enterprises covered in the evaluation scope:*

Indicators	Percentage %
The percentage of the total assets of the enterprises covered in the evaluation scope accounting for the total assets shown in the Company's consolidated financial statements	95.08
The percentage of the total revenues of the enterprises covered in the evaluation scope accounting for the total revenues shown in the Company's consolidated financial statements	98.91

3. *Main business and matters covered in the evaluation scope include:*

Internal environment (organisational structure, development strategy, human resources, corporate culture, social responsibility), risk assessment, information and communication, internal supervision, procurement management, sales management, capital activity management, financial reporting management, asset management, production and inventory management, contract management, investment management, engineering project management, finance and derivatives management, information system management, comprehensive budget management, research and development management, etc.

4. *High-risk fields focused on include:*

Marketing and trade business, financial derivative business (futures, forward foreign exchange), financial investment business, engineering management, inventory management, asset management, foreign investment business.

The above-mentioned units, business and matters, as well as high-risk fields included in the evaluation scope, covered the Company's major aspects of operation and management. There is no significant material omission.

Internal Control

2. Basis of internal control evaluation and standard of deficiency identification in internal control

The Company organises and carries out the internal control evaluation in accordance with the Standard System for Enterprise Internal Control, the Measures for Risk Management and Internal Control of Jiangxi Copper Company Limited (2022) and the 2022 Internal Control Evaluation Implementation Plan of Jiangxi Copper Company Limited.

According to the requirements of Standard System for Enterprise Internal Control for the identification of material deficiencies, major deficiencies and general deficiencies, given the Company's size, industry characteristics, risk preference, risk tolerance and other factors, the Board distinguished between internal control over financial reporting and that over non-financial reporting and studied and formulated the specific identification criteria for deficiencies in internal control applicable to the Company which are kept consistent as previous years.

(1) Identification criteria for internal control deficiencies in financial reporting

Quantitative criteria for identification of internal control deficiencies in financial reporting set by the Company are as follows:

Name of indicators	Quantitative criteria for material deficiencies	Quantitative criteria for major deficiencies	Quantitative criteria for general deficiencies
Amount of misstatement in financial statements	greater than 10% of the audited net profit of the Company for the last accounting year	greater than 6% and less than or equal to 10% of the audited net profit of the Company for the last accounting year	less than or equal to 6% of the audited net profit of the Company for the last accounting year

Internal Control

Qualitative criteria for identification of internal control deficiencies in financial reporting set by the Company are as follows:

Nature of deficiencies	Qualitative criteria
Material deficiencies	<p>One of the following signs usually indicates that there are material deficiencies in the internal control of financial reporting:</p> <ol style="list-style-type: none"> 1. the Directors, Supervisors and senior management are found to have fraudulent behavior; 2. the internal control environment is ineffective; 3. the Company corrects the published financial reports; 4. the certified public accountant identifies material misstatement in the financial report for the current period which has not been identified during the operation of the internal control; 5. the supervision of the Company's Audit Committee and audit department over the internal control is ineffective.
Major deficiencies	<p>One of the following signs usually indicates that there are major deficiencies in the internal control of financial reporting:</p> <ol style="list-style-type: none"> 1. although the misstatement in the financial report to be corrected does not reach or exceed the level of major importance, but is still worth the attention of the Board and the management; 2. internal control deficiencies which have occurred and reported to the management are not corrected on time.
General deficiencies	<p>Other internal control deficiencies that do not constitute material deficiencies or major deficiencies.</p>

Internal Control

(2) Identification criteria for deficiencies in internal control over non-financial reporting

Quantitative criteria for identifying deficiencies in internal control over non-financial reporting set by the Company are as follows:

Name of indicators	Quantitative criteria for material deficiencies	Quantitative criteria for major deficiencies	Quantitative criteria for general deficiencies
Loss of business ability, degree of achievement of business objectives	<ol style="list-style-type: none"> For material business failure, remarkable costs (over 20% more than budget of investment in time, personnel and costs) have to be paid in order to control the situation, or the uncontrollable situation that brings material impact on the survival of the enterprise; Risks resulted in failure of the Company to achieve part of its key operational indicators or performance indicators. For any one of the unachieved indicators with completion rates lower than 90%, or the departments/units affected by such risks failed to achieve all its key operational indicators or performance indicators (Note 1); Due to risks such as equipment, personnel, system and natural disasters, general business/operation of departments/units affected by such risks discontinued for 3 days and above. 	Between major deficiencies and general deficiencies.	<ol style="list-style-type: none"> Certain impact on the operation. The situation can be controlled by paying less costs (within 6% more than budget of investment in time, personnel and costs); Due to risks such as equipment, personnel, system and natural disasters, general business/operation of departments/units affected by such risks discontinued for 4 hours or below or may recover promptly.

Internal Control

Name of indicators	Quantitative criteria for material deficiencies	Quantitative criteria for major deficiencies	Quantitative criteria for general deficiencies
Loss of assets	Greater than or equal to over 8% of the audited net profit in the recent accounting year.	Between major deficiencies and general deficiencies.	Lower than 6% but greater than or equal to 4% of the audited net profit in the recent accounting year of the Company.
Compliance with laws and regulations	<ol style="list-style-type: none"> 1. Material breach of laws and regulations, resulting in investigation by the central government or regulatory institutions and causing punishment; 2. Significant commercial disputes, civil litigations or arbitration; underlying amount reached 8% of the audited net assets in the recent accounting year of the Company. 	Between major deficiencies and general deficiencies.	<ol style="list-style-type: none"> 1. Breach of laws and regulations, resulting in investigation, litigation or punishment imposed by municipal-level government department or potential issue of slight violation of regulations, resulting in mainly verbal warning; 2. Normal commercial disputes, civil litigations or arbitration; underlying amount was lower than 6% but greater than or equal to 4% of the audited net assets in the recent accounting year of the Company.
Impact on safety	One incident resulting in more than 3 deaths.	Between major deficiencies and general deficiencies.	One incident resulting in less than 3 persons suffering from serious injuries (including acute industrial poisoning).

Note 1: Key operational indicators or performance indicators refer to the indicators of the annual assessment of the Company by the Board/the State-owned Assets Supervision and Administration Commission or various indicators of the units of the appraisal issued by the Company during the year, such as cost indicators, profit indicators, return on net assets, energy conservation and emission reduction, production safety, etc.

Internal Control

Qualitative standard for identification of internal control deficiencies over non-financial reporting set by the Company are as follows:

Nature of deficiencies	Qualitative standard
Material deficiencies	<ol style="list-style-type: none"> 1. The affected scope and recovery degree of reputation: <ol style="list-style-type: none"> (1) negative information spreads across the nation, and the central government departments or regulatory institutions pay high attention or start an investigation, or the information becomes a great concern of the official and mainstream media (<i>Note 2</i>); (2) the enterprise needs more than 1 year to restore its reputation (<i>Note 3</i>). 2. Environmental damage: <ol style="list-style-type: none"> (1) irreparable environmental damage that are catastrophic or the environmental events as defined in the Emergency Countermeasures for Environmental Incidents of the PRC (<i>《國家突發環境事件應急預案》</i>); (2) the situation is reported by the national administrative department on environmental protection and is requested to suspend production for rectification. 3. The impact on employee attitude, ability and number: <ol style="list-style-type: none"> (1) serious impairment of the interest of employees and influence their overall working enthusiasm; (2) individual or collective appeal of the staff, resulting in bad influences; (3) the loss of more than 5% of the key technical staff and management personnel (intermediate level (inclusive) technician/management personnel at middle level above the secondary units).
Major deficiencies	<ol style="list-style-type: none"> 1. The affected scope and recovery degree of reputation: Between material deficiencies and general deficiencies. 2. Environmental damage: Between material deficiencies and general deficiencies. 3. The impact on employee attitude, ability and quantity: Between material deficiencies and general deficiencies.

Internal Control

Nature of deficiencies	Qualitative standard
General deficiencies	<ol style="list-style-type: none"> 1. The affected scope and recovery degree of reputation: <ol style="list-style-type: none"> (1) negative information which has no substantial damage to the corporate reputation or does not attract the attention of the media; (2) the enterprise can rapidly defuse the impact caused by the negative information. 2. Environmental damage: <ol style="list-style-type: none"> (1) administrative penalty imposed by the environmental protection department at the district and county level; (2) has certain or temporary impact on the environment or society, but without damage to the ecosystem; (3) draws attention of the relevant authorities of the government or needs to inform the relevant authorities of the government, and does not need to take practical actions but needs to pay close attention. 3. The impact on employee attitude, ability and number: <ol style="list-style-type: none"> (1) influences the working enthusiasm of the employees to some extent and lower their working efficiency; (2) individual or collective appeal of the staff to the parent company, which has adverse impact on the corporate culture and corporate cohesion to certain extent; (3) the loss of less than 1% of the key technical staff and management personnel.

Note 2: The official media such as People's Daily, Xinhua News Agency and China Central Television.

Note 3: For example, if there are environmental incidents, the time required for the rectification to be finalised by the regulatory authorities can be defined as the time required to restore the reputation.

During the Reporting Period, there were no material, major or general deficiencies in the internal control of financial reporting or non-financial reporting of the Company.

Internal Control

II. EXPLANATIONS ON RELEVANT MATTERS OF INTERNAL CONTROL AUDIT REPORT

The Company disclosed a standard unqualified Internal Control Audit Report for 2022 issued by Ernst & Young Hua Ming LLP, the auditor for internal control, which considered that the Company maintained effective internal control over financial reporting in all material respects. For details, please refer to the websites of the SSE and the Company.

III. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Company built a complete governance system with system implementation as the basis, decision-making and implementation as the core and process supervision as guarantee, so as to promote the transformation of system implementation into real governance efficiency. All its subsidiaries continued to improve the corporate governance structure and formed an effectively balanced corporate governance structure that performed their duties, assumed their responsibilities, and operated in a coordinated manner. Specifically, the Company rolled out the following activities: 1. it strengthened the capacity-building of full-time Directors and Supervisors to perform their duties and improve the efficiency of post investment management; 2. it continued to steadily promote the normal operation of the Company's big risk control system, promoted risk control in a comprehensive, all-staff and systematic manner, strictly implemented the "three lines of defense" of the big risk control system, and effectively prevented risks in promoting reform and development; 3. the Company optimised the subsidiary management system, improved the financial internal control system, and strengthened statement governance management; 4. it gave full play to the supervisory functions of the Party Committee's patrol inspection, discipline inspection and monitoring and audit, and the supervisory function of the Supervisory Committee and standardised the operation of power and the due performance of their duties.

IV. RECTIFICATION OF SELF-INSPECTED PROBLEMS IN SPECIAL ACTIONS FOR GOVERNANCE OF LISTING COMPANIES

On 14 January 2021, after receiving the “Notice of Jiangxi Securities Regulatory Bureau on Implementing the Special Actions for Governance of Listed Companies” (《江西證監局關於做好上市公司治理專項行動工作的通知》), the Company attached great importance to it, established a leading group for the special actions for governance, and formulated a work plan for the special actions for governance. The Company carried out in-depth special self inspection on the operation and decision-making of the Company’s organisational structure, controlling shareholders and their connected parties, the construction of internal control standard system, information disclosure and transparency.

1. The operation and decision-making of the organisation: The Company has established a comprehensive corporate governance structure in strict accordance with the provisions of the Company Law, the Securities Law and other laws, regulations and normative documents, in which the general meeting of shareholders, the Board of Directors, special committees and senior management are the operation and decision-making bodies, the Supervisory Committee is the permanent supervisory body, and each body exercises its functions and powers in accordance with its own terms of reference and implementation rules. A sound and effective decision-making mechanism, management mechanism and mechanism with balanced power have been established.
2. Controlling shareholders, de facto controllers and connected parties: The Company and its controlling shareholder, JCC, conducted daily connected transactions in accordance with the laws and regulations and the Rules Governing the Listing of Stocks on the SSE 《上交所股票上市規則》, and the resolutions of relevant transactions were submitted to the Board and the general meeting for consideration and approval, and the procedures were ensured to be in compliance through the engagement of independent financial advisors and the provision of independent opinions by independent Directors.

Internal Control

3. Construction of internal control system: The Company has established a sound internal control system with mutual balances and supervision among internal control departments. In particular, starting from 2019, the Company has focused on constructing a big risk control system to make the Company's operation more procedural and standardised, which has comprehensively enhanced the Company's risk management capability.
4. Information disclosure and transparency: The Company has established internal procedures for information collection, collation, review and disclosure, prepared and disclosed regular and interim reports in strict compliance with the requirements of domestic and overseas regulatory authorities, and actively maintained communications with investors through telephone conferences, on-site visits and e-interactions to make the Company's operations more open, transparent and efficient under the premise of legal compliance.

Corporate Bonds

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bonds	Abbreviation	Code	Issue date	Value date	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Whether there is any risk of termination of listing and trading of the shares
2021 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited	21 JCC 01	185088	3 December 2021	6 December 2021	6 December 2023	0	2.83	The interest is payable on a yearly basis and the principal is payable upon maturity.	SSE	Nil		No
2022 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited	22 JCC 01	137816	14 September 2022	15 September 2022	15 September 2025	0	2.67	The interest is payable on a yearly basis and the principal is payable upon maturity.	SSE	Nil		No

The Company's response to the risk of the termination of listing and trading of the bonds

Not applicable

Overdue bonds

Not applicable

Payment of interest of bonds during the Reporting Period

Name of bonds	Explanation of payments of interest
2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited	On 21 September 2022, the Company paid interest of RMB47.40 (tax inclusive) for each "17 JCC 01" with a nominal value of RMB1,000 in accordance with the "Announcement on the Coupon Rate of 2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited".
2021 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited	On 6 December 2022, the Company paid interest of RMB28.30 (tax inclusive) for each "21 JCC 01" with a nominal value of RMB1,000 in accordance with the "Announcement on the Coupon Rate of 2021 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited".

Corporate Bonds

II. THE TRIGGER AND OPERATION OF ISSUER OR INVESTOR OPTION TERMS AND INVESTOR PROTECTION TERMS

For details, please refer to the “Announcement of Issuance Results of the 2021 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited” and “Announcement of Issuance Results of the 2022 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited” disclosed by the Company on the website of SSE on 1 December 2021 and 9 September 2022 respectively.

Corporate Bonds

III. INTERMEDIARIES PROVIDING SERVICES FOR THE ISSUANCE OF BONDS AND EXISTING BUSINESS

Name of intermediary	Address	Name of signatory accountant	Contact person	Contact number
Guotai Junan Securities Co., Ltd.	33rd Floor, Bohua Plaza, 669 Xinzha Road, Shimen 2nd Road, Jing'an District, Shanghai		Li Liang, Zhao Biao, Zhang Wanhua	021-38677395, 021-38032199
China International Capital Corporation Limited	27-28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing		Yang Dong, Liu Liu	010-65051166

Changes of the above intermediaries

Not Applicable

IV. USE OF PROCEEDS AT THE END OF THE REPORTING PERIOD

The progress and operational benefits of proceeds used for construction projects

Not applicable

Description on the change of use of the above-mentioned bonds proceeds during the Reporting Period

Not applicable

Other descriptions

Not applicable

Corporate Bonds

V. ADJUSTMENTS TO CREDIT RATING RESULTS

Not Applicable

Other explanation

Not Applicable

VI. IMPLEMENTATION AND CHANGES IN GUARANTEES, DEBT REPAYMENT PLANS AND OTHER DEBT REPAYMENT GUARANTEE MEASURES DURING THE REPORTING PERIOD AND THEIR IMPACT

Not Applicable

VII. OTHER INFORMATION ON CORPORATE BONDS

Not Applicable

VIII. NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENT IN THE INTER-BANK BONDS MARKET

Not Applicable

IX. THE COMPANY'S LOSS IN THE SCOPE OF CONSOLIDATED STATEMENTS DURING THE REPORTING PERIOD EXCEEDED 10% OF ITS NET ASSETS AT THE END OF THE PREVIOUS YEAR

Not Applicable

X. OVERDUE INTEREST-BEARING DEBT OTHER THAN BONDS AT THE END OF THE REPORTING PERIOD

Not Applicable

Corporate Bonds

XI. BREACH OF THE LAWS AND REGULATIONS, THE ARTICLES, THE INFORMATION DISCLOSURE MANAGEMENT SYSTEM AND THE IMPACT OF THE AGREEMENT OR COMMITMENTS IN THE BOND PROSPECTUS ON THE RIGHTS AND INTERESTS OF BOND INVESTORS DURING THE REPORTING PERIOD

Not Applicable

XII. ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD (PREPARED IN ACCORDANCE WITH THE PRC GAAP)

Unit: Yuan Currency: RMB

Major indicators	2022	2021	Increase/decrease from last year (%)
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	5,417,038,713	7,094,451,239	-23.64
Liquidity ratio	1.32	1.39	-5.04
Quick ratio	0.80	0.84	-4.76
Asset-liability ratio (%)	51.02	51.68	-0.66
EBITDA total debt ratio	6.86	6.90	-0.58
Interest coverage ratio	4.84	4.65	4.09
Cash interest coverage ratio	5.46	5.35	2.06
EBITDA interest coverage ratio	6.39	6.03	5.97
Loan repayment rate (%)	100	100	
Interest coverage (%)	384.31	100	284.31

XIII. PARTICULARS OF CONVERTIBLE BOND OF THE COMPANY

Not applicable

Significant Events

I. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings given by de facto controller, shareholders, related party and purchaser of the Company and the Company and other relevant parties related to the undertaking during or continuing in the Reporting Period

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether it was fulfilled strictly in a timely manner	Specify when not performing the undertakings timely and reasons for not performing the undertakings timely	Specify the plan if not performing the undertakings timely
Undertaking related to initial public offering	Others	JCC	Note 1	Date of the undertaking: 22 May 1997, Term: Long term	Yes	Yes	N/A	N/A
Undertaking related to refinancing	Resolving industry competition	JCC	Note 2	Date of the undertaking: 21 December 2016, Term: Long term	Yes	Yes	N/A	N/A

Note 1:

1. Under the Company Law of the People's Republic of China, the Company has full independent control over its production and operations. JCC has undertaken not to interfere with the daily operations and decisions of the Company, unless such actions are performed through the Board.
2. (I) During the period when JCC holds 30% or more voting rights in the share capital of the Company, JCC shall make its best endeavors to ensure the independence of the Board pursuant to the requirements set out by the London Stock Exchange and the Stock Exchange. Further, JCC shall ensure that independent Directors (namely those independent of JCC and China National Non-ferrous Metals Industry Corporation) shall constitute a majority of the Board of the Company in accordance with the requirements of the London Stock Exchange.

(II) During the period when JCC holds 30% or more voting rights in the share capital of the Company, JCC shall exercise its voting rights to ensure that no amendment to the Articles that may impact the independence thereof shall be made.
3. During the period when JCC holds 30% or more voting rights in the share capital of the Company, JCC, its subsidiaries and connected companies (including the companies, enterprises and businesses controlled by JCC, except those controlled through the Company) shall not engage in any activities or businesses that are or may be in direct or indirect competition with the Company.

Significant Events

4. JCC has undertaken to assist the Company in obtaining approvals from government agencies with respect to the businesses thereof.
5. In the event that JCC carries out actions such as transfers and disposals of the land use rights of Dexing Copper Mine, Yongping Copper Mine and Guixi Smelter, the Company shall have the preemptive right.
6. JCC gives an option to the Company that the Company can purchase from JCC any mines, smelters or refineries that are currently or will be owned and/or operated in the future or any rights of mining or exploration that are currently or will be held in the future by JCC.

Note 2: Details of dividend undertakings

1. The Company can distribute dividend by way of cash, shares or the combination of cash and shares; and can distribute interim dividend according to the actual profitability and the capital requirement of the Company;
2. According to the provisions of the laws, regulations and the Articles, conditional upon the cumulative distributable profits being positive after making up of the losses, deduction of the statutory reserve fund and provident fund in full amount, and having sufficient profits and cash to support the normal production and operation of the Company, in each year, the profit distribution by way of cash shall be not less than 10% of the distributable profits realised for the year, and the accumulated distributable profit distributed by way of cash in the last three years shall be not less than 30% of the average annual distributable profits realised in the last three years;
3. In addition to satisfying the minimum cash dividend distribution, the Company can implement share dividend distribution. The proposal for share dividend distribution should be proposed by the Board and put forward to the shareholders' meeting for approval.

Note 3: As at 21 December 2016, the copper processing business conducted by JCC Copper Strip Company Limited (江西銅業集團銅板帶有限公司)("Copper Strip Company"), a subsidiary of JCC, and the Company and its holding subsidiaries are identical or similar to a certain extent but there is no actual competition between them. JCC undertakes as follows:

1. From 21 December 2016, JCC shall actively transfer its controlling interest or all interest in Copper Strip Company to other independent third parties in compliance with laws before the operating situation of Copper Strip Company turns better and fulfils the condition for being injected into the Company.
2. At the time when the operating situation of Copper Strip Company turns better and fulfils the condition for being injected into the Company, and in the event that JCC has not yet transferred the controlling interest or all interest of Copper Strip Company to independent third parties, JCC undertakes that, provided that the interests of investors of the Company are protected, it shall commence the relevant work to inject such interest into the Company within three years after Copper Strip Company fulfils the conditions for being injected into the Company.
3. JCC shall continue to fulfil the various obligations under the Option-to-Purchase Agreement and Undertaking given by Jiangxi Copper Corporation to Jiangxi Copper Company Limited.

Significant Events

- (II) **Profit forecast were made for the assets or projects of the Company and the Reporting Period fell in the forecast period of profit, the Company gave an explanation on whether its assets or projects have met the original profit forecast and the reasons thereof**

Not applicable

- (III) **Fulfillment of results guarantee and its effects on goodwill impairment**

Not applicable

II. MISAPPROPRIATION OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER CONNECTED PARTIES FOR NON-OPERATION PURPOSE DURING THE REPORTING PERIOD

Not applicable

III. VIOLATION OF GUARANTEES

Not applicable

IV. THE BOARD'S EXPLANATION FOR "NON-STANDARD AUDIT REPORT" GIVEN BY THE AUDITORS

Not applicable

V. ANALYSIS AND EXPLANATION OF THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE IN ACCOUNTING POLICY, ACCOUNTING ESTIMATION OR CORRECTION TO MATERIAL ACCOUNTING ERRORS

- (I) **Analysis and explanation of the Company on the reasons and impact of the change in accounting policy and accounting estimation**

Not applicable

- (II) **Analysis and explanation of the Company on the reasons and impact of the correction to material accounting errors**

Not applicable

Significant Events

(III) Communication with the former accounting firm

Not applicable

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

Unit: Yuan Currency: RMB

Current auditors	
Name of domestic auditor	Ernst & Young Hua Ming LLP
Remuneration for domestic auditor	6,500,000
Years of audit services provided by the domestic auditor	5 years
Name of overseas auditor	Ernst & Young
Remuneration for overseas auditor	7,200,000
Years of audit services provided by the overseas auditor	5 years

Name	Remuneration
Auditor for internal control	Ernst & Young Hua Ming LLP
	1,580,000

The remuneration of the Company's auditor for the year 2022 are set out as follows:

	2022 RMB '000
Audit fees ^(Note 1)	15,280
Non-audit service fees ^(Note 2)	1,671.60
	16,951.60

Notes:

1. Including the fees rendered for the audit of internal control over financial reporting as required by The Basic Standard for Enterprise Internal Control.
2. Including the fees for tax compliance and advisory services.

Significant Events

Appointment and removal of accounting firms

Not applicable

Explanation on change of the accounting firm during the audit period

Not applicable

VII. RISK OF DELISTING

(I) Reasons for the delisting risk warning

Not applicable

(II) Measures to be adopted by the Company

Not applicable

(III) Delisting and its Reasons

Not applicable

VIII. INSOLVENCY OR RESTRUCTURING

Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

Brief description and type of litigation and arbitration	Reference for inspection
Litigation filed by Bangdi Auto Technology Company Limited (幫的汽車科技有限公司) against Shenzhen Jiangxi Copper Marketing Company Limited (深圳江銅營銷有限公司), a wholly-owned subsidiary of the Company (case of contract disputes)	The announcement of the Company dated 12 June 2019
Litigation filed by Jiangxi Copper International Trading Co., Ltd. (江銅國際貿易有限公司), a subsidiary held as to 59.05% by the Company, against Shanghai Eagle Investment Group Co., Ltd. (上海鷹悅投資集團有限公司) and its guarantors (case of contract disputes)	The announcement of the Company dated 21 June 2019

2. Litigation and arbitration not disclosed in extraordinary announcements or with subsequent development

Unit: Yuan Currency: RMB

During the Reporting Period:

Plaintiff (applicant)	Defendant (respondent)	Parties with several joint liability	Types of litigation and arbitration	Basic information of litigation (arbitration)	Amount involved in litigation (arbitration) and amount	Whether estimated liability arose from the litigation (arbitration) and amount	Current status of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of litigation (arbitration) judgments
Shanghai Jiangxi Copper Trading Company Limited (上海江西铜业股份有限公司) ("Shanghai JCT")	Shanghai Zhimayuan Industrial Co., Ltd. (上海智源工业有限公司)	O Jianping (戚建群), Jin Lei (金磊), Shi Huiza (石慧霞), Zhejiang Honglei Southeast Real Estate Development Co., Ltd. (浙江宏磊东南房地产发展有限公司), Yingshan City Luzhou Real Estate Co. Ltd. (衢州市绿洲置业有限公司), Zunyi Honglei Real Estate Development Co., Ltd. (遵义宏磊房地产发展有限公司), Zhejiang Hongtan Copper Company Limited (浙江宏天铜业有限公司)	Second hearing	Please refer to the Announcement on the Follow-up Progress of the Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Lin 2022-031) disclosed in Shanghai Securities News and the website of SSE at www.sse.com.cn on 1 July 2022.	181,303,998.99	No	The second hearing was completed	The Shanghai High People's Court filed the case on 7 September 2021, and now the case has been concluded in the second hearing. Recently, Shanghai JCT received the judgment from the Shanghai High People's Court (2021) Hu Min Zhong No. 480). The details of the judgment are as follows: The appeal was rejected and the judgment of first hearing was upheld.	

Significant Events

Significant Events

X. SUSPECTED VIOLATION OF LAWS AND REGULATIONS AND PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND RECTIFICATION

Not applicable

XI. CREDIT CONDITIONS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS DURING THE REPORTING PERIOD

Not applicable

XII. SHARE OPTION SCHEME, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVES AND EFFECTS

(I) Relevant share option scheme disclosed in extraordinary announcements and without subsequent development or changes during implementation

Not applicable

(II) Equity incentive not disclosed in extraordinary announcements or with subsequent development

1. Share option scheme

Not applicable

2. Employee shareholding plan

Not applicable

3. Other employee incentives

Not applicable

(III) Equity incentive of Directors or senior management during the Reporting Period

Not applicable

Significant Events

(IV) PARTICULARS OF THE APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND OF THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

According to the authorisation by the general meeting of the Company, the Board has considered and approved the resolution of remuneration of senior management of the Company for the year 2022.

XIII. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions in relation to daily operations

1. **Events disclosed in extraordinary announcements and without subsequent development or changes during implementation**

Brief description	Reference for inspection
Announcement of Jiangxi Copper Company Limited on the connected transaction for signing the Finance Lease Framework Agreement with Shenzhen Jiangtong Finance Leasing Co., Ltd.	Disclosure website: www.sse.com.cn; Announcement No.: Lin 2022-055; Disclosure date: 16 December 2022

2. **Events disclosed in extraordinary announcements with subsequent development or changes during implementation**

Not applicable

Significant Events

3. Connected transactions

During the Reporting Period, details of connected transactions carried out by the Company are as follows:

Unit: Yuan Currency: RMB

Connected party	Connected party relationship	Type of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	Controlling shareholder	Sales of commodities	Copper rods and wires	Market price	64,205.87	861,134,919	0.80	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Copper cathodes	Market price	63,815.86	869,717,901	0.35	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Ancillary industrial products	Market price		131,819,785	2.15	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Lead materials	Market price		63,954,259	100	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Ancillary materials	Market price		87,105,707	1.37	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Sulphuric acid and steel balls	Market price		2,561,720	100	Payment upon acceptance		
JCC	Controlling shareholder	Sales of commodities	Zinc concentrates	Market price		45,642,248	100	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of commodities	Ancillary industrial products	Market price		55,492,196	0.97	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of commodities	Silver	Market price		856,888,577	5.30	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of commodities	Gold	Market price		278,475,548	0.80	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of commodities	Copper concentrates	Market price		16,550,520	0.03	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of commodities	Sulphuric acid and steel balls	Market price		37,472,144	2.53	Payment upon acceptance		
JCC	Controlling shareholder	Purchase of commodities	Zinc ingot	Market price		348,436	100	Payment upon acceptance		
JCC	Controlling shareholder	Supply of services	Construction service	Industry standards		203,710,103	48.20	Settlement according to project progress		
JCC	Controlling shareholder	Supply of services	Transport service	Freight price standard in Jiangxi Province		44,916,404	17.29	Monthly payment		
JCC	Controlling shareholder	Supply of services	Repair and maintenance service	Industry standards		14,853,828	57.45	Monthly payment		
JCC	Controlling shareholder	Cost of public utilities such as water, electricity and gas (sales)	Electricity service	Cost plus tax		40,206,409	100	Monthly payment		
JCC	Controlling shareholder	Rent and lease	Rental from public utilities	Shared on a cost basis in accordance with the proportion of staff		9,575,733	60.23	Monthly payment		

Significant Events

Connected party	Connected party relationship	Type of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	Controlling shareholder	Cost of public utilities such as water, electricity and gas (sales)	Water service	Cost plus tax		187,977	100	Monthly payment		
JCC	Controlling shareholder	Borrowings	Cumulative provision of loans	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		2,962,250,000	100	Payment according to the loan contract		
JCC	Controlling shareholder	Borrowings	Interest received from loans provided	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		88,098,231	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Loans	Interest paid for deposits made	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		38,838,601	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Borrowing of funds	Acceptance of short-term borrowings	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		4,800,000	0.13	Monthly or quarterly payment		
JCC	Controlling shareholder	Borrowing of funds	Interest paid for acceptance of borrowing	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		46,441,434	100	Monthly or quarterly payment		

Significant Events

Connected party	Connected party relationship	Type of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	Controlling shareholder	Borrowing of funds	Repayment of principal and interest of long term borrowing	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,367,995,594	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Finance lease	Repayment of finance lease	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		-	100	Monthly or quarterly payment		
JCC	Controlling shareholder	Acceptance of services	Labour service	Market price		111,614,291	100	Monthly payment		
JCC	Controlling shareholder	Rent and lease	Rent expense of land use right	Market price		196,971,013	100	Monthly payment		
JCC	Controlling shareholder	Acceptance of agency services	Brokerage agency services for commodity future contracts	Market price		10,839,050	20.65	Settlement upon completion of transaction		
JCC	Controlling shareholder	Acceptance of services	Repair and maintenance service	Industry standards		77,720,703	24.19	Monthly payment		
JCC	Controlling shareholder	Acceptance of services	Procurement of spare parts and processed parts	Market price		86,876,931	6.86	Payment upon acceptance		
JCC	Controlling shareholder	Acceptance of services	Construction services	Industry standards		75,003,333	17.74	Settlement according to project progress		
JCC	Controlling shareholder	Acceptance of services	Transport service	Industry standards		26,332,948	81.89	Monthly payment		
JCC	Controlling shareholder	Sales of subsidiary	Equity transfer	Valuation price		83,600,000	100	Payment upon transfer		
Total				/	/	8,797,996,543	/	/	/	

Significant Events

Details of substantial sales return	During the Reporting Period, there was no substantial sales return.
Explanation on connected transactions	During the Reporting Period, material and recurring connected transactions between the Group and connected parties totalled RMB8,798 million, with purchase transactions of RMB1,831 million and sales transactions of RMB2,375 million. Deposit and loan transactions with JCC Finance Company Limited amounted to RMB3,089 million, with fund borrowings of RMB1,419 million and equity transfer of RMB84 million.

Agreement Details of Connected Transaction and Continuing Connected Transaction

(1) Consolidated Supply and Services Agreements

The Company and JCC entered into Consolidated Supply and Services Agreement I and Consolidated Supply and Services Agreement II on 27 September 2020, respectively, pursuant to which, JCC and its subsidiaries from time to time (excluding the Group) supplied various materials and provided consolidated services to the Group, while the Company supplied various materials and provided consolidated services to JCC and its subsidiaries from time to time (excluding the Group). Consolidated Supply and Services Agreement I and Consolidated Supply and Services Agreement II will be valid from 1 January 2021 to 31 December 2023.

The proposed caps of Consolidated Supply and Services Agreement I for each of the three financial years ending 31 December 2021, 31 December 2022 and 31 December 2023 will not exceed RMB2,111,280,000, RMB2,148,780,000 and RMB2,244,080,000, respectively.

The proposed caps of Consolidated Supply and Services Agreement II for each of the three financial years ending 31 December 2021, 31 December 2022 and 31 December 2023 will not exceed RMB2,372,980,000, RMB2,385,910,000 and RMB2,436,170,000, respectively.

Significant Events

The Company believes that the above contracts entered into with JCC and its subsidiaries from time to time (excluding the Group) are beneficial to the reasonable allocation and adequate utilisation of the existing assets of each party, the realisation of resource sharing and mutual complement of advantages of each party, so as to enhance sustainable stability and development of production and operation of the Group, reduce overlapping investment and save expenses of the Group, as well as increase the comprehensive efficiency of the Group. The pricing policies for the connected transactions between the Company and JCC were determined based on the priority from the PRC government prescribed prices, market prices/industry prices, prices quoted on SHFE, costs plus applicable taxes, or a combination of certain pricing bases as mentioned above.

(2) Land Use Rights Leasing Agreement

Due to historical reasons, some of the office buildings and factories of the Group are built on land which are owned by JCC and its subsidiaries from time to time (other than the Group). The land leasing approach adopted by the Group to JCC and its subsidiaries from time to time (other than the Group) can help reduce the investment of the Group. On 27 September 2020, the Company, as the lessee, entered into the Land Use Rights Leasing Agreement with JCC, as the lessor, for a term of three years, pursuant to which, JCC agreed to let the land use right of the lands covering an area of approximately 50,841,612.77 square meters to the Company, and the contract is valid from 1 January 2021 to 31 December 2023. The annual rent is RMB196,971,013.04 and the actual rent is calculated on the basis of the actual area used by the Group. According to IFRS 16, the value of the right-of-use asset recognised by the Group in respect of the Land Use Rights Leasing Agreement is RMB515,141,822.06.

Significant Events

(3) Finance Lease Framework Agreement

The Company and Shenzhen Jiangtong Finance Leasing Co., Ltd.* (深圳江銅融資租賃有限公司)(“**Shenzhen Finance**”), a subsidiary of JCC, entered into the finance lease framework agreement on 30 December 2019 (the “**Finance Lease Framework Agreement**”), pursuant to which Shenzhen Finance and its subsidiary (“**Shenzhen Finance Group**”) shall, at the request of the Group, provide finance lease services, including (i) direct lease service; (ii) sale and leaseback service; and (iii) entrusted lease service (collectively, the “**Finance Lease Services**”), to the Group. The aggregate rent payable by the Group to Shenzhen Finance in respect of the finance lease services contemplated thereunder, shall not exceed RMB1,900,000,000 for each financial year from 1 January 2020 to 31 December 2022. The annual caps of the finance leases under the Finance Lease Framework Agreement for the three financial years ended 31 December 2022 were RMB1,836,000,000, respectively. The transactions contemplated under the Finance Lease Framework Agreement are beneficial to the Group in expanding leasing channel, lowering investment risks and reducing financial pressure. Through personalised finance lease services solution provided to the Group, it can effectively increase the mobility of the assets of the Group and optimise its asset structure.

Since the Finance Lease Framework Agreement would expire on 31 December 2022, the Company and Shenzhen Finance entered into the new finance lease framework agreement (the “**New Finance Lease Framework Agreement**”) on the 15 December 2022, which is valid from 1 January 2023 to 31 December 2025, pursuant to which Shenzhen Finance Group shall, at the request of the Group, provide the Finance Lease Services, to the Group. The annual caps of the finance leases under the New Finance Lease Framework Agreement for the three financial years ending 31 December 2025 are RMB1,900,000,000, respectively.

Significant Events

(4) Financial Services Agreement

JCC Finance Company Limited (“**JCC Finance**”), a subsidiary of the Company, entered into the financial services agreement with JCC on 28 May 2021 (the “**Financial Services Agreement**”), which is valid from 1 June 2021 to 31 December 2023, pursuant to which JCC Finance agrees to provide JCC and its subsidiaries from time to time (excluding the Group) with cash deposit service, settlement service and credit services on an ongoing basis. The maximum daily balance of credit services to be provided by JCC Finance to JCC and its subsidiaries from time to time (excluding the Group) for each of the period from 1 June 2021 to 31 December 2021 and for the two financial years ending 31 December 2023 will not exceed RMB2,900,000,000. According to the Financial Services Agreement, JCC and its subsidiaries from time to time (excluding the Group) will transfer net deposit (i.e. excess of the total daily deposit balance of JCC and its subsidiaries from time to time (excluding the Group) over the daily loan balance to JCC and its subsidiaries from time to time (excluding the Group)) to JCC Finance, which forms actual financial assistance to JCC Finance, supplements the available financial resources of JCC Finance, enhances the profitability of JCC Finance and hence enhances the profitability of the Company.

(5) Mutual Guarantees Agreements

On 28 December 2021, Heding Copper, a subsidiary of the Company, and Fuye Group (which hold 40% of the issued share capital of Heding Copper, being the substantial shareholder) as well as Jiangxi Jinhui Environmental Technology Co., Ltd.* (江西金匯環保科技有限公司)(“**Jiangxi Jinhui**”) (now known as Jiangxi Heli Environmental Protection Technology Co., Ltd.* (江西和立環保科技有限公司) (“**Jiangxi Heli**”), Jiangxi Hefeng Environmental Technology Co., Ltd.* (江西和豐環保科技有限公司) (“**Jiangxi Hefeng**”) and Zhejiang Fuhe Zhiye Co., Ltd.* (浙江富和置業有限公司) (“**Zhejiang Fuhe Zhiye**”), which are beneficially owned by Fuye Group, entered into the mutual guarantees agreement (the “**Original Mutual Guarantees Agreement**”), which took effect on 1 January 2022. According to such agreement, Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which is also the maximum daily balance) of guarantees for each other’s obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2022 to 31 December 2023 shall not exceed RMB1,600,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group for each other prior to 1 January 2022 and are valid during the term of the Original Mutual Guarantees Agreement), provided that the execution of each loan facility contract shall take place within the period from 1 January 2022 to 31 December 2022 and the term of each loan facility shall not exceed 12 months. Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group, under which, they shall jointly and severally provide counter-guarantee to Heding Copper with all their assets for guarantees provided by Heding Copper to Fuye Group which are included in the bank loans agreement entered into during the period from 1 January 2022 to 31 December 2022, under the Original Mutual Guarantees Agreement.

Significant Events

In order to meet the actual production and operation needs of Heding Copper, and lower the finance cost, on 30 December 2022, Heding Copper, Fuye Group, Jiangxi Heli, Jiangxi Hefeng and Zhejiang Fuhe Zhiye entered into the new mutual guarantees agreement (the “**2022 New Mutual Guarantees Agreement**”) and the Original Mutual Guarantees Agreement was terminated on 1 January 2023. Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which is also the maximum daily balance) of guarantees for each other’s obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2023 to 31 December 2024 shall not exceed RMB2,550,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group for each other pursuant to the Original Mutual Guarantees Agreement prior to 1 January 2023 and are valid during the term of the 2022 New Mutual Guarantees Agreement), provided that the execution of each loan facility contract shall take place within the period from 1 January 2023 to 31 December 2023 and the term of each loan facility shall not exceed 12 months. Jiangxi Heli, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group, under which, they shall jointly and severally provide counter-guarantee to Heding Copper with all their assets for guarantees provided by Heding Copper to Fuye Group which are included in the bank loans agreement entered into during the period from 1 January 2023 to 31 December 2023, under the 2022 New Mutual Guarantees Agreement.

Details of guarantees are set out in pages 171 to 172 in this report.

Significant Events

(6) Transactions between the Group and Ordins (as defined below) and its subsidiaries from time to time (“Ordins Group”)

During the Reporting Period, the Group had entered into continuing connected transactions with Ordins Group (connected persons of the Company at the subsidiary level by virtue of China Ordins Group Co., Ltd. (中國兵工物資集團有限公司) (“**Ordins**”) being a substantial shareholder of Jiangxi Copper International Trade Company Limited* (江銅國際貿易有限公司) (“**JCC International Trade**”), a subsidiary of the Company), the summary of which are as follows:

(a) The purchase of copper cathodes by the Group from Ordins Group (“**Purchase of Copper Cathodes from Ordins Group**”)

For the Purchase of Copper Cathodes from Ordins Group, the aggregate transaction amounts involved during the Reporting Period for transactions entered into between the Group and Ordins Group amounted to RMB2,066,282,000. The prices were determined after arm’s length negotiations among the parties with reference to, among other things, the relevant trading price on the SHFE or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

(b) The sale of copper cathodes by the Group to Ordins Group (“**Sale of Copper Cathodes to Ordins Group**”)

For the Sale of Copper Cathodes to Ordins Group, transactions had been entered into (i) between the Company and Ordins Group, (ii) between JCC (Yingtang) Trading Co., Ltd.* (江西銅業(鷹潭)貿易有限公司) (“**JCC Yingtang**”), a wholly-owned subsidiary of the Company, and Ordins Group, and (iii) between JCC International Trade, a subsidiary of the Company, and Ordins Group; and the aggregate transaction amounts involved during the Reporting Period for such transactions amounted to RMB6,798,808,000.

(i) Transactions entered into between the Company and Ordins Group

For transactions entered into between the Company and Ordins Group, the pricing formula was copper base price plus premium. The copper base price was the spot price on the SHFE on the date of the relevant transaction, and the premium was the premium on the SHFE on the date of the relevant transaction.

Significant Events

(ii) Transactions entered into between JCC Yingtan and Ordins Group

On 11 February 2022, JCC Yingtan (as seller) and Ordins (as buyer) entered into a sale and purchase agreement for the sale and purchase of 100,000 tonnes of copper cathodes for the period from 16 February 2022 to 15 December 2022 (the “**Ordins Sale and Purchase Agreement of Copper Cathodes**”). Pursuant to the Ordins Sale and Purchase Agreement of Copper Cathodes, the pricing formula shall be copper base price plus premium. The copper base price shall be the real time price for the day trading orders of the spot month futures contracts on the SHFE transacted by Ordins during the spot price quotation period based on the agreed principle regarding the spot price; whilst the premium shall be the average premium or discount for standard quality copper published on the website of Shanghai Metals Market (<http://www.smm.cn/>) at 11:00 a.m. on the delivery taking day.

(iii) Transactions entered into between JCC International Trade and Ordins Group

For transactions entered into between JCC International Trade and Ordins Group, the prices were determined after arm’s length negotiations among the parties with reference to, among other things, the relevant trading price on the SHFE or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

(c) The sale of aluminum ingots by the Group to Ordins Group (“**Sale of Aluminum Ingots to Ordins Group**”)

For the Sale of Aluminum Ingots to Ordins Group, the aggregate transaction amount involved during the Reporting Period for the transactions entered into between JCC International Trade and Ordins, including the Ordins Sale and Purchase Agreement of Aluminum Ingots (as defined below), amounted to RMB973,203,000.

On 30 December 2021, JCC International Trade (as seller) and Ordins (as buyer) entered into a sale and purchase agreement for the sale and purchase of 55,000 tonnes of aluminum ingots for the period from 4 January 2022 to 31 December 2022 (the “**Ordins Sale and Purchase Agreement of Aluminum Ingots**”). Pursuant to the Ordins Sale and Purchase Agreement of Aluminum Ingots, the monthly price shall be based on the daily average price of A00 aluminum published on the website of Shanghai Metals Market (<https://hq.smm.cn/aluminum>) over the quotational period for the current month.

Significant Events

To capture and meet the increase in demand for sales of products, the Group entered into the above-mentioned transactions with Ordins Group. Ordins Group is experienced in the field of domestic bulk material circulation with extensive service network all over the country, Ordins Group can provide the Group with convenient and efficient sales channels and well-established supply chains for raw materials for the trading business of the Group.

(7) Transactions between the Group and Fuye Group and its subsidiaries from time to time (“Fuye”)

During the Reporting Period, Heding Copper (a subsidiary of the Company) had entered into continuing connected transactions with Fuye (connected persons of the Company at the subsidiary level by virtue of Fuye Group being a substantial shareholder of Heding Copper), summary of which are as follows:

- (a) The purchase of copper materials such as copper concentrates and crude copper by Heding Copper from Fuye (“**Purchase of Copper Materials from Fuye**”) (other than the purchase of copper concentrates from Fuye (HK) International Trading Co, Limited (“**Fuye (HK)**”))

For the Purchase of Copper Materials from Fuye (other than the purchase of copper concentrates from Fuye (HK)), the aggregate transaction amounts involved during the Reporting Period for transactions entered into between Heding Copper and Fuye amounted to RMB1,655,988,000. The prices were determined after arm’s length negotiations among the parties with reference to, among other things, the relevant trading price on the SHFE or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

- (b) Purchase of copper concentrates from Fuye (HK)

On 10 December 2021, Heding Copper (as buyer) and Fuye (HK) (as seller) entered into a sale and purchase agreement for the sale and purchase of copper concentrates for the period from 1 January 2022 to 31 December 2024 (the “**Fuye (HK) Agreement**”). Pursuant to the Fuye (HK) Agreement, the price shall be based on the final copper content and the official London Metal Exchange Cash Settlement Price for Copper Grade “A” in US dollars published on Fastmarkets MB averaged over the quotational period, less the treatment charge and refining charge as specified in the Fuye (HK) Agreement. The aggregate transaction amounts under the Fuye (HK) Agreement for the year ended 31 December 2022 amounted to RMB5,842,076,000. The proposed caps of the Fuye (HK) Agreement for each of the financial years ending 31 December 2023 and 31 December 2024 will not exceed RMB5,000,000,000 and RMB4,500,000,000, respectively.

Significant Events

- (c) The sale of copper materials such as copper cathodes and anode mud by Heding Copper to Fuye (“**Sale of Copper Materials to Fuye**”)

For the Sale of Copper Materials to Fuye, the aggregate transaction amounts involved during the Reporting Period for transactions entered into between Heding Copper and Fuye in relation to the sale of copper cathodes and anode mud amounted to RMB4,838,870,000. For transactions involving the sale of copper cathodes, the prices were determined after arm’s length negotiations among the parties with reference to, among other things, the relevant trading price on the SHFE or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice. Fuye had to pay in full on the date of the relevant contract. For transactions involving the sale of anode mud, the prices were determined after arm’s length negotiations among the parties with reference to, among other things, the final anode mud content and relevant arithmetic average price of weighted average price on the SHFE. Fuye had to pay in full at the end of each settlement cycle.

- (d) The provision of processing service by Heding Copper to Fuye (“**Provision of Processing Service to Fuye**”)

For the Provision of Processing Service to Fuye, the aggregate transaction amounts involved during the Reporting Period for transactions entered into between Heding Copper and Fuye in relation to the provision of processing service amounted to RMB851,000. The processing fee per unit of end product was negotiated on an arm’s length basis with reference to the market rate of similar processing services provided by independent third parties.

- (e) The engagement of processing service provided by Fuye to Heding Copper (“**Provision of Processing Service from Fuye**”)

For the Provision of Processing Service from Fuye, the aggregate transaction amounts involved during the Reporting Period for transactions entered into between Heding Copper and Fuye amounted to RMB13,459,000. The processing fee per unit of end product was negotiated on an arm’s length basis with reference to the market rate of similar processing services provided by independent third parties.

To meet the increased demand for raw materials, Heding Copper entered into the above-mentioned transactions with Fuye. By utilising the market resources of Fuye, Heding Copper can establish a low-cost network for selling and purchasing raw materials and obtain stable raw material supply channels.

Significant Events

(8) Establishment of a joint venture company

In order to enhance the competitiveness of the Company in the field of solid waste recycling and environmental protection equipment manufacturing, and in light of the fact that the manufacturing of environmental protection equipment, comprehensive utilisation of resources, and solid and hazardous waste treatment of Jiangxi JCC Tongxin Environmental Technology Company Limited* (江西江銅同鑫環保科技有限公司) (“**JCC Tongxin**”) can create synergy with the environmental protection governance of the Company’s mining, smelting, and copper processing sectors, and would complement the long term strategy of sustainable development of the Company, and thus is line with the Company’s development strategies, on 11 October 2022, Jiangxi JCC Environmental Resources Technology Co., Ltd* (江西江銅環境資源科技有限公司) (“**JCC Environmental**”), a wholly-owned subsidiary of the Company, entered into the investment cooperation agreement (the “**Investment Cooperation Agreement**”) with Jiangxi Fuyun Environmental Technology Company Limited* (江西福運環保科技有限公司) (“**Fuyun Environmental**”), a company indirectly held as to 40% by JCC, and Mr. Peng Xiangang (“**Mr. Peng**”), pursuant to which the parties agreed to jointly contribute and establish JCC Tongxin.

Pursuant to the Investment Cooperation Agreement, the registered capital of JCC Tongxin shall be RMB450,000,000, of which JCC Environmental, Fuyun Environmental and Mr. Peng shall contribute RMB283,500,000, RMB36,000,000 and RMB130,500,000 in cash respectively, accounting for 63%, 8% and 29% of the registered capital of JCC Tongxin, respectively.

JCC is the controlling shareholder of the Company and is therefore a connected person of the Company. Fuyun Environmental is indirectly held as to 40% by JCC and is therefore an associate of JCC and a connected person of the Company. Accordingly, the establishment of JCC Tongxin constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

All continuing connected transactions in the abovementioned items (1) to (7) are reviewed by the independent non-executive Directors of the Company every year, confirming that: (i) the transactions were entered into in the ordinary and usual course of business of the Group; (ii) the transactions were entered into and performed on normal commercial terms or on the terms same as (or favorable than) that from independent third parties; and (iii) the transactions were conducted in accordance with relevant transaction agreements, the terms of which were fair and reasonable, and were in the interests of the shareholders of the listed company as a whole.

Significant Events

The auditors of the Company were appointed to report on the connected transactions of the Group in accordance with “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” conducted by Hong Kong Standard on Assurance Engagements 3000 and with reference to the Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” (Revised) issued by the Hong Kong Institute of Certified Public Accountants. Auditors have issued a letter in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention causing them to believe that the abovementioned continuing connected transactions for the year ended 31 December 2022: (1) were not approved by the Board; (2) were not carried out in accordance with the pricing policies of the Group in all material aspects for the transactions that involved the provision of products and services by the Group; (3) were not entered into in accordance with the agreements governing such transactions in all material aspects; and (4) exceeded the annual caps as disclosed in the announcements for the abovementioned continuing connected transactions by the Group. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

Other Transactions

Not applicable

(II) Connected transaction from assets or equity acquisition or sale

1. Events disclosed in extraordinary announcements and without subsequent development or changes during implementation

Not applicable

2. Events disclosed in extraordinary announcements with subsequent development or changes during implementation

Not applicable

3. Events not disclosed in extraordinary announcements

Not applicable

Significant Events

4. **Where agreed results are involved, the results in the Reporting Period shall be disclosed**

Not applicable

(III) Material connected transactions of joint external investment

1. **Events disclosed in extraordinary announcements and without subsequent development or changes during implementation**

Event summary	Index
Announcement of Jiangxi Copper Company Limited on the connected transaction for subsidiary's investment to establish a joint venture	Disclosure website: www.sse.com.cn ; Announcement No.: Lin 2022-044; Disclosure date: 12 October 2022

2. **Events disclosed in extraordinary announcements with subsequent development or changes during implementation**

Not applicable

3. **Events not disclosed in extraordinary announcements**

Not applicable

(IV) Connected credits and liabilities

1. **Events disclosed in extraordinary announcements and without subsequent development or changes during implementation**

Not applicable

2. **Events disclosed in extraordinary announcements with subsequent development or changes during implementation**

Not applicable

Significant Events

3. Events not disclosed in extraordinary announcements

Unit: 0'000 Yuan Currency: RMB

Connected party	Relationship	Funds provided to connected parties			Funds offered by connected parties to the Company		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
JCC	Controlling shareholder	178,382	80,130	258,512	530,796	981,850	628,981
Total		178,382	80,130	258,512	530,796	981,850	628,981

Reasons for connected claim and debt

On 28 May 2021, JCC Finance, a wholly-owned subsidiary of the Company, and JCC, the largest shareholder of the Company, entered into the new Financial Services Agreement, the term of which shall be from 1 June 2021 to 31 December 2023. According to the agreement, a proportion of deposits and loans of JCC which were deposited in financial institutions from 1 June 2021 to 31 December 2023 would be transferred to JCC Finance as deposits and loans in accordance with market principles, among which, the daily balance of the transferred loans (referring to comprehensive credit services provided to member companies of JCC, including the provision of loans, discounted bills, commercial note acceptance, provision of letters of guarantee, provision of overdraft facility, account receivable factoring and finance lease) would not exceed RMB2.9 billion; and the daily balance of loans should not exceed the daily balance of transferred deposits in order to create “net deposit”, and the transferred deposits shall serve as guarantee to the transferred loans.

Significant Events

Impacts of connected claim and debt on the operating results and financial position of the Company

JCC transfers the net deposits, which forms actual financial assistance to JCC Finance, supplements the available financial resources of JCC Finance, enhances the profitability of JCC Finance and hence enhances the profitability of the Company. JCC Finance and the Company adopt adequate risk control measures to warrant JCC Finance and the Company would not record losses in the connected transaction. The terms of the Financial Services Agreement are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Significant Events

(V) The financial business between the Company and its related financial company, and between the Company's holding financial company and its related parties

1. Deposit business

Unit: '0000 Yuan Currency: RMB

Related party	Related relationship	Daily maximum deposit limit	Deposit interest rate range	Opening balance	Amount for the current period		Closing balance
					Total amount deposited in the current period	Total amount drawn in the current period	
JCC	Controlling shareholder	Nil	0.35%-3.85%	530,796	19,550,156	19,451,971	628,981
Total	/	/	/	530,796	19,550,156	19,451,971	628,981

2. Loan business

Unit: '0000 Yuan Currency: RMB

Related party	Related relationship	Loan limit	Loan interest rate range	Opening balance	Amount for the current period		Closing balance
					Total amount lent in the current period	Total amount repaid in the current period	
JCC	Controlling shareholder	290,000	3.20%-4.35%	178,382	298,161	218,031	258,512
Total	/	/	/	178,382	298,161	218,031	258,512

Significant Events

3. Credit business or other financial business

Unit: '0000 Yuan Currency: RMB

Related party	Related relationship	Business type	Total	Actual amount
JCC	Controlling shareholder	Credit	608,000	265,504

4. Other explanation

Not Applicable

XIV. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Custody, contracts and leases

1. Custody

Not applicable

2. Contracts

Not applicable

3. Leases

Not applicable

Significant Events

(II) Guarantees

Unit: 0'000 Yuan Currency: RMB

External guarantees (excluding guarantees for subsidiaries)

Guarantor	Relation between the Guarantor and the listed company	Guarantee	Guarantee amount	Guarantee date (execution date of the contract)	Start date of guarantee	End date of guarantee	Type of guarantee	Collateral (if any)	Guarantee fulfilled or not	Guarantee completed or not	Amount of overdue guarantee	Counter Guarantee	Connected party guarantee or not	Connected relationship
Heding Copper	Controlled subsidiary	Fuye Group	159,400	28 December 2021	1 January 2022	31 December 2023	Joint and several liability guarantee	Nil	No	No	0	Jiangxi Jinhui, Jiangxi Heleng and Zhejiang Fuhe Zhiye acted as counter-guarantors for the Fuye Group and provided a joint and several guarantee to Heding Copper with all of their own assets.	Yes	Shareholders

Total amount of guarantees incurred during the Reporting Period (excluding those to subsidiaries)	159,400
Total balance of guarantee at the end of the Reporting Period (A) (excluding those to subsidiaries)	63,760

Guarantees provided by the Company and its subsidiaries to subsidiaries

Total amount of guarantees for subsidiaries incurred during the Reporting Period	0
Total balance of guarantee for subsidiaries at the end of the Reporting Period (B)	0

Total amount of guarantees provided by the Company (including those to subsidiaries)

Total amount of guarantees (A+B)	63,760
Total amount of guarantees over the net assets of the Company (%)	0.866

Including:

Amount of guarantees provided to shareholders, de facto controllers and their connected parties (C)	0
Amount of debt guarantees directly or indirectly provided to guaranteed parties with a debt to asset ratio exceeding 70% (D)	0
Amount of total guarantees exceeding 50% of net assets (E)	0
Total amount of the above three amount of guarantees (C+D+E)	0

Explanation on possible joint and several liability for liabilities settlement in case of outstanding guarantee

Significant Events

Explanation on guarantee	<ol style="list-style-type: none">1. The above guarantees are all corporate credit guarantees, and do not involve mortgage guarantees, pledge guarantees, etc.;2. The total guarantee amount of the Company includes the balance of external guarantee of the Company and its subsidiaries at the end of the Reporting Period (excluding the guarantee to the subsidiaries) and the balance of the guarantee of the Company and its subsidiaries to subsidiaries, among which, the balance of guarantee of a subsidiary represents the total external guarantee of that subsidiary multiplied by the proportion of the Company's shareholding in that subsidiary.
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1. On 28 December 2021, the 5th meeting of the ninth session of the Board considered and approved the external guarantee of Heding Copper, a controlled subsidiary of the Company (with 40% shareholding). In order to meet the needs of the actual production and operation of Heding Copper and reduce the financing cost, Heding Copper and Fuye Group intended to further increase mutual financing support. With Heding Copper acting as Party A, Fuye Group acting as Party B, Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye acting as Party C, the parties entered into the Mutual Guarantee Agreement after negotiation, agreeing that during the period from 1 January 2022 to 31 December 2023, the accumulated balance of mutual guarantee (i.e., the daily balance limit) of Party A and Party B shall not exceed RMB1,600 million. For the avoidance of doubt, the guarantee balance of the guarantee contracts signed by both parties before 1 January 2022 but still valid during the above period are also included in the maximum limit for the year. The time limit for signing each bank loan contract is from 1 January 2022 to 31 December 2022, and the loan period for each loan business shall not exceed 12 months. Party C acted as the counter-guarantor of Fuye Group and undertook counter-guarantee with joint and several liabilities to Heding Copper with all of their own assets.
2. Within the scope of the Mutual Guarantee Agreement, Fuye Group provided credit guarantees of RMB1,600 million for Heding Copper, and an additional credit guarantee in the amount of RMB3,184.94 million. The total credit guarantee amount was RMB4,784.94 million.

Significant Events

(III) Entrusted cash assets management

1. Entrusted wealth management

(1) *Overall entrusted wealth management*

Not applicable

Others

Not applicable

(2) *Single entrusted wealth management*

Not applicable

Others

Not applicable

(3) *Provision for impairment of entrusted wealth management*

Not applicable

2. Entrusted loans

(1) *Overall entrusted loans*

Not applicable

Others

Not applicable

(2) *Single entrusted loans*

Not applicable

Others

Not applicable

(3) *Provision for impairment of entrusted loans*

Not applicable

Significant Events

3. Others

Not applicable

(IV) Other material contracts

Not applicable

XV. EXPLANATION ON OTHER MATERIAL MATTERS THAT HAVE SIGNIFICANT IMPACT ON INVESTORS TO MAKE VALUE JUDGEMENT AND INVESTMENT DECISIONS

Not applicable

XVI. ACTIVE PERFORMANCE OF SOCIAL RESPONSIBILITY

(I) Social responsibility efforts

(I) Whether a social responsibility report, sustainability report or ESG report is separately disclosed

The Company has disclosed the 2022 Environmental, Social and Governance Report of Jiangxi Copper Company Limited on 24 March 2023.

(II) Details of social responsibility efforts

Currency: RMB

External donations and public welfare projects	Quantity/Content	Explanation
Total investment (0'000 Yuan)	622.47	
Of which: Funds (0'000 Yuan)	622.47	
Equivalent of materials (0'000 Yuan)	0	
Number of beneficiaries (persons)	/	

The Company has actively fulfilled social responsibility and fully demonstrated its responsibility in social welfare activities. For years, in combination with its advantages, the Company has cooperated with the controlling shareholder, JCC, to actively promote the local economy and cultural construction and actively participate in poverty alleviation, rescue and disaster relief, donations for education and other projects to fulfill its social responsibilities. In 2022, the Company visited 480 employees and their families and invested more than RMB2.9 million for various subsidies; the Company participated in the "One-Day Charity Donation" activity and raised more than RMB1.67 million, which fully showed that the Company and its employees helped each other to tide over difficulties.

Significant Events

(II) Environmental information

Currency: RMB

Whether to establish a mechanism related to environmental protection	Yes
Investment in environmental protection funds during the Reporting Period (unit: 0'000 Yuan)	122,190

1. Explanation on environmental protection of the Company and its major subsidiaries falling into the category of major pollutant-emission units designated by national environmental authorities

(1) Information on discharge of pollutants

Name of company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Chengmenshan Copper Mine	pH	/	/	/	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel and Cobalt"	Direct emission	1	Yong'an
	COD	180	130.2595	28.28				Levee of the Yangtze River
	Ammonia nitrogen	40.48	2.6850	0.58				
	Total copper	2.87	0.389	0.08				
Dexing Copper Mine	pH	/	/	7.29	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel and Cobalt" (GB25467-2010)	Direct emission	4	In the mining area
	COD	480	427.14	18.96				
	Ammonia nitrogen	108.11	19.40	0.63				
	Suspended matter	/	151.50	8.43				
	Total copper	/	0.41	0.034				
	Total lead	/	0.034	0.002				
	Total zinc	/	0.13	0.0059				
	Total cadmium	/	0.073	0.0046				

Significant Events

Name of company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Jiangxi Copper (Dexing) Chemical Company Limited	Sulphur dioxide	750	159.9356	142.04 (mg/m3)	"Emission Standards of Industrial Pollutants for Sulphuric Acid" (GB26132-2010)	Direct emission	3	In the plant area
	Sulphuric acid mist		19.34	15.36 (mg/m3)				
	Particulates		29.2292	24.7 (mg/m3)				
	BOD	1.5	1.2	5.87	Primary Standards of the "Integrated Wastewater Discharge Standard"			
Guixi Smelter	COD	600	142.36	23.2	"Emission Standard of Industrial Pollutants for Copper, Nickel and Cobalt" (GB25467-2010) "Emission Standard of Industrial Pollutants for recycled Copper, Aluminum, Lead and Zinc" (GB31574-2015)	Organised emissions after meeting standards	10	In the plant area
	Ammonia nitrogen	80	14.13	2.3				
	Lead	5	0.62	0.2L				
	Cadmium	1	0.15	0.05L				
	Sulphur dioxide	6,450	936	50				
Particulates	764.2	180	12					
Jiangxi JCC Copper Foil Technology Company Limited	Total chrome	0.094717	0.0169	0.053	Table 1 of Discharge Standard of Water Pollutants for Electronic Industry GB 39731-2020	Enter copper-zinc adjusting tank from the outlet of workshop	1	Wastewater station in south of the plant
	Total phosphorus (in terms of P)	0.876	0.2377	0.74	Management Standard of Qingshan Lake Sewage Treatment Plant	Discharge to the municipal pipe network and then Qingshan Lake Sewage Treatment Plant	1	
	COD	13.63	18.5766	57.81				

Significant Events

Name of company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Jiangxi Copper (Longchang) Precise Pipe Company Limited	pH	/	/	7.08	Management Standards of	Discharge to Qingshan Lake Sewage Treatment Plant Integrated Wastewater Discharge City	1	Sewage treatment station of the plant
	CODcr	/	0.1236	21	Qingshan Lake Sewage			
	Ammonia nitrogen	/	0.1089	18.5	Treatment Plant Integrated			
	Suspended matter	/	0.0530	9	Wastewater Discharge			
	BOD5	/	0.0324	5.5	Standard			
	Animal and vegetable oils	/	0.0054	0.92				
	Oil	/	0.0015	0.25				
Total phosphorus	/	0.0062	1.05					
JCC -Wengfu Chemical Industry Company Limited	Sulphur dioxide	448	129.84	112.22 (mg/m3)	"Emission Standards of Industrial Pollutants for Sulphuric Acid" (GB26132-2010)	Organised emissions after meeting standards	2	In the plant area
Wushan Copper Mine	COD	262.13	75.03	13.82	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel and Cobalt" (GB25467-2010)	Organised emissions after meeting standards	2	In the mining area
	pH	/	/	7.37	Standards in the table 2 of	Organised emissions after meeting standards	2	In the mining area
	Ammonia nitrogen	47.76	7.275	1.33	the "Emission Standard			
	Suspended matter	/	55.78	9.87	of Industrial Pollutants for			
	Total copper	/	0.256	0.047	Copper, Nickel and Cobalt"			
	Total zinc	/	0.694	0.127	(GB25467-2010)			
	Total lead	2.986	0.0041	0.0008				
	Total cadmium	0.598	0.0021	0.0004				
Total arsenic	2.986	0.0163	0.003					

Significant Events

Name of company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
JCC Yinshan Mining Company Limited	pH	/	/	6.84	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel and Cobalt" (GB25467-2010)	Organised emissions after meeting standards	2	In the plant area
	COD	149.3	90.02	21.89				
	Ammonia nitrogen	9.7	7.31	1.78				
	Suspended matter	/	87.38	21.24				
	Total copper	/	0.0712	0.0173				
	Total lead	0.6461	0.0215	0.0052				
	Total zinc	/	0.6739	0.1638				
	Total cadmium	0.0969	0.0051	0.0012				
	Total arsenic	0.2584	0.0629	0.0153				
Jiangxi Copper (Qingyuan) Company Limited	Sulphur dioxide	65.28	6.228	22.76 (mg/m3)	Special emission limit of "Emission Standard of Industrial Pollutants for Recycled Copper, Aluminium, Lead and Zinc" (GB31574-2015) Table 2 Emission concentration limits for newly-built boilers of "Emission Standard of Air Pollutants for Boilers"(GB13271-2019)	Organised emissions after meeting standards	4	In the plant area
	Smoke (powder) dust	12.5	1.858	6.79 (mg/m3)				
	Nitrogen oxides	35.5	24.538	89.67 (mg/m3)				
	Arsenic and its compounds	0.5	0.00171	0.006249 (mg/m3)				
	Lead and its compounds	2.5	0.00312	0.011402 (mg/m3)				
	Cadmium and its compounds	0.0625	0.000008	0.0000305 (mg/m3)				
	Antimony and its compounds	1	0.0000223	0.0000815 (mg/m3)				
	Tin and its compounds	1	0.000101	0.000369 (mg/m3)				
	Chromium and its compounds	1	0.004438	0.01622 (mg/m3)				
Sulphuric acid mist	/	0.249936	2.49					

Significant Events

Name of company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Yongping Copper Mine	COD	160.627	115.553126	20.9505	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel and Cobalt" (GB25467-2010)	Organised emissions after meeting standards	2	In the mining area
	Ammonia nitrogen	27.15	5.063259	0.575				
	Total copper	/	0.537444	0.046				
	Total lead	/	7.379341	0.014				
	Total zinc	/	3.520223	0.18				
	Total cadmium	/	7.647318	0.037				
	Suspended matter	/	198.678341	24.5425				
	PH	/	7.31	/				
Humon Smelting	Sulphur dioxide	239.323t	137.35t	7.55mg/m ³	"Integrated Emission Standard for Regional Air Pollutants in Shandong Province" (DB/37 2376-2019)	Organised emissions after meeting standards	9	In the plant area
	NO _x	478.017t	285.85t	18.33mg/m ³				
	Particulates	45.2394t	14.73t	1.05mg/m ³				
	Lead	711.477kg	365.15kg	0.035mg/m ³				
	Arsenic	273.296kg	129.47kg	0.022mg/m ³				

Significant Events

Name of company	Names of major pollutants	Total emissions approved (t/a)	Total emissions (t/a)*	Emission concentration (mg/L)*	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
Weihai Humon Chemical Co., Ltd.	Sulphur dioxide	270.404t	5.12765t	12.24mg/m ³	"Integrated Emission Standard for Regional Air Pollutants in Shandong Province" (DB/37 2376-2019)	Organised emissions after meeting standards	4	In the plant area
	NO _x	608.888t	24.2513t	61mg/m ³				
	Particulates	102.099t	6.0781t	8.91mg/m ³				
	Fluoride	23.7251t	0.88997t	2.60mg/m ³	"Shandong Industrial Kiln and Furnace Air Pollutant Emission Standards" (DB/37 2375-2019)		3	
	Ammonia	252t	4.87115t	0.27kg/h	"Emission Standards for Odour Pollutants" (GB14554-1993)			
	Lead	/	0.479kg	0.00357mg/m ³	"Shandong Industrial Kiln and Furnace Air Pollutant Emission Standards" (DB/37 2375-2019)		1	
Arsenic	/	0	Not detected					

(2) Construction and operation of pollution prevention facilities

The Company actively puts the concept of "Green Development, Environmental Priority" into practice, actively adapts to the new situation and new requirements of safety and environmental protection work, solidly performs the main responsibility of enterprise safety production, continuously increases environmental protection investment, carries out pollution prevention and control capacity construction, and implements a number of ecological restoration and environmental management projects.

During the Reporting Period, the Company continued to strengthen the operation and maintenance of environmental protection facilities, and the operation of environmental protection facilities was in good condition with no major pollution accidents occurred.

Significant Events

(3) *Environmental impact assessment and other environmental protection administrative licensing of construction projects*

Company name	Key project	Environmental impact assessment/ acceptance	Approval/acceptance
Humon Smelting	Rare Metals Resources Comprehensive Recycling Technology Renovation Project	Passed acceptance	Yantai Environmental Protection Bureau (Yan Huan Shen [2017] No.40) / Yantai Ecological Environment Bureau (Yan Huan Ping Han [2019] No.8)
	Integrated Smelting and Comprehensive Recycling Technology Renovation Project for Complex Gold Concentrate and Hazardous Wastes Containing Non-ferrous Metal	Passed acceptance	Yantai Ecological Environment Bureau (Yan Huan Shen [2020] No.1)/ self-acceptance (2021/06/19)
	Double Bottom-Blowing Method (雙底吹火法) Gold Extraction Technology Renovation Project	Passed acceptance	Yantai Ecological Environment Bureau (Yan Huan Shen [2020] No.30)/ self-acceptance (2022/04/23)
	Multi-element Complex Gold Concentrate Resources Comprehensive Recycling Technology Renovation Project	Passed acceptance	Yantai Ecological Environment Bureau (Yan Huan Shen [2022] No.7)/ self-acceptance (2021/06/19)
	Development and Industrialisation of High-purity New Materials Project	Passed acceptance	Yantai Environmental Protection Bureau (Yan Huan Shen [2019] No.19)/ self-acceptance (2022/12/27)
Weihai Humon Chemical Co., Ltd.	1,000 kg/a Roasting and Smelting Gold and Ancillary Smelting Flue Gas Recovery, Sulphur-based Compound Fertiliser System Engineering Renovation Project	Passed acceptance	Weihai Environmental Protection Bureau (Wei Huan Fa [2006] No.106)
	40,000 t/a Synthetic Ammonia Hydrazine Reconstruction Project	Passed acceptance	Weihai Environmental Protection Bureau (Wei Huan Fa [2008] No.93) / Weihai Environmental Protection Bureau (Huan Yan Shu [2011] No.4-1)
	Phosphogypsum Comprehensive Utilisation and Industrial Upgrading Project	Passed acceptance	Department of Environmental Protection of Shandong Province (Lu Huan Shen [2009] No.147) / Department of Environmental Protection of Shandong Province (Lu Huan Yan [2011] No.89)

Significant Events

(4) Contingency plan for emergency environmental incidents

The subsidiaries of the Company have formulated the “Emergency Plans for Sudden Environmental Events” and reported and filed to the environmental protection authorities, in order to effectively prevent, control and eliminate the harm caused by emergency environmental pollution accidents, establish and improve the response mechanism for emergency environmental pollution accidents, improve the ability of the Company in responding to emergency environmental pollution accidents, maximise prevention and minimise emergency environmental pollution accidents and their losses, safeguard public safety, maintain social stability, and promote the comprehensive, coordinated and sustainable development of economy and society. Each of the Company’s subsidiaries has developed an Emergency Surge Environmental Incident Plan and reported to the competent environmental protection department for record.

(5) Self-monitoring environmental programs

The Company and its subsidiaries conduct self-monitoring work and formulate self-monitoring programs in accordance with the regulations of the relevant authorities at all levels, and continuously improve the capacity of monitoring stations to update environmental monitoring equipment and improve the accuracy of monitoring. At the same time, the monitoring data and related information are released in a timely, complete, and accurate manner as required by the regulatory authorities.

Each production unit of the Group has an environmental monitoring institution that regularly monitors the sources of pollution in accordance with national monitoring standards, such as daily monitoring of COD, ammonia nitrogen, heavy metal ions, exhaust gas, sulphur dioxide, and smoke dust in wastewater, establish a relatively complete environmental monitoring record, and various types of environmental monitoring data can be reflected back in time to guide production, so as to discover and handle problems in time to prevent pollution accidents.

In addition, the main production units of the Company have installed online monitoring devices at their outlets, and are connected to the government authorities. The daily average value of the online monitoring of state-controlled pollution sources of the Group is 100% in compliance.

Significant Events

Unit	Compliance of online monitoring (daily average)				Compliance rate %
	Monitoring points	Monitoring days	Total number of monitoring	Time of exceeding standard	
Dexing Copper Mine	1	365	365	0	100
Yongping Copper Mine	2	365	636	0	100
Wushan Copper Mine	2	365	730	0	100
Chengmenshan Copper Mine	1	365	365	0	100
Yinshan Mining	1	365	365	0	100
Guixi Smelter	8	365	2,470	0	100
JCC Copper Foil	1	365	365	0	100

(6) Administrative penalties imposed for environmental problems during the Reporting Period

Not applicable

(7) Other information about environmental protection should be made public

Currency: RMB

Company name	Environmental protection construction		Environmental protection (including reclamation investment) (0'000)	Reuse rate of industrial water %
	System establishment	Main measures		
Guixi Smelter	“Wastewater Control Process of Guixi Smelter”, “Waste Gas and Dust Control Process of Guixi Smelter”, “Solid Waste Control Process of Guixi Smelter”	Upgrading of smoke and gas treatment technology for sulphuric acid second system, upgrading of scene water collection and treatment system for plant of Guixi Smelter, and gas replacement and transformation of Guixi Smelter	61,160	99.05

Significant Events

Environmental protection construction				
Environmental protection			Environmental protection (including reclamation investment) (0'000)	Reuse rate of industrial water %
Company name	System establishment	Main measures		
Dexing Copper Mine	"Environmental Protection Management Measures of Dexing Copper Mine", "Administrative Measures for Hazardous Solid Waste in Dexing Copper Mine"	Implementation of ecological restoration projects in places around the southeast corner of Yangtaowu Reclamation Base; the excavation slope of upper part of Zhujia Acidic Water Reservoir; the ecological restoration project of north slope of Fujiawu Acidic Water Reservoir; seepage prevention project at Yangtaowu Acidic Water Reservoir; and seepage prevention project at Fujiawu Acidic Water Reservoir	37,458	92.34
Wushan Copper Mine	"Wushan Copper Mine Environmental Protection Management System", "Wushan Copper Mine Environmental Protection Facilities Management System", "Measures for Assessing the Environmental Protection Targets of Wushan Copper Mine"	Renovation of open pit storage yard for sulphur concentrate, and upgrading of unloading system of ore fines	557.64	94.05
Yongping Copper Mine	"Environmental Protection Administrative Measures of Yongping Copper Mine", "Environmental Protection Responsibility System of Yongping Copper Mine"	Implementation of environmental protection comprehensive treatment projects, upgrading of removal of concentrator, ecological environment improvement, and upgrading of ability in controlling acidic water	63,871.68	87.75

Significant Events

Company name	Environmental protection construction		Environmental protection (including reclamation investment) (0'000)	Reuse rate of industrial water %
	System establishment	Main measures		
Chengmenshan Copper Mine	“Environmental Monitoring Management System”, “Environmental Protection Management System”, “Environmental Factors Identification and Evaluation Management System”	Ecological restoration of the dump site and mining area perimeter, and anti-seepage renovation of waste pile sewage control tank	28,164	95.00
Yinshan Mining	“Environmental Management System of JCC Yinshan Mining Company Limited”, “Administrative Measures for the Operation of Environmental Protection Facilities of JCC Yinshan Mining Company Limited”, “Environmental Monitoring Management System of JCC Yinshan Mining Company Limited”	Implementation of tailings storage closure project of Yinshan Mining, ecological treatment project of open mining area and dump site, and ecological treatment project of the eastern and southern slopes in open mining area	5,433	91.24
Humon Smelting	“Ecological Environmental Protection Management System” including “Ecological Environmental Protection Responsibility System”, “Environmental Protection Education and Training Management System”, “Construction Project Ecological Environmental Protection Management System”, “Pollution Prevention and Control Management System”, “Environmental Monitoring Management System”, “Environmental Protection Facilities Operation Management System” and etc.	Closed stockyard renovation, anti-corrosion and anti-seepage upgrading and green renovation project; water and soil conservation and land reclamation in Fuludi; upgrading and renovation project of the closed-loop and centralised smoke and gas treatment facilities of the 1st smelter; renovation project of 3rd smelter's acid gas denitration facilities	18,550.44	98.69

Significant Events

2. Explanation on environmental protection of companies other than major pollutant-emission units

Not applicable

3. Information on the protection of the ecology, prevention and control of pollution and fulfillment of environmental responsibilities

1. By combining online and offline methods, the Company has held a training course on ecological and environmental management promotion for approximately 140 people, invited experts from the Environment Engineering Research Institute of Beijing Mining and Metallurgy Technology Group Co., Ltd., provincial supervision office, and provincial ecological environment monitoring centre to interpret the relevant laws, regulations and standards of solid waste and perform the training of on-site environmental inspection of enterprises, which effectively improved the Company's environmental management level. The Company also invited the professors from China University of Political Science and Law to carry out the promotion and implementation of the 20th National People's Congress of the Party on green development concepts and legal knowledge, which further strengthened the ideological and theoretical basis and legal foundation of the management at all levels.
2. Increased investment in environmental governance projects. In order to further improve the effect of energy conservation and emission reduction, the Company established and implemented 21 projects throughout the year, including the ecological treatment of the eastern slope of the open pit mine of Yinshan Mining, the seepage prevention renovation of sewage control reservoir of waste dump of Chengmenshan Copper Mine, the energy-saving renovation of the north line of the phase I of Jiangxi Copper Longchang Precision Copper Pipe Company Limited, and the improvement of environmental protection of Wushan Copper Mine.

Significant Events

4. Measures taken to reduce its carbon emissions during the Reporting Period and their effectiveness

Whether carbon reduction measures were taken or not	Yes
Reduced emissions of carbon dioxide equivalent (unit: tonne)	47,054

Types of carbon reduction measures (e.g. the use of clean energy to generate electricity, the use of carbon reduction technology in the production process, research and development of new products to help reduce carbon, etc.)	Use of carbon reduction technology in the production process
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The Company has been committed to energy conservation and emission reduction, and carbon emissions have been reduced year by year in recent years. In order to facilitate carbon trading in the future, from 2022, the Company has adopted the average emission factor of 0.581 tco2/MWh of the national power grid to calculate carbon dioxide emissions, resulting in carbon dioxide emissions of 2,315,087.253 tonnes in 2022. Based on the Company's previously selected emission factor of 0.5257 tco2/MWh for the Central China Power Grid, the carbon dioxide emissions in 2022 would be 2,122,630.537 tonnes, representing a year-on-year reduction of 47,054.14 tonnes (2,169,684.677 tonnes of carbon dioxide emissions in 2021).

(III) Particulars about consolidating and expanding the achievements of poverty eradication and village revitalisation

On the premise of fully completing the work of poverty eradication, the Company has taken the initiative to consolidate the achievements of poverty eradication, increased the promotion of policies and did a good job in effective convergence. The Company closely follows the general requirements of the controlling shareholder JCC for "prosperous production, pleasant ecology, civilised village style, effective governance and affluent living" to assists relevant departments to continuously consolidate and expand the achievements of poverty eradication, gathers strength and focuses on key work, and carefully draws a beautiful picture of the countryside. For details, please refer to the "2022 Environmental, Social and Governance Report of Jiangxi Copper Company Limited" disclosed by the Company on 24 March 2023 at the websites of www.sse.com.cn and <https://www.hkexnews.hk>.

Significant Events

XVII. CHARGES ON THE GROUP ASSETS

Details of the charges on the Group assets are set out in pages 36 to 37 of this report.

XVIII. FOREIGN EXCHANGE RISK

The reporting currency of the Group is Renminbi. Where any transactions in foreign currencies of the Company are incurred, amounts in foreign currencies are translated into Renminbi at the middle market exchange rates at the beginning of the transaction month. Closing balances in foreign currency account are translated into Renminbi at the market exchange rates at the end of the year.

Although currently Renminbi is not a currency that is freely convertible in the PRC, the PRC government is taking initiatives for exchange reform and adjustments to exchange rate. Change of exchange rate will have an impact on the Group's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Group believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange revenue and spending.

The Group's operations are mainly in the PRC. Except for export sales, which are mainly transacted in US dollars, the Group currently receives its sales revenue mainly in Renminbi. The Group's exposure to exchange rate fluctuations primarily derives from the sales of products and purchase of raw materials in foreign currencies.

XIX. CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no contingent liabilities.

Independent Auditor's Report

To the shareholders of Jiangxi Copper Company Limited

(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 196 to 379, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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 ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("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.

Independent Auditor's Report

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

How our audit addressed the key audit matter

Impairment of trade receivables and factoring receivables

As at 31 December 2022, the Group had trade receivables and factoring receivables of approximately RMB10,380 million and RMB1,449 million, respectively, and an impairment allowance of trade receivables and factoring receivables of approximately RMB5,915 million and RMB1,145 million, respectively. Provision was made for lifetime expected credit losses ("ECL") on trade receivables and for either a 12-month ECL or a lifetime ECL on factoring receivables.

Our audit procedures included, but were not limited to:

1. Obtaining an understanding of and testing the credit control procedures performed by management, including its procedures on periodic review of aged receivables and assessment on the ECL allowance of receivables,
2. Testing on a sample basis, the accuracy of the ageing profile of trade receivables by checking to the underlying sales invoices, and testing on a sample basis, the accuracy of the ageing profile of factoring receivables by checking to the underlying contracts and bank slips,

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Impairment of trade receivables and factoring receivables (Continued)

Management applies judgement in assessing the ECL. Trade receivables or factoring receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for provision of impairment allowance. The remaining trade receivables or factoring receivables are grouped based on ageing of bills of various customer segments with similar loss patterns and collectively assessed for provision of impairment allowance. The ECL rates are determined based on historical credit loss experience and industry data 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. The realisable values of collateral based on valuation reports issued by the independent professional valuers engaged by management, involving judgements and assumptions, have been taken into account when individually and collectively assessing the ECL for trade receivables or factoring receivables. Since the impairment assessment involve many judgements and assumptions, and in view of the significance of the amount, impairment of trade receivables and factoring receivables is considered as a key audit matter.

Related disclosures are included in note 3 Significant accounting judgements and estimates, note 29 Trade and bills receivables and note 30 Factoring receivables, respectively, to the consolidated financial statements.

3. Assessing the adequacy of the impairment allowance made with reference to the credit history of customers and industry data which were adjusted for forward-looking factors specific to the debtors, the economic environment, the realisable value of collateral and settlement records including default or delay in payments and actual collections after the end of the reporting period, and
4. For collateral with collateral valuation reports issued by the independent professional valuers engaged by management, reviewing the collateral valuation reports and testing the key assumptions and estimations used in the valuation with the assistance of our internal valuation specialists.

We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Goodwill impairment – gold related products cash-generating unit

Included in the consolidated statement of financial position was a goodwill balance of RMB1,266 million relating to the gold related products cash-generating unit ("CGU") as at 31 December 2022.

The Group is required to, at least annually, perform impairment assessments of goodwill. As at 31 December 2022, an independent professional valuer has been engaged by management to assist in the assessment of goodwill impairment. For the purpose of performing impairment assessments, goodwill has been allocated to the CGU. The impairment testing was performed by comparing the recoverable amount of the CGU and the carrying amount of the CGU. The determination of the recoverable amount of the underlying CGU involved estimates and judgements, including the future price of gold and related products, production costs, operating expenses, the growth rate used to estimate future cash flows and discount rate applied to these forecasted future cash flows of the underlying CGU. These estimates and judgements might be affected by unexpected changes in future market or economic conditions or discount rates applied. We identified the goodwill impairment as a key audit matter due to the complexity and significant judgements involved in the assessment process of management.

Related disclosures are included in note 3 Significant accounting judgements and estimates and note 20 Goodwill, respectively, to the consolidated financial statements.

Our audit procedures included, but were not limited to:

1. Obtaining an understanding of, evaluating the design, and testing the operating effectiveness of management's key controls over the impairment assessment process,
2. Assessing the competency, capability and objectivity of the independent professional valuer engaged by management,
3. Assessing the adequacy of key assumptions used in the calculations, comprising the future price of gold and related products, production costs, operating expenses, growth rate and discount rate. When assessing these key assumptions, we discussed with management to obtain an understanding of and evaluate management's basis for determining the assumptions, and compared them to external industry outlook reports from a number of sources, and
4. Involving our internal valuation specialists to assist us in assessing the review of goodwill impairment.

We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group for the year ended 31 December 2022 (the "Annual Report"), but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the correction be made.

RESPONSIBILITIES OF THE DIRECTORS 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 IFRSs issued by the IASB 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

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. Our report is made solely to you, as a body, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism 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.

Independent Auditor's Report

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 the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 partner on the audit resulting in this independent auditor's report is Shun Lung Wai, Ricky.

Ernst & Young

Certified Public Accountants

Hong Kong
24 March 2023

Consolidated Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	6	478,392,849	441,614,438
Cost of sales		(466,336,463)	(425,422,857)
Gross profit		12,056,386	16,191,581
Other income	7	1,616,550	1,068,671
Other gains and losses	8	304,893	(3,104,622)
Selling and distribution costs		(439,246)	(367,464)
Administrative expenses		(3,572,932)	(3,714,620)
Impairment losses on financial assets, net	9	(284,586)	(480,019)
Finance costs	10	(1,967,157)	(2,018,808)
Share of profits and losses of:			
Joint ventures	23	(30,336)	(15,272)
Associates	24	(185,014)	(142,559)
PROFIT BEFORE TAX	11	7,498,558	7,416,888
Income tax	14	(1,403,004)	(1,387,449)
PROFIT FOR THE YEAR		6,095,554	6,029,439
Attributable to:			
Owners of the Company		6,001,476	5,772,525
Non-controlling interests		94,078	256,914
		6,095,554	6,029,439
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
– Basic and diluted	16	RMB1.73	RMB1.67

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PROFIT FOR THE YEAR	6,095,554	6,029,439
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	120,678	(15,021)
Share of other comprehensive income/(loss) of joint ventures	5,711	(6,504)
Share of other comprehensive income/(loss) of associates	223,648	(25,922)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	350,037	(47,447)
Other comprehensive income to that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive (loss)/income:		
Changes in fair value	(776,322)	4,386,666
Income tax effect	(11)	46
	(776,333)	4,386,712
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods, net of tax	(776,333)	4,386,712
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(426,296)	4,339,265
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	5,669,258	10,368,704
Attributable to:		
Owners of the Company	5,534,422	10,118,943
Non-controlling interests	134,836	249,761
	5,669,258	10,368,704

Consolidated Statement of Financial Position

31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	17	27,076,033	25,309,193
Investment properties	18	882,327	603,420
Right-of-use assets	19(a)	3,994,949	4,274,161
Goodwill	20	1,295,674	1,295,674
Other intangible assets	21	3,711,200	3,832,071
Exploration and evaluation assets	22	592,956	608,229
Investments in joint ventures	23	112,691	152,316
Investments in associates	24	4,993,702	4,910,158
Financial instruments other than derivatives	25	19,728,456	20,527,325
Deferred tax assets	27	695,213	707,392
Prepayments, other receivables and other assets	31	1,215,986	580,403
Deposits for prepaid lease payments	31	650,931	598,742
Loans to related parties	32	556,885	141,120
Time deposits	33	1,278,953	298,821
Restricted bank deposits	33	3,856,316	3,953,809
Total non-current assets		70,642,272	67,792,834
Current assets			
Inventories	28	38,061,773	36,976,794
Trade and bills receivables	29	6,591,889	7,695,500
Factoring receivables	30	303,993	561,493
Prepayments, other receivables and other assets	31	9,481,141	7,152,924
Loans to related parties	32	1,976,932	1,595,189
Financial instruments other than derivatives	25	4,548,013	4,019,993
Derivative financial instruments	26	503,626	379,098
Restricted bank deposits	33	20,472,033	13,535,689
Cash and cash equivalents	33	14,727,876	21,295,290
		96,667,276	93,211,970
Assets classified as held for sale	34	20,992	29,839
Total current assets		96,688,268	93,241,809

Consolidated Statement of Financial Position

31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Current liabilities			
Trade and bills payables	35	13,825,254	11,167,927
Derivative financial instruments	26	1,461,805	290,969
Other payables and accruals	36	7,756,148	10,090,878
Deposits from holding company and fellow subsidiaries	37	6,408,659	5,348,717
Deferred revenue	38	65,273	60,849
Interest-bearing bank borrowings	39	42,363,005	38,331,946
Lease liabilities	19(b)	180,321	173,125
Corporate bonds	40	56,150	513,316
Tax payable		1,090,665	1,251,214
Total current liabilities		73,207,280	67,228,941
Net current assets		23,480,988	26,012,868
Total assets less current liabilities		94,123,260	93,805,702
Non-current liabilities			
Corporate bonds	40	3,500,000	1,500,000
Interest-bearing bank borrowings	39	6,256,716	11,856,035
Deposits from holding company and fellow subsidiaries	37	31,267	103,684
Lease liabilities	19(b)	19,791	199,149
Deferred tax liabilities	27	330,295	340,068
Provision for rehabilitation	41	356,986	275,765
Employee benefit liabilities	42	15,069	16,080
Deferred revenue	38	476,538	458,647
Other non-current liabilities	43	1,186,441	1,246,348
Total non-current liabilities		12,173,103	15,995,776
Net assets		81,950,157	77,809,926

Consolidated Statement of Financial Position

31 DECEMBER 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Equity			
Equity attributable to owners of the parent			
Share capital	44	3,462,729	3,462,729
Reserves	45	70,055,921	66,336,123
		73,518,650	69,798,852
Non-controlling interests		8,431,507	8,011,074
Total equity		81,950,157	77,809,926

Approved on behalf of the board of directors:

Mr. Zheng Gaoqing
Director

Mr. Yu Tong
Director

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

For the year ended 31 December 2022

	Attributable to owners of the parent												
	Share capital	Share premium*	Capital reserve*	Other reserve*	Statutory surplus	Discretionary surplus	Safety fund surplus	Hedging reserve*	Translation reserve*	Retained profits*	Sub-total	Non-controlling interests	Total
					reserve*	reserve*	reserve*						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	3,462,729	12,647,502	(1,346,444)	11,219,531	5,125,490	9,647,574	404,009	-	205,880	28,432,581	69,798,852	8,011,074	77,809,926
Profit for the year	-	-	-	-	-	-	-	-	-	6,001,476	6,001,476	94,078	6,095,554
Other comprehensive income for the year													
Equity investments at fair value through other comprehensive income	-	-	-	(776,374)	-	-	-	-	-	-	(776,374)	41	(776,333)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	79,961	-	79,961	40,717	120,678
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	5,711	-	5,711	-	5,711
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	223,648	-	223,648	-	223,648
Total comprehensive income for the year	-	-	-	(776,374)	-	-	-	-	309,320	6,001,476	5,534,422	134,836	5,669,258
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	258,250	258,250
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(53,305)	(53,305)
Final 2021 dividend declared	-	-	-	-	-	-	-	-	-	(1,731,365)	(1,731,365)	-	(1,731,365)
Transfer from retained profits	-	-	-	-	366,829	-	7,512	-	-	(374,341)	-	-	-
Disposal of a subsidiary (note 47)	-	-	-	-	-	-	-	-	-	-	-	(2,607)	(2,607)
Others	-	-	(83,259)	-	-	-	-	-	-	-	(83,259)	83,259	-
At 31 December 2022	3,462,729	12,647,502	(1,429,703)	10,443,157	5,492,319	9,647,574	411,521	-	515,200	32,328,351	73,518,650	8,431,507	81,950,157

* These reserve accounts comprise the consolidated reserves of RMB70,055,921,000 (2021: RMB66,336,123,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2022

For the year ended 31 December 2021

	Attributable to owners of the parent													Non-controlling interests	Total
	Share capital	Share premium*	Capital reserve*	Other reserve*	Statutory surplus reserve*	Discretionary surplus reserve*	Safety fund surplus reserve*	Hedging reserve*	Translation reserve*	Retained profits*	Sub-total	Non-controlling interests	Total		
					RMB'000	RMB'000	RMB'000								
As at 1 January 2021	3,462,729	12,647,502	(1,462,233)	6,832,650	4,816,743	9,647,574	267,052	-	246,343	23,452,033	59,910,393	6,948,911	66,859,304		
Profit for the year	-	-	-	-	-	-	-	-	-	5,772,525	5,772,525	256,914	6,029,439		
Other comprehensive income for the year															
Equity investments at fair value through other comprehensive income	-	-	-	4,386,881	-	-	-	-	-	-	4,386,881	(169)	4,386,712		
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(8,037)	-	(8,037)	(6,984)	(15,021)		
Share of other comprehensive expenses of joint ventures	-	-	-	-	-	-	-	-	(6,504)	-	(6,504)	-	(6,504)		
Share of other comprehensive expenses of associates	-	-	-	-	-	-	-	-	(25,922)	-	(25,922)	-	(25,922)		
Total comprehensive income for the year	-	-	-	4,386,881	-	-	-	-	(40,463)	5,772,525	10,118,943	249,761	10,368,704		
Contribution from non-controlling interests	-	-	116,077	-	-	-	-	-	-	-	116,077	703,626	819,703		
Acquisition of a subsidiary not under common control	-	-	-	-	-	-	-	-	-	-	-	236,284	236,284		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(107,803)	(107,803)		
Final 2020 dividend declared	-	-	-	-	-	-	-	-	-	(346,273)	(346,273)	-	(346,273)		
Transfer from retained profits	-	-	-	-	308,747	-	136,957	-	-	(445,704)	-	-	-		
Disposal of a subsidiary (note 47)	-	-	-	-	-	-	-	-	-	-	-	(19,705)	(19,705)		
Others	-	-	(288)	-	-	-	-	-	-	-	(288)	-	(288)		
At 31 December 2021	3,462,729	12,647,502	(1,346,444)	11,219,531	5,125,490	9,647,574	404,009	-	205,880	28,432,581	69,798,852	8,011,074	77,809,926		

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	11	7,498,558	7,416,888
Adjustments for:			
Finance costs	10	1,967,157	2,018,808
Foreign exchange gains, net	8	(237,805)	(6,815)
(Gains)/losses on other financial instruments, net:			
– Listed debentures	8	(27,571)	(8,903)
– Listed equity investments	8	12,437	(13,290)
– Investments in financial products	8	(278,671)	(290,933)
– Gold lease contracts	8	12,345	9,177
Net (gains)/losses on disposal of, net:			
– Items of property, plant and equipment	8	104,968	129,702
– Other intangible assets	8	–	(12,068)
– Exploration and evaluation assets	8	19,098	–
Fair value losses/(gains), net:			
– Derivative financial instruments	8	601,720	(217,693)
– Listed equity investments	8	152,743	139,573
– Unlisted equity investments	8	25,170	118,428
– Income right attached to a target equity interest	8	5,800	78,848
– Debt instruments	8	24,576	91,468
Provision for/(reversal of) impairment of:			
– Trade and bills receivables	9	194,176	147,817
– Factoring receivables	9	17,903	167,359
– Other receivables	9	73,209	193,117
– Loans to related parties	9	1,346	(30,322)
– Treasury bonds	9	(2,048)	2,048
– Right-of-use assets	8	3,401	4,503
– Property, plant and equipment	8	118,350	724,416
– Exploration and evaluation assets	8	–	48,228
– Other intangible assets	8	22,910	336,605

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Provision for impairment of inventories to net realisable value	11	760,857	311,146
Depreciation/amortisation of:			
– Property, plant and equipment	11	2,147,811	2,170,295
– Right-of-use assets	11	307,559	303,921
– Investment properties	11	26,466	12,548
– Other intangible assets	11	242,942	274,141
Dividend income from equity investments	7	(112,156)	(28,426)
Share of losses of joint ventures and associates	23, 24	215,350	157,831
Gain on disposal of Interests in a subsidiary	8	(13,458)	(26,479)
Gain on disposal of Interests in associates	8	(168,630)	–
Unwinding of an interest in rehabilitation provision	41	11,043	11,478
Deferred revenue released to the statement of profit or loss	38	(78,550)	(81,456)
		13,649,006	14,151,960
Increase in inventories		(1,456,867)	(5,015,078)
Decrease/(increase) in trade and bills receivables		750,386	(1,167,660)
Decrease/(increase) in factoring receivables		75,287	(12,278)
Increase in prepayments, other receivables and other assets		(380,165)	(1,191,910)
Decrease in derivative financial instruments		5,447	11,681
Increase in loans to related parties		(798,854)	(2,924)
Increase in restricted bank deposits		(1,090,896)	(2,646,579)
Increase in trade and bills payables		2,658,416	985,311
(Decrease)/increase in other payables and accruals		(2,194,117)	2,817,148
Increase in deposits from holding company and fellow subsidiaries		987,525	2,342,708
Cash generated from operations		12,205,168	10,272,379
Income tax paid		(1,563,847)	(1,240,745)
Net cash flows from operating activities		10,641,321	9,031,634

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022

<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial investments	26,746,132	20,026,359
Proceeds from disposal of property, plant and equipment	180,992	89,403
Proceeds from disposal of items of assets classified as held for sale	8,847	2,203
Proceeds from disposal of other intangible assets	227	18,649
Proceeds from disposal of right-of-use assets	20,386	243
Proceeds from disposal of a subsidiary	61,410	–
Proceeds from disposal of an associate	182,272	–
Additional investments in associates	(285,536)	(648,139)
Dividend received from a joint venture	15,000	6,461
Dividend received from an associate	45,805	58,183
Acquisition of subsidiaries and business combinations	–	(82,447)
Purchases of financial investments	(29,379,069)	(19,828,087)
Purchases of property, plant and equipment	(5,158,060)	(2,677,206)
Purchases of exploration and evaluation assets	(11,432)	(20,346)
Additions to right-of-use assets	(34,926)	(119,174)
Purchases of other intangible assets	(111,030)	(54,945)
Net cash used in investing activities	(7,718,982)	(3,228,843)

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings raised		98,101,696	88,090,361
New corporate bond issued		3,000,000	1,500,000
Collection of pledged time deposits to secure bank borrowings		(17,561,965)	(11,685,683)
Repayment of bank and other borrowings		(90,831,804)	(75,755,550)
Principal portion of lease payments		(199,145)	(202,288)
Dividends paid		(1,731,365)	(346,273)
Dividends paid to non-controlling interests		(53,306)	(107,803)
Interest paid		(736,163)	(1,158,522)
Contribution from non-controlling interests		258,250	819,703
Net cash flows (used in)/from financing activities		(9,753,802)	1,153,945
Net (decrease)/increase in cash and cash equivalents		(6,831,463)	6,956,736
Cash and cash equivalents at beginning of year		21,295,290	14,451,776
Effect of foreign exchange rate changes, net		264,049	(113,222)
Cash and cash equivalents at end of year	33	14,727,876	21,295,290

Notes to Financial Statements

31 DECEMBER 2022

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited (the “Company”) was registered in the People’s Republic of China (the “PRC”) as a joint stock limited company. The registration number of the Company’s business licence is Qi He Gan Zhong Zi 003556. The Company was established on 24 January 1997 by Jiangxi Copper Corporation (“JCC”), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited, and approved by Jiangxi Province’s Administrative Bureau for Industry and Commerce. The Company’s H shares and A shares were listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, respectively. The registered address of the Company is 15 Yejin Avenue, Guixi City, Jiangxi, the PRC. In the opinion of the directors, the Company’s ultimate holding company is JCC, a State-owned enterprise established in the PRC, the Company’s penultimate controlling party is Jiangxi State-owned Capital Operation Holding Group Co. Ltd, and the ultimate controlling party is the State-owned Assets Supervision and Administration Commission of the People’s Government of Jiangxi Province.

The principal business of the Group covers copper and gold mining and dressing, smelting and processing, extraction and processing of the precious metals and scattered metals, sulphuric chemicals as well as finance and trading fields. The Group has established a complete industrial chain integrated with exploration, mining, ore dressing, smelting and processing in copper and related non-ferrous metal fields, and it is an important production base of copper, gold, silver and sulphuric chemicals in the PRC. The Group has more than 50 varieties of main products, such as copper cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium and bismuth.

Notes to Financial Statements

31 DECEMBER 2022

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
四川康西銅業有限責任公司 Sichuan Kangtong Copper Company Limited ("Kangtong")	LLC	Mainland China	RMB286,880,000	57.14%	–	Sale of copper materials, precious metal materials and sulphuric acid
江銅國際貿易有限公司 Jiangxi Copper International Trade Company Limited ("JXCC International Trade")	LLC	Mainland China	RMB1,016,091,000	59.05%	–	Sale of metals, chemicals, mining products, construction materials
保弘有限公司 Sure Spread Company Limited. ("Sure Spread")	LLC	Hong Kong	HKD50,000,000	–	59.05%	International trading and provision of related technical services
江銅國際(新加坡)有限公司 Jiangtong International (Singapore) PTE. LTD. ("Jiangtong Singapore")	LLC	Singapore	USD35,042,000	–	59.05%	Sale of copper materials, precious metal materials and sulphuric acid
江銅國際商業保理有限責任公司 Jiangxi Copper International Commercial Factoring Company Limited ("Jiangtong Factoring")	LLC	Mainland China	RMB400,000,000	–	59.05%	Treasury and provision of financial services

Notes to Financial Statements

31 DECEMBER 2022

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
江西銅業集團財務有限公司 JCC Finance Company Limited ("Finance Company")	LLC	Mainland China	RMB1,000,000,000	98.33%	1.67%	Provision of deposits, loans, guarantees and financing consultation services to related parties
深圳江銅營銷有限公司 Shenzhen Jiangxi Copper Marketing Company Limited ("Shenzhen Trading")	LLC	Mainland China	RMB2,260,000,000	100%	-	Sale of copper products
鴻天實業有限公司 Loyal Sky Industrial Company Limited ("Loyal Sky")	LLC	Hong Kong	HKD77,555,000	-	100%	Trading of copper products and non-ferrous metals
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading")	LLC	Mainland China	RMB200,000,000	100%	-	Sale of copper products
廣州江銅銅材有限公司 Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC")	LLC	Mainland China	RMB800,000,000	-	100%	Production, processing and sale of copper products and wires
江西省江銅箔科技股份有限公司 Jiangxi Copper Yates Copper Foil Company Limited ("Copper Foil")	LLC	Mainland China	RMB1,253,600,000	70.19%	-	Production and sale of copper foil

Notes to Financial Statements

31 DECEMBER 2022

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
江西江銅龍昌精密銅管有限公司 Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe")	LLC	Mainland China	RMB890,529,000	92.04%	-	Production and sale of copper pipes and other copper pipe products
江西銅業(清遠)有限公司 Jiangxi Copper (Qingyuan) Company Limited	LLC	Mainland China	RMB890,000,000	-	100%	Manufacture and sale of copper products
江西銅業香港有限公司 Jiangxi Copper Company Hong Kong Limited	LLC	Hong Kong	HKD1,096,069,000	100%	-	Trading of copper products and non-ferrous metals
香格里拉拉必司大吉礦有限公司 Shangri La Bisidaji Mining Company Limited	LLC	Mainland China	RMB5,000,000	51%	-	Exploration of copper mining
江銅華北(天津)銅業有限公司 Jiangxi Copper Huabei (Tianjin) Company Limited ("JCHT")	LLC	Mainland China	RMB640,204,000	51%	-	Manufacture and sale of copper products
浙江江銅富冶和鼎銅業有限公司 Zhejiang JCC Fuyue Heding Copper Company Limited ("Fuyue Heding") (a)	LLC	Mainland China	RMB1,280,000,000	40%	-	Manufacture and sale of copper products
江西銅業(香港)投資有限公司 Jiangxi Copper Hong Kong Investment Limited	LLC	Hong Kong	USD1,052,080,000	100%	-	Mining investment

Notes to Financial Statements

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1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
山東恒邦冶煉股份有限公司 Shandong Humon Smelting Co., Ltd. ("Shandong Humon") (b)	LLC	Mainland China	RMB910,400,000	44.48%	-	Production, processing and sale of precious metals and non-ferrous metals
江銅國興(煙台)銅業有限公司 Jiangtong Guoxing (Yantai) Copper CO., Ltd. ("Yantai Guoxing")	LLC	Mainland China	RMB500,000,000	65%	-	Manufacture of copper sulphate, electrolytic copper and non-ferrous metal
江西銅業(深圳)國際投資控股有限公司 Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd. ("Shengzhen International")	LLC	Mainland China	RMB1,662,000,000	100%	-	Mining investment
PIM CUPRIC HOLDING LTD ("PIM Cupric")	LLC	British Virgin Islands	USD1,136,261,000	-	100%	Mining investment
江西電纜有限責任公司 Jiangxi Cable Holding Limited ("Jiangxi Cable")	LLC	Mainland China	RMB306,122,400	51%	-	Manufacture and sale of cable
天津大無縫銅材有限公司 Tpco Copper Holding Limited ("Tpco Copper")	LLC	Mainland China	RMB2,772,600,000	-	46.71%	Manufacture and sale of copper products

Notes to Financial Statements

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1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

- (a) On 1 October 2015, the Company entered into an acting-in-concert agreement with another vote holder of Fuye Heding, resulting in the Company having the majority of the voting rights thereafter. Accordingly, the board of directors of the Company considered that the Company has control over Fuye Heding and has consolidated it as a subsidiary since 1 October 2015.
- (b) The Company controls Shandong Humon through de facto control. Details are given in note 3 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, certain debt and equity instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

The nature and the impact of the revised IFRS that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 are intended to replace a reference to the previous with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no significant business combinations during the year, the amendments did not have material impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no significant sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any material impact on the financial position or performance of the Group.

Notes to Financial Statements

31 DECEMBER 2022

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised IFRS that are applicable to the Group are described below: (Continued)

- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no significant onerous contracts were identified. Therefore, the amendments did not have any material impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- Amendment to IFRS 1 – *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

Notes to Financial Statements

31 DECEMBER 2022

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised IFRS that are applicable to the Group are described below: (Continued)

(d) (continued)

- Amendment to IFRS 9 *Financial Instruments* – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

- Amendment to illustrative examples accompanying IFRS 16 *Leases*

The amendment to illustrative example 13 accompanying IFRS 16 removes from the fact pattern a reimbursement relating to leasehold improvements, as the example had not explained clearly whether the reimbursement would meet the definition of a lease incentive in IFRS 16. These amendments had no impact on the consolidated financial statements of the Group as it is not applicable for the Group.

- IAS 41 *Agriculture* – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
IFRS 17	<i>Insurance Contracts</i> ¹
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{1, 5}
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> ⁶
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{2, 4}
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.

⁵ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

⁶ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Further information about those IFRSs that are expected to be applicable to the Group is described below.

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. In respect of sale and leaseback transactions with variable lease payments that do not depend on an index or a rate, the Group will develop an accounting policy for such transactions.

Notes to Financial Statements

31 DECEMBER 2022

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Notes to Financial Statements

31 DECEMBER 2022

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. During the year, the Group has performed a detailed assessment on the impact of amendments to IAS 12. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

(i) Business combinations under common control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter year, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous financial year end or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using the merger accounting are recognised as expenses in the year in which they are incurred.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

(ii) Business combinations not under common control

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (Continued)

(ii) Business combinations not under common control (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its debt instruments, derivative financial instruments and equity investments at fair value at the end of each reporting period. 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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	Useful life
Buildings and mining infrastructure	12–45 years
Machinery	8–27 years
Motor vehicles	4–13 years
Office equipment	5–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group uses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to investment property's residual value over its estimated useful life. The estimated useful lives are as follows:

Commercial properties	20–50 years
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The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

The useful lives of intangible assets are assessed to be either finite or indefinite and are shown below:

	Useful life
Mining rights	10–50 years
Trademarks	20 years
Vendor contracts	18 years
Others	5–20 years

The Group's intangible assets are mainly with finite useful lives. Intangible assets with finite lives are subsequently amortised over the shorter of their useful economic lives and the licence period and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets are mainly comprised of cost to acquire exploration rights as well as expenditures incurred during topographical exploration process, including topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies. If any project is abandoned, the total expenditure thereon will be written off in the statement of profit or loss.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	25–50 years
Buildings	2–10 years
Machinery and vehicles	5–10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 360 days past due.

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31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The realisable values of collateral have been taken into account when individually and collectively assessing the ECL for trade receivables.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, deposits from the holding company and fellow subsidiaries, derivative financial instruments and interest-bearing bank borrowings, corporate bonds and other non-current liabilities.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018); and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, foreign currency swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost of inventories also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

To the extent to which more than one finished product is obtained from the mineral resource (“joint products”), all joint production costs are apportioned between the resulting finished products by reference to their estimated realisable values at the point where those joint products become physically separated.

Those costs of removing waste materials or “stripping costs” incurred during the production phase of a mine are included in the cost of inventories extracted during the period in which the stripping costs are incurred.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for the Group's obligations for environment rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its provisions for environment rehabilitation cost at closure of mine based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognised at the appropriate discount rate.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of goods

The Group generally recognises revenue at the point of transfer of the control of goods on the basis of a combination of the following factors: the current right to collect the goods, the transfer of major risks and benefits in the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of physical assets of the goods and that the customers have accepted the goods.

(b) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(c) *Other service income*

Other service income, including income from sub-contracting services, is recognised when services are provided.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits

In accordance with the rules and regulations in the PRC, the employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Notes to Financial Statements

31 DECEMBER 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Consolidation of an entity in which the Group holds less than a majority of voting rights

The Company considers that it controls Shandong Humon even though it owns less than 50% of the voting rights. This is because: i) the Company is able to control over the board of Shandong Humon with the power to make decision in the financial and operating policies; ii) the Company entered into an agreement with another three vote holders of Shandong Humon and they promised that they will not, either by themselves or together with other vote holders of Shandong Humon damage or impact the Company's right of control over Shandong Humon; and iii) the remaining equity shares in Shandong Humon are widely held by many other shareholders. Since the date of acquisition, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Company.

Estimation uncertainty

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

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2022 was RMB356,986,000 (2021: RMB275,765,000). More details are given in note 41.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Useful lives of property, plant and equipment

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related property, plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future years. The carrying amount of property, plant and equipment at 31 December 2022 was RMB27,076,033,000 (2021: RMB25,309,193,000). More details are given in note 17.

Allowance for inventories

Management reviews 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 and the estimated 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/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. The carrying amount of inventories was RMB38,061,773,000 at 31 December 2022 (2021: RMB36,976,794,000). More details are given in note 28.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and take into account recent economic production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable mineral reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining depreciation and amortisation rates for mine related assets and are used in assessing impairment losses. The carrying amount of mining rights at 31 December 2022 was RMB3,336,011,000 (2021: RMB3,433,466,000). More details are given in note 21.

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of profit or loss in the period when the new information becomes available. The carrying amount of exploration and evaluation assets at 31 December 2022 was RMB592,956,000 (2021: RMB608,229,000). More details are given in note 22.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amounts of the future taxable profit and tax planning strategies. The carrying amount of deferred tax assets at 31 December 2022 of the Group was RMB695,213,000 (2021: RMB707,392,000). More details are given in note 27.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2022 was RMB1,295,674,000 (2021: RMB1,295,674,000). Further details are given in note 20.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2022, the carrying amount of non-financial assets (other than deferred tax, deposits for prepaid lease payments and deposits for property, plant and equipment) was RMB41,363,858,000 (2021: RMB39,689,548,000).

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 relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed 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. The realisable value of collateral has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables (Continued)

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging of bill for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions, realisable value of collateral and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances, forecast economic conditions and realizable value of collateral. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for expected credit losses on factoring receivables and other receivables

Impairment loss on factoring receivables and other receivables represent management's best estimate of losses incurred in factoring receivables and other receivables at the reporting date under ECL models. Management assesses whether the credit risk of factoring receivables and other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECLs. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment losses on factoring receivables and other receivables, including any observable data indicating that there is a measurable decrease in the estimated future cash flows from factoring receivables and other receivables and historical loss experience on the basis of the relevant observable data that reflects current economic conditions. The realisable values of collateral have been taken into account when individually and collectively assessing the ECL for trade receivables.

The measurement of the ECLs involves significant management judgments and assumptions, primarily including the selection of appropriate models and determination of relevant key measurement parameters, criteria for determining whether there was a significant increase in credit risk or a default was incurred, economic indicators for forward-looking measurement, and the application of economic scenarios and weightings, management consideration due to significant uncertain factors not covered in the models and the estimated future cash flows in stage 3.

Notes to Financial Statements

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Fair value of unlisted equity investments and income right attached to a target equity interest

The unlisted equity investments and income right attached to a target equity interest have been valued based on a market-based valuation technique as detailed in note 54 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select a series of key ratios. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments and the income right attached to a target equity interest at 31 December 2022 was RMB1,191,765,000 (2021: RMB1,051,279,000). Further details are included in note 25 to the financial statements.

Notes to Financial Statements

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4. BUSINESS COMBINATION

Acquisition of Tpcu Copper

On 5 January 2021, the Group acquired a 91.59% interest in Tpcu Copper Holding Limited (“Tpcu Copper”) from a third party. The acquisition was made as part of the Group’s strategy to expand and strengthen the copper processing business. The purchase consideration for the acquisition was RMB300,000,000 in the form of cash.

The fair values of identifiable assets acquired and liabilities assumed of Tpcu Copper as at the date of acquisition were:

	5 January 2021 Fair value RMB’000
Non-current assets	227,904
Including: Property, plant and equipment	199,368
Right-of-use assets	28,410
Current assets	250,273
Including: Inventories	144,383
Total assets	478,177
Non-current liabilities	(51,356)
Including: Deferred tax liabilities	(21,001)
Current liabilities	(99,274)
Total liabilities	(150,630)
Total identifiable net assets at fair value	327,547
Non-controlling interests	(27,547)
Identifiable net assets at fair value attributable to the Group	300,000
Satisfied by cash	300,000

Notes to Financial Statements

31 DECEMBER 2022

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Tpcu Copper (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration paid in the period	(300,000)
Cash and bank balances acquired	10,332
<hr/>	
Net outflow of cash and cash equivalents included in cash flows from investing activities	(289,668)
Prepaid consideration in prior year	225,000
Transaction costs of the acquisition included in cash flows from operating activities	(400)
<hr/>	
	(65,068)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB65,081,000 and RMB15,845,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB643,930,000 and RMB595,088,000, respectively, of which RMB578,849,000 and RMB579,243,000 impairment provision provided, respectively.

The Group incurred transaction costs of RMB400,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Since the acquisition, Tpcu Copper contributed RMB7,712,229,000 to the Group's revenue and RMB5,942,000 net loss to the consolidated profit for the year ended 31 December 2021.

Notes to Financial Statements

31 DECEMBER 2022

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Jiangxi Cable

On 6 January 2021, the Group acquired a 51.00% interest in Jiangxi Cable Holding Limited (“Jiangxi Cable”) from a third party. The acquisition was made as part of the Group’s strategy to expand and strengthen the copper processing business. The purchase consideration for the acquisition was RMB208,404,000 in the form of cash.

The fair values of identifiable assets acquired and liabilities assumed of Jiangxi Cable as at the date of acquisition were:

	6 January 2021 Fair value RMB’000
Non-current assets	158,716
Including: Property, plant and equipment	131,141
Right-of-use assets	27,575
Current assets	224,831
Including: Inventories	9,168
Total assets	383,547
Current liabilities	(8,616)
Total liabilities	(8,616)
Total identifiable net assets at fair value	374,931
Non-controlling interests	(183,716)
Identifiable net assets at fair value attributable to the Group	191,215
Goodwill on acquisition	17,189
Satisfied by cash	208,404

Notes to Financial Statements

31 DECEMBER 2022

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Jiangxi Cable (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration paid in the period	(208,404)
Cash and bank balances acquired	208,826
<hr/>	
Net inflow of cash and cash equivalents included in cash flows from investing activities	422
Transaction costs of the acquisition included in cash flows from operating activities	(56)
<hr/>	
	366

The fair values and the gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB6,744,000 and RMB23,000, respectively.

The Group incurred transaction costs of RMB56,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Since the acquisition, Jiangxi Cable contributed RMB339,427,000 to the Group's revenue and RMB30,823,000 net loss to the consolidated profit for the year ended 31 December 2021.

Notes to Financial Statements

31 DECEMBER 2022

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Guangdong Taolin

On 28 September, 2021, the Group acquired a 49.00% interest in Guangdong Taolin Ecology and Environment Co. Ltd. (“Guangdong Taolin”) from a third party. Meanwhile, the Group entered into an acting-in-concert agreement with another vote holder, resulting in the Group holding the majority of the voting rights therefore. Accordingly, the board of directors of the Group considered that the Group has controlled over Guangdong Taolin and has consolidated it as a subsidiary since 28 September, 2021. The acquisition was made as part of the Group’s strategy to expand the business of ecological restoration of mining. The purchase consideration for the acquisition was RMB36,488,000 in the form of cash.

The fair values of identifiable assets acquired and liabilities assumed of Guangdong Taolin as at the date of acquisition were:

	28 September 2021 Fair value RMB’000
Non-current assets	21,499
Including: Property, plant and equipment	3,209
Other Intangible Assets	18,290
Current assets	67,944
Including: Inventories	9,854
Total assets	89,443
Non-current liabilities	(4,598)
Including: Deferred tax liabilities	(4,598)
Current liabilities	(35,784)
Total liabilities	(40,382)
Total identifiable net assets at fair value	49,061
Non-controlling interests	(25,021)
Identifiable net assets at fair value attributable to the Group	24,040
Goodwill on acquisition	12,449
Satisfied by cash	36,489

Notes to Financial Statements

31 DECEMBER 2022

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Guangdong Taolin (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration paid in the period	(36,489)
Cash and bank balances acquired	18,976
<hr/>	
Net outflow of cash and cash equivalents included in cash flows from investing activities	(17,513)
Transaction costs of the acquisition included in cash flows from operating activities	(232)
<hr/>	
	(17,745)

The fair values and the gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB29,053,000 and RMB5,582,000, respectively.

The Group incurred transaction costs of RMB232,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Since the acquisition, Guangdong Taolin contributed RMB57,085,000 to the Group's revenue and RMB13,560,000 net profit to the consolidated profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue and the profit of Guangdong Taolin included in the statement of profit or loss of the Group for the year would have been RMB100,991,000 and RMB17,324,000, respectively.

Notes to Financial Statements

31 DECEMBER 2022

4. BUSINESS COMBINATION (CONTINUED)

Reconciliation of goodwill

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	<i>RMB'000</i>
Gross carrying amount	
At 1 January 2021	1,266,036
Acquisition of subsidiaries	29,638
	<hr/>
At 31 December 2021	1,295,674
	<hr/>
Accumulated impairment losses	
At 1 January 2021 and 31 December 2021	–
	<hr/>
Net book value	
At 1 January 2021	1,266,036
	<hr/>
At 31 December 2021	1,295,674
	<hr/>

Notes to Financial Statements

31 DECEMBER 2022

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) production and sale of copper and other related products and services (“Copper related business”),
- (b) production and sale of gold and other related products and services (“Gold related business”).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax for related periods.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2022	Copper related business RMB’000	Gold related business RMB’000	Total RMB’000
Segment revenue			
Sales to external customers	429,633,156	48,759,693	478,392,849
Intersegment sales	175,015	1,208,103	1,383,118
	429,808,171	49,967,796	479,775,967
<i>Reconciliation:</i>			
Elimination of intersegment sales			(1,383,118)
Revenue			478,392,849
Segment results	7,047,557	451,001	7,498,558
<i>Reconciliation:</i>			
Elimination of intersegment results			–
Profit before tax			7,498,558

Notes to Financial Statements

31 DECEMBER 2022

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021	Copper related business RMB'000	Gold related business RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	401,515,851	40,098,587	441,614,438
Intersegment sales	292,248	1,178,393	1,470,641
	401,808,099	41,276,980	443,085,079
Reconciliation:			
Elimination of intersegment sales			(1,470,641)
Revenue			441,614,438
Segment results	7,037,176	379,712	7,416,888
Reconciliation:			
Elimination of intersegment results			–
Profit before tax			7,416,888

Notes to Financial Statements

31 DECEMBER 2022

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operation is mainly located in Mainland China and Hong Kong. The Group's revenue by geographical location of customer is detailed below:

	2022	2021
	RMB'000	RMB'000
Mainland China	419,335,347	379,475,853
Hong Kong	35,469,823	34,451,457
Others	25,132,875	28,840,360
	479,938,045	442,767,670
Less: Sales related taxes	1,545,196	1,153,232
	478,392,849	441,614,438

All material non-current assets of the Group (excluding deferred tax assets and financial instruments) are located in Mainland China except for certain investments in Hong Kong, the United States, Singapore, Afghanistan, Albania, Peru, Japan, Zambia, Kazakhstan and Mexico.

Information about major customers

No revenue from customer or a group of entities which are known to be under common control with that customer, was accounted for 10% or more of the Group's revenue for years ended 31 December 2022 and 2021. State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

Notes to Financial Statements

31 DECEMBER 2022

6. REVENUE

Disaggregated revenue information

An analysis of revenue is as follows:

	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers		
Sale of goods		
– Copper cathodes	251,802,921	221,113,210
– Copper rods	108,259,138	102,444,247
– Copper processing products	6,119,073	6,441,992
– Gold	35,532,927	28,242,117
– Silver	16,669,894	14,015,436
– Sulphuric and sulphuric concentrates	3,553,978	3,375,199
– Copper concentrate, rare and other non-ferrous metals	50,045,042	59,193,201
– Others	6,345,417	6,366,885
Construction services	667,160	503,951
Other services	942,495	1,071,432
	479,938,045	442,767,670
Less: Sales related taxes	1,545,196	1,153,232
	478,392,849	441,614,438

Notes to Financial Statements

31 DECEMBER 2022

6. REVENUE (CONTINUED)

Disaggregated revenue information (Continued)

The Group's revenue from contracts with customers, including sales of goods and other service income above, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Type of goods or service		
– Sale of goods	478,328,390	441,192,287
– Construction services	667,160	503,951
– Other services	942,495	1,071,432
	479,938,045	442,767,670
Less: Sales related taxes	1,545,196	1,153,232
Total revenue from contracts with customers	478,392,849	441,614,438
Timing of revenue recognition		
– Goods or services transferred at a point in time	479,270,885	442,263,719
– Services transferred over time	667,160	503,951
	479,938,045	442,767,670
Less: Sales related taxes	1,545,196	1,153,232
Total revenue from contracts with customers	478,392,849	441,614,438

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	2,192,495	1,484,500

Notes to Financial Statements

31 DECEMBER 2022

6. REVENUE (CONTINUED)

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon transfer of controls of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Sales of goods are made in a short period of time and the performance obligation is mostly satisfied in one year or less at the end of each year.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other services

The performance obligation is satisfied upon services are provided and payment is generally due within 30 to 90 days from the date of billing.

7. OTHER INCOME

An analysis of other income is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income	1,120,468	814,715
Dividend income from equity investments	112,156	28,426
Government grants recognised	299,930	162,424
Compensation income and others	83,996	63,106
	1,616,550	1,068,671

Notes to Financial Statements

31 DECEMBER 2022

8. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fair value (losses)/gains from commodity derivative contracts and commodity option contracts:		
Transactions not designated for hedge	(477,531)	172,584
Gain/(losses) on commodity derivative contracts and commodity option contracts:		
Transactions not designated for hedge	1,345,499	(2,116,455)
Fair value (losses)/gains from foreign currency forward contracts	(124,189)	45,109
(Losses)/gains from foreign currency forward contracts	(551,961)	156,909
Fair value losses on other financial assets:		
Investments in financial products	(24,576)	(91,468)
Listed equity instruments	(152,743)	(139,573)
Unlisted equity investments	(25,170)	(118,428)
Income right attached to a target equity interest	(5,800)	(78,848)
Gains/(losses) on other financial instruments:		
Listed equity instruments	(12,437)	13,290
Listed debentures	27,571	8,903
Investments in financial products	278,671	290,933
Gold lease contracts	(12,345)	(9,177)
Impairment losses on:		
Property, plant and equipment	(118,350)	(724,416)
Exploration and evaluation assets	–	(48,228)
Right of use assets	(3,401)	(4,503)
Other intangible assets	(22,910)	(336,605)
Gains/(losses) on disposal of:		
Interests in a subsidiary (<i>note 47</i>)	13,458	26,479
Interests in associates	168,630	–
Property, plant and equipment	(104,968)	(129,702)
Other intangible assets	–	12,068
Exploration and evaluation assets	(19,098)	–
Foreign exchange gains, net	237,805	6,815
Others	(111,262)	(40,309)
	304,893	(3,104,622)

Notes to Financial Statements

31 DECEMBER 2022

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Provided for/(reversal of)		
Impairment of trade and bills receivables	194,176	147,817
Impairment of factoring receivables	17,903	167,359
Impairment of other receivables	73,209	193,117
Impairment of loans to related parties	1,346	(30,322)
Impairment of treasury bonds	(2,048)	2,048
	284,586	480,019

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on:		
Bank borrowings	1,137,088	1,373,628
Discounted notes	695,257	596,064
Corporate bonds	117,066	31,025
Lease liabilities	17,746	18,091
	1,967,157	2,018,808

Notes to Financial Statements

31 DECEMBER 2022

11. PROFIT BEFORE TAX

In addition to the items detailed elsewhere in these financial statements, the Group's profit before tax is arrived at after charging:

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Cost of inventories sold and service provided		457,146,330	417,262,030
Depreciation of property, plant and equipment	17	2,147,811	2,170,295
Depreciation of right-of-use assets	19	307,559	303,921
Depreciation of investment properties	18	26,466	12,548
Amortisation of other intangible assets	21	242,942	274,141
Auditors' remuneration		15,280	14,850
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		4,860,125	4,718,525
– Pension scheme contributions*		637,540	614,177
Research and development costs		483,092	474,050
Provision for allowance for inventories included in cost of sales		760,857	311,146

* *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.*

Notes to Financial Statements

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12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fees	600	600
Other emoluments:		
Salaries, allowances and benefits in kind	10,332	10,352
Pension scheme contributions	587	471
	10,919	10,823
	11,519	11,423

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Liu Xike	150	150
Zhu Xingwen	150	150
Wang Feng	150	75
Liu Erfei (i)	125	150
Li Shuidi (i)	25	–
Tu Shutian	–	75
	600	600

Note:

- i. On 18 October 2022, Mr. Liu Erfei resigned as an independent non-executive director of the Company and Mr. Li Shuidi was appointed as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

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12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors

2022	Fees RMB'000	Other emoluments			Total RMB'000
		Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	
Executive directors:					
Zheng Gaoqing (Chairman and the chief executive)	–	1,332	–	70	1,402
Zhou Shaobing (i)	–	222	–	32	254
Wang Bo	–	1,332	–	70	1,402
Liu Fangyun	–	1,332	–	62	1,394
Yu Tong	–	1,332	–	43	1,375
	–	5,550	–	277	5,827
Supervisors:					
Gong Bin (ii)	–	877	–	38	915
Zhao Bicheng (ii)	–	877	–	37	914
Zha Keping (iii)	–	159	–	52	211
Liu Guobiao (iii)	–	159	–	40	199
Zhang Kui (ii)	–	80	–	4	84
Zeng Min (ii)	–	80	–	4	84
Wu Donghua (iii)	–	797	–	45	842
Zhang Jianhua (iii)	–	797	–	36	833
Guan Yongmin (iv)	–	956	–	54	1,010
	–	4,782	–	310	5,092

Notes to Financial Statements

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12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (Continued)

2021	Fees RMB'000	Other emoluments			Total RMB'000
		Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	
Executive directors:					
Zheng Gaoqing (Chairman and the chief executive)	-	1,298	-	69	1,367
Gao Jian-min	-	250	-	-	250
Liang Qing	-	250	-	-	250
Wang Bo	-	1,298	-	65	1,363
Yu Tong	-	1,298	-	57	1,355
Liu Fangyun	-	1,298	-	34	1,332
	-	5,692	-	225	5,917
Supervisors:					
Zeng Min	-	932	-	47	979
Zhang Jianhua	-	932	-	44	976
Zhang Kui	-	932	-	47	979
Guan Yongmin	-	932	-	55	987
Wu Donghua	-	932	-	53	985
	-	4,660	-	246	4,906

Notes to Financial Statements

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12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (continued)

Notes:

- i. On 18 October 2022, Mr. Zhou Shaobing was appointed as an executive director of the Company.
- ii. On 27 January 2022, Ms. Gong Bin and Mr. Zhao Bicheng were appointed as the supervisors of the Company, and Mr. Zhang Kui and Mr. Zeng Min resigned from their positions as the supervisors of the Company.
- iii. On 18 October 2022, Mr. Zha Keping and Mr. Liu Guobiao were appointed as the supervisors of the Company, and Mr. Wu donghua and Mr. Zhang Jianhua resigned from their positions as the supervisors of the Company.
- iv. On 14 December 2022, Mr. Guan Yongmin resigned from his position as the supervisor of the Company.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees of the Group and/or in their capacity as directors of the companies now comprising the Group during the year. There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Notes to Financial Statements

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13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included no directors (2021: Nil). Details of the remuneration for the year of the five (2021: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, allowances and benefits in kind	13,025	13,037
Pension scheme contributions	410	215
	13,435	13,252

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2022 <i>Number of Individual</i>	2021 <i>Number of Individual</i>
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$5,500,001 to HK\$6,000,000	1	1
	5	5

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14. INCOME TAX

The major components of income tax expenses of the Group during the year are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Current income tax	1,400,609	1,666,888
Deferred income tax (<i>note 27</i>)	2,395	(279,439)
Income tax charge for the year	1,403,004	1,387,449

Hong Kong profits tax on the Group's subsidiaries has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiaries incorporated in Singapore, United States, Peru, Turkey, Zambia, Mexico and Tajikistan are subject to corporate income tax at rates of 10% (2021: 10%), 29.8% (2021: 29.8%), 29.5% (2021: 29.5%), 20% (2021: 20%), 35% (2021: 35%), 30% (2021: 30%), and 23% (2021: Nil), respectively.

The provision for PRC income tax is based on a statutory rate of 25% (2021: 25%) of the assessable profits of the PRC companies as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law except for those recognised as New and High Technology Enterprise which are entitled to a preferential PRC income tax rate of 15%, according to the PRC Corporate Income Tax Law.

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14. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2022		2021	
	RMB'000	%	RMB'000	%
Profit before tax	7,498,558	100.00	7,416,888	100.00
Tax at the effective statutory tax rate (15%)*	1,124,784	15.00	1,112,533	15.00
Effect of different tax rates for subsidiaries	64,090	0.85	76,054	1.03
Tax loss and temporary differences not recognised	390,378	5.21	286,488	3.86
Expenses not deductible for tax	27,489	0.37	31,983	0.43
Income not subject to tax	(43,871)	(0.59)	(12,741)	(0.17)
Profits and losses attributable to joint ventures and associates	(15,320)	(0.20)	13,007	0.18
Adjustments in respect of current tax of previous periods	(7,007)	(0.09)	15,779	0.21
Utilisation of unrecognised tax losses and temporary differences	(30,231)	(0.40)	(32,100)	(0.43)
Tax incentive in relation to deduction of certain expense	(107,308)	(1.43)	(103,554)	(1.40)
Income tax expense at the Group's effective rate	1,403,004	18.72	1,387,449	18.71

* Pursuant to the Notice of Recognition of the 2020 First Batch of New and High Technology Enterprises in Jiangxi Provinces (Gan Gao Qi Ren Fa [2020] No. 195) dated 7 December 2020, jointly issued by the Science and Technology Department of Jiangxi Province, Finance Department of Jiangxi Province, State Tax Bureau of Jiangxi Province and Provincial Tax Bureau of Jiangxi Province, the Company obtained the certificate of New and High Technology Enterprises (reference number: GR202036000206). The validity period of the certificate is from 1 January 2020 to 31 December 2022. The Company was entitled to enjoy the preferential Corporate Income Tax policies for new and high technology enterprises and entitled to a tax concession of the income tax rate of 15% in 2022.

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15. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final of RMB0.50 per share (2021: RMB0.50 per share)	1,731,365	1,731,365
	1,731,365	1,731,365

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

16. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,462,729,405 (2021: 3,462,729,405) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic earnings per share is based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	6,001,476	5,772,525
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,462,729,405	3,462,729,405

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17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in process <i>RMB'000</i>	Total <i>RMB'000</i>
Cost						
As at 1 January 2021	20,543,800	20,658,960	1,564,564	525,455	3,412,163	46,704,942
Additions	23,469	78,574	29,967	23,525	2,496,846	2,652,381
Effect of business combination not under common control (<i>note 4</i>)	259,703	68,157	3,428	2,010	420	333,718
Transfers	1,210,556	1,494,609	52,838	58,457	(2,816,460)	-
Transfer to intangible assets	-	-	-	-	(13,297)	(13,297)
Transfer to right-of-use assets	-	-	-	-	(120,097)	(120,097)
Disposals of a subsidiary (<i>note 47</i>)	-	-	(106)	(182)	-	(288)
Disposals	(642,741)	(956,518)	(147,207)	(19,095)	-	(1,765,561)
As at 31 December 2021	21,394,787	21,343,782	1,503,484	590,170	2,959,575	47,791,798
Additions	38,666	77,768	26,403	19,689	4,211,602	4,374,128
Transfers	1,078,385	1,156,678	42,798	61,977	(2,339,838)	-
Transfer from investment properties	17,762	-	-	-	-	17,762
Transfer to intangible assets	-	-	-	-	(12,953)	(12,953)
Transfer to right-of-use assets	-	-	-	-	(7,586)	(7,586)
Disposals of a subsidiary (<i>note 47</i>)	(19,274)	(17,389)	(302)	(5,237)	(41)	(42,243)
Disposals	(211,340)	(854,733)	(78,017)	(48,693)	(26,521)	(1,219,304)
As at 31 December 2022	22,298,986	21,706,106	1,494,366	617,906	4,784,238	50,901,602

Notes to Financial Statements

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17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accumulated depreciation						
As at 1 January 2021	(7,692,691)	(11,333,539)	(1,414,805)	(189,308)	–	(20,630,343)
Charge for the year	(843,922)	(1,203,757)	(81,005)	(41,611)	–	(2,170,295)
Disposals of a subsidiary (<i>note 47</i>)	–	–	93	106	–	199
Disposals	195,933	805,629	107,252	15,823	–	1,124,637
As at 31 December 2021	(8,340,680)	(11,731,667)	(1,388,465)	(214,990)	–	(21,675,802)
Charge for the year	(885,160)	(1,142,712)	(66,165)	(53,774)	–	(2,147,811)
Transfer from investment properties	(10,803)	–	–	–	–	(10,803)
Disposals of a subsidiary (<i>note 47</i>)	4,865	7,166	236	3,251	–	15,518
Disposals	78,326	727,555	65,383	42,413	–	913,677
As at 31 December 2022	(9,153,452)	(12,139,658)	(1,389,011)	(223,100)	–	(22,905,221)
Provision for impairment						
As at 1 January 2021	(415,340)	(95,913)	(2,585)	(579)	–	(514,417)
Provision for the year	(444,552)	(156,579)	(23,202)	(3,136)	(96,947)	(724,416)
Disposals	388,512	40,545	2,416	557	–	432,030
As at 31 December 2021	(471,380)	(211,947)	(23,371)	(3,158)	(96,947)	(806,803)
Provision for the year	(23,630)	(65,922)	(518)	(50)	(28,230)	(118,350)
Disposals	858	3,384	538	25	–	4,805
As at 31 December 2022	(494,152)	(274,485)	(23,351)	(3,183)	(125,177)	(920,348)
Net carrying amount						
As at 31 December 2022	12,651,382	9,291,963	82,004	391,623	4,659,061	27,076,033
As at 31 December 2021	12,582,727	9,400,168	91,648	372,022	2,862,628	25,309,193

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17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2022, certain of the Group's machinery and building with net book values of approximately RMB206,457,000 (2021: RMB246,850,000) and RMB299,165,000 (2021: RMB453,313,000), respectively, was mortgaged to secure bank borrowings (note 39).

As at 31 December 2022, the Group was in the process of obtaining property ownership certificates for certain of the Group's buildings with a net book value of RMB382,574,000 (2021: RMB443,171,000).

As at 31 December 2022, certain of the Group's buildings with a net book value of approximately RMB108,118,000 (2021: RMB109,698,000) were restricted due to litigation (note 50).

18. INVESTMENT PROPERTIES

	Commercial properties <i>RMB'000</i>
Cost	
As at 1 January 2021	574,118
Addition	155,672
Disposal	(10,875)
As at 31 December 2021	718,915
Addition	316,572
Transfer to property, plant and equipment (<i>note 17</i>)	(17,762)
Disposal	(4,417)
As at 31 December 2022	1,013,308

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18. INVESTMENT PROPERTIES (CONTINUED)

	Commercial properties <i>RMB'000</i>
Accumulated depreciation	
As at 1 January 2021	(103,611)
Charge for the year	(12,548)
Disposal	664
<hr/>	
As at 31 December 2021	(115,495)
Charge for the year	(26,466)
Transfer to property, plant and equipment (<i>note 17</i>)	10,803
Disposal	177
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As at 31 December 2022	(130,981)
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Net carrying amount	
As at 31 December 2022	882,327
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As at 31 December 2021	603,420
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As at 31 December 2022, certain of the Group's investment properties with a net book value of approximately RMB151,010,000 (2021: RMB155,777,000) were restricted due to litigation (note 50).

As at 31 December 2022, the Group was in the process of obtaining property ownership certificates for certain of the Group's commercial properties with a net book value of RMB25,300,000 (2021: Nil).

The Group's properties leased to others under operating leases are measured using cost model and are classified and accounted for as investment properties. Depreciation is provided to write off the cost of investment properties using the straight-line method over the remaining terms of the useful lives.

The directors of the Company anticipate that there was no significant differences between the Group's investment properties' fair values and the carrying amounts measured at cost.

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19. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, machinery and vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 25 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years, while machinery and vehicles generally have lease terms between 5 and 10 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Right-of-use assets		Total RMB'000
		Buildings RMB'000	Machinery and vehicles RMB'000	
As at 1 January 2021	3,730,443	537,439	243	4,268,125
Addition	136,828	912	881	138,621
Effect of business combination not under common control (<i>note 4</i>)	55,656	–	329	55,985
Transfer from construction in progress	120,097	–	–	120,097
Reclass	524,578	(524,578)	–	–
Impairment during the year	(4,503)	–	–	(4,503)
Disposal	–	–	(243)	(243)
Depreciation charge	(298,409)	(4,784)	(728)	(303,921)
As at 31 December 2021	4,264,690	8,989	482	4,274,161

Notes to Financial Statements

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19. LEASES (CONTINUED)

The Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

	Right-of-use assets			Total RMB'000
	Leasehold land RMB'000	Buildings RMB'000	Machinery and vehicles RMB'000	
Addition	45,384	6,601	–	51,985
Transfer from construction in progress (<i>note 17</i>)	7,586	–	–	7,586
Impairment during the year	(3,401)	–	–	(3,401)
Disposal	(22,061)	(5,762)	–	(27,823)
Depreciation charge	(298,481)	(8,596)	(482)	(307,559)
As at 31 December 2022	3,993,717	1,232	–	3,994,949

As at 31 December 2022, certain of leasehold land of the Group with a net book value of RMB195,122,000 (2021: RMB216,932,000) was mortgaged to secure bank borrowings as set out in note 39.

At 31 December 2022, the Group was in the process of obtaining the certificates of the land use rights for certain of the Group's leasehold land with a net book value of approximately RMB52,845,000 (2021: RMB54,245,000).

Notes to Financial Statements

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19. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022	2021
	Lease liabilities	Lease liabilities
	RMB'000	RMB'000
Carrying amount at 1 January	372,274	536,735
New leases	17,057	19,397
Effect of business combination not under common control	–	329
Accretion of interest recognised during the year	17,746	18,091
Disposal	(7,820)	–
Payment	(199,145)	(202,278)
Carrying amount at 31 December	200,112	372,274
Analysed into:		
Current portion	180,321	173,125
Non-current portion	19,791	199,149

The maturity analysis of lease liabilities is disclosed in note 48 to the financial statements.

Notes to Financial Statements

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19. LEASES (CONTINUED)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on lease liabilities	17,746	18,091
Depreciation charge of right-of-use assets	307,559	303,921
Total amount recognised in profit or loss	325,305	322,012

(d) The total cash outflow for leases is disclosed in note 48(c) to the financial statements. As at 31 December 2022, the Group had no significant lease contract that has not yet commenced.

20. GOODWILL

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Carrying amount at 1 January	1,295,674	1,266,036
Acquisition of subsidiaries	–	29,638
Carrying amount at 31 December	1,295,674	1,295,674
Acquisition of Shandong Humon	1,266,036	1,266,036
Acquisition of Jiangxi Cable	17,189	17,189
Acquisition of Guangdong Taolin	12,449	12,449
	1,295,674	1,295,674

Notes to Financial Statements

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20. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Gold related products cash-generating unit (“CGU”)
- Cable related products CGU
- Ecological restoration service CGU

Particulars of the impairment test of the material CGU are as follows:

Gold related products cash-generating unit

The recoverable amount of the gold related products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the gold related products CGU beyond the five-year period is 2.3% (31 December 2021: 2.3%). This growth rate does not exceed the long-term average growth rate of the gold related products and is in accordance with forecasted data of the industry. The determination of the recoverable amount of the gold related products CGU involves estimates and judgments, including the future price of gold and related products, production costs, operating expenses, the growth rate used to estimate future cash flows and discount rate applied to these forecasted future cash flows of the underlying CGU.

The pre-tax discount rate applied to the cash flow projections is 10.00% (31 December 2021: 9.80%). These estimates and judgements may be affected by unexpected changes in future market or economic conditions or discount rates applied.

The values assigned to the key assumptions on market development of the industrial products, discount rates and raw materials price inflation are consistent with external information sources.

The directors of the Company are of the view that, based on their assessment, there was no impairment of goodwill as at 31 December 2022.

Notes to Financial Statements

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21. OTHER INTANGIBLE ASSETS

	Mining rights <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Vendor contracts <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
As at 1 January 2021	4,672,324	206,157	193,524	167,884	5,239,889
Additions	51,704	54	–	3,187	54,945
Effect of business combination not under common control	–	–	–	18,290	18,290
Transfer from construction in progress	–	–	–	13,297	13,297
Disposals	(150,793)	–	–	(140)	(150,933)
As at 31 December 2021	4,573,235	206,211	193,524	202,518	5,175,488
Additions	94,413	–	14,313	2,305	111,031
Transfer from exploration and evaluation assets (<i>note 22</i>)	26,705	–	–	–	26,705
Transfer from construction in progress (<i>note 17</i>)	–	–	–	12,953	12,953
Disposals	–	(41)	–	(16,275)	(16,316)
As at 31 December 2022	4,694,353	206,170	207,837	201,501	5,309,861
Amortisation					
As at 1 January 2021	(635,263)	(51,687)	(20,376)	(83,423)	(790,749)
Charge for the year	(225,891)	(2,357)	(13,912)	(31,981)	(274,141)
Disposals	57,938	–	–	140	58,078
As at 31 December 2021	(803,216)	(54,044)	(34,288)	(115,264)	(1,006,812)
Charge for the year	(195,663)	(2,357)	(10,476)	(34,446)	(242,942)
Disposals	–	41	–	10,567	10,608
As at 31 December 2022	(998,879)	(56,360)	(44,764)	(139,143)	(1,239,146)

Notes to Financial Statements

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21. OTHER INTANGIBLE ASSETS (CONTINUED)

	Mining rights <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Vendor contracts <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Provision for impairment					
As at 1 January 2021	(86,274)	-	-	-	(86,274)
Provision for the year	(336,553)	-	-	(52)	(336,605)
Write-off for the year	86,274	-	-	-	86,274
As at 31 December 2021	(336,553)	-	-	(52)	(336,605)
Provision for the year	(22,910)	-	-	-	(22,910)
Write-off for the year	-	-	-	-	-
As at 31 December 2022	(359,463)	-	-	(52)	(359,515)
Net carrying amount					
As at 31 December 2022	3,336,011	149,810	163,073	62,306	3,711,200
As at 31 December 2021	3,433,466	152,167	159,236	87,202	3,832,071

22. EXPLORATION AND EVALUATION ASSETS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Carrying amount at 1 January	608,229	636,111
Additions	12,843	20,346
Transfer to mining rights (<i>note 21</i>)	(26,705)	-
Disposals	(1,411)	-
Impairment losses	-	(48,228)
Carrying amount at 31 December	592,956	608,229

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23. INVESTMENTS IN JOINT VENTURES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Share of net assets	147,608	187,233
Impairment	(34,917)	(34,917)
	112,691	152,316

The Group's trade receivable and payable balances with the joint ventures are disclosed in note 52 to the financial statements.

Particulars of the joint ventures are set out as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of establishment and operations	Percentage of		Principal activities
			Ownership interest	Profit sharing	
江西省江銅百泰環保科技有限公司 Environmental Technologies Co., Ltd. ("Jiang Tong Bioteq")	Registered capital of RMB1 each	PRC/Mainland China	50%	50%	Recovery of industrial wastewater and sale of products
Nesko Metal Sanayive Ticaret Anonim Şirketi	Registered capital of YTL1 each	Istanbul	48%	48%	Investment holding of a 99.95% equity interest in a mining company in Albania
嘉石普通合夥人有限公司 Valuestone GP Ltd.	Registered capital of USD1 each	Cayman Islands	51%	51%	Investments in natural resources

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23. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial statements of the Group's joint ventures that are not individually material:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Share of the joint ventures' loss for the year	(30,336)	(15,272)
Share of the joint ventures' other comprehensive income/(loss) for the year	5,711	(6,504)
Share of the joint ventures' total comprehensive loss for the year	(24,625)	(21,776)
Carrying amount of the Group's investments in the joint ventures	112,691	152,316

24. INVESTMENTS IN ASSOCIATES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Share of net assets	4,993,702	4,910,158

The Group's trade receivable and payable balances with the associates are disclosed in note 52 to the financial statements.

Notes to Financial Statements

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24. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
五礦江銅礦業投資有限公司 Minmetals Jiangxi Copper Mining Investment Company Limited ("Minmetals Jiangxi Copper")	Registered capital of RMB1 each	PRC/Mainland China	40.00%	Investment holding of a mining company in Peru
中冶江銅艾娜克礦業有限公司 MCC-JCL Aynak Minerals Company Limited ("MCC-JCL")	Registered capital of USD1 each	Afghanistan	25.00%	Exploration and sale of copper products
昭覺達輝濕法治煉有限公司 Zhaojue Fengye Smelting Company Limited ("Fengye")	Registered capital of RMB1 each	PRC/Mainland China	47.86%	Production and sale of copper cathodes and related products; technology development and provision of services
中銀國際證券股份有限公司 BOC International (China) Co., Ltd. ("BOCI") (a)	Registered capital of RMB1 each	PRC/Mainland China	4.70%	Securities broker and investment advisory
江西金杯江銅電纜有限公司 Jiangxi Copper Jinbei Cable Company Limited ("Jinbei")	Registered capital of RMB1 each	PRC/Mainland China	18.52%	Manufacture and sale of wire cables
嘉石環球資源基金一期 Valuestone Global Resources Fund I LP ("Fund I") (b)	Paid-in contribution of USD1 each	Cayman Islands	83.62%	Investments in natural resources
江西銅瑞項目管理有限公司 Jiangxi Tongrui Project Management Company Limited ("Tongrui")	Registered capital of RMB1 each	PRC/Mainland China	49.00%	Project management services

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24. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the associates are as follows: (Continued)

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
江西江銅石化有限公司 Jiangxi JCC Petrochemical Company Limited ("Shihua")	Registered capital of RMB1 each	PRC/Mainland China	49.00%	Production and sale of petrochemical products
寧波賽墨科技有限公司 Ningbo Saimo Technology Company Limited ("Saimo")	Registered capital of RMB1 each	PRC/Mainland China	39.61%	Technology services
盤古投資管理有限公司 Pangaea Investment Management Limited ("Pangaea")	Registered contribution of USD1 each	Cayman Islands	45.00%	Investments in natural resources, investment management and consultancy
江西萬銅環保材料有限公司 Jiangxi Wantong Environmental Protection Materials Company Limited ("Wantong")	Registered capital of RMB1 each	PRC/Mainland China	44.70%	Comprehensive development and utilisation of environmental protection materials
江西東辰機械制造有限公司 Jiangxi Dongchen Machine Manufacturing Company Limited	Registered capital of RMB1 each	PRC/Mainland China	21.00%	Manufacture and sale of electromechanical products
成都江銅金號有限公司 Chengdu JXCC Jinhao Company Limited ("Chengdu Jinhao")	Registered capital of RMB1 each	PRC/Mainland China	49.00%	Trading of gold, silver, articles, jewellery, mining products
江西德普礦山設備有限公司 Jiangxi Depu Mining Equipment Co., Ltd. ("Depu Mining")	Registered capital of RMB1 each	PRC/Mainland China	49.00%	Manufacture and sale of electromechanical products

Notes to Financial Statements

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24. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the associates are as follows: (Continued)

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
萬國國際礦業集團有限公司 Wanguo International Mining Group Limited ("Wanguo International")	Registered capital of RMB1 each	PRC/Mainland China	20.87%	Exploration and sale of copper products
河北新寶豐電線電纜有限公司 Hebei New Baofeng Wire & Cable Co., Ltd. ("Hebei New Baofeng")(a)	Registered capital of RMB1 each	PRC/Mainland China	4.78%	Manufacture and sale of electromechanical products
佳鑫國際資源投資有限公司 Jiixin International Resources Investment Limited ("Jiixin")	Registered capital of HKD1 each	Hong Kong	41.65%	Investments in natural resources
索爾黃金 Solgold PLC("Solgold")(a)	Registered capital of £0.01 each	Australia	6.26%	Investments in natural resources

(a) The Group is able to exercise significant influence over these companies with the power to participate in the financial and operating policy decisions, but is not control or joint control over those companies. Accordingly, these companies are regarded as associates of the Group.

(b) The Group is not able to exercise control over Fund I as the limited partner, Fund I is accounted for as an associate even though the Group owns more than 50% of the equity interest.

Minmetals Jiangxi Copper and MCC-JCL, which are considered material associates of the Group, are strategic partners of the Group engaged in copper mining and are accounted for using the equity method.

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24. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial statements in respect of Minmetals Jiangxi Copper and MCC-JCL adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Minmetals Jiangxi Copper

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current assets	91,586	233,074
Non-current assets	4,513,777	4,065,248
Current liabilities	(9,615)	(132,127)
Non-current liabilities	(109,156)	(128,962)
Net assets	4,486,592	4,037,233
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	40.00%	40.00%
Carrying amount of the investment	1,794,637	1,614,893
Share of profit/(loss) for the year	7,109	(110,318)
Share of other comprehensive income/(loss)	172,635	(20,867)
Share of total comprehensive income/(loss) for the year	179,744	(131,185)

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24. INVESTMENTS IN ASSOCIATES (CONTINUED)

MCC-JCL

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current assets	239,363	195,786
Non-current assets	2,713,657	2,566,288
Current liabilities	(15,473)	(13,767)
Non-current liabilities	(158)	–
Net assets	2,937,389	2,748,307
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	25.00%	25.00%
Carrying amount of the investment	734,347	687,077
Share of profit for the year	–	–
Share of other comprehensive income	34,738	10,284
Share of total comprehensive income for the year	34,738	10,284

The following table illustrates the aggregate financial statements of the Group's associates that are not individually material.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Share of the associates' loss for the year	(192,123)	(89,432)
Share of the associates' other comprehensive income/(loss) for the year	16,275	(15,661)
Share of the associates' total comprehensive loss for the year	(175,848)	(105,093)
Carrying amount of the Group's investments in the associates	2,464,718	1,552,798

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25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES

	2022		2021	
	Categories	Carrying Amount RMB'000	Categories	Carrying Amount RMB'000
Debt instruments (including hybrid contracts):				
Listed debentures (a)	FVPL ¹	2,298,999	FVPL	973,593
Investments in financial products (b)	FVPL	2,236,993	FVPL	2,832,879
		4,535,992		3,806,472
Equity instruments:				
Listed equity investments (c)	FVPL	109,816	FVPL	474,269
Listed equity investments (c)	FVOCI ²	18,438,896	FVOCI	19,215,298
Unlisted equity investments (d)	FVPL	692,085	FVPL	560,407
Unlisted equity investments (d)	FVOCI	59,930	FVOCI	45,322
Income right attached to a target equity interest (e)	FVPL	439,750	FVPL	445,550
		19,740,477		20,740,846
		24,276,469		24,547,318
At FVPL		5,777,643		5,286,698
At FVOCI		18,498,826		19,260,620
		24,276,469		24,547,318
Non-current assets		19,728,456		20,527,325
Current assets		4,548,013		4,019,993
		24,276,469		24,547,318

1 FVPL: Fair value through profit or loss

2 FVOCI: Fair value through other comprehensive income

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25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES (CONTINUED)

- (a) The listed debentures were at interest rates ranging from 2.10% to 3.32% (2021: 2.72%) per annum.
- (b) The amount represents investments in financial products arranged by banks, trusts and fund institutions and independent securities companies with high credit-rating and good reputation.

	2022	2021
	RMB'000	RMB'000
Including:		
Bank financial products	1,477,633	908,472
Asset management products	20,020	123,362
Fund products	578,793	1,613,710
Trust products	160,547	187,335
	2,236,993	2,832,879

As at 31 December 2022, the bank financial products of RMB398,060,000 (31 December 2021: RMB806,138,000) were pledged for issuance of bank accepted notes.

As at 31 December 2022, the bank financial products of RMB900,000,000 (31 December 2021: Nil) were pledged to secure bank borrowings.

- (c) The listed equity investments represent stocks listed on the Shanghai and Shenzhen Stock Exchange, Hong Kong Stock Exchange and Toronto Stock Exchange.
- (d) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. None of the shareholdings exceeds 20% of the issued capital of the respective investees and the Group did not have significant influence on these invested entities.
- (e) The investment represents a beneficial right attached to the 3.35% equity interest in a limited liability company established in the PRC held by China Cinda Asset Management Co., Ltd. ("China Cinda") (the "Beneficial Right"), including the right to all the incomes derived from this equity interest.

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26. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Commodity derivative contracts and T+D forward contracts	261,082	(780,789)	297,098	(234,064)
Commodity option contracts	–	(45,833)	3,865	(12,720)
Provisional price arrangements	–	(313,842)	–	(11,442)
Foreign currency forward contracts	242,544	(321,341)	78,135	(32,743)
	503,626	(1,461,805)	379,098	(290,969)

	2022 RMB'000	2021 RMB'000
Including:		
Derivatives designated as hedging instruments (a):		
Fair value hedges		
– Commodity derivative contracts and T+D forward contracts	(93,459)	29,880
– Provisional price arrangements	(313,842)	(11,442)
	(407,301)	18,438
Derivatives not designated as hedging instruments (b):		
– Commodity derivative contracts and T+D forward contracts	(426,248)	33,154
– Commodity option contracts	(45,833)	(8,855)
– Foreign currency forward contracts	(78,797)	45,392
	(550,878)	69,691
	(958,179)	88,129

The Group uses commodity derivative contracts, AG(T+D) forward contracts and provisional price arrangements to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are mainly standardised copper cathode futures contracts on the Shanghai Futures Exchange (“SHFE”) and London Metal Exchange (“LME”), and AG(T+D) forward contracts on Shanghai Gold Exchange (“SGE”).

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26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Derivatives designated as hedging instruments

– Fair value hedge

Certain commodity derivative contracts, AG(T+D) forward contracts and provisional price arrangements were designated by the Group to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories.

At the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective.

As at 31 December 2022, the net fair value loss of provisional price arrangements for the fair value hedges of the Group was RMB313,842,000 (31 December 2021: fair value loss of RMB11,442,000). The net fair value loss of commodity derivative contracts and AG(T+D) forward contracts for the fair value hedges of the Group was RMB93,459,000 (31 December 2021: fair value gains of RMB29,880,000).

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26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Derivatives not designated as hedging instruments

The Group utilises copper commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathodes as well as copper components within copper concentrates, forecasted sales of copper wires and rods, and copper related products. These arrangements are designed to reduce significant fluctuations in the prices of copper concentrates, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode.

The Group utilises gold and silver commodity derivative contracts, AU(T+D) and AG(T+D) forward contracts to manage the commodity price risk of forecasted sales of gold and silver and certain gold leases arrangement. These arrangements are designed to reduce significant fluctuations in the prices of gold and silver.

In addition, the Group has entered into various foreign currency forward contracts to manage its exposures in exchange rates and interest rates.

These commodity derivative and T+D forward contracts, foreign currency forward contracts are held for economic hedge but not designed as effective hedging instruments.

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27. DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets:

	Impairment of assets <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Unrealised profits <i>RMB'000</i>	Deductible taxable loss <i>RMB'000</i>	Fair value change from forward currency contracts <i>RMB'000</i>	Fair value change from commodity derivative contracts <i>RMB'000</i>	Deferred revenue <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021	230,560	166,078	6,288	41,167	16,637	83,605	58,649	84,991	687,975
Deferred tax credited/(charged) to profit or loss	157,379	56,708	(697)	151	(14,594)	(51,628)	(7,079)	34,235	174,475
At 31 December 2021	387,939	222,786	5,591	41,318	2,043	31,977	51,570	119,226	862,450
Deferred tax credited/(charged) to profit or loss	(45,359)	13,321	10,596	25,798	12,395	(5,487)	10,818	94,330	116,412
At 31 December 2022	342,580	236,107	16,187	67,116	14,438	26,490	62,388	213,556	978,862

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27. DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the year are as follows:
(Continued)

Deferred tax liabilities:

	Fair value adjustments on property, plant and equipment, prepaid lease payments and exploration and evaluation assets <i>RMB'000</i>	Fair value change from commodity derivative contracts <i>RMB'000</i>	Fair value change from provisional price arrangements <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021	(428,876)	(30,982)	(67,283)	(47,396)	(574,537)
Effect of business combination not under common control	(25,599)	-	-	-	(25,599)
Deferred tax charged to other comprehensive income	-	-	-	46	46
Deferred tax credited/(charged) to profit or loss	96,547	(10,265)	66,852	(48,170)	104,964
At 31 December 2021	(357,928)	(41,247)	(431)	(95,520)	(495,126)
Deferred tax charged to other comprehensive income	-	-	-	(11)	(11)
Deferred tax credited/(charged) to profit or loss	(8,974)	(15,308)	(60,844)	(33,681)	(118,807)
At 31 December 2022	(366,902)	(56,555)	(61,275)	(129,212)	(613,944)

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27. DEFERRED TAXATION (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	Before elimination <i>RMB'000</i>	Elimination amount <i>RMB'000</i>	After elimination <i>RMB'000</i>
At 31 December 2022			
Deferred tax assets	978,862	(283,649)	695,213
Deferred tax liabilities	(613,944)	283,649	(330,295)
At 31 December 2021			
Deferred tax assets	862,450	(155,058)	707,392
Deferred tax liabilities	(495,126)	155,058	(340,068)
Deferred tax assets have not been recognised in respect of the following items:			
		2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Tax losses		4,707,704	3,953,284
Temporary difference		10,709,831	10,177,167
		15,417,535	14,130,451

The tax losses amounting to RMB3,806,000,000 (2021: RMB3,344,000,000) arising in Mainland China will expire in one to ten years if not utilised, and the rest of the tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

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28. INVENTORIES

	2022 RMB'000	2021 <i>RMB'000</i>
Raw materials	14,982,373	14,197,712
Work in progress	14,012,315	13,380,188
Finished goods	9,925,807	9,951,019
	38,920,495	37,528,919
Less: Impairment allowance	858,722	552,125
	38,061,773	36,976,794

As at 31 December 2022, no inventories (2021: RMB31,928,000) was mortgaged to secure bank borrowings (note 39).

As at 31 December 2022, certain of the Group's inventories with a net book value of approximately RMB728,355,000 (2021: Nil) was mortgaged for the facilities of the letters of credit, of which none of facilities had been utilized.

As at 31 December 2022, certain of the Group's inventories with a net book value of approximately RMB409,429,000 (2021: RMB214,317,000) was mortgaged as deposits for commodity derivative contracts.

As at 31 December 2022, certain of the Group's inventories with a net book value of approximately RMB9,506,000 (2021: RMB9,506,000) was restricted due to litigation (note 50).

As at 31 December 2022, certain of the Group's inventories stocked in the third-party warehouses with net book value of approximately RMB710,832,000 (2021: Nil) were restricted due to the warehousing companies were involved in on-going legal proceedings.

As at 31 December 2022, the Group's inventories included hedged items under a hedging instrument of the provisional price arrangements, commodity derivative contracts and AG(T+D) forward contracts. The fair values of the hedged items amounted to RMB7,495,771,000 (2021: RMB6,311,663,000), which were estimated by reference to quoted bid prices of similar standardised commodity derivative contracts at the end of the reporting period. Their fair value measurements are categorised under Level 1.

Notes to Financial Statements

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29. TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	10,380,282	10,973,427
Bills receivables	2,126,738	2,736,772
	12,507,020	13,710,199
Less: Impairment allowance	5,915,131	6,014,699
	6,591,889	7,695,500

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Trade receivables due from the Group's related parties are repayable on credit terms similar to those offered to the major customers of the Group. Details are given in note 52.

As at 31 December 2022, bills receivables of RMB52,081,000 (31 December 2021: RMB75,212,000) was pledged for the issuing bank acceptance notes.

The ageing analysis of trade and bills receivables as at the end of the reporting period, based on the delivery dates of goods and net of loss allowance, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	5,289,042	6,378,018
1 to 2 years	366,181	32,238
2 to 3 years	6,435	86,841
Over 3 years	930,231	1,198,403
	6,591,889	7,695,500

The terms of bills receivable are all less than 12 months. As at 31 December 2022, the bills receivables was neither past due nor impaired (31 December 2021: the bills receivables were neither past due nor impaired).

Notes to Financial Statements

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29. TRADE AND BILLS RECEIVABLES (CONTINUED)

Movements in the loss allowance for impairment of trade receivables are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	6,014,699	5,955,359
Impairment losses, net	194,176	147,817
Amounts written off as uncollectible	(293,744)	(88,477)
At end of year	5,915,131	6,014,699

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of bills for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The realisable value of collateral has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

Notes to Financial Statements

31 DECEMBER 2022

29. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000	Net carrying amount RMB'000
Provision on individual basis	79.25%	7,236,978	(5,735,406)	1,501,572
Provision on collective basis				
Aged less than 1 year	0.68%	2,843,167	(19,346)	2,823,821
Aged 1 to 2 years	17.68%	163,238	(28,859)	134,379
Aged 2 to 3 years	44.93%	8,692	(3,905)	4,787
Aged over 3 years	99.54%	128,207	(127,615)	592
	56.98%	10,380,282	(5,915,131)	4,465,151

As at 31 December 2021

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000	Net carrying amount RMB'000
Provision on individual basis	74.31%	7,832,314	(5,820,413)	2,011,901
Provision on collective basis				
Aged less than 1 year	0.49%	2,928,514	(14,284)	2,914,230
Aged 1 to 2 years	18.24%	36,474	(6,654)	29,820
Aged 2 to 3 years	7.33%	2,851	(209)	2,642
Aged over 3 years	99.92%	173,274	(173,139)	135
	54.81%	10,973,427	(6,014,699)	4,958,728

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29. TRADE AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2022, the Group endorsed certain bank acceptance bills to its suppliers to settle the trade payables and discounted certain bank acceptance bills with commercial banks (collectively, the “Derecognised Bills”) with an aggregate carrying amount of RMB29,547,312,000 (31 December 2021: RMB23,304,208,000). The Derecognised Bills had a maturity of one to twelve months at 31 December 2022.

In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the accepting banks default (the “Continuing Involvement”). In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills and fully derecognised the Derecognised Bills accordingly. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2022 and 2021, no gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and discount of bank acceptance bills have been made evenly throughout the year.

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30. FACTORING RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Factoring receivables	1,448,887	1,757,398
Less: Impairment allowance	1,144,894	1,195,905
	303,993	561,493

Factoring receivables were repayable within one year at interest rates ranging from 3.25% to 11.00% per annum (2021: 4.12% to 11.00% per annum).

The movements in the loss allowance for impairment of factoring receivables are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	1,195,905	1,028,546
Impairment losses, net	17,903	167,359
Amounts written off as uncollectible	(68,914)	–
At end of year	1,144,894	1,195,905

Impairment on factoring receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. Details are given in note 54.

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31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Prepayments	2,350,684	2,353,460
Deposits and other receivables	5,914,233	5,100,872
Prepaid value-added tax	940,758	759,443
Inter-bank loans (a)	97,431	97,431
Treasury bonds (b)	2,803,773	920,048
Deposits for prepaid lease payments	650,931	598,742
	12,757,810	9,829,996
Less: Impairment allowance on		
– Other receivables	1,301,688	1,387,816
– Inter-bank loans (a)	97,431	97,431
– Prepaid value added tax	10,633	10,632
– Treasury bonds (b)	–	2,048
	1,409,752	1,497,927
	11,348,058	8,332,069
Less: Non-current portion		
Prepayments	1,153,358	498,105
Deposits and other receivables	62,628	82,298
Deposits for prepaid lease payments	650,931	598,742
Current portion	9,481,141	7,152,924

a) As of 31 December 2022, an interbank loan was provided by a subsidiary of the Group, Finance Company, to other financial institutions, which matured on 31 May 2019, with an annual interest rate of 4.5%. An impairment of RMB97,431,000 was fully provided as at 31 December 2022, which is measured as lifetime expected credit losses (2021: RMB97,431,000).

b) As of 31 December 2022, the treasury bonds would mature within three months, with an annual interest ranging from 2.80% to 5.42% (2021: 3.75% to 6.06%).

As at 31 December 2022, certain of the Group's deposits and other receivables of RMB1,707,742,000 (2021: RMB1,385,927,000) were placed as deposits for commodity derivative contracts.

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31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Prepayments, other receivables and other assets due from related parties included above are disclosed in note 52 to the financial statements.

Movements in the provision for impairment of other receivables are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	1,387,816	1,198,487
Impairment losses, net (<i>note 9</i>)	73,209	193,117
Amounts written off as uncollectible	(159,337)	(3,788)
	<hr/>	<hr/>
At end of year	1,301,688	1,387,816

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

32. LOANS TO RELATED PARTIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loans to related parties	2,588,188	1,789,334
Less: Impairment allowance	54,371	53,025
	<hr/>	<hr/>
	2,533,817	1,736,309
	<hr/>	<hr/>
Less: Non-current portion	556,885	141,120
Current portion	1,976,932	1,595,189

Loans to related parties are all guaranteed by JCC. The interest rate of the short-term loans was 3.40% to 4.35% per annum (2021: 3.50% to 4.35% per annum).

The impairment on loans to related parties is measured as 12-month expected credit losses with a balance of RMB54,371,000 as at 31 December 2022 (31 December 2021: RMB53,025,000).

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33. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cash and bank balances	35,199,864	31,724,503
Time deposits	5,135,314	7,359,106
	40,335,179	39,083,609
Less: Restricted bank deposits (a)	24,328,349	17,489,498
Current portion	20,472,033	13,535,689
Non-current portion	3,856,316	3,953,809
Time deposits	1,278,953	298,821
Non-current portion	1,278,953	298,821
Cash and cash equivalents	14,727,876	21,295,290

a) As at 31 December 2022, the restricted bank deposits included the following:

- Deposits amounting to RMB5,306,850,000 (2021: RMB3,467,584,000) and cash in banks amounting to RMB780,318,000 (2021: RMB6,786,000) were pledged to secure bank borrowings (note 39),
- Deposits amounting to RMB4,604,364,000 (2021: RMB2,178,346,000) was pledged for letters of credit,
- Deposits amounting to RMB778,265,000 (2021: RMB42,815,000) was pledged for letters of guarantee,
- Deposits amounting to RMB10,955,713,000 (2021: RMB10,451,322,000) was pledged for issuing bank acceptance notes,
- Deposits amounting to RMB337,672,000 (2021: RMB272,575,000) was placed as environmental recovery deposits whose usage is restricted,
- Cash in banks amounting to RMB82,682,000 (2021: RMB77,132,000) was restricted due to litigation (note 50),
- Required mandatory reserve deposits and other restricted deposits amounting to RMB1,024,580,000 (2021: RMB874,098,000) was placed by Finance Company, a subsidiary of the Group, in the People's Bank of China ("PBC") and are not available for use in the Group's daily operations, and
- Interests amounting to RMB457,905,000 (2021: RMB118,841,000) was accrued on deposits with banks.

Notes to Financial Statements

31 DECEMBER 2022

33. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (CONTINUED)

At the end of the reporting period, the cash and cash equivalents and restricted bank deposits of the Group denominated in RMB amounted to RMB26,745,918,000 (2021: RMB26,308,971,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2022, cash and bank balances of RMB1,420,575,000 (2021: RMB1,649,068,000) were placed in banks outside of Mainland of China.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

34. ASSETS CLASSIFIED AS HELD FOR SALE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Assets classified as held for sale	283,413	292,260
Impairment	(262,421)	(262,421)
	20,992	29,839

On 6 December 2016, Kangtong received a notification from the local government to cease production and relocate to another location due to environment protection policies. Assets including building infrastructure, machinery, motor vehicles, office equipment and prepaid land lease payment were transferred to assets classified as held for sale.

Notes to Financial Statements

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35. TRADE AND BILLS PAYABLES

	2022 RMB'000	2021 <i>RMB'000</i>
Trade payables	9,920,495	7,829,772
Bills payables	3,904,759	3,338,155
	13,825,254	11,167,927

The trade payables are non-interest-bearing and are normally settled on terms of one to three months.

As at 31 December 2022, the Group had no material balance of accounts payable aged over one year (31 December 2021: no material balance of accounts payable aged over one year).

Trade payables due to related parties included in trade and bills payables are disclosed in note 52.

36. OTHER PAYABLES AND ACCRUALS

	2022 RMB'000	2021 <i>RMB'000</i>
Payroll and welfare	1,828,379	1,703,442
Current portion of employee benefit liabilities (note 42)	973	944
Other tax payables	1,127,230	1,377,558
Other payables	2,155,171	3,322,345
Payables for construction, equipment and spare parts	1,156,453	1,088,566
Contract liabilities (a)	1,115,288	2,192,495
Financial guarantee contracts (b)	38,353	36,129
Other non-current liabilities due within one year (note 43)	334,301	369,399
	7,756,148	10,090,878

Notes to Financial Statements

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36. OTHER PAYABLES AND ACCRUALS (CONTINUED)

(a) Details of contract liabilities are as follows:

	31 December 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>	1 January 2021 <i>RMB'000</i>
Short-term advances received from customers			
Sale of goods	1,115,288	2,192,495	1,484,500
Total contract liabilities	1,115,288	2,192,495	1,484,500

Contract liabilities include short-term advances received to deliver products and render construction and other services.

(b) As at 31 December 2022, the Group has provided financial guarantees to banks in respect of bank facilities granted to non-controlling interests of a subsidiary to the extent of approximately RMB1,594,000,000 (2021: RMB1,410,430,000), and recorded a financial guarantee contract liability of RMB38,353,000 (2021: RMB36,129,000) accordingly.

Other payables and accruals are non-interest-bearing and have no significant balance aged more than one year.

Other payables and accruals due to related parties included above are disclosed in note 52 to the financial statements.

37. DEPOSITS FROM HOLDING COMPANY AND FELLOW SUBSIDIARIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Deposits from a holding company and fellow subsidiaries	6,439,926	5,452,401
Less: Current portion	6,408,659	5,348,717
Non-current portion	31,267	103,684

As at 31 December 2022, the deposits from a holding company and fellow subsidiaries represented the deposits placed by JCC and its subsidiaries in Finance Company, a subsidiary of the Company. The deposits carry interest at rates ranging from 0.35% to 3.85% per annum (2021: 0.35% to 3.85% per annum) and will be repaid upon demand of the JCC and its subsidiaries.

Notes to Financial Statements

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38. DEFERRED REVENUE

	Government grants <i>RMB'000</i>
Cost	
As at 1 January 2021	582,397
Additions	18,555
Recognised in profit or loss	(81,456)
As at 31 December 2021	519,496
Less: Current portion included in current liabilities	60,849
Non-current portion as at 31 December 2021	458,647
As at 1 January 2022	519,496
Additions	100,865
Recognised in profit or loss	(78,550)
As at 31 December 2022	541,811
Less: Current portion included in current liabilities	65,273
Non-current portion as at 31 December 2022	476,538

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. The deferred revenue is released to the statement of profit or loss over the expected useful lives of the respective facilities by equal annual instalments.

Notes to Financial Statements

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39. INTEREST-BEARING BANK BORROWINGS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank borrowings – secured	24,527,222	19,563,257
Bank borrowings – unsecured	23,957,945	30,520,589
Interest payable	134,554	104,135
	48,619,721	50,187,981
Analysed into:		
On demand or within one year	42,363,005	38,331,946
More than one years, but not exceeding five years	6,256,716	11,856,035
	48,619,721	50,187,981
Current	42,363,005	38,331,946
Non-current	6,256,716	11,856,035

The bank borrowings carried interest at rates ranging from 1.40% to 5.50% (2021: 1.12% to 5.50%) per annum.

Notes to Financial Statements

31 DECEMBER 2022

39. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

The Group's secured bank loans as at 31 December 2022 are set out as below:

- (a) Pledged borrowings amounting to RMB23,009,255,000 (2021: RMB17,407,582,000) were secured by:
 - (i) deposits with a carrying value of RMB5,306,850,000 (2021: RMB3,467,584,000),
 - (ii) cash in banks with a carrying value of RMB780,318,000 (2021: RMB6,786,000),
 - (iii) bank financial products with a carrying value of RMB900,000,000 (2021: Nil), and
 - (iv) discounted bill receivables between inter-companies amounting to RMB12,185,712,000 (2021: RMB8,819,963,000).
- (b) Mortgaged borrowing amounting to RMB102,509,000 (2021: RMB198,641,000) which was secured by:
 - (i) nil of inventories (2021: RMB31,928,000),
 - (ii) machinery with a carrying value of RMB206,457,000 (2021: RMB246,850,000),
 - (iii) buildings with a carrying value of RMB299,165,000 (2021: RMB453,313,000), and
 - (iv) leasehold land with a carrying value of RMB195,122,000 (2021: RMB216,932,000).
- (c) Guaranteed borrowing amounting to RMB1,415,458,000 (2021: RMB1,957,034,000) was guaranteed by the non-controlling interests of the Group's subsidiaries and was secured by:
 - (i) buildings with a carrying value of RMB249,268,000 (2021: RMB90,858,000),
 - (ii) machinery with a carrying value of RMB206,457,000 (2021: RMB92,526,000), and
 - (iii) leasehold land with a carrying value of RMB130,703,000 (2021: RMB33,112,000).

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

Notes to Financial Statements

31 DECEMBER 2022

40. CORPORATE BONDS

	2022	2021
	RMB'000	RMB'000
Corporate bonds (a)	2,000,000	1,500,000
Medium-term note (b)	1,500,000	500,000
Interest payable	56,150	13,316
	3,556,150	2,013,316
The amounts are repayable as follows:		
On demand or within one year	56,150	513,316
More than one year, but not exceeding five years	3,500,000	1,500,000
	3,556,150	2,013,316
Current portion	56,150	513,316
Non-current portion	3,500,000	1,500,000

- (a) Pursuant to the approval of the China Securities Regulatory Commission (No. [2016] 2745), the Company issued 5,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB500,000,000 on 20 September 2017. The bonds have a life of five years from the date of issuance and bear interest at a rate of 4.74% per annum which is payable in arrears on 21 September of each year, and with principal repaid on maturity. The Company has an option to adjust the interest rate and the investors are entitled to request the Company to repurchase the corporate bonds after the end of the third year from the date of the issuance. The corporate bonds are listed on the Shanghai Stock Exchange. The options of the corporate bonds entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract. On 21 September 2022, the Company has repaid the principal and interests to the investors on the maturity date of such bonds.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2021] 2131), the Company issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 5 December 2021. The bonds have a life of two years from the date of issuance and bear interest at a rate of 2.83% per annum which is payable in arrears on 6 December of each year, and with principal repaid on maturity. The corporate bonds are listed on the Shanghai Stock Exchange. The investors are entitled to request the Company to repurchase the corporate bonds. The options of the corporate bonds entitled to the investors are regarded as embedded derivatives closely related to the host contract. On 5 December 2022, the Company has repaid the principal and the interests to the investors on the maturity date of such bonds.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2021] 2131), the Company issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 14 September 2022. The bonds have a life of three years from the date of issuance and bear interest at a rate of 2.67% per annum which is payable in arrears on 15 September of each year, and with principal repaid on maturity.

Notes to Financial Statements

31 DECEMBER 2022

40. CORPORATE BONDS (CONTINUED)

- (b) Pursuant to the approval of the National Association of Financial Market Institutional Investors (No. [2021] MTN91), Shangdong Humon, a subsidiary of the Group issued medium-term notes which are listed on the National Association of Financial Market Institution Investors. The approved notes facilities amounted to RMB3,000,000,000 which will expire in two years. These medium-term notes have a life of three years from the date of issuance and bear interest at rates of 3.65% to 4.00% per annum. At 31 December 2022, medium-term notes of RMB1,500,000,000 was issued and are repayable after two years.

41. PROVISION FOR REHABILITATION

	2022 RMB'000	2021 <i>RMB'000</i>
Balance at 1 January	275,765	264,287
Addition	70,178	–
Unwinding of discount	11,043	11,478
	<hr/>	<hr/>
Balance at 31 December	356,986	275,765

The Group makes provision for rehabilitation costs expected to arise on closure of mines. The provision is based on assessments of the cost per square metre to rehabilitate the underground workings, waste dumps, mine site infrastructure and vegetation zones. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

42. EMPLOYEE BENEFIT LIABILITIES

	2022 RMB'000	2021 <i>RMB'000</i>
Employee benefit liabilities	16,042	17,024
Less: Amount due within one year included in other payables and accruals	973	944
	<hr/>	<hr/>
Non-current portion	15,069	16,080

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes. The non-current portion of employee benefit liabilities is payable after 2022 and is indexed to the rate of growth of the Group's net assets.

Notes to Financial Statements

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43. OTHER NON-CURRENT LIABILITIES

	2022	2021
	RMB'000	RMB'000
Payables for mining rights (a)	1,229,000	1,391,889
Financing lease payable (b)	213,924	168,955
Payable to JCC (c)	4,815	5,687
Others	73,003	49,216
	1,520,742	1,615,747
The amounts are repayable as follows:		
On demand or within one year	334,301	369,399
More than one year, but not exceeding two years	388,802	206,309
More than two years, but not exceeding five years	623,081	698,074
More than five years	174,558	341,965
	1,520,742	1,615,747
Less: Current included in other payables and accruals	334,301	369,399
Non-current portion	1,186,441	1,246,348

- (a) The balance is derived from instalment payments for the purchase of certain mining rights. The effective interest rate for the year ended 31 December 2022 was 4.35%.
- (b) The balance is derived from several sale and leaseback contracts with a 15-quarter instalment starting from 31 May 2019 to 20 December 2022 (2021: a 15-quarter instalment starting from 31 May 2019 to 20 December 2022). The effective interest rate for the year ended 31 December 2022 was from 4.75% to 10%.
- (c) The amount represents the balance due to JCC as the consideration for the transfer of mining rights from JCC to the Company. The amount is repayable in 30 annual instalments of RMB1,870,000 each and subject to payment of interest at a rate equal to the State lending rate for a one-year fixed term loan up to a maximum of 15% on each annual instalment starting from 1 January 1998. The effective interest rate for the year ended 31 December 2022 was 4.35% (2021: 4.35%).

The directors have estimated that there was no significant difference between the carrying amounts of other non-current liabilities and their fair values, based on the amounts due after one year discounted with the market average yield.

Notes to Financial Statements

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44. SHARE CAPITAL

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Balance at 31 December 2022 and 2021		
– H shares	1,387,482	1,387,482
– A shares	2,075,247	2,075,247
	3,462,729	3,462,729

Except for the currency in which dividends are paid and the restrictions regarding the shareholders being PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

45. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2022 and 2021 are presented in the consolidated statement of changes in equity on pages 201 to 202 of the financial statements.

Notes to Financial Statements

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46. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Shandong Humon

	2022	2021
Percentage of equity interest held by non-controlling interests:		
Shandong Humon	55.52%	55.52%
	2022	2021
	RMB'000	<i>RMB'000</i>
Profit for the year allocated to non-controlling interests:		
Shandong Humon	201,047	178,264
Accumulated balances of non-controlling interests at the reporting date		
Shandong Humon	5,105,943	4,925,971
	2022	2021
	RMB'000	<i>RMB'000</i>
Non-current assets	6,522,400	6,777,533
Current assets	14,440,892	13,910,527
Total assets	20,963,292	20,688,060
Non-current liabilities	3,385,935	1,717,916
Current liabilities	8,448,417	10,185,325
Total liabilities	11,834,352	11,903,241
Revenue	49,967,796	41,276,980
Profit for the year	392,201	344,442
Other comprehensive income for the year	474,513	426,140
Net cash inflows from operating activities	1,564,270	473,588

Notes to Financial Statements

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47. DISPOSAL OF A SUBSIDIARY

The Company held a 95% equity interest in Thermonamic Electronics (Jiangxi) Corp. Ltd. (江西納米克熱電電子股份有限公司) (“TE Jiangxi”). On 28 December 2021, the Company entered into an equity transfer agreement with its holding company JCC, pursuant to which the Company shall disposal of its entire of equity interest in TE Jiangxi, for a cash consideration of RMB83,600,000. This disposal transaction was completed on 25 February 2022, and a disposal gain of RMB13,458,000 was included in other gains and losses during the year ended 31 December 2022.

	25 February 2022
	Carrying amount
	<i>RMB'000</i>
Net assets disposed of:	
Non-current assets	44,918
Current assets	35,387
Non-current liabilities	(3,977)
Current liabilities	(3,579)
Non-controlling interests	(2,607)
	<hr/>
	70,142
Gain on disposal	13,458
	<hr/>
	83,600
	<hr/> <hr/>
Satisfied by:	
Cash	83,600
	<hr/> <hr/>

Notes to Financial Statements

31 DECEMBER 2022

47. DISPOSAL OF A SUBSIDIARY (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	31 December 2022
	<i>RMB'000</i>
Cash consideration	83,600
Cash and bank balances disposed of	(22,190)
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	61,410
	<hr/> <hr/>

On 31 December 2021, Chengdu Jinhao, a subsidiary of the Group issued new shares to a minority shareholder, resulting in a dilution of the Group's interest in the subsidiary from 51% to 49%. Consequently, the Group deconsolidated the subsidiary and accounted for the investment as an investment in an associate (note 24) using equity method, and recognised a gain on disposal of a subsidiary of RMB26,479,000 (note 8) in the consolidated financial statement for the year ended 31 December 2021.

Notes to Financial Statements

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48. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB17,057,000 and RMB17,057,000, respectively, in respect of lease arrangements for plant and equipment (2021: RMB19,397,000 and RMB19,397,000).

(b) Changes in liabilities arising from financing activities

	Corporate bonds <i>RMB'000</i>	Interest- bearing bank borrowings <i>RMB'000</i>	Dividend <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Sales and leaseback <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021	505,991	47,915,951	–	536,735	390,011	49,348,688
Financing cash flows	1,476,300	1,149,947	(454,076)	(202,278)	(239,968)	1,729,925
Non-cash changes:						
Effect of a business combination not under common control	–	32,017	–	329	–	32,346
Interests on borrowings	31,025	1,373,628	–	18,091	18,912	1,441,656
Addition of principal of a lease payment	–	–	–	19,397	–	19,397
Dividend declared	–	–	454,076	–	–	454,076
Foreign exchange translation	–	(283,562)	–	–	–	(283,562)
At 31 December 2021	2,013,316	50,187,981	–	372,274	168,955	52,742,526
Financing cash flows	1,500,000	(2,412,186)	(1,784,671)	(199,145)	(255,253)	(3,151,255)
Non-cash changes:						
Interests on borrowings	42,834	1,137,088	–	17,746	10,111	1,207,779
Addition of principal of a lease payment	–	–	–	17,057	290,111	307,168
Termination of lease	–	–	–	(7,820)	–	(7,820)
Dividend declared	–	–	1,784,671	–	–	1,784,671
Foreign exchange translation	–	(293,162)	–	–	–	(293,162)
At 31 December 2022	3,556,150	48,619,721	–	200,112	213,924	52,589,907

Notes to Financial Statements

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48. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash flow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within operating activities	(17,746)	(18,091)
Within investing activities	(34,926)	(119,174)
Within financing activities	(199,145)	(202,288)
	(251,817)	(339,553)

49. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 17, 28, 29, 33 and 39, respectively, to the financial statements.

50. CONTINGENT LIABILITIES

A subsidiary of the Company, Shenzhen Jiangxi Copper Marketing Company Limited, is currently a defendant in a lawsuit filed by Bangdi Auto Technology Company Limited ("Bangdi Auto") alleging that the subsidiary has breached a sales contract to deliver certain goods to another party, Hengbaochang Company (Shanghai) Copper Company Limited ("Hengbaochang") without receiving Bangdi Auto's delivery instructions during 2011 to 2015 (the "Litigation"). Compensation amounting to RMB1,081,872,000 is claimed by Bangdi Auto. As the actual controller of Hengbaochang was suspected of some economic crimes in the transactions involved and has been investigated by the relevant judicial institutions, the facts of the case have become extremely complicated. Therefore, the directors, based on the advice from the Group's legal counsel, are not yet able to make a reliable estimate of the outcome of the Litigation as well as the resulting loss or gain.

Notes to Financial Statements

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51. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2022 RMB'000	2021 <i>RMB'000</i>
Contracted, but not provided for		
Acquisition of property, plant and equipment and exploration and evaluation rights	3,095,394	698,030
Investments in associates <i>(i)</i>	1,518,634	1,442,673
Investment in financial product <i>(ii)</i>	644,626	–
	5,258,654	2,140,703

- i. The Company and China Metallurgical Group Corporation (“CMCC”) incorporated MCC-JCL Aynak Minerals Company Limited (“MCC-JCL”), an associate of the Group, in September 2008. Prior to the introduction of other independent investors, the initial shareholdings of the Company and CMCC in MCC-JCL were 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by capital injection from shareholders and by project loan financing in the proportions of 30% and 70%, respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

- ii. In September 2022, Jiangxi Copper (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of the Group, entered into a subscription agreement for an issued financial product with the maximum subscription amount at USD100,000,000. As at 31 December 2022, the Group has subscribed USD7,200,000.

Notes to Financial Statements

31 DECEMBER 2022

52. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in notes 32 and 37 in these financial statements, the Group had the following transactions with related parties during the year:

(a) Related party transactions with JCC and its affiliates:

	2022	2021
	RMB'000	RMB'000
Sales to JCC:		
Sales of auxiliary industrial products	624	641
Sales to JCC's affiliates:		
Sales of copper cathodes	869,718	931,796
Sales of copper rods	861,135	734,603
Sales of auxiliary industrial products	131,197	131,031
Sales of auxiliary materials	87,104	13,606
Sales of lead materials	63,954	64,718
Sales of zinc concentrates	45,642	47,315
Sales of sulphuric acid	2,562	509
Sales of blister copper	–	1,836
	2,061,312	1,925,414
Purchases from JCC's affiliates:		
Purchases of auxiliary industrial products	1,191,205	1,053,544
Purchases of sulfuric and sulfuric concentrates	37,472	32,319
Purchases of copper concentrates	16,551	117,534
Purchase of blister copper	–	632
	1,245,228	1,204,029

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52. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Service fees charged to JCC:		
Supply of electricity	2,975	557
Vehicle transportation services	38	183
Repair and maintenance services	–	1,114
Other management service	–	5,168
	3,013	7,022
Service fees charged to JCC's affiliates:		
Construction services	203,710	158,953
Vehicle transportation services	44,878	29,824
Supply of electricity	37,231	33,674
Rentals for public facilities and other services	9,576	11,623
Repair and maintenance services	5,144	15,197
Supply of water	188	141
Other management service	9,709	1,082
	310,436	250,494
Service fees charged by JCC:		
Labour service	23	–
Transfer of land use right	–	38,672
	23	38,672

Notes to Financial Statements

31 DECEMBER 2022

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Service fees charged by JCC's affiliates:		
Repair and maintenance services	164,598	225,339
Labour service	111,592	76,764
Construction services	75,003	173,461
Vehicle transportation services	26,333	–
Brokerage agency services for commodity derivative contracts	10,839	8,811
	388,365	484,375
Repayment of loan's principal and interest from JCC	1,367,996	1,717,945
Interest expenses on loans provided from JCC	46,156	105,551
Loans provided from JCC's affiliates	4,800	–
Interest expenses on loans provided from JCC's affiliates	285	–
Loans provided to JCC's affiliates	2,962,250	1,937,000
Interest income for loans provided to JCC's affiliates	88,098	68,568
Interest expenses for deposits made from JCC	29,758	21,863
Interest expenses for deposits made from JCC's affiliates	9,081	7,848

Notes to Financial Statements

31 DECEMBER 2022

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (Continued)

In 2020, the Group entered into rental agreements to rent certain land use rights in Jiangxi Province from JCC at an annual rental fee of RMB196,971,000 with a lease period from 1 January 2021 to 31 December 2023. The total rental fee amounted to RMB196,971,000 for the year ended 31 December 2022 (2021: RMB196,971,000).

The daily credit balance offered by Finance Company, a subsidiary of the Group, to JCC and its affiliates will neither exceed the deposits from JCC and its affiliates nor exceed the ceiling amount of RMB2,900,000,000 as agreed in the financial service agreement entered into by the two parties.

During the year, the Group disposed of a subsidiary, TE Jiangxi, to JCC for a cash consideration of RMB83,600,000. Further details of the transaction are included in note 47 to the financial information.

Transactions with related parties are negotiated and agreed by both parties with reference to market prices.

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52. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions with Company's jointly controlled entities and associates:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Sales to a related party:		
Sales of auxiliary industrial products	2,987,980	21,546
Purchases from a related party:		
Purchases of auxiliary industrial products	629,746	–
Purchases of copper concentrate	101,885	79,964
	731,631	79,964
Service fees charged to a related party:		
Supply of electricity	3,596	905
Service fees charged by a related party:		
Other services	44,366	–
Loans provided to a related party	51,200	22,967
Interest income for loans provided to a related party	574	137,287
Loans received from a related party	51,200	5,000
Deposits from a related party	8,007	–

Transactions with related parties mentioned above are negotiated and agreed by both parties with reference to market prices.

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31 DECEMBER 2022

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions with Company's non-controlling interest holders and its subsidiaries:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Sales to related parties:		
Sales of copper cathodes	10,174,038	2,822,034
Sales of auxiliary industrial products	1,807,169	814,076
Sales of aluminum	973,203	–
	12,954,410	3,636,110
Purchases from related parties:		
Purchases of copper concentrates and blister copper	7,498,004	4,726,603
Purchases of copper cathodes	2,652,223	–
Purchases of auxiliary industrial products	162,556	36,494
	10,312,783	4,818,660

Transactions with related parties mentioned above are negotiated and agreed by both parties with reference to market prices.

In 2018, the Group's subsidiary, Fuye Heding entered into a Mutual Guarantees Agreement with Fuye Group (the non-controlling shareholder of Heding Copper). Further details are included in note 36(b).

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52. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties:

At the end of the reporting period, the Group had the following balances with related parties:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bills receivable:		
JCC's affiliates	109,107	18,602
Trade receivables:		
JCC	28	–
JCC's affiliates	586,423	560,256
The Group's jointly controlled entities and associates	344	10,685
	586,795	570,941
Prepayments:		
JCC's affiliates	463	4,778
Non-controlling interest holder and its subsidiary	600	–
	1,063	4,778

Notes to Financial Statements

31 DECEMBER 2022

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties: (Continued)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other receivables:		
JCC's affiliates	2,030,008	1,797,256
The Group's jointly controlled entities and associates	78,900	74,938
	2,108,908	1,872,194
Loans to related parties:		
JCC's affiliates	2,533,817	1,736,309
Trade and bills payables:		
JCC	560	–
JCC's affiliates	609,706	99,082
Non-controlling interest holder and its subsidiary	2,336,319	929,724
The Group's jointly controlled entities and associates	579,988	34,968
	3,526,573	1,063,774
Contract liabilities:		
JCC's affiliates	8,565	3,094
Non-controlling interest holder and its subsidiary	589	6,042
	9,154	9,136

Notes to Financial Statements

31 DECEMBER 2022

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties: (Continued)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other payables:		
The Group's penultimate controlling party's affiliates	97,755	–
JCC	253,684	1,145,047
JCC's affiliates	88,271	344,387
Non-controlling interest holder and its subsidiary	24,167	–
The Group's jointly controlled entities and associates	50,133	–
	514,010	1,489,434
Deposits from customers:		
JCC	4,940,011	3,257,901
JCC's affiliates	1,491,908	2,194,500
The Group's jointly controlled entities and associates	8,007	–
	6,439,926	5,452,401
Lease liabilities:		
JCC	191,086	355,802
Other non-current liabilities:		
JCC	4,815	5,687
Loans from JCC	–	1,319,830

The above balances arose from the aforementioned transactions, deposits and advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances were unsecured, interest-free and had no fixed repayment terms except for loans, deposits from customers, and other non-current liabilities, the terms of which have not changed from the terms of which were in accordance with that set out in the respective agreements or mutually agreed between the parties concerned.

Notes to Financial Statements

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52. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Compensation of key management personnel of the Group:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Short-term employee benefits	16,743	15,304

The transactions disclosed in item(a) and (c) above also constitute connected transactions and/or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Further details of directors and executive's remuneration are included in note 12 to the consolidation financial statements.

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed, and the Group has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

The Group itself is part of a larger group of companies under the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangxi Province, which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of copper and other related products and utility services.

Notes to Financial Statements

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53. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit and loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost RMB'000	Total RMB'000
	Designated as such upon initial recognition RMB'000	Mandatorily designated as such RMB'000	Debt investments RMB'000	Equity investments RMB'000		
Financial instruments other than derivatives	1,241,651	4,535,992	-	18,498,826	-	24,276,469
Derivative financial instruments	-	503,626	-	-	-	503,626
Trade and bills receivables	-	-	1,903,238	-	4,688,651	6,591,889
Factoring receivables	-	-	-	-	303,993	303,993
Loans to related parties	-	-	-	-	2,533,817	2,533,817
Financial assets included in prepayments, other receivables and other assets	-	-	-	-	7,250,116	7,250,116
Time deposits	-	-	-	-	1,278,953	1,278,953
Restricted bank deposits	-	-	-	-	24,328,349	24,328,349
Cash and cash equivalents	-	-	-	-	14,727,876	14,727,876
	1,241,651	5,039,618	1,903,238	18,498,826	55,111,755	81,795,088

Notes to Financial Statements

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53. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit and loss		
	Financial liabilities at amortised cost	Held for trading	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	–	13,825,254	13,825,254
Financial liabilities included in other payables and accruals	38,353	3,111,036	3,149,389
Derivative financial instruments	1,461,805	–	1,461,805
Deposits from holding company and fellow subsidiaries	–	6,439,926	6,439,926
Interest-bearing bank borrowings	–	48,619,721	48,619,721
Corporate bonds	–	3,556,150	3,556,150
Lease liabilities	–	200,112	200,112
Other non-current liabilities	–	1,186,441	1,186,441
	1,500,158	76,938,640	78,438,798

Notes to Financial Statements

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53. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit and loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost RMB'000	Total RMB'000
	Designated as such upon initial recognition RMB'000	Mandatorily designated as such RMB'000	Debt investments RMB'000	Equity investments RMB'000		
Financial instruments other than derivatives	1,480,227	3,806,471	-	19,260,620	-	24,547,318
Derivative financial instruments	-	379,098	-	-	-	379,098
Trade and bills receivables	-	-	2,535,148	-	5,160,352	7,695,500
Factoring receivables	-	-	-	-	561,493	561,493
Loans to related parties	-	-	-	-	1,736,309	1,736,309
Financial assets included in prepayments, other receivables and other assets	-	-	-	-	4,595,064	4,595,064
Time deposits	-	-	-	-	298,821	298,821
Restricted bank deposits	-	-	-	-	17,489,498	17,489,498
Cash and cash equivalents	-	-	-	-	21,295,290	21,295,290
	1,480,227	4,185,569	2,535,148	19,260,620	51,136,827	78,598,391

Notes to Financial Statements

31 DECEMBER 2022

53. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Held for trading	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	–	–	11,167,927	11,167,927
Financial liabilities included in other payables and accruals	36,129	–	3,773,258	3,809,387
Derivative financial instruments	290,969	–	–	290,969
Deposits from holding company and fellow subsidiaries	–	–	5,452,401	5,452,401
Interest-bearing bank borrowings	–	–	50,187,981	50,187,981
Corporate bonds	–	–	2,013,316	2,013,316
Lease liabilities	–	–	372,274	372,274
Other non-current liabilities	–	–	1,246,348	1,246,348
		327,098	74,213,505	74,540,603

Notes to Financial Statements

31 DECEMBER 2022

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, loans to related parties, financial liabilities included in other payables and accruals, interest-bearing bank and deposits from a holding company and fellow subsidiaries approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of deposits, interest-bearing bank borrowings, corporate bonds and other non-current liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings and corporate bonds as at 31 December 2022 were assessed to be insignificant.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, Management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to Financial Statements

31 DECEMBER 2022

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods and assumptions were used to estimate the fair values:

- The fair values of listed debentures and listed equity investments are based on quoted market prices.
- The fair values of investments in financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.
- The fair value of a bond investment has been estimated based on its expected cash flows discounted by the quoted annual return rate of a similar bond investment. The fair values have been assessed to be approximate to their carrying amounts.
- The fair values of unlisted equity investments and income right attached to a target equity interest have been estimated based on the comparable companies analysis in terms of a series key ratios. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values as at 31 December 2022.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with good credit ratings. Derivative financial instruments includes commodity derivative contracts, provisional price arrangements, forward currency contracts, foreign currency swaps:

- The fair value of the commodity derivative contracts and T+D forward contracts represents the difference between the quoted market price of commodity derivative contracts at the year end and the quoted price at inception of the contracts;
- The fair value of the provisional price arrangement is estimated by reference to the quoted market price at the year end of commodity derivative contracts with similar maturity as the provisional price arrangement compared to the quoted market prices of commodity derivative contracts on the dates of delivery of the purchased material;
- The fair values of forward currency contracts are measured using valuation techniques similar to the discounted cash flow model. The models incorporate various market observable inputs including foreign exchange spot, forward rates, risk-free interest rate curves and implied volatility of the foreign exchange rate. The carrying amounts of forward currency contracts, foreign currency swaps are the same as their fair values;
- The fair value of gold lease recognised as gold lease contracts is estimated by reference to the discounted cash flow method at period end of commodity derivative contracts with similar maturity compared to the quoted market prices of commodity derivative contracts on the dates of return the gold.

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54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

31 December 2022:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets:				
Listed equity investments	18,450,917	97,795	–	18,548,712
Listed debentures	2,298,999	–	–	2,298,999
Investments in financial products	390,416	20,019	1,826,558	2,236,993
Unlisted equity investments	–	50,477	701,538	752,015
Income right attached to a target equity interest	–	–	439,750	439,750
Derivative financial instruments:				
– Commodity derivative contracts and T+D forward contracts	261,082	–	–	261,082
– Foreign currency forward contracts	–	242,544	–	242,544
Bills receivable	–	1,903,238	–	1,903,238
Inventories designated as hedged items	7,495,771	–	–	7,495,771
	28,897,185	2,314,073	2,967,846	34,179,104
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts and T+D forward contracts	780,789	–	–	780,789
– Commodity option contracts	–	45,833	–	45,833
– Provisional price arrangements	–	313,842	–	313,842
– Foreign currency forward contracts	–	321,341	–	321,341
Other payables and accruals				
– Financial guarantee contracts	–	–	38,353	38,353
	780,789	681,016	38,353	1,500,158

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31 DECEMBER 2022

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

31 December 2021:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets:				
Listed equity investments	19,428,819	260,749	–	19,689,568
Listed debentures	973,593	–	–	973,593
Investments in financial products	1,613,709	–	1,219,170	2,832,879
Unlisted equity investments	–	–	605,729	605,729
Income right attached to a target equity interest	–	–	445,550	445,550
Derivative financial instruments:				
– Commodity option contracts	–	3,865	–	3,865
– Commodity derivative contracts and T+D forward contracts	297,097	–	–	297,097
– Foreign currency forward contracts	–	78,135	–	78,135
Bills receivable	–	2,535,148	–	2,535,148
Inventories designated as hedged items	6,311,663	–	–	6,311,663
	28,624,881	2,877,897	2,270,449	33,773,227
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts and T+D forward contracts	234,064	–	–	234,064
– Commodity option contracts	–	12,720	–	12,720
– Provisional price arrangements	–	11,442	–	11,442
– Foreign currency forward contracts	–	32,743	–	32,743
Other payables and accruals				
– Financial guarantee contracts	–	–	36,129	36,129
	234,064	56,905	36,129	327,098

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54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2022	2021
	RMB'000	RMB'000
At 1 January	2,270,449	5,300,204
Purchase	10,566,468	13,502,720
Total gains recognised in the statement of profit or loss	180,386	(38,052)
Total gains recognised in other comprehensive income	79	(305)
Disposals	(10,049,536)	(16,494,118)
At 31 December	2,967,846	2,270,449

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2021: Nil).

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55. OFFSETTING AND DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset only when the Group has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The tables hereafter show the carrying amounts of recognized financial assets and financial liabilities that are subject to various offsetting arrangements. The net column would be on the Group's statement of financial position, when the offsetting rights were exercised.

31 December 2022:

	Financial instruments (gross) <i>RMB'000</i>	Amounts offset in the statement of financial position(a) <i>RMB'000</i>	Amounts offset in the statement of financial position(b) <i>RMB'000</i>	Financial instruments (net) <i>RMB'000</i>
Financial assets:				
Restricted bank deposits	35,686,648	(4,358,005)	(7,000,294)	24,328,349
Derivative financial instruments	535,970	(28,186)	(4,158)	503,626
	36,222,618	(4,386,191)	(7,004,452)	24,831,975
Financial liabilities:				
Interest-bearing bank borrowings	59,806,653	(4,261,598)	(6,925,334)	48,619,721
Derivative financial instruments	1,665,516	(124,593)	(79,118)	1,461,805
	61,472,169	(4,386,191)	(7,004,452)	50,081,526

Notes to Financial Statements

31 DECEMBER 2022

55. OFFSETTING AND DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

31 December 2021:

	Financial instruments (gross) RMB'000	Amounts offset in the statement of financial position(a) RMB'000	Amounts offset in the statement of financial position(b) RMB'000	Financial instruments (net) RMB'000
Financial assets:				
Restricted bank deposits	27,434,917	(2,672,687)	(7,272,732)	17,489,498
Derivative financial instruments	413,801	–	(34,703)	379,098
Financial instruments other than derivatives	25,047,318	–	(500,000)	24,547,318
	52,896,036	(2,672,687)	(7,807,435)	42,415,914
Financial liabilities:				
Interest-bearing bank borrowings	60,611,564	(2,644,000)	(7,779,583)	50,187,981
Derivative financial instruments	347,508	(28,687)	(27,852)	290,969
	60,959,072	(2,672,687)	(7,807,435)	50,478,950

(a) Pursuant to certain of offsetting agreements entered into between the Group and the counterparties, the Group had rights to exercise the offsetting of the financial assets and liabilities prior to the maturity.

(b) Pursuant to certain of offsetting agreements entered into between the Group and the counterparties, the counterparties had rights to exercise the offsetting of the financial assets and liabilities prior to the maturity.

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56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents, corporate bonds and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables, and financial liabilities in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to financial instruments are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances and bank borrowings with floating interest rates. Management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. Management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest-bearing bank balances are within a short maturity period.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest-bearing bank borrowings at the end of the reporting period assuming the stipulated changes had taken place at the beginning of the reporting period and were held constant throughout the reporting period.

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56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	(Decrease)/increase in profit after tax		(Decrease)/increase in equity	
		2022	2021	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
If interest rate increases	100	(36,469)	(108,619)	(36,469)	(108,619)
If interest rate decreases	(100)	36,469	108,619	36,469	108,619

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currencies other than the functional currency of the respective group entities, which are mainly trade and other receivables, restricted bank deposits, cash and bank balances, trade and other payables, bank borrowings and derivative financial instruments, at the end of the reporting period are as follows:

	Fluctuation In foreign exchange rate %	(Decrease)/increase in profit after tax		(Decrease)/increase in equity	
		2022	2021	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
If RMB strengthens against USD	(5)	(258,582)	57,594	(234,214)	57,594
If RMB weakens against USD	5	258,582	(57,594)	234,214	(57,594)
If RMB strengthens against HKD	(5)	(32,972)	(11,571)	(29,805)	(14,269)
If RMB weakens against HKD	5	32,972	11,571	29,805	14,269

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are net carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2022

	12-month	Lifetime ECLs			Total
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	2,126,738	–	–	4,465,151	6,591,889
Factoring receivables	–	–	303,993	–	303,993
Financial assets included in prepayments, other receivables and other assets	6,970,201	57,504	222,411	–	7,250,116
Loans to related parties	2,513,237	–	–	–	2,533,817
Time deposits – Not yet past due	1,278,953	–	–	–	1,278,953
Restrict bank deposits – Not yet past due	24,328,349	–	–	–	24,328,349
Cash and cash equivalents – Not yet past due	14,727,876	–	–	–	14,727,876
	51,965,934	57,504	526,404	4,465,151	57,014,993

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2021

	12-month	Lifetime ECLs			Total
	ECLs	Stage 2	Stage 3	Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	2,736,772	–	–	4,958,728	7,695,500
Factoring receivables	72,180	–	489,313	–	561,493
Financial assets included in prepayments, other receivables and other assets	2,971,740	241,561	345,436	–	3,558,737
Loans to related parties	1,736,309	–	–	–	1,736,309
Time deposits – Not yet past due	298,821	–	–	–	298,821
Restrict bank deposits – Not yet past due	17,489,498	–	–	–	17,489,498
Cash and cash equivalents – Not yet past due	21,295,290	–	–	–	21,295,290
	46,600,610	241,561	834,749	4,958,728	52,635,648

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the individual basis and collective basis is disclosed in note 29 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 29 to the financial statements.

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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, obtaining debentures from specific financial institutions and borrowing loans from banks.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2022			
	On demand and less than 12 months RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Corporate bonds	56,150	3,657,500	–	3,713,650
Interest-bearing bank borrowings	43,076,429	6,913,671	–	49,990,100
Trade and bills payables	13,825,254	–	–	13,825,254
Financial liabilities in other payables and accruals	3,149,390	–	–	3,149,390
Deposits from a holding company and fellow subsidiaries	6,408,659	32,471	–	6,441,130
Derivative financial instruments	1,461,805	–	–	1,461,805
Lease liabilities	180,321	20,780	–	201,101
Other non-current liability	–	1,364,408	–	1,364,408
	68,158,008	11,988,830	–	80,146,838

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	31 December 2021			
	On demand and less than 12 months <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
Corporate bonds	513,316	1,609,511	–	2,122,827
Interest-bearing bank borrowings	38,917,772	13,041,639	–	51,959,411
Trade and bills payables	11,167,927	–	–	11,167,927
Financial liabilities in other payables and accruals	3,439,988	–	–	3,439,988
Deposits from a holding company and fellow subsidiaries	5,348,718	–	–	5,348,718
Derivative financial instruments	290,969	–	–	290,969
Lease liabilities	173,125	209,106	–	382,231
Other non-current liability	369,399	1,542,369	–	1,911,768
	60,221,214	16,402,625	–	76,623,839

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes and gold and silver which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts, T+D forward contracts and provisional price arrangements to manage the Group's exposure in relation to forecasted sales of copper products, forecasted sales of gold products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires and silver and gold lease contracts.

Financial assets and liabilities of the Group whose fair value changes are in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts, T+D forward contracts and provisional price arrangements.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in prevailing market price of copper cathodes and gold, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of commodity derivative contracts and the provisional price arrangements) after the impact of hedge accounting.

	(Decrease)/increase in profit before tax	
	2022	2021
	RMB'000	<i>RMB'000</i>
If market price increases 5% in copper	(450,777)	(208,477)
If market price decreases 5% in copper	450,777	208,477
If market price increases 5% in gold	(163,137)	(208,248)
If market price decreases 5% in gold	163,137	208,248
If market price increases 5% in silver	(27,529)	(26,916)
If market price decreases 5% in silver	27,529	26,916

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 25) and equity investments at fair value through other comprehensive income (note 25) as at 31 December 2022. The Group's listed investments are listed on the Shanghai, Shenzhen, Hong Kong and Toronto stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2022	High/low 2022	31 December 2021	High/low 2021
Shenzhen – A share index	2,067	2,645/1,833	2,648	2,681/2,261
Hong Kong – Hang Seng index	19,781	24,966/14,687	23,398	31,183/22,665
Toronto – Composite index	19,496	22,213/18,248	21,223	21,796/17,298

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments with all other variables held constant and after impact on tax, based on their carrying amounts at the end of the reporting period.

31 December 2022	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
Shenzhen – FVPL	12,021	451	451
Hong Kong – FVPL	97,795	4,156	4,156
Toronto – FVOCI	18,438,896	–	921,945

	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2021			
Shanghai – FVPL	17,364	651	651
Hong Kong – FVPL	456,906	19,271	19,271
Toronto – FVOCI	19,215,298	–	960,765

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate benchmark reform

As at 31 December 2022, the Group had certain interest-bearing bank borrowings in United States dollars. The interest rates of these instruments are based on the LIBOR with a tenor of six months or twelve months, which will cease to be published after 30 June 2023. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract;
- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group);
- The existing fallback clause included in the instruments may not be adequate to facilitate a transition to a suitable RFR.

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

Notes to Financial Statements

31 DECEMBER 2022

56. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Total capital of the Group is the total equity in the consolidated financial position. The Group is not subject to any externally imposed capital requirements. The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets.

The Group's debt-to-asset ratio as at the end of the reporting period was as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Total assets	167,330,540	161,034,643
Total liabilities	85,380,383	83,224,717
Debt-to-asset ratio	51%	52%

57. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period that may have a material impact on the Group's reported financial position at 31 December 2022.

Notes to Financial Statements

31 DECEMBER 2022

58. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	13,175,070	12,643,190
Investment properties	303,201	167,549
Right-of-use assets	163,008	2,919,109
Other intangible assets	3,310,485	1,306,595
Exploration and evaluation assets	483,892	507,908
Investments in subsidiaries	26,633,330	26,315,601
Investments in joint ventures	28,902	36,788
Investments in associates	3,627,087	3,373,094
Financial instruments other than derivatives	2,414,287	2,514,190
Prepayments, other receivables and other assets	7,401,428	3,946,044
Deferred tax assets	487,165	501,949
Total non-current assets	58,027,855	54,232,017
Current assets		
Inventories	12,640,027	13,094,027
Trade and bills receivables	2,893,641	3,170,857
Prepayments, other receivables and other assets	2,314,730	1,296,740
Derivative financial instruments	9,041	3,865
Restricted bank deposits	1,456,015	206,283
Cash and cash equivalents	11,465,114	14,535,643
Total current assets	30,778,568	32,307,415
Total assets	88,806,423	86,539,432

Notes to Financial Statements

31 DECEMBER 2022

58. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current liabilities		
Trade and bills payables	2,118,492	2,166,499
Other payables and accruals	6,229,328	10,523,157
Derivative financial instruments	225,438	25,013
Deferred revenue	31,495	–
Interest-bearing bank borrowings	12,957,728	3,103,066
Lease liabilities	172,087	162,842
Corporate bonds	17,518	–
Income tax payable	–	806,837
Total current liabilities	21,752,086	16,787,414
Net current assets	9,026,482	15,520,001
Total assets less current liabilities	67,054,337	69,752,018
Non-current liabilities		
Interest-bearing bank borrowings	4,002,447	9,516,091
Lease liabilities	–	172,087
Corporate bonds	2,000,000	1,000,000
Provision for rehabilitation	205,880	197,429
Employee benefit liabilities	290	290
Deferred revenue	173,994	196,823
Other non-current liabilities	312,807	407,319
Total non-current liabilities	6,695,418	11,490,039
Net assets	60,358,919	58,261,979
Equity		
Equity attributable to owners of the parent		
Capital and reserves		
Share capital	3,462,729	3,462,729
Reserves	56,896,190	54,799,250
Total equity	60,358,919	58,261,979

Notes to Financial Statements

31 DECEMBER 2022

58. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

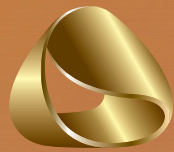
	Other reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Discretionary surplus reserve <i>RMB'000</i>	Safety fund surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	12,699,951	5,545,146	9,644,881	110,838	23,934,068	51,934,884
Total comprehensive income for the year	(10,228)	-	-	-	3,220,867	3,210,639
Dividend declared	-	-	-	-	(346,273)	(346,273)
Transfer between categories	-	308,747	-	133,397	(442,144)	-
At 31 December 2021	12,689,723	5,853,893	9,644,881	244,235	26,366,518	54,799,250
Total comprehensive income for the year	207,357	-	-	-	3,620,948	3,828,305
Dividend declared	-	-	-	-	(1,731,365)	(1,731,365)
Transfer between categories	-	366,829	-	(47,337)	(319,492)	-
At 31 December 2022	12,897,080	6,220,722	9,644,881	196,898	27,936,609	56,896,190

59. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2023.

Financial Summary

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
REVENUE	478,392,849	441,614,438	317,756,486	239,585,489	214,395,309
Cost of sales	-466,336,463	-425,422,857	-307,687,117	-231,172,158	-207,552,232
Gross profit	12,056,386	16,191,581	10,069,369	8,413,331	6,843,077
Other income, Other gains and losses	1,921,443	-2,035,951	-707,074	1,202,536	1,658,711
Selling and distribution costs	-439,246	-367,464	-269,427	-683,412	-569,029
Administrative expenses	-3,572,932	-3,714,620	-2,726,043	-2,417,503	-1,787,275
Impairment losses on financial assets, net	-284,586	-480,019	-1,264,064	-1,475,161	-1,369,111
Finance costs	-1,967,157	-2,018,808	-1,950,099	-1,883,826	-1,409,007
Share of profits and losses of:					
Joint ventures	-30,336	-15,272	-17,600	-48,336	-30,243
Associates	-185,014	-142,559	117,009	27,164	-74,998
PROFIT BEFORE TAX	7,498,558	7,416,888	3,252,071	3,134,793	3,262,125
Income tax	-1,403,004	-1,387,449	-892,594	-982,425	-839,539
PROFIT FOR THE YEAR	6,095,554	6,029,439	2,359,477	2,152,368	2,422,586
Attributable to :					
Owners of the Company	6,001,476	5,772,525	2,227,704	2,437,988	2,415,017
Non-controlling interests	94,078	256,914	131,773	-285,620	7,569
	6,095,554	6,029,439	2,359,477	2,152,368	2,422,586
Total assets	167,330,540	161,034,643	140,881,553	134,913,915	102,865,824
Total liabilities	-85,380,383	-83,224,717	-74,022,249	-75,881,314	-50,839,134
Non-controlling interests	-8,431,507	-8,011,074	-6,948,911	-6,286,983	-2,260,379
Equity attributable to owners of the parent	-73,518,650	-69,798,852	-59,910,393	-52,745,618	-49,766,311



Jiangxi Copper Company Limited