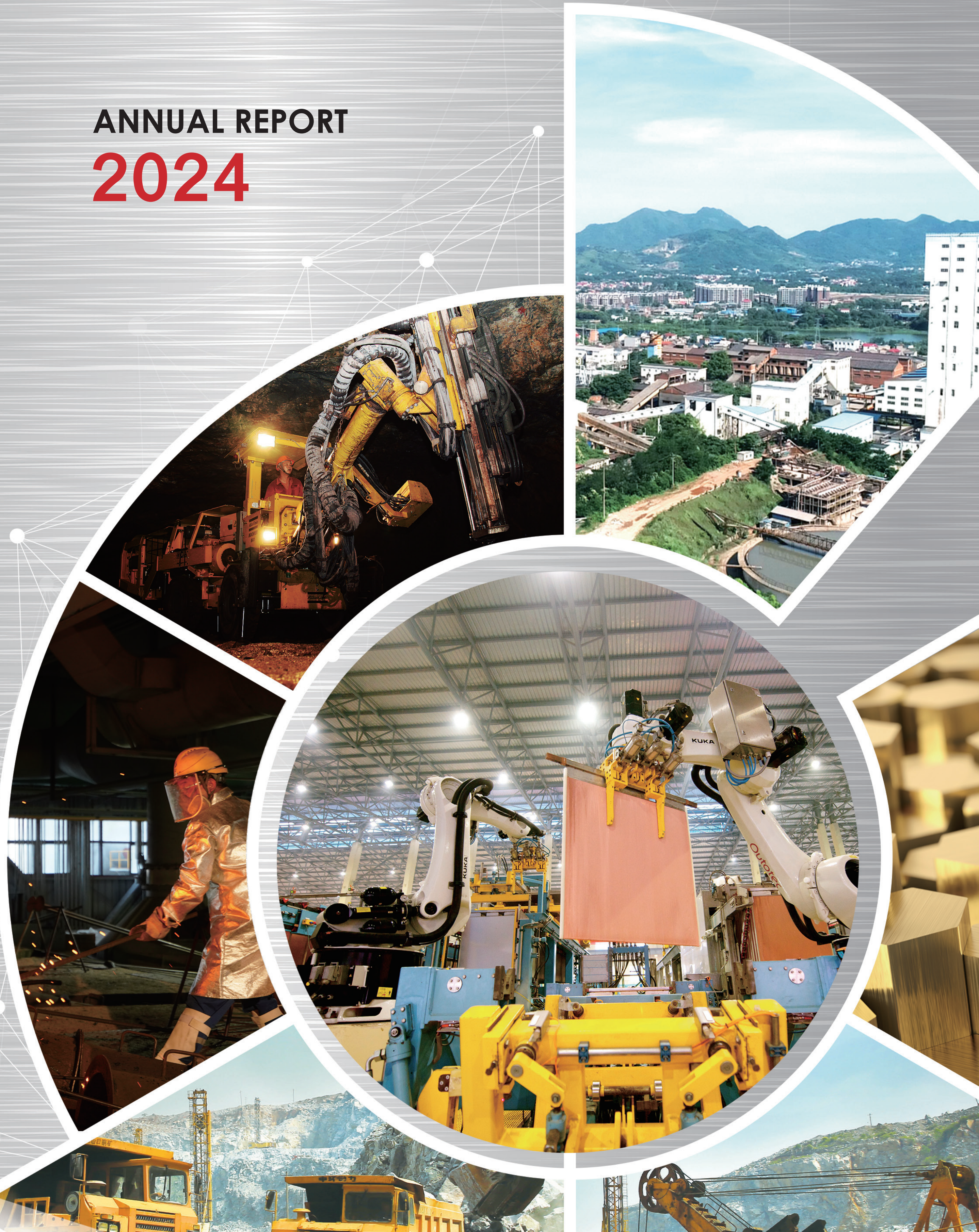
中國大冶有色金屬礦業有限公司
China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 00661

ANNUAL REPORT
2024



Mineral Resources

XINJIANG MINE

Wuqia County

4 Sareke Copper Mine

HUBEI MINES

Daye City

1 Tonglvshan Mine

2 Tongshankou Mine

Yangxin County

3 Fengshan Mine

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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Xiao Shuxin *(Chairman)*
Zhang Jinzhong *(Chief Executive Officer)*
Zhang Aijun
Chen Xuewen

Independent Non-executive Directors:

Liu Fang
Wang Qihong
Liu Jishun

AUDIT COMMITTEE/ REMUNERATION COMMITTEE

Liu Fang *(Chairman)*
Wang Qihong
Liu Jishun

NOMINATION COMMITTEE

Xiao Shuxin *(Chairman)*
Liu Fang
Wang Qihong
Liu Jishun

COMPANY SECRETARY

Wong Yat Tung

LEGAL ADVISERS

As to Hong Kong law:
Paul Hastings

As to Bermuda law:
Conyers Dill & Pearman

AUDITOR

Baker Tilly Hong Kong Limited
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL REGISTRAR

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court,
22 Victoria Street,
PO Box HM 1179,
Hamilton HM EX,
Bermuda

HONG KONG BRANCH REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

661

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Xiao Shuxin, aged 48, has been an executive director of the Company since 2021. He graduated from Shanxi University of Finance and Economics* (山西財經學院) in 1997 majoring in investment economics with a bachelor's degree in economics. From September 1997 to October 2006, he served as a salesman of the import and export department 8 and department 6 and the deputy manager of the business division 2 of department 6 of China National Commercial Foreign Trade Corporation* (中國商業對外貿易總公司). From October 2006 to November 2007, he served as a salesman of the trading department of CNMC. He served as, from November 2007 to August 2011, the deputy manager of the import and export department, manager and assistant to the general manager of the commercial transportation centre, from September 2011 to March 2016, the deputy general manager, from March 2016 to February 2021, a member of the Communist Party Committee and the deputy general manager of China Nonferrous International Trading Co., Ltd.* (中色國際貿易有限公司), a wholly-owned subsidiary of CNMC. He served as member of the Standing Committee of the Communist Party Committee and the deputy general manager of the Parent Company since February 2021. He served as the general manager of the Parent Company since October 2023. Mr. Xiao has more than 25 years of experience in business administration.

Mr. Zhang Jinzhong, aged 38, has been an executive Director since 2023. He obtained a Bachelor of Engineering degree in mining engineering from Central South University* (中南大學) in 2012. Mr. Zhang served as a technician of Hunan Nonferrous Tin Mine of Hsikwang Shan Twinkling Star Co., Ltd. from July 2012 to July 2013; a technician of Changsha Digital Mine Co.* (長沙迪邁科技有限公司), Ltd from July 2013 to December 2014; and a technician of CNMC Luanshya Copper Mines Plc.* (中色盧安夏銅業有限公司), a subsidiary of CNMC from January 2015 to November 2016. Mr. Zhang joined NFC Africa Mining Plc.* (中色非洲礦業有限公司), a subsidiary of CNMC, from November 2016 to April 2023, during which he successively worked as a technician of infrastructure office, the assistant manager of southeast ore body mining workshop, the deputy manager of southeast ore body production control center (in charge of work), the manager of southeast ore body production control center, and the manager of technical department. In April 2023, he acted as the assistant manager of Daye Non-Ferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), which is the controlling shareholder of the Company, Mr. Zhang has been engaged in the nonferrous metals industry for more than 12 years and has rich experience in fields related to mine management.

Ms. Zhang Aijun, aged 54, has been an executive director of the Company since 2024. Ms. Zhang graduated from the Accounting Department of Zhejiang Metallurgical Economics College in 1992, majoring in industrial accounting. She graduated from the Postgraduate Department of Economic Management of the Party School of Chinese Communist Party of Hubei province* (中共湖北省委黨校) in 2010. From July 1992 to March 1995, she served as an accountant at Northwest Aluminum Fabrication Plant* (西北鋁加工廠). From March 1995 to March 2009, she successively served as the accountant of the finance section of Fengshan Copper Mine, the deputy head of the finance section of the smelting plant and the head of the cost section of the finance department of the Parent Company. From March 2009 to March 2018, she successively served as the head of the budget section of the finance department and the deputy director of the finance section of the finance department and the director of the settlement center of Daye Metal. From March 2018 to January 2023, she served as the director of the finance department of the Parent Company. From February 2023 to March 2024, she served as a member of the Standing Committee of the Communist Party Committee and chief accountant of Shenyang Mining Investment Co., Ltd.* (瀋陽礦業投資有限公司), a subsidiary of CNMC. From March 2024 on, she has served as a member of the Standing Committee of the Communist Party Committee and chief accountant of the Parent Company. Ms. Zhang has over 32 years of experience in the accounting industry and has extensive experience in mining and metallurgical finance-related fields.

Biographical Details of Directors and Senior Management

Mr. Chen Xuewen, aged 53, has been an executive director of the Company since 2024. Mr. Chen graduated from Central South University of Technology* (中南工業大學) in 1993 with a bachelor's degree of industry, majoring in non-ferrous metallurgy, and graduated from Central South University* (中南大學) in 2010 with a master's degree of engineering, majoring in metallurgical engineering. From July 1993 to March 2006, he successively served as a technician and deputy director of the electrolysis workshop, deputy head of the quality inspection and measurement section and director of the electrolysis workshop of the smelting plant of the Parent Company. From March 2006 to February 2008, he successively served as a director and deputy general manager of Jingu Company* (金谷公司), a subsidiary of the Parent Company. From February 2009 to October 2011, he served as the deputy manager of Daye Metal Foshan Branch. From October 2011 to April 2012, he served as the deputy director of Metallurgical Reform Headquarters Office of the Parent Company. He served, from April 2012 to February 2016 as the deputy director of smelting plant, from April 2012 to November 2022 as a member of the Communist Party Committee, from February 2016 to January 2020 as the deputy director and director of the Quality Audit Center of Daye Metal. From January 2020 to November 2022, he served as the general manager of the Commerce Department. Currently, he serves as the assistant to the general manager of the Parent Company; secretary of the Communist Party Committee, general manager and chairman of Daye Metal; secretary of the Party branch and chairman (legal representative) of Huangshi Shengxiang Copper Co., Ltd.* (黃石晟祥銅業有限公司), a non-wholly owned subsidiary of the Parent Company; director of Daye Non-ferrous Logistics Co., Ltd.* (大冶有色物流有限公司), a subsidiary of the Parent Company; and director of Daye Non-ferrous Metals Group (Shanghai) International Trading Co., Ltd.* (大冶有色金屬集團(上海)國際貿易有限公司), a subsidiary of the Parent Company. Mr. Chen has over 32 years of experience in the non-ferrous metallurgy industry and has extensive experience in corporate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Liu Fang, aged 49, has been an independent non-executive director of the Company since 2023. She graduated from the Renmin University of China in 2001 with a major in accounting, and graduated from the Australian National University (Tsinghua University Cooperation Program) in 2015 with a master's degree in management, and is a certified public accountant in China. She worked at Coopers & Lybrand China from 1994 to 1997 as a training assistant. She worked at the audit department of Russell Bedford Hua-Ander in Beijing (a member firm of Russell Bedford International in China) in 1997 and served as a partner in 2008 and the lead partner in 2023. In 2009, she was sent by the firm to work at the San Jose office of its US partner, TRUE PARTNER CONSULTING, on an exchange program to learn US accounting standards and taxation, and subsequently worked with it to conduct M&A tax due diligence and tax consulting businesses. From 2010 to 2016, she served as an independent director of Jiawei Renewable Energy Co., Ltd. She has more than 20 years of audit experience and is proficient in the theoretical knowledge of finance, taxation, and auditing, and has accumulated extensive audit practice experience in various industries. She has extensive experience in statutory audit, international standard audit, due diligence, management consulting and tax consulting, and has led and participated in numerous auditing and consulting projects. She is familiar with and specializes in the manufacturing, pharmaceutical, service, high-tech and other industries, providing audit and consulting services to state-owned enterprises, foreign-invested enterprises and private enterprises.

Biographical Details of Directors and Senior Management

Mr. Wang Qihong, aged 72, has been an independent non-executive director of the Company since 2006. Mr. Wang worked in the Materials Bureau of the former Ministry of Posts and Telecommunications of the People's Republic of China and China National Postal and Telecommunications Appliances Corp. He was sent to Hong Kong by the Ministry of Posts and Telecommunications in 1991, where he served as a deputy general manager of Postel Development Co. Ltd., the Hong Kong branch of the Ministry of Posts and Telecommunications, and a deputy general manager of Town Khan Limited (Note: Town Khan Limited was one of the founders of SmarTone Telecommunications Holdings Limited (stock code: 00315) in Hong Kong, and it also participated in the listing of China Mobile Limited (stock code: 00941) in Hong Kong). Mr. Wang has participated in a number of projects regarding the modernization development and technology introduction of posts and telecommunications in the PRC since 1976, including the introduction of the first mobile communication equipment in the PRC, playing a significant role in the modernization of communication in the PRC. Mr. Wang successively graduated from Liaoning University and International College of Economics and Management (國際經濟管理學院) (currently merged with the University of International Business and Economics).

Mr. Liu Jishun, aged 67, is a professor and doctoral supervisor in Central South University (the "CSU"). Mr. Liu has been an independent non-executive director of the Company since 2014. Mr. Liu obtained a bachelor's degree in geology, a master's degree in geology and a doctoral degree in earth sciences from Nanjing University in January 1982, July 1986, and July 1989, respectively. He was assigned to the Research Institute No. 230 of China National Nuclear Corporation in Changsha (中國核工業集團公司長沙230研究所) in January 1982. He worked as a researcher from October 1989 to October 1991 in the mobile station for the post-doctoral programme of geological exploration and mining petroleum in Central South University of Technology, which was then merged into the CSU. He joined the CSU as a lecturer of geology in November 1991 and was later promoted to professor. He is devoted to the theoretical research on ore-formation and the practice of ore exploration, and specializes in regional metallogeny, exploration system engineering and practicality assessment for mining. He was involved in the discovery of gold mine in Qingyaigou (青崖溝), Gansu, PRC and the copper and gold mine in Ka Latage (卡拉塔格), Xinjiang, the PRC. Mr. Liu has held numerous positions related to geology in multiple companies. For example, he was the research team leader of the Sanjiang exploration project (三江找礦工程) of China National Nonferrous Metals Industry Corporation (中國有色金屬工業總公司), as well as the advisor to each of Southwest China Nonferrous Geological Exploration Bureau (西南有色地勘局), Yunnan Copper (Group) Co., Ltd. (雲南銅業集團), Hubei Provincial Huangmailing Phosphate Chemical Co., Ltd. (湖北黃麥嶺磷化工集團), Guangdong Yunfu Guangye Pyrite Group Limited (廣東雲浮硫鐵礦集團), the joint research institute of Xinjiang Non-ferrous Metal Group and CSU (新疆有色中南大學聯合研究院), Mengzi Mining and Metallurgy Co., Ltd. (蒙自礦冶) and Guixin Mining Industry Development Co., Ltd. (桂新礦業有限公司). He also acted as the mine exploitation advisor in Lincang, Yunnan, the PRC and as a Guangdong Province corporate technology correspondent (廣東省企業科技特派員). He served as a member of the 13th and 14th term of expert valuation team to the National Natural Science Foundation of China (國家自然科學基金委).

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

The vice president of the Company, Mr. Chen Zhiyou, was retired on March 2024 and his position has been concurrently held by the executive Director, Mr. Chen Xuewen.

Chairman's Statement

Xiao Shuxin
Chairman of the Board

Dear Shareholders,

On behalf of the board of directors of China Daye Non-Ferrous Metals Mining Limited, I am pleased to present to the shareholders of the Company the annual report of the Company and its subsidiaries for the year ended 31 December 2024.

During the year, revenue increased by approximately 29.18% to approximately RMB57,852,731,000 compared with approximately RMB44,784,723,000 in the same period of 2023. Gross profit decreased by approximately 10.70% to approximately RMB1,620,132,000, compared with approximately RMB1,814,275,000 in the same period of 2023. Profit for the year decreased by approximately 95.26% to approximately RMB9,596,000 compared with the profit of approximately RMB202,496,000 in the same period of 2023.

Chairman's Statement

In 2024, the Group produced a total of approximately 18,100 tonnes of mined copper, an increase of approximately 17.53% over the same period last year; approximately 703,600 tonnes of copper cathode, an increase of approximately 12.54% over the same period last year; approximately 692.37 tonnes of precious metals (including approximately 10.30 tonnes of gold, approximately 648.87 tonnes of silver, approximately 13.50 kg of platinum, approximately 125.50 kg of palladium and approximately 33.06 tonnes of tellurium), an increase of approximately 14.40% over the same period last year; approximately 2,064,400 tonnes of chemical products such as sulphuric acid (including approximately 2,054,600 tonnes of sulphuric acid, approximately 261.25 tonnes of nickel sulphate, approximately 9,317.64 tonnes of copper sulfate and approximately 211.48 tonnes of crude selenium), an increase of approximately 14.58% over the same period last year; approximately 187,300 tonnes of iron concentrate, an increase of approximately 68.13% over the same period last year; and approximately 43.68 tonnes of molybdenum concentrate, an increase of approximately 126.44% over the same period last year.

The year 2024 was a year for the Company to forge ahead in the midst of a complex and severe market environment and multiple difficult challenges. Over the past year, focusing on the main line of "three stability and four progress" (三穩四進) formulated at the beginning of the year and under the correct leadership, the Company went all out to stabilize operation, strengthen reforms, resolve risks and ensure safety, and production and operation experienced an extraordinary process of "stable start, under pressure, stabilizing and improving", with significant progress being made in a number of key and fundamental tasks related to the long-term development of the Company, making new and solid steps to build a modernized first-class copper enterprise.

- **The rectification of the central environmental protection inspection has been completed and cleared.** The Company completed the 34 rectification measures of the central environmental protection inspection three months ahead of schedule with high standards, and turned the list of problems of the central environmental protection inspection into an achievement report of green and high-quality development, and the exhaust emission of the smelter after the completion of the renovation was far better than the special emission limit standards of the industry, reaching the leading level in the industry. Fengshan Copper Mine and Tongshankou Mine were re-entered into the provincial green mines directory, Tonglvshan Mine and Sareke Copper Mine maintained the national green mines, and the effectiveness of the Company's rectification has been fully affirmed by the competent departments of the state, provinces and municipalities at all levels. Mainstream media such as China.com.cn (中國網), People's Daily and CCTV's "Morning News World" 《朝聞天下》 reported the story of the Company's green "transformation" in depth.

- **Production and operation remained generally stable.** The output and income of the main products increased year-on-year, including 18,100 tons of mined copper, 703,600 tons of copper concentrate, 10.3 tons of gold, 648.9 tons of silver and 2.055 million tons of sulfuric acid, representing a year-on-year increase of 18%, 13%, 101%, 12% and 17% respectively.

- **The intelligent construction of the mine has achieved initial results.** Taking the opportunity of intelligent mine construction and science and technology and safety and environmental protection to promote the digital and intelligent transformation of mining enterprises, Fengshan Copper Mine vigorously applied advanced trackless equipment to realize multi-post remote control, and the intelligent mine has taken shape. Tongshankou Mine used "one network" (一張網) to integrate multi-source production data into "one map" (一張圖) to achieve visual and dynamic management. Tonglvshan Mine effectively reduced the need for manual operation and maintenance positions through remote centralized control of drainage and other systems. Sareke Copper Mine accelerated the renewal and upgrading of equipment, and the degree of mine mechanization and informatization has been continuously improved.

– **Green and low-carbon smelting has reached a new level.** Focusing on the upgrading of traditional industries and the implementation of "double-high smelting" (雙高冶煉) and other key technology research and application, the smelter coal consumption has been reduced by 12%, the converter operation efficiency has been increased by 15%, and the emissions of sulfur dioxide and nitrogen oxides have been reduced to less than half of the national special emission limit. Focusing on promoting cleaner production, Yangxin Hongsheng completed the first round of cleaner production audits, successfully passed the selection of national green factories, was awarded the first batch of excellent smart factories of the Ministry of Industry and Information Technology, and its practice case of building a green, intelligent and efficient benchmark factory was selected into the 2024 Green and Low-carbon Excellent Practice Case Collection of Central Enterprises《2024中央企業綠色低碳優秀實踐案例集》by the State-owned Assets Supervision and Administration Commission.

Over the past year, facing the severe and complex market environment, the Company mainly carried out the following work:

A. STRENGTHEN PLAN MANAGEMENT AND IMPROVE OPERATIONAL QUALITY AND EFFICIENCY WITH LEAN THINKING

The management team accurately carried out hierarchical and classified scheduling according to the time and situation, actively responded to the impact of multiple unexpected factors, and made every effort to stabilize the business fundamentals. It established a model of total factor economic benefits of the smelting sector, implemented a coordinated linkage mechanism between purchase and sales and production, and smelter and Yangxin Hongsheng gave full play to their respective advantages and overall effects to flexibly schedule and organize smelting production. Mining units promoted the application of advanced trackless equipment, optimized production organization and process technology, improved the mining capacity of mining sites, and achieved increased production and efficiency. In accordance with the principle of fast in and fast out, the Rare and Precious Metals Branch improved the production mode and reduced the occupation of gold and silver.

B. BASED ON RISK PREVENTION AND CONTROL, IMPROVE THE SYSTEM CAPACITY BY DOUBLE PREVENTION

The management team improved the risk identification mechanism, comprehensively used special inspections, sinking inspections, self-inspections and mutual inspections to investigate risks and hidden dangers, and carried out special rectification of common problems. It solidly promoted the three-year action of tackling the root cause of production safety, in-depth implementation of major accident and hidden danger management, the implementation of the mine three-level safety officer system, to achieve the goal of zero general production safety liability accidents and environmental emergencies and zero environmental penalties, and the steady decline of the rate of injuries per thousand people (0.75‰). It improved the compliance management system, compiled special compliance guidelines and three lists, set up a platform for reporting violations in operation and management, gave play to the role of compliance review and gatekeeping, strengthened case litigation management, and properly resolved the follow-up disputes of Tonglvshan Mine "3.12". It strengthened the quality management of accounting information, promoted the rectification of issues such as the audit of the Audit Office and the audit of final accounts, strengthened the control of capital quotas, and reduced the occupation of cold materials and accounts receivable. It deepened the management of major risks, tracked the situation of major risk indicators every month, reported the monitoring of major risks on a quarterly basis, and formed a major business risk assessment report every year, so that all kinds of risks could be effectively prevented and controlled.

C. HIGHLIGHT MARKET ORIENTATION, PROMOTE MANAGEMENT TO TAP POTENTIAL WITH COST DIAGNOSIS

The management team adapted to the new time-of-use electricity price mechanism, participated in the medium and long-term market transactions of electric power in Hubei Province, optimized the production and operation mode, reasonably controlled the demand for electricity and reduced the cost of electricity. Keeping a close eye on the implementation of the state's financial discount policy for large-scale equipment renewal loans, a loan of RMB455 million for equipment renewal projects was approved, enjoying low interest rates and interest discount policy dividends. It continued to promote the application of green, energy-saving and low-carbon technologies, accelerated the renewal of high-energy-consuming equipment, improved the energy efficiency level of equipment, and effectively reduced the comprehensive cost of equipment operation and maintenance.

D. STRENGTHEN THE EMPOWERMENT OF SCIENCE AND TECHNOLOGY, AND SUPPORT TRANSFORMATION AND UPGRADING THROUGH SCIENTIFIC RESEARCH AND INNOVATION

The management team organized Fengshan Copper Mine to solve "the key technology of complex ore large panel area paste-filling and efficient mining", the mining capacity of the panel area was increased by four times, the dilution and loss rate was optimized, the operating cost was reduced by 20%, and the annual benefit was RMB11 million. The "improving the copper selection recovery rate of Tongshankou Mine" was promoted, and the copper recovery rate of industrial tests was increased by 5 percentage points, and the annual benefit was RMB8.3 million. The "Key Technology of Ausmelt Furnace's Smelting-PS Converter Blowing Green Production" was tackled to achieve one-click remote furnace and clean production, and annual economic benefit was more than RMB60 million. The Company has won 3 provincial and ministerial science and technology awards and 2 science and technology progress awards of China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), and 176 patent applications have been accepted throughout the year.

While summarizing the achievements, we are also clearly aware that the Company is still facing many problems that cannot be avoided, mainly manifested as: **firstly**, the core competitiveness of the enterprise is not strong, and the complete cost of the main industry is at a disadvantage in the industry, and the gap is obvious compared with the advanced level; **secondly**, the effectiveness of scientific and technological innovation in driving the development of enterprises is not significant, and the conversion rate and contribution of innovation achievements need to be improved; **thirdly**, the foundation of safe and stable production is not yet solid, and the support and efficiency of system guarantee need to be further strengthened; **fourthly**, the shortage of resources has become a bottleneck that is difficult to carry the sustainable development of enterprises, and it is urgent to find a way to solve it.

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

Chairman of the Board
Xiao Shuxin

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB57,852,731,000 (2023: RMB44,784,723,000), representing an increase of approximately 29.18% from the previous year, attributable to the shut down of sulfuric acid systems for nearly nine months for environmental protection upgrade and pyrometallurgy of smelting system of the smelter in 2023, which leaded to a significant drop in the output of its main products. It resumed full production in 2024 after the renovation was completed.

Cost of sales

For the year ended 31 December 2024, the cost of sales and services rendered of the Group amounted to approximately RMB56,232,599,000 (2023: RMB42,970,448,000), representing an increase of approximately 30.86% from the previous year, which was attributable to the shut down of sulfuric acid systems for nearly nine months for environmental protection upgrade of smelting system and pyrometallurgy of the smelter in 2023, which leaded to a significant drop in the output of its main products. It resumed full production in 2024 after the renovation was completed.

Gross profit

For the year ended 31 December 2024, gross profit decreased by approximately 10.70% to approximately RMB1,620,132,000, compared with approximately RMB1,814,275,000 in the same period of 2023. The decrease in gross profit was mainly attributable to the two-way effect of the concentrated and accelerated release of domestic and foreign smelting capacity and the tight supply of copper concentrate. The smelting processing charges dropped sharply in 2024 and the benefit space of the subordinating smelting processing enterprises was greatly narrowed.

Other income

Other income for the year ended 31 December 2024 amounted to approximately RMB62,796,000 (2023: RMB45,983,000), representing an increase of approximately 36.56% from the previous year, which was primarily attributable to receiving of additional government funding for the environmental restoration of the Fengshan Mine tailings pond in the year.

Other operating expenses

For the year ended 31 December 2024, other operating expenses decreased by approximately 55.11% to approximately RMB132,332,000, compared with approximately RMB294,794,000 in the same period of 2023. The decrease was primarily attributable to accrual of the costs during the shutdown period to other operating expenses for the shut down of the smelter during 2023 due to environmental upgrades. The smelter resumed normal operations after the upgrade was completed in 2024.

Other gains and losses

Other gains and losses for the year ended 31 December 2024 amounted to a net loss of approximately RMB98,594,000 (2023: net gains of RMB54,227,000), representing a decrease of gains of approximately RMB152,821,000 from the previous year. The loss was primarily due to the scrapped assets disposed by the smelter related to environmental protection upgrades and renovations in the year.

Income tax expenses

Income tax expense for the year ended 31 December 2024 amounted to approximately RMB40,669,000 (2023: RMB86,282,000), representing a decrease of approximately 52.87% from the previous year, which was primarily due to the decrease in total profit in 2024 compared with the previous year resulted in a decrease in income tax expenses.

Earnings/loss per share

For the year ended 31 December 2024, basic earnings per share amounted to RMB0.22 fen (2023: basic loss per share RMB0.31 fen).

MINERAL RESOURCES AND ORE RESERVES

As at 31 December 2024, the Company held a total of four mines located in Hubei and Xinjiang.

The following table sets out the mineral information of each mine as at 31 December 2024.

Abundant and high quality mineral resources

	Hubei Mines						Xinjiang Mine	
	Tonglvshan Mine		Fengshan Mine		Tongshankou Mine		Sareke Copper Mine	
Geographical location	Daye City		Yangxin County		Daye City		Wuqia county	
Ownership	95.35%		95.35%		95.35%		55%	
Approximate total area (square kilometres)	4.76		2.35		1.53		1.29	
Year for operation commencement	1971		1972		1984		2017	
Metals with economic values available for exploration	Copper, gold, silver and iron		Copper, gold, silver and molybdenum		Copper, gold, silver and molybdenum		Copper, silver	
Major products	Copper concentrate (containing gold, silver), iron concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing gold, silver), molybdenum concentrate		Copper concentrate (containing silver)	
Average copper grade	1.18%		0.71%		0.64%		1.21%	1.16%
JORC classification	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred	Indicated	Inferred
Ore quantity (million tonnes)	10.09	19	6.43	22	31.19	17	1.7697	1.6417
Resources metal quantity								
Copper (tonnes)	141,083	210,000	45,716	150,000	210,099	100,000	21,429	19,092
Iron (million tonnes)	1.92	3.9	–	–	–	–	–	–
Molybdenum (tonnes)	–	–	301	2,700	2,840	3,400	–	–
Gold (ounce)	139,453	310,000	–	–	–	–	–	–
Silver (thousand ounce)	1,145	3,400	–	–	–	–	–	–

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

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

(3) All resources quantities are estimated based on information as of 31 December 2024 (for Tonglvshan Mine, Fengshan Mine, Tongshankou Mine and Sareke Copper Mine).

Management Discussion and Analysis

Tonglvshan Project Summary

As at 31 December 2024, according to JORC standard, the details of resources and reserves of the Tonglvshan Project are set out below:

Resources and reserves summary (JORC Code)

JORC classification	Copper and Iron			Gold and Silver		
	Quantity (million tonnes)	Cu (%)	Fe (%)	Quantity (million tonnes)	Au gram/ tonne	Ag gram/ tonne
Resources (CuEq≥0.5%)						
Indicated	10.09	1.4	20	5.39	0.8	6.8
Inferred	19	1.1	21	13	0.8	8.3
Total	**29.09**	**1.21**	**20**	**18.39**	**0.8**	**7.6**
Reserves (CuEq≥0.79%)						
Probable (in mining licence)	4.23	1.57	17.5	4.23	0.5	3.3
Probable (in exploration licence)	2.6	1.1	15.3	2.6	0.5	6.8
Total Probable	**6.83**	**1.38**	**17.0**	**6.83**	**0.5**	**4.1**

Note:

(1) Please refer to the explanatory notes on page 17 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Fengshan Project Summary

As at 31 December 2024, according to JORC standard, the details of resources and reserves of the Fengshan Project are set out below:

Resources and reserves summary (JORC Code)

JORC classification	Quantity (million tonnes)	Cu (%)	Mo (%)	Metal Quantity Cu (tonne)	Metal Quantity Mo (tonne)
Resources (CuEq≥0.3%)					
Indicated	6.43	0.71	0.004	45,716	301
Inferred	22	0.7	0.012	150,000	2,700
Total	**28.43**	**0.69**	**0.01**	**195,716**	**3,001**
Reserves (CuEq≥0.43%)					
Probable (in mining license)	2.93	0.71	0.003		
Total Probable	**2.93**	**0.71**	**0.003**		

Note:

(1) Please refer to the explanatory notes on page 17 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Tongshankou Project Summary

As at 31 December 2024, according to JORC standard, the details of resources and reserves of the Tongshankou Project are set out below:

Resources and reserves summary (JORC Code)

Cut Off Grade	JORC Classification	Quantity (million tonnes)	Cu (%)	Mo (%)
Resources				
In licence	Indicated	0.27	0.83	0.01
Open cut area	Inferred	0.1	0.3	0.014
CuEq≥0.13%	**Total**	**0.37**	**0.83**	**0.01**
In licence	Indicated	30.72	0.67	0.009
Underground area	Inferred	12	0.6	0.014
CuEq≥0.4%	**Total**	**42.72**	**0.69**	**0.01**
Out of licence	Indicated	0.2	0.9	0.009
Underground area	Inferred	5.0	0.6	0.035
CuEq≥0.4%	**Total**	**5.2**	**0.6**	**0.034**
Total	Indicated	31.19	0.68	0.009
Open cut & underground area	Inferred	17	0.6	0.02
In and out of licence	**Total**	**48.19**	**0.66**	**0.013**
Reserves				
Open cut area (CuEq≥0.17%)	Probable	<0.1	0.5	0.011
Underground area (CuEq≥0.50%)	Probable	12.28	0.73	0.006
	Total	**12.28**	**0.73**	**0.006**

Note:

(1) Please refer to the explanatory notes on page 17 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Sareke Project Summary

As at 31 December 2024, according to JORC standard, the details of resources and reserves of the Sareke Project are set out below:

Mineral Resources summary (JORC Code)

	JORC Classification	Resources tonnage (million tonnes)	Copper grade (%)	Copper metal (tonnes)
Resources	Indicated	1.03	0.72	7,452.26
	Inferred	1.07	0.95	10,232.51
	Total	**2.11**	**0.84**	**17,684.77**

Minerals reserves summary (JORC Code)

	Elevation (m)	Probable Tonnage (1,000 tonnes)	Copper (%)	Metal Quantity (tonne)
Reserves	>=2,900	95.12	0.76	723.76
	2,790~2,900	277.47	1.22	3,382.08
	2,730~2,790	199.90	0.81	1,620.61
	2,670~2,730	623.70	0.77	4,833.05
	<=2,670	126.60	0.64	815.40
	Total	**1,322.79**	**0.86**	**11,374.90**

Note:

(1) Please refer to the explanatory notes on page 17 for details of the assumptions and parameters used to calculate these resource and reserve numbers and quantities of metals.

Notes for the above tables:

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

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

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

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

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

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

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

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

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

Management Discussion and Analysis

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

Description of activities

The following table sets out the various exploration, development and mining production activities of the Group conducted at each of our mines during the year ended 31 December 2024:

Mines	Exploration activities	Development activities	Mining production activities
Tonglvshan Mine	Horizontal drilling reached 8,979.4m/79 holes, and pit drilling reached 1,290m/14,245m^3.	The total completed drilling volume of middle portion and mining preparations for the development of the -545m to -605m middle portion No. III, IV# ore body of Tonglvshan Mine was 1,588m^3. The total completed drilling volume of middle portion and decline project of the -665m, -725m middle portion No. IV ore body (including IV West) development project of Tonglvshan Mine was 16,575m^3.	Copper: 5,501 tonnes Gold: 327kg Silver: 1,946kg Iron concentrate: 187,300 tonnes
Fengshan Mine	1. Horizontal drilling reached 7,508.4m/73 holes. 2. 7-17 line in-depth supplementary exploration project reached 2,201m/6 holes.	No drilling for the -440m middle portion of Fengshan Copper Mine 10,668m^3 due to the withdrawal of the contractor in 2024.	Copper: 4,551 tonnes Gold: 107kg Silver: 3,460kg Molybdenum: 43.68 tonnes
Tongshankou Mine	Horizontal drilling reached 15,999.7m/271 holes.	Tongshankou Mine has been gotten through in 2020. No more drilling is required in 2024.	Copper: 5,019 tonnes Gold: 6kg Silver: 2,421kg
Sareke Copper Mine	Horizontal drilling reached 4,000.7m/147 holes.	For the Sareke Copper Mine, the total completed drilling volume of the 2,670m middle portion, the 2,730m middle portion, the 2,790m middle portion, was 5,342.71m/86,615m^3.	Copper: 3,055 tonnes Silver: 2,805kg

Expenditures incurred

During 2024, we incurred approximately RMB1,736,311,000 (2023: RMB1,443,401,000) on exploration, development and mining production activities, details of which are set out below:

Unit: RMB'000

Mines	Operating expenses	Capital expenditure	2024 Total	2023 Total
Tonglvshan Mine	563,824	100,827	664,651	488,889
Fengshan Mine	288,495	107,761	396,256	283,975
Tongshankou Mine	349,341	67,725	417,065	355,208
Chimashan Mine	5,218	–	5,218	4,127
Sareke Copper Mine	224,562	28,559	253,121	311,203
Total	1,431,440	304,871	1,736,311	1,443,402

Exploration, Development and Mining Expenditures

Unit: RMB'000

	Tonglvshan Mine	Fengshan Mine	Tongshankou Mine	Sareke Copper Mine
Exploration activities				
Drilling and analysis	–	–	–	–
Others	–	–	–	
Sub-total	–	–	–	–
Development activities (including mine construction)				
Purchases of assets and equipment	77,265.53	68,645.54	25,102.47	28,558.74
Civil work for construction of tunnels and roads	23,561.00	39,115.24	42,622.25	–
Staff cost	–	–	–	
Others	–	–	–	–
Sub-total	100,826.52	107,760.78	67,724.71	28,558.74
Mining activities (including ore processing)				
Auxiliary materials	65,690.24	22,997.48	47,415.55	45,492.07
Power supply	38,392.87	15,246.04	37,254.56	9,709.15
Staff cost	159,216.93	88,073.56	95,049.81	36,784.24
Depreciation	161,714.69	34,622.02	75,280.58	54,870.89
Taxes and resource compensation	28,930.48	19,897.25	22,373.77	24,806.26
Sub-contracting service	–	–	–	–
Others (administrative fees, selling expenses, non-operating expenditures)	109,878.89	107,658.94	71,966.51	52,899.88
Sub-total	563,824.09	288,495.29	349,340.78	224,562.50
Total	664,650.62	396,256.07	417,065.49	253,121.24

Infrastructure projects, subcontracting arrangements and purchases of equipment

During 2024, the new contracts entered into and commitments undertaken by the Group in relation to exploration, development and mining production activities were as follows:

Unit: RMB'000

Mine	Infrastructure projects	Subcontracting arrangements	Purchase of equipment	Total
Tonglvshan Mine	23,561.00	–	77,265.53	100,826.53
Fengshan Mine	39,115.24	–	68,645.54	107,760.78
Tongshankou Mine	42,622.25	–	25,102.47	67,724.72
Sareke Copper Mine	–	–	28,558.74	28,558.74
Total	105,298.49	–	199,572.28	304,870.77

OPERATING OBJECTIVES AND STRATEGIES IN 2025

The production volume targets of the Group for 2025 include producing 20,200 tonnes of mined coppers, 716,000 tonnes of copper cathode, 7.6 tonnes of gold, 630.6 tonnes of silver, 2,643,000 tonnes of sulphuric acid, 176,000 tonnes of iron concentrate, 10.8 kg of platinum, 109.2 kg of palladium, 202 tonnes of nickel sulfate (containing metal), 205.8 tonnes of crude selenium, 36.4 tonnes of tellurium, 13,140 tonnes of copper sulfate and 39.5 tonnes of molybdenum concentrate.

In 2025, the main goal of the Company's operation is to steadily increase the output of main products. To accomplish the above goals, there are foundations and challenges, and we must have a more unified will action, a more correct direction guidance, a stricter process control, a more positive and aggressive action and a more scientific evaluation system. To this end, we will continue to strengthen the five business control mechanisms to ensure the high-quality completion of all objectives and tasks:

– Strengthen the leading role of the "business plan". Through clear business objectives and tasks, we will promote the coordination and unification of investment, production, technology, supply and sales, etc., to ensure that the Company is in step with each other.

– Strengthen the binding role of "budget control". Through the preparation and implementation of strict budgets, we will strengthen the early warning and correction of the budget, promote the rational use of various funds, and ensure the safety of cash flow.

– Strengthen the navigation role of "benchmarking and upgrading". We will focus on the core elements and key indicators, and constantly seek the direction and path of "comparing, learning, catching up and surpassing" through the most essential and intuitive data comparison, so as to realize the optimization and management improvement of economic and technical indicators.

– Strengthen the perspective role of "operation analysis". Through simulation and review, data analysis, management diagnosis and other ways, we will gain insight into the latest trends, find underlying problems, adjust and optimize business strategies in time, prevent business risks and improve business quality.

– Strengthen the incentive role of "assessment and evaluation". We will strictly implement the rigid performance appraisal, judge employees by their performance and pay based on their contributions, guide units and organizations to take the initiative to take responsibility, and promote all work to strive for advanced positions.

Specifically, the following key tasks should be done in 2025:

A. Focus on production safety and steady operation, and make every effort to consolidate the foundation for business development

Only with stable production can there be stable operation. On the premise of ensuring continuous and stable production, all units of the Company should continuously strengthen business awareness and operation management, so as to support the fundamentals of the Company's healthy and sustainable development with the steady improvement of the quality and efficiency of enterprise operations.

1. **Improve the level of safe operation.** We will continue to promote the three-year action to address the root causes of production safety, focus on the work arrangement of "the year of strengthening and solidifying the foundation" and combine the requirements of the dynamic clearance of major accidents and "6S+" on-site management to comprehensively strengthen and promote the management of the production safety process, continuously improve the production safety management system, and **promote the transformation of safety governance to more effective and economical pre-prevention;** we will accelerate the implementation of the three-year action of intelligent mine construction and science and technology and safety and environmental protection, promote the key tasks such as the research and application of the unmanned motor vehicle transportation system of Tongshankou Mine and the safe and efficient key recovery technologies for refractory ores of Sareke Copper Mine, **and promote the transformation of production safety to less humanized and unmanned intrinsic safety;** we will carry out the construction of a beautiful China, make good use of favorable policies such as "Implementation of major national strategies and building security capabilities in key areas "and large-scale equipment renewal, promote the rectification effect of the central environmental protection inspection and the rectification "tracing back" of environmental risks and hidden dangers in the Yangtze River basin with high standards, complete the crushing and screening system dust collection transformation and other projects of Fengshan Copper Mine by the end of the year, and strive to return of Fengshan Copper Mine and Tongshankou Mine to the ranks of national green mines and build a "beautiful factory area" model project in the smelter by 2025 **to promote the transformation of ecological construction into modern and clean green factories and mines.**

2. **Improve the level of efficient operation. We will focus on the efficient operation of equipment,** promote the construction of equipment management system and equipment intelligent operation and maintenance system, simultaneously strengthen equipment spot inspection and routing inspection, continue to optimize equipment operation and maintenance and scheduled maintenance management, timely upgrade and transform equipment with high failure rate, continuously improve the efficiency of shifts, strive to achieve a start-up rate of more than 99.2% of the main equipment in smelting and mining, and effectively reduce unplanned shutdown and suspend production caused by equipment failure; **we will focus on the efficient turnover of funds,** strictly control the total amount of "funds occupied by inventory and accounts receivable" and interest-bearing liabilities, and strive to control the copper inventory of the two plants within 200,000 tons. We will strengthen credit approval at the source and the dynamic warning of account period, improve the forward-looking control of production plans, promote the balanced occupation of inventory materials, improve the turnover efficiency of accounts receivable, strengthen the cash flow constraints of subsidiaries with high debt ratios, and gradually return to a reasonable range.

3. **Improve the level of intensive operation. We will optimize the centralized deployment of "personnel",** implement the Group's internal talent market management practices, and establish a working mechanism for the orderly flow and efficient allocation of human resources within the Company in accordance with the principle of internal priority and making the best use of talents. **We will deepen the centralized management and control of "finance",** carefully plan and promote the replacement of the financial accounting system, the construction of the second phase of the financial sharing center and the treasury system in accordance with the unified deployment, accelerate the reconstruction of the internal capital and other financial resource management systems, and realize the intensive, efficient and safe management of funds; **we will strengthen the centralized procurement of "supplies",** further expand the secondary centralized procurement catalog, reduce homogeneous procurement, and continue to improve the scale and efficiency of centralized procurement. We will accelerate the establishment of an inventory sharing mechanism within the Company to further enhance the coordination, flexibility and economy of supplies.

4. **Improve the level of resilient operation.** Guided by the business plans of the two smelters, we will further expand procurement and sales channels to ensure the stability and smoothness of the industrial chain and supply chain. **In terms of copper concentrate procurement,** it is necessary to strengthen the coordination of imports and domestic raw materials. Imported mines should increase the signing of long-term contracts with mines and major traders, and domestic mines should stabilize the mineral sources inside and outside the province as the primary goal, and flexibly adjust the procurement of imports to domestic trade mines in combination with the arrival of imported ores to ensure the continuity of raw material supply; **in terms of sulfuric acid sales,** we will focus on the development of direct supply manufacturers and customers in the new energy market, strengthen the development of overseas markets for sulfuric acid exports, build diversified and stable sales channels, and ensure smooth production and sales; **in terms of capital protection,** we will strengthen capital forecasting, optimize cash flow management and interest-bearing liability structure, and promote the integrated management and control of business and finance, spot and futures, raw materials and products, so as to ensure the safety of capital liquidity; **in terms of substitution by localized production,** we will accelerate the selection of suitable suppliers and partners around the priority substitution areas identified in the early stage to ensure the reliable supply of key equipment and components.

B. Focus on internal and external refinement and benchmarking improvement, and make every effort to cope with difficulties and challenges of the industry

The more difficult it is, the more we must maintain our concentration, practice internal skills, and meet the spring of the next round of development of the industry in a robust status.

1. Focus on internal management and anchor "reducing cost and increasing efficiency".

First, we should focus more on increasing production, increasing income and reducing costs. All relevant units should firmly grasp the general direction of "incremental quality improvement" and find the entry point and strength point for implementation. **Mines and other units should grasp the favorable market to stabilize production and improve production.** Tonglvshan Mine should further optimize the allocation of trackless equipment and operators, continue to release the efficiency of mechanized mining, and achieve an annual output of more than 5,800 tons of mined copper. Fengshan Copper Mine should further optimize the production organization mode of the -380m mid-section large panel test stope, continue to improve the production efficiency of the panel, and achieve an annual production of more than 4,600 tons of mined copper. Tongshankou Mine should give full play to the organizational and coordination advantages of the management and control center to promote the mining work of hob type boring machines and the sorting of ore in open-pit mines and underground mines, so as to achieve an annual output of more than 5,500 tons of mined copper. Sareke Copper Mine should strengthen the control of the ore processing and strengthen the process inspection, so as to achieve an annual output of more than 4,300 tons of mined copper. **Extended industrial units should seize market opportunities to generate income and increase income,** and research and design companies should adopt more active market strategies to increase the proportion of external revenue. **Smelting and other enterprises should step on the rhythm of work to improve standards and efficiency,** smelters should comprehensively strengthen the management of metal materials, reduce the no-load loss, and strive to achieve a comprehensive recovery rate of more than 98.5% in copper smelting. Yangxin Hongsheng should benchmark Southeast Copper (東南銅業), further optimize the slag ore processing, strive to reduce the copper content of tailings by 20%, and achieve a comprehensive recovery rate of more than 98.8% for copper smelting. The Rare and Precious Metals Branch should organize systematic cleaning, product realization and metal loss point control, strengthen process discipline inspection, and strive to achieve gold, silver and tellurium recovery rates of 98.98%, 98.9% and 50% respectively.

Second, we should make greater efforts to save energy, reduce consumption and reduce costs. We should improve the comprehensive energy consumption level, firmly grasp the policy window for large-scale equipment renewal and industrial energy efficiency improvement, accelerate the elimination of key energy-consumed equipment below the third level of energy efficiency of the Company, and implement the requirements of the energy efficiency level of newly purchased energy-consumed equipment to reach the second level and above in principle. **We should strengthen daily energy consumption management,** accelerate the construction of energy management information system, highlight the monitoring, measurement and analysis of the whole process of energy use, and achieve real-time control. We should strengthen on-site operation control to prevent leakage. All production units, especially smelters, Yangxin Hongsheng and other large energy consumers, should carry out energy consumption benchmarking and optimization, and strive to reduce the comprehensive energy consumption of copper smelting to less than 225 and 195 kg of standard coal/ton of copper respectively. **We should make good use of the energy trading platform,** make adequate preparations for the entry of the national carbon emission market in advance, scientifically plan to participate in the medium and long-term power trading market in Hubei Province, research, analyze and adjust the power trading strategy and mode in a timely manner, participate in the green electricity trading market, continue to deepen the energy-saving economic operation. **We should implement energy-saving actions for all employees,** strengthen energy-saving publicity and training, carry out various labor competitions and other activities with the theme of energy conservation and consumption reduction, guide all employees to establish a strong sense of "living a tight life", and strengthen the concept of "energy saving is to reduce consumption and increase efficiency", so as to better base themselves on the post and try their best to "save".

Third, we should make greater efforts to reduce the cost through economic procurement. We should strengthen cost analysis and budget control, carry out cost element and value analysis, evaluate the relationship between the function and cost of purchased products or services, find out the key points that can reduce costs, formulate strict procurement plans and budgets, strengthen source control, track procurement expenditures, and regularly adjust the procurement budget to ensure the rationality and effectiveness of the budget. **We should strengthen market monitoring and lean procurement,** comprehensively sort out the varieties of bulk materials in use, and scientifically study and judge and classify policies according to actual needs and market conditions. For key materials such as coal, we should formulate one-to-one policy, regularly evaluate and adjust the strategy, implement a time-based procurement strategy, optimize the inventory structure, and achieve economic optimization. We should increase the direct procurement of source manufacturers, actively promote the "consignment system" procurement model, reduce the occupation of inventory funds, and implement on-demand procurement and just settlement. **We should strengthen technical leadership and optimal procurement,** and the production technology department and other departments should assist the supply chain management center to systematically study and classify bulk materials for smelting and mining consumables, combined with production technology, production habits and overall procurement needs. It is necessary not only to accurately select the model according to the on-site working conditions and the early use status to achieve the adaption of procurement to demand and the best value, but also to gradually formulate unified standards and specifications to improve the bargaining power through intensive procurement. The Company's annual material procurement strives to save more than RMB100 million.

2. Externally grasp business and anchor the "market efficiency".

First, we should pay more attention to market research and accurately implement the purchase and sale pricing strategy. We should improve the market information collection and analysis mechanism, systematically track the changes in the output of major mines and smelters domestic and overseas, forward-looking predict the impact of changes in the balance of supply and demand of copper concentrate on processing costs, and accurately implement international and domestic raw material pricing strategies to improve the quality and efficiency of procurement in combination with the needs of the Company's production and operation plan.

Second, we should pay more attention to the value ratio management and focus on improving the hedging effect. We should strengthen the full value chain management of raw material procurement, product sales and futures value preservation, improve the control model of the value ratio of imported raw materials, do a good job in stress testing and value ratio risk management in combination with exchange rate fluctuations and internal and external price changes, formulate a monthly risk prevention and control plan for the value ratio of imported mines, and strive to solve the risk of benefit loss caused by RMB appreciation; we should optimize the sales model for copper cathodes, seize the opportunity based on the international and domestic markets, and prevent the risk of price loss caused by the decline of the value ratio.

Third, we should pay more attention to the price of sulfuric acid and guide the efficient production of smelting capacity. We should strengthen the analysis of changes in industries of sulfur, fertilizer, new energy and other and their impact on sulfuric acid prices, improve the forward-looking prediction of sulfuric acid prices, and guide smelting units to flexibly organize production on the basis of effectively preventing the risk of inventory expansion, enhance the initiative and adaptability to respond to extremely unfavorable market conditions, and reduce ineffective production.

C. Focus on exerting strength on the two ends and to improve in the middle, and make every effort to grasp the momentum and empowerment action

In the face of the industry retrenchment, we must not only focus on the present and come up with excellent measures to deal with the predicament, but also anchor the Company's strategic development direction based on the long-term development, thoroughly implement the specific actions, constantly make up for weaknesses, accumulate strength, and insist on doing the right thing on the right track for a long time.

1. **Carry out the specific action of "increasing reserves and production".** In terms of strengthening the priority of resources and **increasing resource production**, in 2025, the feasibility study and "three-in-one" report shall be completed for the merger and expansion of the isolation zone of the northern section of Sareke Copper Mine, the mining license shall be obtained, and the construction of the mining project shall be started in September. For the transfer of some prospecting rights to mining rights in the south of the river in the north section of the mine section, the detailed investigation report, feasibility study and "three-in-one" report of the area to be applied for mining license, and the preliminary work such as the approval procedures for the construction of the mining project shall be completed. For the transfer of the prospecting rights to mining rights of Fengshan Copper Mine's – 550 meters below, the preparation of resource reserve verification report should be completed. The expansion of the deep mining license of Tonglvshan Mine should be supported by the National Cultural Heritage Administration to complete the expansion of the deep mining license. Tongshankou Mine should speed up the implementation of the comprehensive recovery project of molybdenum resources.

In terms of resource increase, further exploration of the known ore body in the south ore belt will be carried out by drilling on the periphery of Sareke Copper Mine to expand the scale of resources. Fengshan Copper Mine will continue to carry out supplementary exploration at the deep northern margin to upgrade the level and scale of the resource.

2. **Implement industrial extension actions.** We should accelerate the optimization of industrial layout, and actively cultivate and expand new industries. The Rare and Precious Metals Branch should focus on the new rare and precious products, do a good job in the preparation of "3N selenium" new products and project promotion, so as to ensure that the construction of the "3N selenium" production line project will be completed by the end of July.

3. **Pilot the construction of "dark factory".** Yangxin Hongsheng should take the second phase of the construction of the smart factory as an opportunity to promote the pilot of the dark factory with high standards in accordance with the requirements, follow the principle of "overall planning, step-by-step implementation and key breakthroughs" and the construction concept of "automation, informatization, digitalization and intelligence", and complete the scene construction of the preparation process by the end of June, and complete the scene construction of the slag separation workshop by the end of December.

4. **Deepen the intelligent construction of mines and the action of science and technology and safety and environmental protection.** Fengshan Copper Mine should accelerate the optimization of the ventilation system and the construction of the production safety perception system to achieve on-demand ventilation. Tongshankou Mine needs to speed up the construction of remote control systems for mining equipment and realize the automation of the shoveling and transportation process. Tonglvshan Mine should speed up the automatic transformation of ventilation and drainage systems and the construction of intelligent control centers, so as to realize unattended fixed facilities and integrated operation and production control of mines. Sareke Copper Mine should accelerate the application of research results on safe and efficient key recovery technologies for refractory ores.

5. **Promote the action of tackling the root cause of production safety.** Focusing on the work arrangement of "the year of strengthening and solidifying the foundation", we will make every effort to promote 20 key tasks and promote the transformation of security governance to pre-prevention. Tonglvshan Mine should set up a special working group to study and solve problems such as mine flooding and chute door failure, so as to promote the long-term stability of the mine. Fengshan Copper Mine should do a good job in safety and environmental protection management after the closure of the tailings pond, and continue to consolidate the rectification results of the central environmental protection inspection.

D. Focus on scientific and technological innovation and digital and intelligent transformation, and make every effort to cultivate and expand new quality productivity

We will promote high-level scientific and technological self-reliance, establish a modern industrial system and develop new quality productivity, fully implement the spirit of the fifth science and technology conference, drive development with innovation, lead reform with science and technology, accelerate the pace of intelligent transformation and digital transformation, promote the renewal of traditional industries and the upgrading of demonstration industries, and shape the new advantages of enterprise development with new quality productivity.

1. **Promote the renewal and development of traditional industries.** We will accelerate the implementation of projects such as Tongshankou Mine's comprehensive management and control and 5G+SPN integrated private network, complete data standardization and the construction of industrial Internet platforms, and empower the transformation and upgrading of mines. We will promote the implementation of the second phase of the Fengshan Copper Mine intelligent mine project to achieve business control of the whole production process. We will complete the construction of Tonglvshan Mine's private network and safety and environmental protection management platform and network security upgrade, laying the foundation for the construction of intelligent mines. We will accelerate the digital transformation, upgrading and application of the production system of the smelter, and realize the integrated control of the whole process of the smelting system.

2. **Explore the upgrading and development of demonstration industries.** We will fully connect with the "AI +" special action, explore the integration of AI technology and advanced manufacturing technology, and realize more scenarios, more processes and more links of intelligent perception, intelligent decision-making and intelligent control. At present, we will focus on the advantageous areas of copper smelting, take the pilot of Yangxin Hongsheng dark factory as an opportunity to accelerate the development of the copper smelting industrial simulation platform, comprehensively sort out and explore the application of intelligent decision-making scenarios of the whole factory, and accelerate the construction of an intelligent copper smelting "industrial brain".

3. **Accelerate the development of digital and intelligent transformation.** In line with the general trend of innovation, transformation and development, we will continue to promote the construction and guarantee of daily management informatization. We will accelerate the completion of the independent and controllable application transformation of the office system to achieve upgrading of localized production. We will deepen the construction of the network security system of each unit, establish a unified security supervision center, and continuously improve the Company's digital security level.

E. Focus on process control and penetrating supervision, and make every effort to promote risk prevention and quality improvement

1. **Strengthen penetrating assessment.** We will optimize and adjust the performance appraisal model in a targeted manner, and guide all units and departments of the headquarters to highlight their core functions and achieve value creation. When each unit carries out decomposition of internal task, it is also necessary to coordinate the common quantitative indicators and individual variation, and increase the targeted assessment indicators that reflect the value creation ability according to the functional positioning, industry characteristics, key tasks, etc., so as to penetrate the target tasks to the grassroots level.

2. **Strengthen penetrating management.** Focusing on "regular production and operation scheduling meetings + daily scheduling coordination", we will regularly review the overall operation situation and improve the quality and efficiency of supply, production, sales and inventory linkage. We will strengthen the rigid implementation of the plan, promote monthly production with daily production, and ensure annual production with monthly production to ensure that the annual output plan target is achieved. We will consolidate the penetrating control of budget costs, make detailed and solid rolling forecasts of monthly budget indicators on the basis of the overall arrangement of annual budget targets, take monthly forecasts to implement deviation assessment and performance appraisal, and effectively enhance the market awareness and business thinking of each unit. We will carry out careful calculation and strict budgeting. Expense-based maintenance and overhaul projects should be strengthened with reference to the fixed asset investment project model.

3. **Strengthen penetrating supervision.** We will give full play to the role of the "general supervision" system, strengthen the integration and coordination of internal audit, inspection, discipline inspection and supervision and other types of supervision, and enhance the joint force of supervision. We will strengthen real-time monitoring, use information technology, statistics, evaluation and other methods to expand supervision methods and channels, and timely and effectively prevent all kinds of risks.

4. **Strengthen compliance with laws and regulations,** deeply practice the concept of "governing enterprises according to law and operating in compliance", increase education and training, and gradually establish a normalized training mechanism. We will strengthen the "management of business must be on the basis of management of compliance", and build a solid "three lines of defense" for compliance management. We will deepen the construction of the internal control system, compile the Company's integrity and compliance manual, and further improve the management system and control and governance mechanism.

EQUITY

The Company's issued and fully paid share capital as at 31 December 2024 amounted to approximately RMB727,893,000 divided into 17,895,579,706 ordinary shares of HK$0.05 each.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in RMB) in short term deposits with authorized institutions in Hong Kong and the PRC.

During the year ended 31 December 2024, the Group's receipts and payments were mainly denominated in RMB.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had restricted bank deposits, and cash and bank balances of approximately RMB1,535,250,000 (2023: RMB991,883,000), the majority of which were denominated in Renminbi. The Group's current ratio was approximately 1.25 (2023: 1.19), based on current assets of approximately RMB15,445,467,000 (2023: RMB15,115,982,000) divided by current liabilities of approximately RMB12,327,942,000 (2023: RMB12,726,581,000). The Group's gearing ratio as at 31 December 2024 was approximately 481.31% (2023: 482.47%), based on net debts (which included bank and other borrowings, lease liabilities and promissory note less restricted bank deposits, and cash and bank balances) of approximately RMB14,841,875,000 (2023: RMB14,683,657,000) divided by equity attributable to owners of the Company of approximately RMB3,083,611,000 (2023: RMB3,043,414,000). The gearing ratio remained basically the same on year-on-year basis.

As at 31 December 2024, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2024, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB16,253,366,000 (2023: RMB15,546,930,000).

As at 31 December 2024, the Group had bank and other borrowings of approximately RMB8,130,983,000 (2023: RMB7,591,272,000) and approximately RMB6,899,371,000 (2023: RMB6,775,110,000) which was due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. The majority of the Group's bank and other borrowings were at fixed interest rate.

FOREIGN EXCHANGE RISK

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

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

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

In 2024, the Company invested a lot of money in automation and intelligence, which improved the corporate image, production efficiency and environmental protection, and a number of key and fundamental tasks related to the long-term development of the Company have made significant progress, making new and solid steps towards building a modernized first-class copper enterprise.

Management Discussion and Analysis

The Company's future business core and growth lay in the development of non-ferrous metal mineral resources, non-ferrous metal smelting, precious metal materials research and development and other fields. With the mine mechanization, automation, informatization, intelligent construction and other inputs, the application of new processes, new technologies and new equipment in the mine needs to be adapted. The smelter has undergone metallurgical system upgrading and transformation, optimized production organization and process flow, and systematically solved the problems of waste gas and waste water. At present, the smelter is accelerating the application of intelligent equipment, pushing forward the construction of the intelligent operation center to give full play to the management and control performance of "large-scale centralized control + borderless collaboration". Through big data, the production process can be reliably predicted and accurately controlled to truly realize intelligent operation. Based on the existing industrial Internet platform, Yangxin Hongsheng continues to improve and upgrade software and hardware and the in-depth data mining, promotes the development and application of industrial simulation platform for copper smelting, and builds an intelligent copper smelting "industrial brain", exploring intelligent production and decision-making. Rare and Precious Branch focuses on the in-depth treatment of copper anode mud, focuses on continued efforts made in the development of new products, efficient recycling and other aspects, and carries out research on the preparation technology of 5N-grade gold, silver and high value-added rhenium products to further enhance the added value of the system.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2024.

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

In 2025, the Company will mainly invest in the development of mineral resources, intelligent construction of mines and science and technology and safety and environmental protection, construction of smelting intelligent plants, large-scale equipment renewal and technological innovation. **The first is to** actively carry out deep exploration and prospecting to increase reserves at the edge of its own mines, accelerate the construction of key mine projects, and improve the ability to guarantee mineral resources. **The second is to** steadily promote the intelligent construction of mines, use the Internet, Internet of Things and big data technology as means to increase the promotion and application of intelligent equipment and technology, and improve the total factor productivity and intrinsic safety level of mines. **The third is to** promote the construction of smelting intelligent factories, comprehensively promote the digitalization and intellectualization of equipment, increase technological transformation and equipment investment, promote the application of advanced technology in traditional industries, and accelerate the development of the middle and high-end of the industrial chain. **The fourth is to** actively lay out future industries and new industries, research and develop new materials, extend the industrial chain of rare and precious metals, and increase the added value of products.

The key projects in 2025 are arranged as follows:

1. Non-ferrous metal resources development and utilization projects

(1) The development of No. IV ore body of the -665m to -725m middle portion of Tonglvshan Mine

In 2025, it is planned to complete the following: the total drilling volume 27,782m^3 of -725m middle portion of the ore drift, transverse drift and prospecting chamber, -605m to -725m of chute, and -665m to -725m of ramp, and the ancillary installations of wind, water and electricity equipment. The planned investment is RMB15 million.

(2) The development of the -440m middle portion of Fengshan Copper Mine

In 2025, it is planned to complete the following: the total drilling volume 595m/5,264m^3 of -380m middle portion of the ore drift, transverse drift and chute passage of the south rim, -440m middle portion of the transverse drift and chute of the south rim, and inverted air return shaft, and the ancillary equipment installations. The planned investment is RMB5.46 million.

(3) Expansion in the north mining belt of Xinjiang Sareke Copper Mine

In 2025, it is planned to complete the following: infrastructure projects such as 2,631m to -2,610m main ramp (extension), 2,610m mining area substation chamber and 2,610m pump house, tunnel extension of 2,610m to -2,670m inverted air return shaft, and partial construction of ore drift tunnel. The planned investment is RMB15 million.

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

(1) The intelligent construction of Tonglvshan Mine

In 2025, it is planned to complete the following: intelligent control platform, intelligent power supply and distribution system (phase II), automatic transformation and upgrading of fixed facility, intelligent control center, increase of network security device and construction of supporting facilities. The planned investment is RMB30 million.

(2) The intelligent construction of Fengshan Copper Mine

In 2025, it is planned to complete the following: digitization of resources (carry-forward), integrated centralized control system of mining and selection, ventilation system optimization, intelligent power supply and distribution system, video surveillance system upgrade, automation upgrade of ore processing system, intelligent pressed air and water supply system, personnel management, cost management module, etc. The planned investment is RMB16.8 million.

(3) The intelligent construction of Tongshankou Mine

In 2025, it is planned to complete the following: intelligent construction of mines – integrated control project (carry-forward), purchase of inspection robots, belt anti-tearing devices, hardware configuration of underground AI intelligent dispatching application equipment, development of equipment predictive maintenance system, etc. The planned investment is RMB32.3 million.

(4) The intelligent construction and science and technology and safety and environmental protection of Xinjiang Sareke Copper Mine

In 2025, it is planned to complete the following: resources digitization system and concentrators and surrounding ecological environment treatment. The planned investment is RMB1.5 million.

3. Intelligent factory construction in the smelting segment

(1) Iterative upgrade project of smelter intelligent operation center

In 2025, it is planned to complete the following: factory-wide network optimization, MES application module development and application, SCADA system expansion, etc. The planned investment is RMB5 million.

(2) Smelter intelligent spare parts warehouse construction project

In 2025, it is planned to establish a set of three-dimensional spare parts warehouse based on the old copper warehouse, including stacker cranes, shelves, warehouse management software systems, equipment scheduling and monitoring software systems, safety fences and other equipment, and communicate with the factory DCS and intelligent and factory data acquisition system. The planned investment is RMB5 million.

(3) Intelligent factory phase II project (dark factory) of Yangxin Hongsheng

In 2025, it is planned to complete the on-line analysis of copper concentrate and electrolyte analytical tests, the intelligent upgrading and transformation of the electrolysis system running, the upgrading and transformation of the grinding and floatation of slag beneficiation system and the intelligent inspection of the belt system, etc. The planned investment is RMB13 million.

(4) Intelligent upgrading and transformation of Rare and Precious Branch

In 2025, it is planned to complete the project feasibility study, production and operation center and basic automation construction. The planned investment is RMB4 million.

4. Large-scale equipment renewal project

In accordance with the overall arrangement of the Implementation Plan for Large-scale Equipment Renewal of the Company (《公司大規模設備更新實施方案》), it is planned that 611 sets of equipment will be renewed in 2025, with a planned investment of RMB102.68 million (excluding equipment related to the intelligent plant and mine intelligent construction projects). Among them, 72 sets of equipment/RMB12.33 million are planned to be renewed at Tonglvshan Mine; 18 sets of equipment/RMB10.38 million are planned to be renewed at Fengshan Copper Mine; 51 sets of equipment/RMB9.2 million are planned to be renewed at Tongshankou Mine; 10 sets of equipment/RMB0.24 million are planned to be renewed at Xinjiang Sareke Copper Mine; 117 sets of equipment/RMB33.49 million are planned to be renewed at smelter; 74 sets of equipment/RMB29.90 million are planned to be renewed at Yangxin Hongsheng; and 252 sets of equipment/RMB5.28 million are planned to be renewed at the Rare and Precious Branch.

PROSPECTS OF THE GROUP

Under the great changes unseen in a century, the internal and external situations will become more severe and complex in the next five years or beyond. The Group will adhere to long-termism, maintain strategic focus, focus on the strategic philosophy of "making efforts at both ends and improving in the middle" (兩端發力、中間提升), comprehensively and systematically make up for shortcomings and improve weaknesses, go all out to meet the severe market challenges of copper smelting and processing fees at historically low levels, and stabilize production, strengthen management, reduce costs and prevent risks through continuously increasing reform measures such as technological innovation and management innovation, so as to achieve the "three improvements" of asset quality, operating efficiency and development momentum, enhance operational resilience and development potential, and strengthen the foundation for high-quality development. The Group has made all-round breakthroughs in internationalization of operation, mineral resource development and the development of new strategic industries through coordination of two markets and two types of resources, to promote high-quality development and build a comprehensive copper industry base with excellent industrial layout, high quality and efficiency, beautiful ecological environment and strong security, which is second to none in China and even in the world, initially becoming a first-class copper enterprise with good resource reserves, excellent industrial synergy, advanced technology and equipment, strong profitability, scientific and effective governance, and integrated development at home and abroad.

CHARGES ON ASSETS

As at 31 December 2024, other deposits which amounted to approximately RMB531,260,000 (2023: RMB545,027,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative and gold forward contracts, and other financing were secured by bank deposits and balances amounting to approximately RMB nil (2023: RMB nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities.

The directors of the Company have the pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

BUSINESS REVIEW

A review of the business of the Group during the year as well as a discussion on the Group's future business development are contained in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 7 to 11 and pages 12 to 32 respectively of this annual report.

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

Financial key performance indicators

The key performance indicators of the Group are as follows:

	2024	2023
Gross Profit Margin	**2.80%**	4.05%
Debt to Assets Ratio	**81.89%**	82.09%
Current Ratio	**1.25**	1.19
Assets Turnover Ratio	**2.23**	1.82

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

I. Rectification of the Environmental Protection Inspection

1. Rectification of problems reported in inspection: As of the end of December 2024, all 34 rectification measures have been completed, achieving the goal of rectification and elimination of problems of central environmental protection inspection ahead of schedule. In March 2023, June 2024 and September 2024, external experts were invited to conduct acceptance of pollution prevention and control measures, and 34 measures successfully passed the expert review and acceptance, and registration cancellation was completed.

Fengshan Copper Mine: The tailings pond closure project started in October 2022 and was completed in August 2024, and the tailings pond closure cancellation procedures were completed, with a total investment of RMB107.21 million. This rectification task passed the acceptance of external experts in 20 September 2024.

Smelter: In March 2024, the smelter completed the environmental protection upgrade of the converters and the production commissioning of the whole plant production system improvement project, and the five medium and long-term rectification measures of the smelter were completed. A total of about RMB1 billion was invested in the upgrading of the smelter, which increased the production efficiency by more than 15%, further upgraded the external drainage quality to the "Class A" standard, and reduced the sulfur dioxide emission concentration by more than 50%. In June, the smelter's five medium and long-term rectification measures were accepted by external experts.

2. Assignment of letters reflecting environmental protection issues and the corresponding rectification: During the inspection, a total of 16 letters reflecting environmental protection issues were received. At present, 14 basically or partially true letters have been concluded and the results were recognized by the masses. On 10 December 2024, the independent acceptance of letters reflecting environmental protection issues was completed in accordance with the Regulations on the Administration of the Rectification, Acceptance and Cancellation of the Central Ecological Environmental Protection Inspection Feedback (《中央生態環境保護督察反饋問題整改驗收銷號管理規定》), and the letters were submitted to the Group for cancellation.

The inspection has achieved remarkable results in rectification, and the Group has welcomed the third round of environmental protection inspection, and inspections of South China Inspection Bureau and all levels and on-site inspections more than 60 times throughout the year, and the rectification results have been fully affirmed. CCTV's "Morning News World" (《朝聞天下》) has reported 3 times and the mainstream media platforms positively reported the story of the Group's green "transformation" for 32 times, realizing the transformation from a "typical example" reported in inspection to a "model" of environmental protection rectification to promote high-quality development.

II. Environmental Risk Management and Control

There were no sudden environmental events throughout the year; the emissions of major pollutants such as sulfur dioxide, nitrogen oxides, chemical oxygen demand and ammonia nitrogen reached the assessment requirements; the rectification task of the central environmental protection inspection was fully completed, and the Company realized the transformation from a "typical example" reported in inspection to a "model" of environmental protection rectification to promote high-quality development, and the environmental protection situation was generally stable and continued to improve.

The first is to focus on the key points and solidly promote the remaining rectification of the environmental protection inspection. The rectification tasks such as the closure project of the tailings pond of Fengshan Copper Mine, the rainwater and sewage diversion of the smelter, and the environmental protection acceptance of the environmental protection upgrade project have been completed ahead of schedule; all 34 rectification measures of the central environmental protection inspection have been accepted and the issues were settled. **The second is to address both symptoms and root causes, and strengthen the investigation of risks and hidden dangers**. Special inspections of environmental protection at the company level were carried out every quarter, and 272 problems were found throughout the year, and 256 rectification projects were completed, with a rectification rate of 94.1%. **The third is to improve the level of essential environmental protection through technological empowerment.** Solid progress has been made in the intelligent construction of mines and the three-year action of science & technology and safety & environmental protection; the industrial upgrading was actively promoted, the smelter's "double-high smelting" and other series of key technology research and application were completed, with systematically planning green development blueprint; the company-level safety and environmental protection information management system has been completed and put into use to meet the environmental management needs of data penetration and visualization, clear responsibility and target boundaries, task trace management records, and early warning and response task linkage. **The fourth is to take multiple measures at the same time to consolidate the foundation of environmental protection management.** The Company organized and carried out 4 environmental protection trainings on the themes such as "Beautiful China Construction" (美麗中國建設) with 346 participants; a total of 53 special trainings such as "online monitoring and management" were carried out by various units with 1,499 participants. The Company expanded the scope of system supervision, and included the mine environmental management system in the scope of system operation and audit. The annual investment in environmental protection exceeded RMB300 million, and the environmental protection funds reached a record high, and the successful application for soil source treatment funds of RMB7.08 million provided guarantee for income increase and efficiency.

Save as disclosed above, there was no material non-compliance with environmental laws and regulations in 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company strengthened the "three" legal reviews, with a 100% legal review rate of rules and regulations, economic contracts and important decisions. The Company deeply implemented the concept of "governing enterprises according to law and operating in compliance" (依法治企、合規經營), formulated and released Key Points of the Rule of Law Compliance in 2024《2024年法治合規工作要點》, and promoted the implementation of various compliance tasks in an orderly manner. The Company continued to improve its compliance management system, appointing chief compliance officers and compliance managers to each major investment company. The Company improved the quality and efficiency of the "three legal reviews" by inspecting the performance of contracts and carrying out post-performance evaluation. The Company strengthened litigation management, established and improved the case management mechanism of "unified management, classified guidance and hierarchical responsibility", strengthened the supervision on legal dispute cases, and comprehensively managed from the source to prevent and eliminate the occurrence of similar cases. Through the implementation of a number of tasks such as the "Special Action to Clear up the Backlog" (積案清理專項行動), the Company has reversed the annual increase trend in the number of cases. Except for labor dispute cases, the number of cases has decreased year by year, and no major litigation cases have occurred.

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

Save as disclosed above, there was no material non-compliance with laws and regulations in 2024.

Safety Production

In 2024, the Company focused on the three-year action of tackling the root cause of production safety, carried out in-depth tackling of hidden dangers, built intelligent mines and science and technology and safety and environmental protection, further improved the level of essential safety, and achieved zero general production safety liability accidents. The injury rate per 1,000 people decreased steadily, and the safety production situation maintained an overall stable and continuous improvement trend.

Firstly, the capacity for production safety management continued to improve. Focusing on the "Year of Tackling Hidden Dangers" (隱患攻堅年), we focused on eliminating hidden dangers of major accidents and carried out in-depth special treatment in key areas such as mining and smelting. The survey and control of hidden disaster factors were carried out on a regular basis, and the rectification of 9 hidden problems such as flood drainage chute of Sareke tailings pond was completed. We comprehensively implemented large-scale equipment upgrading, promoted 25 sets of advanced technology equipment, and eliminated 56 sets of backward technology equipment. We completed the rectification of 7 major accident hidden dangers found in 2023, investigated and found 29 major accident hidden dangers, rectified 27 items, and rectified 2 items in sequence. Efforts were made to solve the historical problems restricting the Company's safe development, such as flooding along the north and south sides of the Tonglvshan Mine, changes in the design of underground mining safety facilities in Tongshankou, and demolition of 42 old and dilapidated buildings in the Chimashan Mine.

Secondly, the intrinsic safety level has been further improved. Adhering to the intelligent construction of mines as the only path and inevitable choice to achieve the safe and high-quality development of the Company's mines, we fully implemented the action of intelligent mines and science and technology and safety and environmental protection, and coordinated the promotion of 111 key tasks in three years, with a total investment of RMB321 million, of which RMB131.06 million was actually invested in 2024, and 86 key tasks were planned to be carried out, of which 54 were completed and 32 were promoted in sequence. Fengshan Copper Mine and Tonglvshan Mine have realized unattended and systematic mechanism control of fixed posts such as underground lifting and drainage. The intelligent management and control hall of Tongshankou has been built, and the functions of intelligent ventilation, production and operation, intelligent decision-making data integration of mining and selection costs have been realized. Through the introduction of advanced equipment such as excavation trucks and medium and long hole trucks, the operating level of the mine unit was reduced by 7, and the operating personnel was reduced by 290.

Thirdly, the security management system has been continuously improved. Focusing on the problems existing in the implementation of responsibility, personnel quality, on-site management, etc., efforts were made to make up for shortcomings, strengths and weaknesses.

Multi-dimensional enhancement of responsibility. Combined with the adjustment of the Company's organizational structure, 767 safety responsibility systems were revised and improved, and we insisted on joint management and built a strong safety line of defense. Multiple measures to strengthen quality. The responsible persons of the organization and the "mine managers of five positions" (五職礦長) participated in the safety training organized by the local supervision department with 390 participation. All kinds of training such as all-member exam of comprehension was given with 6,066 participation, and the passing rate of the exam was more than 90%. Strong supervision at multiple levels. We adhered to the daily inspection report of high-risk and strict approval of dangerous operations. With 6S+ on-site management as the starting point, on-site visual standards for mining and smelting units were established. We actively implemented the "three-level safety officer" system of the mine, equipped with 38 safety officers, selected 114 machine safety leaders, improved the regional guarantee responsibility system, and further strengthened the grassroots supervision force. We continued to maintain a high-pressure situation to crack down on the "three violations", and investigated and dealt with a total of 781 people who committed the "three violations". Multi-breadth strong system. The scope of system supervision has been expanded, the mine occupational health and safety management system has been included in the scope of system operation and audit, 222 position operation instructions have been revised and improved, 104 safety and environmental protection systems have been revised, and three-system management manuals have been issued.

Fourthly, the emergency rescue capacity was further improved. It has set up Daye team, a state-level mine emergency rescue team, formulated the "National Mine Emergency Rescue Daye Team Construction Plan" 《國家礦山應急救援大冶隊隊伍建設方案》, and regularly carried out on-the-job training and practical training. The Company's emergency rescue team won the first place in the comprehensive skills of the professional group and the second place in the total score of the professional group in the Hubei 2024 Emergency Rescue Force Vocational Skills Competition, which was fully recognized by the provincial emergency rescue center.

THE PRINCIPAL RISKS AND UNCERTAINTIES

The Forecast and Assessment Report of Major Operational Risks for the Year 2025

I. Prevention and control of major operational risks in 2024

A. Prevention and control of major operational risks.

1. **Major operational risk prevention and control efforts.** We have organized risk assessment and provided guidance on the implementation of control responsibilities. The Company has arranged the pre-assessment of major operational risks for 2024, considering changes in the market environment, commodity prices and other risks, comprehensively identified the types of major operational risks, objectively reflected the risk characteristics, formulated indicators for quantifying and monitoring risks, proposed measures to cope with risks specifically, strengthened the responsibilities of risk management of each division and department, made quarterly reviews of the analysis and report on the major operational risks and prioritized the next phase of work, in order to improve the effect of risk management.

2. **Development of risk management system.** The Company has continued to carry out the work on the development of a risk management system. With a focus on key business segments such as investment, tender and procurement, fund management, trading business and financial derivative business, the Company has newly established or revised 40 key area management systems such as Investment Management Measures 《投資管理辦法》, Ten Systems for Procurement 《採購十項制度》, Fund Management Manual 《資金管理手冊》, Measures for the Management of Trading Business (Version 1.3) 《貿易業務管理辦法(1.3版)》 and Special Risk Control Management Regulations for Hedging of OTC Commodity Derivatives Business 《場外商品類衍生業務套期保值專項風控管理規定》, which provide a systematic basis for standardizing the risks of the business and implementing the requirements for risk management. The issuance of the Compliance Risk Internal Control Manual 《合規風險內控手冊》 and the List of External Laws and Internal Regulatory Systems and List of Post Compliance Responsibilities 《外法內規制度清單和崗位合規職責清單》 provides basic guidelines and norms for compliance management, risk management and internal control.

3. **Early warning, monitoring and control of major operational risks.** In 2024, 11 major operational risks of the Company were assessed, risk response measures were formulated, and the top five major risks in the forecast and assessment were monitored, early warned, analyzed and reported on a quarterly basis.

   (1) **Market changes and market competition risk control.**
   In 2024, the Company actively sought sources to ensure supply, constantly adjusted procurement strategies, stabilized the proportion of long-term orders of imported ores, increased cooperation in foreign mines, stabilized the supply of domestic direct supply of mines, and increased the signing of contracts for raw materials to ensure the resilience and safety level of the raw material supply chain. The production and sales rate of sulfuric acid was 98%, ensuring the safe and stable production of smelting units. The Company strengthened market analysis, optimized sales channels and broadened sales groups. The Company expanded sales volume while grasping the high price point of sulfuric acid, and adjusted the price in time while the demand weakened, so as to achieve the smooth production and smooth sales of sulfuric acid and keep inventory level low.

   (2) **Management and control of operational benefit risks.**
   The Company implemented purchasing, sales and production coordination and linkage mechanism to give full play to each business entity's respective advantages and group effect, and minimized the adverse impact of the low treatment charges index in the international market. The smelter ensured the stable and efficient operation of the system, and Yangxin Hongsheng completed the system maintenance work and production recovery preparation. The mining unit firmly grasped the period of high copper prices in the market, promoted the mining capacity of stopes, improved the utilization rate of trackless equipment, stabilized the ore grade, increased the underground production capacity and improved the recovery rate of mineral processing, and the annual output of mined copper was expected to reach 18,000 tons, which did not meet the predicted target, mainly due to the decreasing production of Sareke Copper Mine of about 1,900 tons compared with the forecast resulting from the delay in the application of the safety production license and other reasons. Affected by the sustained low spot treatment charges (TC) of imported copper concentrate, the loss incurred in imported ore processing and production and the 9.14 fire accident of Yangxin Hongsheng, both output and profits reduced, and the expenses of furnace shutdown and insulation increased, so the profit in the second half of 2024 continued to decline to the fourth quarter, and the operating results turned from profit to loss.

(3) Safe production risk controls.

The Company solidly promoted the three-year action of tackling the root cause of safe production. It carried out in-depth special projects for tackling hidden dangers and completed the management of 7 major accidents. A general survey of hidden disaster-causing factors was carried out, and the rectification of 9 hidden dangers in the survey was completed. It actively promoted the intelligent mine construction and science and technology and safety and environmental protection, with a total of 111 key construction projects with an overall planned investment of RMB321 million, reducing the number of operating levels of mining units by 7 and reducing the number of operators by 290, so further improving the intrinsic safety level of mines. It established and improved safety monitoring, personnel positioning and other systems, and strictly implemented the safety facilities of construction projects. It actively implemented the three-level safety officer system of mines, equipped with 152 safety management personnel at all levels, and further enhanced the safety supervision force. The Company carried out a special action to crack down on illegal activities and address violations, and continued to maintain a high-pressure situation to crack down on the "three violations". We improved emergency response plans and emergency response mechanisms, revised and improved 19 emergency plans, carried out 178 emergency drills and took part in drills with 4,601 participants. It formulated the Construction Plan of China Daye Team of the National Mine Emergency Rescue Team (《國家礦山應急救援大冶隊隊伍建設方案》), added 22 emergency rescue team members, and further improved the emergency support capacity. On 14 September 2024, a fire accident occurred in Yangxin Hongsheng, which caused no casualties, and the safety situation was generally stable.

(4) Ecological environmental protection risk control.

The Company achieved high-quality rectification and elimination of environmental protection inspection problems. The smelter and Fengshan Copper Mine completed the remaining rectification tasks, and all 34 rectification measures were completed and passed the acceptance. The Company continued to implement cleaner production transformation to achieve energy saving, consumption reduction, pollution reduction and efficiency increase. It completed the environmental protection upgrade of the smelter and the improvement of the production system of the whole plant, the rain and sewage diversion of the smelter, the environmental protection upgrading and transformation project of the copper anode mud treatment system, the closure project of the flexible landfill and the treatment of the old electrolysis area. It completed key environmental treatment projects such as the transformation of rain and sewage diversion in Fengshan Copper Mine and the dust collection transformation of Tongshankou Copper Concentrator. Fengshan Copper Mine and Tongshankou Mine successfully entered the list of provincial green mines. The Company organized quarterly comprehensive environmental protection inspections and implemented tracking, supervision and rectification; organized and carried out the investigation of environmental risks and hidden dangers, verified the problems and supervised the rectification, and completed the compilation of the list of environmental risks and hidden dangers and the investigation manual of the Rare and Precious Branch and Fengshan Copper Mine. The Company completed the construction of the environmental protection information system and built a new safety and environmental protection information management system, which realized the environmental protection management needs of data penetration and visualization, clear boundaries of responsibility targets, task trace management records and early warning and response task linkage. In 2024, the Company achieved the goal of zero environmental emergencies and zero environmental penalties, and the discharge of various pollutants was stable and up to standard.

(5) Exchange rate risk control.

The Company continued to improve the long-term risk prevention and control mechanism of monetary financial derivatives business, revised and issued the Foreign Exchange Risk Management Rules (《外匯風險管理辦法》), approved the 2024 Operational Plan for Monetary Financial Derivatives Business (《貨幣類金融衍生業務2024年度操作計劃》), and regularly reported on the development of financial derivatives business. The Company strengthened foreign exchange risk management through the treasury system, actively selected the timing of foreign exchange settlement and sales, realized positive foreign exchange returns throughout the year, analyzed the impact of foreign exchange trends on foreign exchange gains and losses according to different scenarios on the financial side and business side, collected foreign exchange information, conducted trend research and judgment and guided foreign exchange operations for the purpose of balancing the demand for foreign exchange funds and controlling capital risks, conducted daily tracking of exchange rates, interest rates and hedging costs, and adjusted the reserve amount for foreign exchange purchases according to changes in the RMB exchange rate. It reduced the net risk exposure of foreign currency liabilities, formulated contingency plans based on exchange rate fluctuation gains and losses to reduce foreign exchange losses. The Company did a good job in the linkage of supply, production and marketing, organized procurement and production in a balanced manner, controlled the total amount and reduced transaction risks by actively pricing, using external hedging, paying in advance or deferred payment and increasing export collection hedging.

(6) Compliance risk control.

The Company deeply implemented the concept of "managing enterprises according to law and operating in compliance", fully implemented the tasks of key points of rule of law compliance work in 2024, formulated and released the Key Points of Rule of Law Compliance Work in 2024 (《2024年法治合規工作要點》), and promoted the implementation of various compliance tasks in an orderly manner. We continued to improve the compliance management system, appointed chief compliance officers and assigned compliance administrators to each major investment enterprise, so as to strengthen the legal compliance team. The Company established a hierarchical and categorical compliance management system with the basic compliance management system as guideline, specific systems and supporting specifications as the support, and special compliance guide as practical guidelines, so as to form an internal control system for compliance risks with clear responsibilities, complete systems, standardized processes and effective operation. The Company formulated the Implementation Rules for Legal Review on Major Matters (《重大事項法律審核實施細則》), which clarified the requirements such as "no meeting, no decision-making and no implementation of major matters without legal review", and played a role as a gatekeeper for legal review. It formulated the Guidelines for Compliance of Economic Contract Management Business (《經濟合同管理業務合規指引》) and Legal Compliance System Specifications (《法律合規制度規範》) to improve the quality and efficiency of the "three legal reviews", inspect the performance of contracts and carry out post-performance evaluation. The Company strengthened litigation management, established and improved the case management mechanism of "unified management, classified guidance and hierarchical responsibility", strengthened the supervision on legal dispute cases, supervised the rectification of matters involved in the case and comprehensively treated them from the source, so as to prevent and eliminate the occurrence of similar cases. Through the implementation of the "Special Action to Clear the Backlog of Cases" and other work, it reversed the growth trend of the scale of cases year after year. Except for labor dispute cases, the number of cases decreased year by year, and no large litigation cases occurred.

(7) Risk control of financial derivatives business.

The Company strictly implemented the relevant regulations of futures management, prohibited any form of speculative trading and strengthened qualification management, plan management, process management and daily risk management. It strengthened the research and judgment of commodity market prices, formulated the 2024 Commodity Futures Annual Hedging Plan《2024年商品期貨年度保值計劃》, and formed a closed-loop management mechanism of annual hedging plan, monthly hedging implementation plan, daily hedging operational plan and daily risk monitoring report, so as to give full play to the positive role of financial instruments on price risk. The Company promoted the construction of information system and improved the level of information management. The Company developed and applied the statistical settlement function, monitoring and early warning function and risk control function of the futures business risk management information system to realize the data and information sharing and real-time risk monitoring regulatory requirements. It organized special audits of financial derivatives business for all entities to promote the improvement of risk management capabilities and levels of financial derivatives business.

(8) Quality risk control.

The Company adhered to regular monitoring and on-site supervision of product quality, collected product quality information of each production unit every month, carried out on-site quality inspection of production units, organized special internal audit of quality, published special audit reports, and supervised the rectification of all 144 problems. It organized and successfully passed the supervision and audit of the Company's quality, environment, occupational health and safety systems, and the main product quality met the target requirements, and no quality accidents and quality complaints occurred. The main product production unit planned and organized the annual internal audit of the three systems of quality, environment and occupational health and safety in October, and released the annual internal audit report. It continued to maintain the validity of the trademark and completed the renewal of the contract for the authorized use of the Yangxin Hongsheng's trademark. It carried out annual compliance management related work to maintain the effectiveness of the Company's London registered brands in LME and LBMA.

(9) Human resources risk control.

The Company formulated a hierarchical and graded employees training plan, carried out the selection of master technicians, improved the "new eight-level worker" system, continued to organize the evaluation of skill levels, opened a "double promotion" order class for employees' academic qualifications, carried out trackless equipment operation and maintenance training courses, implemented the quality improvement activities of "pilot project" for professional and technical personnel and improved the overall quality of the talent team. It innovated talent incentive and restraint mechanism. The Guiding Opinions on Further Strengthening the Performance Appraisal of All Employees《關於進一步加強全員績效考核的指導意見》was issued, which linked the basic performance salary of employees to the unit (department), key assessment indicators of the position and the performance of duties, and carried out performance appraisal on a monthly basis, which improved the timeliness of appraisal.

(10) International operational risk control.

The Company paid close attention to policy trends, actively maintained communication with the customs, and obtained the U.S. mine duty-free exclusion code on time on the website of the Ministry of Commerce in advance, and was not affected by the relevant tariff risks in 2024.

4. **Reporting and disposal of major operational risk events.** In 2024, a total of 1 major risk event was reported, which was a major operational risk event that caused part of the shutdown and maintenance of the smelting system due to the "9.14" fire in Yangxin Hongsheng.

Yangxin Hongsheng's "9.14" fire caused an operational risk event. On 14 September 2024, a fire broke out in the electric mist eliminator of the ring gas desulfurization system and its inlet and outlet FRP pipelines in Yangxin Hongsheng chemical area. Yangxin Hongsheng immediately reported the fire alarm and took on-site emergency disposal measures. The fire was extinguished on the same day. Affected by the fire, Yangxin Hongsheng fire system and chemical system emergency shutdown, electrolysis system load reduction production, fire did not cause personal injury or environmental impact incidents. After the incident, the Company's leaders attached great importance to it and put forward clear requirements for on-site firefighting and follow-up investigation. An internal investigation team was set up to carry out a comprehensive investigation on the accident, and it was preliminarily determined that the direct cause of the fire was ignition by electric field discharge or flashover breakdown ignition of 1# electric mist eliminator. The specific reasons are subject to the investigation of the local fire department.

The Company organized to take rectification and preventive measures to replace Yangxin Hongsheng's electric ring mist eliminator and its inlet and outlet channels with stainless steel, and the temporary smoke window was made of steel-lined foam glass bricks to enhance the heat resistance of the smoke window. Carbon monoxide, oxygen and other gas detection instruments were equipped at the inlet of the ring scrubbing tower to detect the concentration of flammable and combustion-supporting gas in the ring exhaust gas and ensure that the medium met the process requirements. The Company increased the fire water pressure and increased the allocation of firefighting equipment. The fire water pipe was led to the FRP tower and the FRP electric mist eliminator on each floor, and the sprinkler water pipe was set up. Fire hydrants and other facilities were added to the roads around the FRP area to improve the emergency response capacity. It re-identified and evaluated the hazards in FRP equipment and facilities such as electric mist eliminator and the operation process, revised and improved the hidden danger investigation standards and control measures, and implemented risk control and hidden danger investigation responsibilities step by step.

The Company coordinated Yangxin Hongsheng's construction recovery and production organization, and made every effort to promote Yangxin Hongsheng's resumption of production as soon as possible. The construction of the anode furnace was started in advance to upgrade the independent exhaust gas emission window, and formulated the overall construction plan and detailed work plan. As of 13 December 2024, the construction of the process system has been completed with preliminary acceptance, and the conditions for the feeding load test have been met. The smelting system would resume production, and normal and stable production would be available in January 2025.

B. Accurate review on major operational risk forecast and assessment in 2024

In 2024, the Company predicted and evaluated 11 major operational risks. After a year of practical testing, the prediction and assessment of risks showed high accuracy. From the analysis of the importance of the impact on operation results, the economic benefit risk should rank first.

Market changes and market competition risk forecast and assessment were accurate. The fluctuation of the global economic situation had a significant impact on the Company's operation. The price fluctuations of copper cathode, gold, silver, sulfuric acid and other products directly affected production cost. The supply side of overseas copper mines disturbed continuously and the domestic smelting capacity increased significantly. The demand for copper concentrate further increased, the market competition became fiercer, and the supply of raw materials was tight. In February-March and August 2024, due to the tight supply of copper concentrate raw materials and the fluctuation of the delivery to the factory, the smelting system maintained low-load production, affecting a total of 6,500 tons of blister copper production.

The forecast of operational benefit risks was accurate. In 2024, the spot treatment charges (TC) of imported copper concentrate maintained at a low level. The spot TC of copper concentrate fell from more than 80 US dollars per ton at the beginning of the year to a single digit, with a cumulative decline of about 80%, which had a huge impact on the profits of the smelting sector and seriously affected the economic benefits. From January to October 2024, due to the long-term order contracts of the previous year in the purchase volume, the actual imported copper concentrate treatment charges index was 52/5.2, which was 80/8 compared with the predicted imported copper concentrate treatment charges index, which negatively affected the profit of the smelting sector of RMB506.47 million. The treatment charges index was still declining from November to December.

The forecast of safety and environmental protection risks was basically accurate. The investigation, prevention and control of safety and environmental protection risks and hidden dangers were carried out as required, and larger and above production safety accidents were eliminated. There were no environmental emergencies, and the pollutant emissions were below the emission limits. However, the application of the "Judgment Standard for Major Accident Hazards"《重大事故隱患判定標準》was not in-depth, and the lessons of similar risk events in the same industry were not learned. The flammable risk of the FRP material of the wet electric mist eliminator was not identified, and the major risk accidents of the production system in Yangxin Hongsheng chemical area were not found. 9.14 fire accident caused a decrease in output, an increase in furnace maintenance and insulation costs and raw material occupation expenses, which had a significant impact on the operation of the enterprise.

The financial risk forecast was accurate, and the relevant measures formulated were practicable, which played a guiding role in the control of exchange rate debt and cash flow. The Company further strengthened the control of capital quotas, supervised the monthly pressure reduction of cold material occupation and accounts receivables, and coordinated the formulation of reduction measures of the funds occupied by inventory and accounts receivable "two amounts", so that the "two amounts" occupation achieved the control target and effectively prevented and controlled debt risks. It made full use of its business background, seized the low-cost financing window period of market bills, communicated with banks, and used the downward trend of medium and long-term funding rates to replace high-interest stock loans. It coordinated the response to the impact of the Yangxin Hongsheng fire accident, cooperated with the resumption of production of the system, timely predicted the current funding gap and key capital indicators to put forward relevant control measures and strictly controlled cash flow risks.

Compliance risk forecast was accurate. The Company always adhered to the concept of compliance operation in accordance with the law, and constantly improved the compliance management system and institutional documents. However, in the market economy, some employees lacked compliance awareness and bottom-line thinking, sufficient knowledge of the laws and regulations that must be followed in business management activities and had flaws in their work, some units lacked supervision on the implementation of the system and sufficient compliance management strength and ability, coupled with the strong demands of some customers and employees themselves, forming compliance risks, and even litigation disputes arising.

C. *The main problems in the prevention and control of major operational risks in 2024*

The main problems in the prevention and control of major operational risks in 2024 were that, first, there was no in-depth study on the risk management strategy of the enterprise, and no qualitative or quantitative effectiveness standard was formulated when regularly summarizing and analyzing the effectiveness and rationality of the risk management strategy that had been formulated. Second, the transmission of risk management awareness was insufficient. Some employees did not have a sufficient understanding of the importance of risk prevention and control, the risk responsibility of the first line of defense was not implemented, and the pre-prevention mechanism for self-discovery and improvement of risks was relatively weak when the risk management work was regularly self-examined and inspected. Third, the risk management system was not perfect, the communication channels of risk management information were not smooth, and the transmission was not timely, accurate and complete. Fourth, the implementation of risk prevention and control measures was insufficient, the foundation for risk management supervision and improvement needed to be further consolidated, and the ability of risk control personnel to manage major risks was insufficient.

D. *Monitoring of major operational risks in the fourth quarter of 2024*

1. **Market changes and market competition risks.**
   The expansion of domestic and foreign copper smelting capacity continued and the industry market competition was becoming increasingly fierce. The major domestic copper smelters squeezed the price of imported ore procurement and treatment charges and sub-clauses to compete for the existing imported ore market, which intensified the industry competition and further compressed the profitability of copper smelting enterprises. In the fourth quarter, through the CIIE and CESCO Shanghai Conference in November, the negotiation of long-term orders for the arrival of imported ores was stable and progressive, ensuring the supply of raw materials for smelters. In terms of domestic mines, the domestic mine procurement policy was adjusted in a timely manner to stabilize the domestic mine arrivals.

2. **Operational benefit risk.**
   From October to November 2024, the monthly index of international treatment charges was 16, and the Asia-Pacific index was 2.45 and 3.88 respectively. The low treatment charges in the market were an important factor causing operating losses. The smelter was in stable and efficient production, improved the production load, and strictly controlled the treatment cost. It was expected that 265,000 tons of blister copper and 375,600 tons of copper cathode would be completed throughout the whole year. Yangxin Hongsheng completed the system maintenance work and production recovery preparation work, and strictly controlled the cost of furnace insulation and maintenance. Rare and Precious Branch gave full play to the efficiency of transforming the new system and reduced the cost of anode mud treatment. Mine units should pay close attention to production and cost control to ensure that mine units could fully achieve stable production, sales promotion and efficiency improvement in the fourth quarter.

3. Safety and environmental protection risks.

The Company's safety and environmental protection risk management and control in the fourth quarter was good, and no risk events occurred. The Company implemented the requirements of the emergency notice on strictly doing a good job in safe production during the National Day, carried out inspection and supervision, strengthened emergency duty, and implemented various safety and environmental protection prevention measures. It continued to promote the three-year action of tackling the root cause of production safety. It completed key tasks such as the investigation and management of hidden disaster-causing factors in mines. The Company carried out a special action of "crack down on illegal activities and address violations" and established and improved a normalized anti-"three violations" working mechanism. It strengthened the supervision of key environmental protection tasks in 2024, and all work tasks were completed on time and with good quality. The quality and progress of key projects such as environmental remediation of the old electrolysis area of the smelter and swamp treatment of the old slag met the requirements.

4. Exchange rate risk.

In the fourth quarter, foreign exchange risk management and control were good, and foreign exchange continued to reflect gains. The Company actively participated in the exchange rate risk prevention and control meeting held by CNMC, strengthened foreign exchange market analysis and risk prevention and control communication with other member units and financial companies, and prevented and controlled the risk of ratio loss under the later RMB appreciation market. The Company made reasonable use of the treasury fund management system, bank accounts and derivative business segments, regularly counted the Company's foreign currency risk exposure, purchased foreign exchange and paid foreign exchange in advance during the RMB depreciation period, reduced the risk exposure of foreign currency net liabilities, and reduced the risk of exchange rate fluctuations.

5. Compliance risks.

As of the end of November 2024, four factories and mining institutions have undertaken the basic compliance management system of the Company and formulated and issued the Implementation Rules for Compliance Management (《合規管理實施細則》) based on their own actual conditions, and the factory and mining institutions have clearly established the basic system or norms for compliance management. It strengthened the supervision on legal dispute cases, supervised the rectification of matters involved in the case, and no major compliance risk matters occurred in the fourth quarter.

II. Organization of major operational risk forecast and assessment in 2025

A. The Company strengthens to organize and lead the formulation of risk assessment plans. The Company strengthens organizational leadership, plans work deployment, and the main person in charge of the Company approves and issues the "Notice on Doing a Good Job in the Company's Major Operational Risk Forecast and Assessment in 2025" (《關於做好公司2025年重大經營風險預測評估有關工作的通知》), which clarifies the work objectives and requirements.

B. Units and departments collaborates to collect risk assessment information. They collect information in accordance with the six aspects of strategic risk, financial risk, market risk, operational risk, legal risk and other operational risks, and each unit and relevant department submits a risk assessment report to provide a basis for carrying out risk assessment.

C. The Company comprehensively uses methods to organize risk identification and assessment. According to the risk assessment quantitative index system and risk control list, it sorts out 26 risks of secondary level that have significant impact on the operation and development of the enterprise, sets the assessment criteria for the possibility of risk occurrence and the degree of risk impact, and designs major risk assessment questionnaire, and a total of 75 managers above the deputy department level of the headquarters and the main person in charge of the secondary unit participate in the major risk assessment questionnaire survey. It conducts business interviews and professional consultations with persons in charge of important risk areas, and carefully assesses major operational risks that may affect the high-quality development of the unit in 2025.

D. We focused on our main business forecasts and assess significant risks. In 2025, the Company's main business industry is facing a severe macro environment, industry environment and market environment, and based on the idea of predicting and evaluating operational risks from the perspective of comprehensively considering the rationality of strategic planning, investment activities and asset allocation, qualitative and quantitative comprehensive analysis is adopted for different risks to determine major risks.

1. The Company summarizes the results of the risk assessment questionnaire submitted by the participants, calculates the risk value in the assessment results according to the formula "risk value = probability of occurrence * degree of impact", and ranks the risks as a reference for risk assessment.

2. Focusing on the Company's planning and the overall business objectives for 2025, the senior management of the Company conducts in-depth research on the changes in the risk situation faced by macro policies, market environment and commodity prices, combined with the characteristics of the non-ferrous metal smelting industry and the actual operation, pays attention to the risks that have occurred and are still continuing, and at the same time identifies the emerging foreshadowing predisposition risks, conducts comprehensive research and judgment on the risk factors affecting the operational benefits, investigates 26 major risks, and predicts and evaluates the top five major operational risks with high probability of occurrence and high degree of influence in 2025 are: operational benefit risk, non-ferrous metal price risk, macroeconomic risk, international operational risk and market competition risk.

III. Analysis, judgment and prevention and control measures of major operational risks in 2025

A. Operational benefit risk

1. Risk research and judgment. The treatment charges of imported copper concentrate are expected to remain low, and the competition between domestic smelters for domestic ore will become more intense, and copper smelters will have no profit margin. There is a certain gap between the target price of procurement and treatment charges of the import mine set up by the Company and the market quotation, and the long-term orders negotiation is extremely difficult. In 2025, BM has confirmed that on the evening of 5 December 2024, Jiangtong and AMSA will be traded at a treatment charges of 21.25, which is much lower than the level in 2024. The market price fluctuation of the main and auxiliary products is uncertain, which has a great impact on the operational benefit. The grade of raw ore in the mine has declined and the increase in production has been limited, the cost of mine operation has increased, and the pressure on the occupation cost of the "two amounts" of some production and operation units is greater, and the profitability has not been significantly improved.

2. Impact assessment. In 2025, the Company will initially arrange output of 710,000 tons of copper concentrate, 660,000 tons of blister copper and 19,500 tons of mined copper. It is estimated that 165,000 tons of new imported ore purchase long-term orders will be signed, with an average TC/RC19.96/1.996, and the new long-term orders will be priced at 107,500 tons and a gap of 225,200 tons according to the index. According to the current SMM index TC/RC10/1 consideration, the above raw material statistics will be integrated TC/RC17/1.7, and it is predicted that the budget TC/RC23/2.3 will negatively affect the profit of the smelting sector. The domestic ore pricing coefficient is 94%, compared with the original plan of 90%, which will negatively affect the profit of the smelting sector.

3. Prevention and control objectives. To achieve performance goals.

4. Leading responsible unit: Finance Department, Production Technology Department
Co-responsible units: smelter, Yangxin Hongsheng, Rare and Precious Branch and various mining units

5. Prevention and control measures. (1) The smelting unit organizes production based on the principle of maximizing market benefits, the smelter pyrometallurgical system organizes production according to 85% load, Yangxin Hongsheng organizes production according to 108% load, and the mining unit increases production capacity by 1,000-2,000 tons of mined copper on the basis of production in 2024 based on the principle of continuous stable and increasing production. (2) grasp the trend of market changes in a timely manner, accurately formulate marketing strategies and sales plans, promote and expand sales and expand the market. (3) firmly establish the idea of "living a tight life", reduce costs and increase efficiency, tap potential and create efficiency, and reduce expenditures and fees. The task of continuously promoting the goal of "six efficiency enhancement" has been implemented. The smelter strengthens metal balance management and increase the recovery rate of copper to 98.35%, gold recovery rate of 95.62%, and silver recovery rate of 94%. Yangxin Hongsheng has done a good job in production regulation and control, strengthened the scientific and technological breakthrough of "reducing copper content in tailings", promoted lean control, and further improved the total copper recovery rate and unit cost of sulfuric acid.

B. Non-ferrous metal price risk

1. Risk research and judgment: In 2025, the global market situation will focus on Trump's policies and domestic response policies, and the price volatility of commodities such as copper, gold and silver will be more intense. It is highly likely that there will be a volatile market with large fluctuations, bilateral policies, geopolitical conflicts and "black swan" events will cause violent price fluctuations in the short term. If there is a large change in the sales price of the Company's main products and the purchase price of raw materials, it will have a huge impact on the operational benefit.

2. Impact assessment: The budget price of copper cathode is RMB71,000/ton, and the annual output is expected to be 710,000 tons. The budget price of sulfuric acid is RMB180/ton, and the annual output is expected to be 2.43 million tons, which will have a negative impact on profits when the market price is lower than the budget price. In the case of a net short/long futures position, price fluctuations will lead to an increase in the risk rate of futures positions, which will affect the capital risk of futures positions.

3. Prevention and control objectives: The sales strategy is in line with the market price, and the hedging business is strictly regulated to avoid the risks caused by price fluctuations.

4. Responsible unit: Finance Department
Co-responsible units: smelter, Yangxin Hongsheng, Rare and Precious Branch and various mining units

5. Prevention and control measures: market analysis and research is carried out to grasp the market rhythm, rolling sales plans is prepared, and sales and pricing strategies is formulated to ensure that the sales business performance is better than the average market price level. They strictly manage the futures hedging business, strengthen the research and judgment of commodity market prices, strengthen the formulation, optimization and implementation of the hedging plan, refine the statistical analysis of copper, gold and silver value streams and make monthly hedging plan, so as to effectively manage the futures hedging funds.

C. Macroeconomic risk

1. Risk research and judgment: In 2025, the headwinds of economic globalization will intensify, geopolitical risks will continue to rise, and the political situation and geopolitical changes in the United States may exacerbate the risk of economic fluctuations. The external environment is more complex and changeable, smelting enterprises are fiercely competitive, and production and operation are facing greater challenges and higher requirements. Recently, the Central Economic Work Conference pointed out that the adverse effects of changes in the external environment have deepened, and China's economic operation is still facing many difficulties and challenges, mainly due to insufficient domestic demand, production and operation difficulties of some enterprises, and there are still many risks and hidden dangers, but the economic foundation is stable with many advantages, strong resilience and great potential, and the long-term supporting conditions and basic trends have not changed. In 2025, the "more active and promising macro policies" will be implemented, and the monetary policy will be "moderately accommodative", and will "cut the reserve and interest rates in a timely manner to maintain abundant liquidity", so as to create a suitable monetary and financial environment for the economic recovery. The domestic demand will be expanded in an all-round way, expand the scope, improve quality and step up efforts, and activate the replacement demand through policies.

2. Impact assessment: The impact of the macroeconomic environment on the achievement of business objectives includes policy risk, debt risk, liquidity risk, credit risk, etc. Affected by the economic downturn, some subsidiaries are not operating well and have a high asset-liability ratio. The smelting and processing industry has large investment, low profits and a long return period. Since 2024, copper prices have been running at a high level, and raw materials and intermediate materials have occupied a large amount of funds. In order to ensure the liquidity and safety of funds, enterprises have a large scale of reserve funds. The risk of unsalable products, dropping price and the risk that customers will not be able to repay their due debts.

3. Prevention and control objectives: The policy change do not cause significant losses to the import and export business. The asset-liability ratio is controlled below 75%, and the number of high-debt subsidiaries decreased by 1. The production, supply and marketing are well-balanced, and ensure the safety of liquidity. There is no significant (RMB5 million) credit risk loss.

4. Responsible unit: Finance Department

5. Prevention and control measures: (1) pay close attention to the impact of international economic policies on operation, exchange information with our peers such as the CSPT team and the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, communicate with traders who sell gold concentrates, track and prevent the risk of changes in relevant customs policies, and formulate corresponding procurement strategies for imported ore. (2) ensure stable and progressive operation, do a good job in safety production and environmental protection, continue to strengthen production organization and operation management, promote the improvement of core competitiveness and core functions of the enterprise, and respond to external risks and challenges

with our own certainty. (3) actively reduce interest-bearing liabilities, consolidate the "two amounts" of market-oriented units, and maintain the bottom line of no debt default. strictly control the capital indicators to prevent liquidity risks. (4) strengthen cooperation with suppliers and customers, establish a stable supply chain management system, and ensure the smoothness and stability of the supply chain. (5) strictly implement the customer access system and credit risk management system, regularly carry out credit risk assessment, pay close attention to the customer's business conditions in the fulfillment of the contract, give timely warning and take measures when there is an unfavorable situation, actively resolve the debt arrears between enterprises, and solidly promote the settlement of current accounts.

D. *International operational risk*

1. Risk research and judgment: The political and economic policy friction between China and the United States, and the Fed's less-than-expected interest rate cut, have increased the volatility of the foreign exchange market, affecting the import foreign exchange payment expenditure and foreign exchange gains and losses. Imports of copper concentrate or blister copper originating in the United States may be subject to tariffs. There may be a change in the policy of domestic customs on the reclassification of the sulfur and iron content of imported gold concentrates. The range of sulfur and iron content has not yet been clarified.

2. Impact assessment: The foreign exchange payment of imported raw materials poses a risk of loss to the transaction due to the high variability of the exchange rate. Changes in tax policies for import and export business will increase the tax burden. If the gold concentrate is declared as pyrite, the gold-containing part will be subject to 13% value-added tax and 1% tariff, and the profit margin will be narrowed.

3. Prevention and control objectives: In 2025, the control of foreign exchange gains and losses is positive. The impact of U.S. ore export tariffs and domestic customs reclassification policy changes on imported gold concentrates on operational benefit is kept within an acceptable range.

4. Responsible unit: Finance Department

5. Prevention and control measures: (1) Exchange rate risk. The first is to update the price and foreign exchange payment information of imported raw materials on a regular basis, carry out the risk stress test of the ratio of imported ores, comprehensively consider the pricing scale, the price difference between the internal and external markets and the hedging position, carry out the active pricing of copper, gold and silver in imported ores, make full use of the internal and external hedging channels to carry out hedging, prevent and control the risk of the ratio of imported raw materials, and constantly optimize the specific plan to prevent the risk of exchange rate fluctuations. The second is to strengthen the management of foreign exchange funds. It makes reasonable use of the bank account section and derivative business section of the treasury fund management system to accurately count the Company's foreign currency deposits and import balances, and postpones foreign exchange settlement and early purchases foreign exchange during the period of RMB depreciation, regularly inquiries about the cost of foreign exchange financing and the cost of hedging in the market, adhere to the principle of exchange rate risk neutrality, consider foreign currency financing according to the supporting hedging cost, compare the cost of domestic and overseas local currency and foreign currency funds, and select the best implementation, leaving no risk exposure. The third is to strengthen the research and judgment of foreign exchange market and technical trend analysis, follow up the comprehensive cost of foreign currency financing, formulate a foreign exchange income and expenditure plan for the next three weeks on a rolling basis, put forward relevant foreign exchange risk prevention and control and make suggestions according to market

research and judgment, and hold special seminars in case of sudden market conditions to formulate response plans. Fourth, it is necessary to actively participate in special foreign exchange training and seminars organized by the State Administration of Foreign Exchange and large commercial banks, and strengthen exchanges between banks and enterprises. (2) Tax risk of import and export business. It is necessary to pay close attention to policy trends, actively maintain communication with the customs, and obtain the US mine duty-free exclusion code on time on the website of the Ministry of Commerce in advance to control the impact of tax policy risks.

E. *Market competition risk*

1. Risk research and judgment. In 2025, due to the continuous expansion of copper smelting capacity, the global copper concentrate supply and demand gap will be further expanded, the degree of copper concentrate shortage will be further intensified, the treatment charges of imported ore will remain low, and the competition for domestic ore by smelters in the same industry will become more intense. The cost of raw materials has risen, labor costs have risen, environmental protection investment, mineral resources development investment and depreciation costs have risen after the investment is completed, weakening market competitiveness and reducing operational benefit. The capital investment in mining and smelting is large, and the occupation of production and operation funds is relatively high. Sulfuric acid production is overcapacity, market demand is not strong, and regionalization competition is fierce.

2. Impact assessment. Copper smelting has excess capacity, competition for raw materials is fierce, treatment charges are far lower than processing costs, procurement costs and processing costs continue to rise, and losses in smelting, production and operations is significant. There are problems with the safety of funds or the low efficiency of the operation of funds, causing the enterprise into financial difficulties or redundancy of funds. Sulfuric acid sales are locally competitive, and the price fluctuates greatly. If sulfuric acid sales are stretched, it will affect smelting and production.

3. Prevention and control objectives. The Company strictly controls costs, gives full play to the advantages of technological innovation, improves product quality and service and enhances market competitiveness. The investment plan is in line with industrial policies and gives full play to investment benefits. The Company ensures that the cash flow can meet the needs of production and operation, and the capital chain is smooth. It ensures that the smelting and production are stable, the sulfuric acid is produced and sold smoothly, and the sulfuric acid inventory is always maintained below the safety stock level.

4. Leading responsible unit: Production Technology Department and Finance Department
   Co-responsible units: each production and business unit of the Company

5. Prevention and control measures: (1) In terms of raw material supply: starting from the most economical practical operation of balanced operation of smelting and production, it is planned to increase the proportion of long-term orders and stabilize supply the basic supply, and the quarterly incoming volume of imported ores is planned to meet the standard rate of 100±5%, establish a long-term dynamic complementary mechanism for imported and domestic raw materials, strengthen the management of shipping schedule forecasts, improve the accuracy of forecasts, expand and maintain multiple raw material procurement channels such as offshore mines, imported goods for domestic sales and inland mines, so as not to cause production pressure and centralized delivery to the factory. (2) In terms of product sales: they strengthen the research and judgment of product market prices, formulate a stable and flexible pricing mechanism, stabilize the sales market in the province, continue to develop markets in Hunan, Jiangxi, Chongqing and other provinces, expand the number and proportion of sales and broaden sales channels. (3) In terms of cost control: optimize the

total factor economic benefit model of the smelting sector, accurately identify the impact of changes in various factors on the economic benefits of smelting and production, flexibly schedule and organize smelting and production, do a good job in the linkage and balance of supply, production, marketing and storage, and realize stable, economical and efficient production of smelting; continue to improve the recovery rate of precious metals such as copper, gold and silver, and improve the direct yield index of rare and precious by-products such as platinum, palladium, selenium and tellurium; strengthen the transformation of scientific and technological achievements, optimize production processes and improve economic and technical indicators; continue to tap the potential inward, strengthen cost management, reduce key consumption and reduce energy unit consumption; coordinate the implementation of centralized procurement business to minimize procurement costs; strengthen policy follow-up research, and actively strive for policy effectiveness. (4) In terms of cash flow guarantee: strengthen the control of inventory quotas, formulate and issue an implementation plan for the control of annual capital quotas, clarify the control objectives, control principles and specific requirements of interest-bearing liabilities, two amounts, monetary funds and operating cash flow, and coordinate the allocation and refinement of processes to control the metal reserves and abnormal occupation of smelting units, reasonably control the scale of capital reserves, approve daily reserve funds and futures margin funds, and collect and dispatch idle funds of secondary units, optimize the financing structure, increase the proportion of medium and long-term loans, and improve the soundness of financial operations, promote the construction of the treasury fund management system, continue to strengthen the centralized management of funds and lean control, and give full play to the supervision function of the treasury system.

Relationship with customers

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

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

Relationship with suppliers

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

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

Organisation and resources of the Group

To successfully implement the strategies approved by the Board, we must ensure that we have an organisational structure of efficient management and operation, adequate resources and necessary capabilities. Our organisational structure has been continuously optimised to streamline the management functions of the Company, so as to realise the model requirements of highly capable organisational structure, sophisticated business process, optimal resource allocation as well as efficient management and operation, and meet the needs of the Group's strategic development in the near future. The tables below set out the details of the Group's employee distribution as at the end of 2024:

Age				
Below 18	18 to 29	30 to 39	40 to 49	50 or above
–	671	887	2,380	1,272

Gender	
Male	Female
4,499	711

Employment Type	
Permanent	Short-term contract
100%	–

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

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

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

The Group's internal promotion rate is higher than that of external recruitment, reflecting its attractive career development opportunities for employees under its strong management development and succession plans. While the majority of individual development is derived from on-the-job experience, we are also committed to investing in formal training and development programmes, covering specific work skills, general management or supervisory skills and language training. These programmes are either organised internally or provided through external courses and conferences. The table below set out the percentage of employees trained of the Group by gender, as well as the average training hours per employee during the year ended 31 December 2024:

% of employees trained		Average training hours per employee
Male	Female	Number of hours
4,503	707	43

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

The excellent ability of the Group to retain staff is reflected in its voluntary turnover rate, which is typically lower than the local market average in most of its business segments. The tables below set out the voluntary staff turnover rate of the Group by age group and gender during the year ended 31 December 2024:

Voluntary turnover rate (%)				
Below 18	18 to 29	30 to 39	40 to 49	50 or above
–	0.02	0.06	0.08	0

Voluntary turnover rate (%)		
Male	Female	Overall
0.17	0.02	0.19

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the financial information of the Group for each of the five years ended 31 December 2024 is presented below.

Summary of selected items of consolidated statement of profit or loss

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**57,852,731**	44,784,723	33,658,516	35,677,656	29,387,562
Profit/(loss) for the year attributable to:					
Owners of the Company	**40,197**	(56,327)	110,910	286,436	306,415
Non-controlling interests	**(30,601)**	258,823	(117,326)	50,140	(4,779)
Profit/(loss) for the year	**9,596**	202,496	(6,416)	336,576	301,636

Summary of selected items of consolidated statement of financial position

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Current assets	**15,445,467**	15,115,982	12,242,067	7,681,773	6,417,099
Non-current assets	**10,426,105**	10,996,973	10,981,682	9,453,334	8,439,149
Total assets	**25,871,572**	26,112,955	23,223,749	17,135,107	14,856,248
Liabilities					
Current liabilities	**12,327,942**	12,726,581	11,948,176	7,038,537	6,333,015
Non-current liabilities	**8,857,116**	8,709,456	7,001,965	5,939,196	5,052,435
Total liabilities	**21,185,058**	21,436,037	18,950,141	12,977,733	11,385,450
	4,686,514	4,676,918	4,273,608	4,157,374	3,470,798
Equity attributable to owners of the Company	**3,083,611**	3,043,414	3,097,093	2,986,511	2,690,540
Non-controlling interests	**1,602,903**	1,633,504	1,176,515	1,170,863	780,258
	4,686,514	4,676,918	4,273,608	4,157,374	3,470,798

Report of the Directors

PRINCIPAL ACTIVITIES

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

The Group's revenue and segment information for the year ended 31 December 2024 are set out in notes 5 and 6 to the consolidated financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 103 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil). No interim dividend was declared during the year (2023: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2024 is set out in note 37 to the consolidated financial statements.

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2024.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company had retained profits of RMB1,273,772,000 available for distribution to the Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this report were:

Executive Directors

Xiao Shuxin *(Chairman)*
Zhang Guangming *(resigned on 28 May 2024)*
Chen Zhimiao *(resigned on 28 May 2024)*
Zhang Jinzhong
Zhang Aijun *(appointed on 28 May 2024)*
Chen Xuewen *(appointed on 28 May 2024)*

Independent Non-executive Directors

Liu Fang
Wang Qihong
Liu Jishun

The newly appointed directors, Ms. Zhang Aijun and Mr. Chen Xuewen, understood of their responsibilities and obtained relevant legal advice on the date of appointment.

Pursuant to bye-law 83(2) of the Current Bye-Laws, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting of the Company after his or her appointment and shall then be eligible for re-election at that meeting (but shall not be taken into account in determining which particular Director or the number of Directors who are to retire by rotation). No director was appointed to fill a casual vacancy or as an addition to the Board by the Board after the preceding general meeting of the Company on 2024.

Pursuant to bye-law 84(2) of the Current Bye-laws, Ms. Zhang Aijun, Mr. Chen Xuewen and Ms. Liu Fang shall retire by rotation at the Annual General Meeting. All of the above three Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

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

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of shares/ underlying shares	Approximate percentage of shareholding (%) *(Note 2)*	Long position/ short position
Wang Qihong	Beneficial Owner	594,000	0.00	Long position
	Interest of Spouse	1,000,000 *(Note 1)*	0.01	Long position

Notes:

1. Mr. Wang Qihong is deemed to be interested in 1,000,000 shares through his spouse, Ms. Geng Shuang, pursuant to Part XV of the SFO.

2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors, chief executive of the Company, their respective spouse or children under the age of 18 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SECURITIES

As at 31 December 2024, so far as is known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of shares/ underlying shares	Approximate percentage of shareholding (%) *(Note 2)*	Long position/ short position
China Times Development Limited	Beneficial owner	11,962,999,080 shares	66.85	Long position
Parent Company	Interest in a controlled corporation	11,962,999,080 shares *(Note 1)*	66.85	Long position
CNMC	Interest in a controlled corporation	11,962,999,080 shares *(Note 1)*	66.85	Long position
China Cinda Asset Management Co., Limited	Beneficial owner	731,756,000 shares	4.19	Long position

Notes:

1. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by the Parent Company. 57.99% of the equity interest in Parent Company were beneficially owned by CNMC.

2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other persons, other than the Directors and chief executive of the Company who had interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance subsisting which the Group or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly during or at the end of the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the Group's major income was generated from trading of non-ferrous metals.

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

– The largest customer	28.12%
– Five largest customers	57.68%

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

– The largest supplier	21.41%
– Five largest suppliers	53.78%

At no time during the year ended 31 December 2024 did a Director, an associate of a Director or a Shareholder (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in the Group's major customers and suppliers disclosed above.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

During the year ended 31 December 2024, at no time was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

CONNECTED TRANSACTIONS

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

Entity	Relationship with the Company
Parent Company	Parent Company is a controlling shareholder of the Company and is therefore a connected person of the Company.
China Color International Alumina Development Co., Ltd.* (中色國際氧化鋁開發有限公司) ("CCIA")	CCIA is a non-wholly owned subsidiary of China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd., which is owned by CNMC as to 33.34%. Accordingly, CCIA is an associate of CNMC and a connected person of the Company.
CNMC (together with its subsidiaries, the "CNMC Group")	CNMC is a controlling shareholder of the Company and is therefore a connected person of the Company.
Nonferrous Mining Group Finance Company Limited* (有色礦業集團財務有限公司) ("CNMC Financial Company")	CNMC Financial Company is a non-wholly-owned subsidiary of CNMC and is therefore a connected person of the Company.
Hubei Jilong Mountain Gold Mining Co. Ltd* (湖北雞籠山黃金礦業有限公司) ("Hubei Gold")	Hubei Gold is owned as to more than 30% by the Parent Company and is therefore its associate and a connected person of the Company.
Huangshi State-owned Assets Management Co., Ltd.* (黃石市國有資產經營有限公司) ("Huangshi State-owned Assets Management")	Huangshi State-owned Assets Management indirectly holds 12% equity interests of Yangxin Hongsheng. It is a substantial shareholder of Yangxin Hongsheng, and thus a connected person of the Company at subsidiary level.
Huangshi Xingang Nonferrous Chemical Terminal Co., Ltd.* (黃石新港有色化工碼頭有限公司) ("Huangshi Xingang")	Huangshi Xingang is indirectly owned by the Parent Company as to more than 30% and is therefore an associate of the Parent Company and a connected person of the Company.
Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司) ("Yangxin Hongsheng")	Yangxin Hongsheng is a connected subsidiary of the Company.
Huangshi Xingang Development Co., Ltd.* (黃石新港開發有限公司) ("Huangshi Xingang Development")	Huangshi Xingang Development holds 12% equity interests of Yangxin Hongsheng. It is a substantial shareholder of Yangxin Hongsheng, and thus a connected person of the Company at subsidiary level.

CONTINUING CONNECTED TRANSACTIONS

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

1. Parent Group Sales Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Parent Group Sales Framework Agreement for the year ended 31 December 2024 was RMB14,394,880,163.

2. Yangxin Hongsheng Sales Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Yangxin Hongsheng Sales Framework Agreement for the year ended 31 December 2024 was RMB4,992,847,794.

3. Parent Group Services Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Parent Group Services Framework Agreement for the year ended 31 December 2024 was RMB3,617,964.

4. Huangshi Xingang Purchase and Production Services Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Huangshi Xingang Purchase and Production Services Framework Agreement for the year ended 31 December 2024 was RMB Nil.

5. Yangxin Hongsheng Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) Yangxin Hongsheng
Nature of transactions:	The Group will provide certain services to Yangxin Hongsheng, including engineering design and surveying, environment monitoring, equipment, electrical and oil products inspection and examination, research and development, architectural/ore-dressing design, maneuvering wire improvement, technical development services, blueprinting, technical consulting, mineral product examination and such other services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2023 is RMB16,400,000. The annual cap for the year of 2024 is RMB39,750,000. The annual cap for the year of 2025 is RMB39,750,000.

The aggregate transaction amount incurred in accordance with the Yangxin Hongsheng Services Framework Agreement for the year ended 31 December 2024 was RMB28,394,549.

Revision of the Annual Caps

Due to the production and operation needs of Yangxin Hongsheng and that the Group is able to provide these services, the provision of arsenic sulfide slag and neutralized slag disposal service and production technical service by the Group is conducive to the smooth and convenient production and operation of Yangxin Hongsheng, which enables convenient and cost-efficient sharing of the various services between the Group and Yangxin Hongsheng. Confidentiality of business secrets regarding technology development service is also under consideration, mainly because the laboratory inspection involves metal content balance relationship. If the third parties outside the Group provides such service to Yangxin Hongsheng, our raw material procurement situation and production metal recovery rate may be divulged, which will impact the Company's negotiation of the raw material market purchase price (processing fee). Thus, the Group anticipates that the Group will provide arsenic sulfide slag and neutralized slag disposal service and production technical service to Yangxin Hongsheng during the years ending 31 December 2024 and 2025. The annual cap for the year of 2024 is revised to RMB39,750,000. The annual cap for the year of 2025 is revised to RMB39,750,000.

For further information please refer to the announcement dated 15 April 2024.

6. Parent Group Purchase and Production Services Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Parent Group Purchase and Production Services Framework Agreement for the year ended 31 December 2024 was RMB593,280,083.

7. Hubei Gold Purchase Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Hubei Gold Purchase Framework Agreement for the year ended 31 December 2024 was RMB Nil.

8. CNMC Group Purchase and Production Services Framework Agreement

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

The aggregate transaction amount incurred in accordance with the CNMC Group Purchase and Production Services Framework Agreement for the year ended 31 December 2024 was RMB1,346,106,503.

9. Yangxin Hongsheng Purchase Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Yangxin Hongsheng Purchase Framework Agreement for the year ended 31 December 2024 was RMB10,564,269,765.

10. Parent Group Combined Ancillary Services Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Parent Group Combined Ancillary Services Framework Agreement for the year ended 31 December 2024 was RMB288,432,516.

11. Huangshi Xingang Development Combined Ancillary Services Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Huangshi Xingang Development Combined Ancillary Services Framework Agreement for the year ended 31 December 2024 was RMB Nil.

12. Land Lease Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Land Lease Framework Agreement for the year ended 31 December 2024 was RMB12,634,457.

13. Asset Lease Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Group will lease certain assets (including properties, vehicles and warehouse) to the Parent Group, and also guarantee that the Parent Group will have the exclusive right to use such assets during the term of the Asset Lease Framework Agreement. The Parent Group will lease certain assets (including sulfuric acid tank trucks, circulating water pump station, university student apartments, properties, production line (including properties and equipment etc.)) to the Group, and also guarantee that the Group will have the exclusive right to use such assets during the term of the Asset Lease Framework Agreement.
Term:	1 January 2023 to 31 December 2025.
Pricing mechanism:	The pricing will be based on the depreciation and related tax amount.
Annual Caps:	The Group's lease of assets to the Parent Group The annual cap for the year of 2023 is RMB3,713,000. The annual cap for the year of 2024 is RMB3,713,000. The annual cap for the year of 2025 is RMB3,713,000. The Parent Group's lease of assets to the Group The annual cap for the year of 2023 is RMB3,780,000. The annual cap for the year of 2024 is RMB6,000,000. The annual cap for the year of 2025 is RMB7,500,000.

The aggregate transaction amount incurred in accordance with the Asset Lease Framework Agreement for the year ended 31 December 2024 was RMB2,160,000 for the Group's lease of assets to the Parent Group and RMB4,820,496 for the Parent Group's lease of assets to the Group.

Exceeded the Annual Cap

In the course of carrying out regular review for the status of the continuing connected transactions in December 2024, the Company noticed that the actual transaction amount of the Asset Lease Framework Agreement in relation to the Parent Group's lease of assets to the Group reached RMB4,778,000, which had exceeded the annual cap for the year ending 31 December 2024 of RMB3,780,000. As at 30 November 2024, the highest applicable percentage ratios under the Listing Rules in respect of the Asset Lease Framework Agreement was less than 5%. As set out in the section headed "Internal Control" in the Announcement, the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its monthly review. According to the monitoring list of continuing connected transactions as of October 2024, the transaction amount as of 31 October 2024 was RMB513,000, representing 13.5% of the annual cap for the year ending 31 December 2024. However, according to the monitoring list of continuing connected transactions as of November 2024, the transaction amount was RMB4,778,000, exceeding the annual cap of 2024 of RMB3,778,000. As the finding of three-party verification of the Parent Group, the commence department and the finance department of smelting plant of the Company, the Group has a new customer in respect of the sale of sulfuric acid in 2024 and it is expected that the annual shipment of railway transportation will be 150,000 tonnes. It is under the sale model that sulfuric acid sales and tank rental shall be settled and collected by the Group with the customer, and the Group shall pay the Parent Group the tank rental based on the settlement price of RMB19.91/ tonne, which is actually borne by the customer. However, when entering into the contract of the new customer, it was not recognised that this sales model would increase the amount of continuing connected transactions with the Parent Group.

The Directors consider that the exceeding of the annual cap was an inadvertent oversight and an isolated event. The Company will take the steps mentioned below to strengthen internal control and prevent recurrence of the relevant incidents. The Company will instruct the business department of the Company to carefully identify the possibility of triggering or increasing the transaction amount of continuing connected transactions when entering into business contracts and instruct the finance department to provide reminders on triggering or increasing the transaction amount of continuing connected transactions when verifying the business settlement terms. The Group will strengthen the training for its employees and the communication among the departments of the Company to ensure continued compliance with applicable requirements of the Listing Rules in the future.

Revision of the Annual Caps

In view of business growth of the Group, the Board anticipates that the existing annual caps will not be sufficient to meet the expected transaction amounts of the Parent Group's lease of assets to the Group under the Asset Lease Framework Agreement for each of the two years ending 31 December 2025. Therefore the existing annual caps be revised. The annual cap for the year of 2024 is revised to RMB6,000,000. The annual cap for the year of 2025 is revised to RMB7,500,000.

For further information please refer to the announcement dated 19 December 2024.

14. CNMC Financial Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) CNMC
Nature of transactions:	The Group shall place deposits with the CNMC Group. The CNMC Group shall provide to the Group the following financial services: loans, guarantees and integrated credit facilities, bills acceptance and settlement, foreign exchange settlement and sales and such other financial services as agreed by the parties from time to time.
Term:	1 January 2023 to 31 December 2025.
Price of services:	With reference to the fees charged by commercial banks for similar services, subject to compliance with applicable laws and regulations and provisions of PBOC on interest rate management. To ensure that the pricing policies under the CNMC Financial Services Framework Agreement are complied with, prior to conducting the connected transactions under the CNMC Financial Services Framework Agreement, the Group will enquire with third party commercial banks about the interest rates for loans and deposits of the same term and the fees for provision of similar financial services charged by them, to compare with the interest rates for loans and deposits and fees charged for the connected transactions between the Group and the CNMC Group and determine the relevant interest rates and fees in accordance with the pricing policies under the CNMC Financial Services Framework Agreement. The Group will seek to obtain quotations from at least three independent third party commercial banks in each case where practicable.
Deposit and loan amounts:	The average daily amount of deposits placed by the Group with the CNMC Group must not exceed the average daily amount of outstanding loans extended by the CNMC Group to the Group.
Undertaking by CNMC:	CNMC undertakes to the Group that if CNMC Financial Company experiences or foresees any difficulties in payment, CNMC will inject capital into CNMC Financial Company based on the latter's needs in order to ensure the latter's normal operations.

Annual Caps:	Deposit services
	The annual cap for the year of 2023 is RMB2,697,750,000.
	The annual cap for the year of 2024 is RMB2,827,221,000.
	The annual cap for the year of 2025 is RMB2,929,468,000.
	Bills acceptance and settlement and foreign exchange settlement and sales services
	The annual cap for the year of 2023 is RMB8,286,025,000.
	The annual cap for the year of 2024 is RMB8,288,625,000.
	The annual cap for the year of 2025 is RMB8,288,625,000.

The aggregate transaction amount incurred in accordance with the CNMC Financial Services Framework Agreement for the year ended 31 December 2024 was RMB510,232,560 for the deposit services and RMB1,274,412,029 for financial services provided by CNMC Group.

15. Huangshi State-owned Assets Management Sales Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Huangshi State-owned Assets Management Purchase Framework Agreement for the year ended 31 December 2024 was RMB874,252,467.

16. Huangshi State-owned Assets Management Purchase Framework Agreement

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

The aggregate transaction amount incurred in accordance with the Huangshi State-owned Assets Management Purchase Framework Agreement for the year ended 31 December 2024 was RMB Nil.

17. CCIA Services Framework Agreement

Date:	30 May 2024
Parties:	(1) the Company (2) CCIA
Nature of transactions	The Group will supply certain services to CCIA, including commissioning guidance services, pre-job training services, operation and maintenance services and such other services as agreed by the parties from time to time.
Term:	29 May 2024 to 31 December 2025.
Pricing mechanism:	Based on the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2024 is RMB56,000,000. The annual cap for the year of 2025 is RMB96,000,000.

The aggregate transaction amount incurred in accordance with the CCIA Services Framework Agreement for the year ended 31 December 2024 was RMB4,470,189.

18. CNMC Services Framework Agreement

Date:	3 March 2025
Parties:	(1) the Company
	(2) CNMC
Nature of transactions	The Group will provide certain services to CNMC Group, including engineering design, surveying and mapping services, environment monitoring services, equipment inspection and examination services, research and development, mining/mineral processing/metallurgy/construction/electrical automation design, maneuvering wire improvement, technical development services, blueprinting, technical consulting, mineral product testing services and such other services as agreed by the parties from time to time.
Term:	3 March 2025 to 31 December 2025.
Pricing mechanism:	Based on: (i) the government-prescribed prices; or (ii) if there is no applicable government-prescribed prices, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.
Annual Caps:	The annual cap for the year of 2025 is RMB34,500,000.

The aggregate transaction amount incurred in accordance with the CCIA Services Framework Agreement for the year ended 31 December 2024 was RMB11,997,000.

Omission to comply with Rule 14A.34 and announcement requirements of Rule 14A.35

The Company had omitted to comply with the written agreement requirement of Rule 14A.34 of the Listing Rules and the reporting and announcement requirements of Rule 14A.35 of the Listing Rules and failed to enter into services framework agreement and announce the provision of services to CNMC in a timely manner. As set out in the section headed "Internal Control" in the announcement dated 22 November 2022, the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its monthly review. The non-compliance with the Listing Rules was initially discovered in the continuing connected transaction settlement statement for November 2024, which was submitted by the finance department to the enterprise development department in December 2024, involving three unreported connected transaction contracts of Design and Research Company, namely the EPC project design (electrolysis area) and (factory front area and the belt factory) contract entered into in November 2020 (settlement amount on December 2024: RMB867,900), the contract on electrolysis cell surface monitoring and processing system entered into in May 2022 (settlement amount on December 2024: RMB11,128,500) and the contract on sulfuric acid pipe leakage inspection system entered into in January 2024 (contract amount: RMB2,296,800). The pricing of the above contracts was carried out in accordance with the pricing mechanism in the CNMC Service Framework Agreement disclosed in this report.

The executive Directors first became aware of the breach of Rule 14A.34 and Rule 14A.35 of the Listing Rules when the monitoring list of continuing connected transactions as of November 2024 was submitted to the Board on December 2024 and have instructed to cease the relevant service transactions immediately. After the executive Directors became aware of the breach, and were fully informed by management of the genuine oversight, the executive Directors immediately directed all management to report any and all connected transactions regardless of amount and terms.

The Directors (including the independent non-executive Directors), having been fully informed of all the facts of the transaction, consider that the failure to comply with Rule 14A.34 and Rule 14A.35 of the Listing Rules was inadvertent and can be avoided going forward. The Company takes the incident seriously and has taken the following remedial measures to prevent the reoccurrence of similar incident. The Company will establish a monthly submission mechanism for connected transactions, by which the business departments will submit the status of connected transaction contracts for each month to the enterprise development department (the listed company office) on a monthly basis. The enterprise development department (the listed company office) will systematically summarize and analyse the violation in the continuing connected transactions that previously occurred, and identify violation risk points in each link of the connected transaction. Also, it will organize and implement training on connected transaction management at all levels, so as to deeply understand the Policy of Connected Transaction Management System of China Daye Mining. The executive Directors will also attend the training and raise work requirements. It is considered to adopt penalty measures and include connected transaction compliance in the assessment mechanism.

For further information please refer to the announcement dated 3 March 2025 and 8 April 2025.

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

Confirmation from the Independent Non-Executive Directors

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

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

Confirmation from the Auditor

The Company's auditor has been engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued the qualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rule. The basis of qualified conclusion is relating to the certain continuing connected transactions, amounting to RMB11,997,000 in aggregate, in relation to provision of engineering design, surveying and mapping services, environment monitoring services, equipment inspection and examination services, research and development, mining/mineral processing/metallurgy/construction/electrical automation design, maneuvering wire improvement, technical development services, blueprinting, technical consulting, mineral product testing services and other services by the Group to CNMC Group during the year ended 31 December 2024. The Group did not enter into any written agreements or set any annual cap for these continuing connected transactions in accordance with the relevant requirements under the Main Board Listing Rules.

INTERNAL CONTROL

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

Price determination

The Company has implemented stringent measures to monitor the pricing standards for the continuing connected transactions of the Group. The department heads of the relevant business departments are responsible for the initial price determination of the proposed connected transactions of the Group. Such initial price determination will be reported to and approved by the finance department of the Company. Then, these prices will be reported to the legal department of the Company, which is responsible for collating from the various business departments such information regarding the proposed connected transactions of the Group, and ensuring that the terms of any such proposed connected transactions are in compliance with applicable laws, rules and regulations. After all these review processes, the legal representative or authorised representative of the Company will execute such connected transactions on behalf of the Company. The capital operation department, finance department and legal department of the Company are responsible for monitoring each of the connected transactions of the Group to ensure that they are conducted in accordance with its terms, including the relevant pricing mechanism and the periodic reporting of the relevant transaction amounts. The enterprise development department and the finance department of the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its quarterly review. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the enterprise development department of the Company would initiate the procedures for a board meeting and/or shareholders' meeting (as and when required) to increase the annual cap as soon as practicable.

Scope of connected persons

The enterprise development department of the Company has, on a quarterly basis, counterchecked with each party in the transaction parties list to ascertain whether they are connected persons of the Company, so as to maintain the connected person list for the staff members to identify transactions constituting connected transactions of the Company. Any alteration to the connected person list could only be made after checking with the counterparty to ascertain the relationship with the Company, in the case of addition to the connected person list, evidence such as organisation chart will have to be obtained, and in the case of removal from the connected person list, evidence will have to be obtained to confirm the date of the relevant party ceasing to be a connected person of the Company. Whenever there is an update to the connected person list, it must be reported and approved by the management of the Group to ensure the management is aware of such update.

Monthly monitor of the aggregation of transactions

The finance department of the Group will maintain a database to record and monitor the aggregate transaction amounts under the continuing connected transactions from time to time and prepare a monthly report on the status of the aggregate transaction amounts which will be submitted to the financial person in charge of the Group for review. Before conducting any transactions with connected persons, the enterprise development department will confirm that the Group still has sufficient unused transaction amount for the annual caps for carrying out the relevant continuing connected transactions. The finance department would on a regular basis review the continuing connected transactions carried out during the period under review to assess the monthly transactions amount, the aggregate amount of transactions conducted during the relevant financial year and whether the relevant annual caps have been exceeded. In addition, the Company will also ensure that the aggregation principle under Rule 14A.81 of the Listing Rules will be strictly adhered by all levels of the Group to in the connected transactions management through mandatory internal trainings with its subsidiaries and business units, details of which are set out in the below section headed "Internal trainings".

Policy review and assessment

The Company's internal control unit will on a half-year basis review the monitoring policies and procedures of the continuing connected transactions to ensure the abovementioned policies and procedures are adequate and effective. Findings of the review will be reported by the head of internal control unit to the financial person in charge of the Company. The internal control unit regularly reviews and monitors whether the continuing connected transactions are conducted on normal commercial terms and in compliance with the policies and procedures.

Non-compliance control

In the event of any non-compliance issue or inadequacy in the policies and procedures, the internal control unit will immediately report such matters to the executive directors of the Company and will take remedial actions.

In addition, as a compulsory disciplinary mechanism to prevent non-compliance and enhance the compliance awareness of each business unit, the Corporate Development Department, as the Group's performance appraisal office, has the discretion to include "compliance with the Listing Rules" as a performance indicator in the appraisal of relevant business units. If a business unit fails to notify the management of the Group regarding a non-compliance of the Listing Rules as regards connected transactions, points will be deducted from the relevant performance appraisal score, which then in turn affects wages as well as performance bonuses.

Internal trainings

In order to strengthen the process management, improve the connected transaction business level and compliance awareness of business staff of the Group as well as internal audit of connected transactions and the daily management of connected transactions, the Corporate Development Department of the Company will conduct, on a yearly basis, a connected transaction management training in accordance with "The China Daye Nonferrous Metals Mining Co., Ltd. Connected Transaction Management Measures". The training is expected to include the provision of reading materials, detailed case studies of past non-compliance incidents, explanations, Q&A session, and answering questions from time to time after the training. The training target audience shall include (i) relevant personnel from the Company's Finance Department and business personnel of individual subsidiaries; and (ii) relevant personnel from the Company's Legal and Compliance department, financial directors, financial personnel, and legal personnel of each business unit.

INDEPENDENCE CONFIRMATION

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 5,283 employees (2023: 5,568). The Group's total staff costs for the year was approximately RMB985,908,000 (2023: RMB962,595,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to the market, individual performance and their respective contribution to the Group. The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2024 and as of the date of this report.

Report of the Directors

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

AUDITOR

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

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Baker Tilly, who will retire and being eligible, offer themselves for re-appointments at the forthcoming annual general meeting of the Company. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Baker Tilly as the auditor of the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

On behalf of the Board
Xiao Shuxin
Chairman
31 March 2025

The Company recognizes the importance of maintaining a high standard of corporate governance. The Company believes that an effective corporate governance practice is fundamental to enhancing shareholder value and safeguarding the interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate government practices appropriate to the conduct and growth of the Group's business. The code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "CG Code") have been adopted to shape the Company's corporate governance structure. This corporate governance report describes how the principles of the CG Code have been applied during the year ended 31 December 2024 under different aspects.

CG CODE COMPLIANCE

For the year ended 31 December 2024, the Company had complied with the code provisions of the CG Code except for deviation from code provision A.1.1 of the CG Code as summarized below:

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2024, only two regular board meetings were held to review and discuss the annual results and interim results. The financial and operational data for the first quarter and third quarter has been given to the Directors 14 days before the meeting. All the Directors did not have opinion after reviewing and considered the holding of quarterly meetings not necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2024.

CORPORATE CULTURE AND STRATEGY

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

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

Corporate Governance Report

BOARD OF DIRECTORS

Composition of the Board

As at the date of this report, the Board comprises four executive Directors (including the Chairman of the Board) and three independent non-executive Directors, whose biographical details are set out in the "Biographical Details of Directors" section on pages 3 to 6 of this annual report, namely:

Name of Director	Date of first appointment to the Board	Date of last re-election as Director
Executive Directors		
Xiao Shuxin *(Chairman)*	15 July 2021	27 June 2024
Zhang Jinzhong	31 August 2023	27 June 2024
Zhang Aijun	28 May 2024	27 June 2024
Chen Xuewen	28 May 2024	27 June 2024
Independent Non-Executive Directors		
Liu Fang	31 March 2023	25 May 2023
Wang Qihong	13 January 2006	27 June 2024
Liu Jishun	31 July 2014	27 June 2024

Roles and responsibilities of the Board

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

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

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

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

Board meetings and Board practices

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

During the year ended 31 December 2024, 2 Board meetings and 2 general meetings of the Company were held. The meetings are structured to allow open discussion. At the Board meetings, the Directors participated in discussing the strategies, operational and financial performance, corporate governance policy and internal control of the Group.

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

	No. of meetings attended/ Eligible to attend	
Name of Director	**Board meeting**	**General meeting**
Executive Directors		
Xiao Shuxin	1/2	1/2
Zhang Jinzhong	2/2	2/2
Zhang Aijun *(appointed on 28 May 2024)*	1/2	1/2
Chen Xuewen *(appointed on 28 May 2024)*	2/2	2/2
Independent Non-executive Directors		
Liu Fang	2/2	2/2
Wang Qihong	2/2	2/2
Liu Jishun	2/2	2/2

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

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

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

Access to sufficient information of the Group

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

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

Continuing professional development

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

During the year ended 31 December 2024, the Company provided training materials to the Directors and the management of the Company regarding the Listing Rules and other applicable regulatory requirements.

A summary of the trainings participated by the Directors during the year ended 31 December 2024 is as follows:

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

Permitted Indemnity Provisions

During the financial year ended 31 December 2024 and up to the date of this report, the Company has in force indemnity provisions under its Bye-laws as permitted under applicable laws.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with code provision A.2.1 of the CG Code, during the year ended 31 December 2024, the roles of the Chairman, Mr. Xiao Shuxin, and those of the Chief Executive Officer, Mr. Zhang Jinzhong, are segregated in order to reinforce their independence and accountability.

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

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

NON-EXECUTIVE DIRECTORS

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

During the year ended 31 December 2024, there were three independent non-executive Directors, representing more than one-third of the Board. Among the three independent non-executive Directors, one of them has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

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

COMPANY SECRETARY

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

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

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

During the year ended 31 December 2024, the Company Secretary had taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

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

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, details of which are as follows during the year ended 31 December 2024:

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

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

Remuneration Committee

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

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

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

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

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

The remuneration committee has reviewed the breakdown of the Directors' remuneration for the year ended 31 December 2024 set out in note 13 to the consolidated financial statements.

REMUNERATION OF SENIOR MANAGEMENT

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

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

The senior management of the Company (who is not the Director) was retired on March 2024.

During the year ended 31 December 2024, the Remuneration Committee held 1 meeting. The Remuneration Committee made recommendations to the Board on the remuneration of non-executive Directors and assessed the performance of the executive Directors. Members of the Remuneration Committee and the attendance of each member are as follows:

Name of Directors	Position	Role in Remuneration Committee	Meetings Attended/ Eligible to Attend
Liu Fang	Independent non-executive Director	Chairman	1/1
Wang Qihong	Independent non-executive Director	Member	1/1
Liu Jishun	Independent non-executive Director	Member	1/1

Nomination Committee

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

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

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

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

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

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

During the year ended 31 December 2024, the Nomination Committee held 2 meetings. The Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, recommended list of directors to be re-elected at the annual general meeting, reviewed the independence of independent non-executive Directors, reviewed the goals set for the implementation of the board's diversity policy and recommended appointment of executive Directors to the Board.

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

Name of Directors	Position	Role in Nomination Committee	Meetings Attended/ Eligible to Attend
Xiao Shuxin	Executive Director	Chairman	1/2
Liu Fang	Independent non-executive Director	Member	2/2
Wang Qihong	Independent non-executive Director	Member	2/2
Liu Jishun	Independent non-executive Director	Member	2/2

Board Diversity

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

Measurable objectives

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

Implementation and monitoring

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

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

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

(1) Gender: Among the existing 7 Directors, 5 are male and 2 are female;

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

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

(4) Professional Experience: Among the existing 7 Directors, 1 has professional experience in the management of mining industry, 1 has professional experience in geology and ore-formation, 2 have professional experience in economics and corporate management, 1 has experience in corporate management in the non-ferrous metallurgy industry, 1 has professional experience in finance and accounting, 1 has experience in the accounting industry in mining and metallurgical finance-related fields;

(5) Age: Among the existing 7 Directors, 2 are aged over 60, 2 are aged between 41 to 50, 2 are aged between 51 to 60, and 1 is aged under 40;

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

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

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

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

Audit Committee

The principal duties of the Audit Committee include monitoring the integrity of the financial statements of the Company, reviewing the effectiveness of Company's internal control (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget) and risk management as delegated by the Board, and making recommendations to the Board on the appointment and engagement of the external auditor for the audit and non-audit services. The responsibilities and authorities of the Audit Committee also include such responsibilities and authorities set out in the relevant code provisions of the CG Code as contained in Appendix C1 to the Listing Rules (as amended from time to time). The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

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

Name of Directors	Position	Role in Audit Committee	Meetings Attended/ Eligible to Attend
Liu Fang	Independent non-executive Director	Chairman	3/3
Wang Qihong	Independent non-executive Director	Member	3/3
Liu Jishun	Independent non-executive Director	Member	3/3

During the year ended 31 December 2024, the Audit Committee held three meetings and reviewed with the management the Group's 2023 annual results, 2024 interim results and related announcements including the disclosures, financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval; discussed significant judgments affecting Group's consolidated financial statements and approved the appointment of auditor; reviewed and discussed the internal control report; reviewed and assessed the adequacy and effectiveness of the Company' internal control and risk management; and reviewed and monitored the external auditor's independence and objectivity and the effectiveness during the audit process; matters relating to the CG code: (1) to review the policies and practices on corporate governance of the Company; (2) to review and monitor the training and continuous professional development of directors; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and (5) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report; and approved change of auditor.

The Board is responsible for preparing the financial statements that give a true and fair view of the financial position of the Group on a going concern basis. The Audit Committee has reviewed the Company's annual results and consolidated financial statements for the year ended 31 December 2024. The Directors acknowledge their responsibilities for preparing a balanced, clear and comprehensive assessment in annual/interim reports, price-sensitive announcements and other financial disclosures. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 December 2024, the remuneration paid and payable to Baker Tilly in respect of their audit and non-audit services were as follow:

	2024 RMB
Audit Services	1,679,000
Non-audit Services	509,000
Total	2,188,000

The above non-audit services mainly included the review of the Group's interim report for the six months ended 30 June 2024 by Baker Tilly.

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

BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2024, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

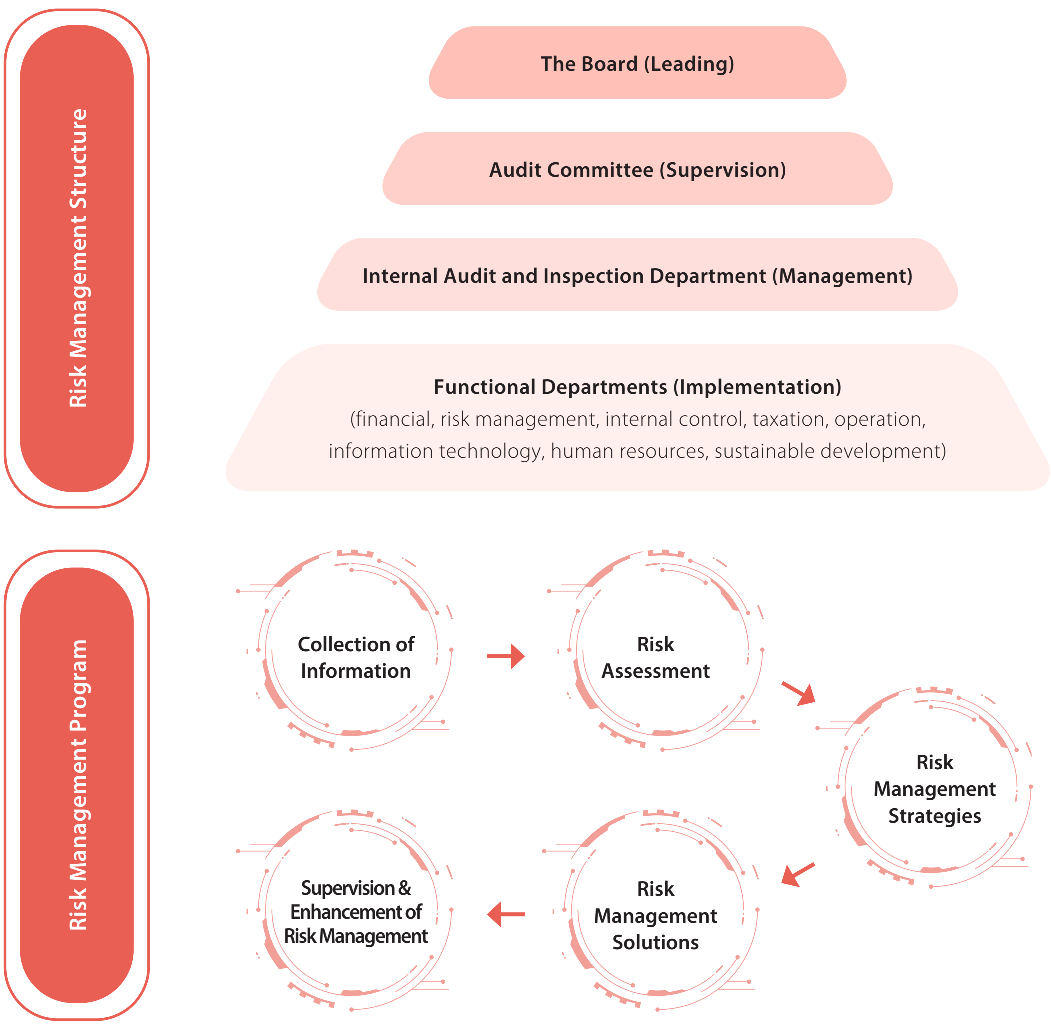
To enhance the knowledge of relevant staff of the Group, training will be provided to them on the relevant rules and applicable laws when appropriate.

The Audit Committee conducted a review on the effectiveness of the internal control and risk management systems and procedures of the Group on an annual basis. During the year ended 31 December 2024, the Audit Committee was satisfied that the Company's internal control and risk management systems are effective and adequate to meet the needs of the Company in its current business environment.

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

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

Risk Management Structure and Program



INVESTOR AND SHAREHOLDER RELATIONS

Dividend policy

The dividend policy of the Company is to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable policy. In determining whether dividends are to be declared and paid, the Company will review and consider the following factors:

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

Considering the continued fluctuation in performance of the Group, with economic slowdown, geopolitical tensions and soaring inflation in the past couple of years, leading to uncertainties for the coming periods,, the Board resolved not to recommend the payment of a final dividend for the current period.

Communication with Shareholders and Investors

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

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

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

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

In order to help investors to have a better understanding of the 2023 annual results and the business operation of the Company, the Company convened the 2023 annual results briefing on 25 April 2024 to exchange views on the common concerned issues of investors.

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

Our investor relations activities include:

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

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

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

Convening of General Meetings

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

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

Shareholder's Rights

Procedures for Shareholders to convene an extraordinary general meeting

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

Procedures for Shareholders to put forward proposals at Shareholders' meetings

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

Procedures by which enquiries may be put to the Board

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

Contact details of the Company Secretary:
Mr. Wong Yat Tung
Room 1, 11/F.
China United Plaza
1008 Tai Nan West Street
Kowloon
Hong Kong
Fax: (852) 2868 2009

Company's constitutional documents

There was no significant change in the Company's Memorandum of Association and Bye-laws during the year.

Whistleblowing Policy

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

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

OPINION

We have audited the consolidated financial statements of China Daye Non-Ferrous Metals Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 103 to 187, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

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

Refer to notes 16, 17 and 19 to the consolidated financial statements and the accounting policies in note 3.2.

The key audit matter	How our audit addressed the key audit matter
Included in the Group's consolidated statement of financial position as at 31 December 2024 were property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine located in Xinjiang, the People's Republic of China ("Hui Xiang CGU", as defined in note 16) of RMB583,548,000, RMB9,049,000 and RMB179,268,000 respectively. When there are indications that the Hui Xiang CGU may be impaired or an impairment loss previously recognised no longer exists or may have decreased are identified, management determines the recoverable amount of Hui Xiang CGU using a value in use ("VIU") calculation. Based on management's impairment assessment on the Hui Xiang CGU, no impairment loss was recognised or reversed for the year ended 31 December 2024. We identified the impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine as a key audit matter due to the significance of the balances of Hui Xiang CGU, and the significant degree of judgement made by the Group's management in determining the VIU.	Our procedures in relation to impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine included: • Understanding the key controls relevant to the impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine; • Assessing the reliability of management's cash flow forecast by comparing the historical cash flow forecasts with the actual results of the Hui Xiang CGU; • Comparing copper price used in VIU calculation to industry forecasts of copper price and challenging management's basis on the estimation; • Evaluating the independent external valuer's competence, objectivity and qualification; • Evaluating the valuation methodology and discount rate used in determining the recoverable amount of the Hui Xiang CGU with the assistance of our valuation specialist; • Testing the mathematical accuracy of the value-in-use calculation prepared by the management; and • Assessing the sufficiency of the disclosures in the consolidated financial statements in respect of impairment assessment of property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

- 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.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2025
Chau Fong, Lily
Practising certificate number P08090

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**57,852,731**	44,784,723
Cost of sales		**(56,232,599)**	(42,970,448)
Gross profit		**1,620,132**	1,814,275
Other income	7	**62,796**	45,983
Selling expenses		**(26,784)**	(21,892)
Administrative expenses		**(861,878)**	(741,077)
Other operating expenses		**(132,332)**	(294,794)
Impairment losses recognised under expected credit loss model, net	8	**(1,725)**	(14,178)
Other gains and losses	9	**(98,594)**	54,227
Finance costs	10	**(509,780)**	(553,766)
Share of loss of an associate		**(1,570)**	–
Profit before tax		**50,265**	288,778
Income tax expenses	11	**(40,669)**	(86,282)
Profit and total comprehensive income for the year	12	**9,596**	202,496
Profit/(loss) and total comprehensive income/(expense) attributable to:			
Owners of the Company		**40,197**	(56,327)
Non-controlling interests		**(30,601)**	258,823
		9,596	202,496
Earnings/(loss) per share			
Basic and diluted	15	**RMB0.22 fen**	RMB(0.31) fen

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**8,790,387**	9,244,752
Right-of-use assets	17	**855,593**	881,627
Exploration and evaluation assets	18	**5,280**	5,128
Intangible assets	19	**533,803**	594,030
Interest in an associate	20	**8,081**	9,651
Deferred tax assets	21	**157,765**	188,757
Other deposits	24	**75,196**	73,028
		10,426,105	10,996,973
CURRENT ASSETS			
Inventories	22	**12,215,866**	12,576,489
Trade and bills receivables	23	**85,587**	343,048
Other deposits	24	**531,260**	545,027
Prepayments and other receivables	25	**1,013,953**	647,453
Derivative financial instruments	26	**63,551**	12,082
Restricted bank deposits	27	**3,219**	–
Cash, deposits and bank balances	27	**1,532,031**	991,883
		15,445,467	15,115,982
CURRENT LIABILITIES			
Trade payables	28	**2,456,859**	3,568,124
Other payables and accrued expenses	29	**1,481,762**	1,348,098
Contract liabilities	30	**218,834**	77,458
Bank and other borrowings	31	**8,130,983**	7,591,272
Lease liabilities	32	**5,779**	6,332
Derivative financial instruments	26	**20,211**	31,108
Early retirement obligations	36	**10,650**	13,170
Current income tax liabilities		**2,864**	91,019
		12,327,942	12,726,581
NET CURRENT ASSETS		**3,117,525**	2,389,401
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,543,630**	13,386,374

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Other payables	29	**375,039**	385,119
Bank and other borrowings	31	**6,899,371**	6,775,110
Lease liabilities	32	**117,980**	122,278
Promissory note	34	**1,223,012**	1,180,548
Provision for mine rehabilitation, restoration and dismantling	33	**99,901**	94,529
Deferred income	35	**115,413**	125,062
Early retirement obligations	36	**26,400**	26,810
		8,857,116	8,709,456
NET ASSETS		**4,686,514**	4,676,918
CAPITAL AND RESERVES			
Share capital	37	**727,893**	727,893
Share premium and reserves		**2,355,718**	2,315,521
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,083,611**	3,043,414
Non-controlling interests		**1,602,903**	1,633,504
TOTAL EQUITY		**4,686,514**	4,676,918

The consolidated financial statements on pages 103 to 187 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Xiao Shuxin
Director

Zhang Aijun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Other reserve RMB'000 (note (i))	Share premium RMB'000	Contributed surplus RMB'000 (note (ii))	Capital reserve RMB'000 (note (iii))	Statutory reserve RMB'000 (note (iv))	Translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	727,893	1,563,838	124,592	4,373,075	(4,184,848)	187,954	5,548	299,041	3,097,093	1,176,515	4,273,608
(Loss)/profit and total comprehensive (expense)/income for the year	–	–	–	–	–	–	–	(56,327)	(56,327)	258,823	202,496
Appropriation of maintenance and production funds	–	–	–	–	–	108,490	–	(108,490)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	(90,493)	–	90,493	–	–	–
Transfer to PRC statutory reserve	–	–	–	–	–	50,372	–	(50,372)	–	–	–
Loss of control of subsidiaries (note 46)	–	–	–	–	–	–	2,648	–	2,648	(1,369)	1,279
Capital Injection from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	200,000	200,000
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(465)	(465)
At 31 December 2023 and 1 January 2024	**727,893**	**1,563,838**	**124,592**	**4,373,075**	**(4,184,848)**	**256,323**	**8,196**	**174,345**	**3,043,414**	**1,633,504**	**4,676,918**
Profit/(loss) and total comprehensive income/(expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40,197**	**40,197**	**(30,601)**	**9,596**
Appropriation of maintenance and production funds	**–**	**–**	**–**	**–**	**–**	**88,103**	**–**	**(88,103)**	**–**	**–**	**–**
Utilisation of maintenance and production funds	**–**	**–**	**–**	**–**	**–**	**(80,727)**	**–**	**80,727**	**–**	**–**	**–**
Transfer to PRC statutory reserve	**–**	**–**	**–**	**–**	**–**	**15,955**	**–**	**(15,955)**	**–**	**–**	**–**
At 31 December 2024	**727,893**	**1,563,838**	**124,592**	**4,373,075**	**(4,184,848)**	**279,654**	**8,196**	**191,211**	**3,083,611**	**1,602,903**	**4,686,514**

Notes:

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

(ii) In accordance with the provisions of Section 46(2) of the Bermuda Companies Act, the entire amount standing to the credit of the share premium account of the Company was cancelled and was partly applied to eliminate in full accumulated losses of the Company with the remainder credited to the contributed surplus of the Company during the year ended 31 December 2013.

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

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

Statutory surplus reserves

Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements prepared in accordance with relevant PRC accounting standards (as determined by the management of the subsidiary) to the reserve fund (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective subsidiary and can be used to make up for previous years' losses or to convert into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on production volume or operating revenues (the "maintenance and production funds"). The Group is required to make a transfer for the provision of maintenance and production funds from retained earnings to a specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before tax		**50,265**	288,778
Adjustments for:			
Interest income	7	**(16,077)**	(17,191)
Finance costs	10	**509,780**	553,766
Share of loss of an associate		**1,570**	–
Exchange gains, net		**(225)**	(78)
Depreciation and amortisation	12	**83,252**	160,551
Loss/(gain) on disposal of property, plant and equipment, net	9	**473**	(20,736)
Gain on disposal of right-of-use assets	9	**–**	(2,111)
Write-off of property, plant and equipment	9	**132,615**	24,110
Impairment losses recognised under expected credit loss model, net	8	**1,725**	14,178
(Gains)/losses on fair value changes in respect of:			
Gold forward contracts	9	**–**	61,030
Gold loans designated as financial liabilities at fair value through profit or loss	9	**–**	(69,429)
Recognition/(reversal) of early retirement obligations	36	**9,510**	(5,660)
Write-down of inventories	12(iii)	**2,787**	19,860
Deferred income recognised	7	**(15,613)**	(18,285)
Reversal of write-off of trade receivables	9	**(1,299)**	–
Write-off of trade payables	9	**(2,932)**	(5,204)
Loss on loss of control of subsidiaries	9	**–**	6,437
Operating cash flows before movements in working capital		**755,831**	990,016
Decrease/(increase) in inventories		**1,178,433**	(1,889,306)
(Increase)/decrease in derivative financial instruments, net		**(62,366)**	13,948
Decrease/(increase) in trade and bills receivables		**258,184**	(294,257)
Increase in prepayments and other receivables		**(365,599)**	(131,651)
(Decrease)/increase in trade payables		**(1,108,333)**	27,912
Increase/(decrease) in other payables and accrued expenses		**119,383**	(123,853)
Increase in contract liabilities		**141,376**	26,997
Decrease in other deposits		**11,599**	225,909
Decrease in early retirement obligations		**(13,180)**	(17,890)
Increase in provision for mine rehabilitation, restoration and dismantling		**3,160**	19,251
Cash generated from/(used in) operations		**918,488**	(1,152,924)
Income tax paid		**(97,832)**	(162,152)
Net cash generated from/(used in) operating activities		**820,656**	(1,315,076)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Investing activities		
Payments for property, plant and equipment	**(518,090)**	(977,643)
Payments for right-of-use assets	**(8,150)**	–
Placement of restricted bank deposits	**(3,219)**	–
Placement of structured bank deposits	**(750,000)**	(900,000)
Payments for intangible assets	**(4,426)**	(8,920)
Payments for exploration and evaluation assets	**(6,482)**	(8,871)
Advance to a Daye Group	**(118)**	–
Advance to a fellow subsidiary	**(1,707)**	(30)
Release of structured bank deposits	**750,000**	900,000
Proceeds from disposal of property, plant and equipment	**40,685**	71,288
Release of pledged deposits	**–**	24,000
Proceeds from disposal of right-of-use assets	**–**	19,511
Interest received	**16,077**	17,191
Receipts of government grants	**7,000**	10,025
Proceeds from disposal of equity interests in subsidiary	**–**	8,859
Net cash used in investing activities	**(478,430)**	(844,590)
Financing activities		
Proceeds from new bank borrowings	**17,647,395**	16,643,087
Proceeds from gold loans	**1,734,279**	2,150,432
Advance from Daye Nonferrous Metals Group Holdings Company Limited and its subsidiaries ("Daye Group")	**623,193**	2,005,748
Advance from a fellow subsidiary	**–**	304,166
Capital injection from non-controlling shareholders of subsidiaries	**–**	200,000
Advance from Nonferrous Mining Group Finance Co. Ltd ("Finance Company", a fellow subsidiary of the Company)	**250,187**	50,000
Repayments of bank borrowings	**(17,219,304)**	(14,356,584)
Repayments to Daye Group	**(695,255)**	(2,012,681)
Repayments of gold loans	**(1,684,445)**	(1,763,145)
Finance costs paid	**(458,128)**	(411,747)
Repayments to a fellow subsidiary	**–**	(305,155)
Repayments of other loans	**–**	(172,147)
Dividend paid to non-controlling interests	**–**	(465)
Net cash from financing activities	**197,922**	2,331,509
Net increase in cash and cash equivalents	**540,148**	171,843
Cash and cash equivalents at the beginning of the year	**991,883**	820,040
Total cash and cash equivalents at the end of the year, represented by cash, deposits and bank balances	**1,532,031**	991,883

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Daye Non-Ferrous Metals Mining Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company is principally engaged in investment holding. The Company's subsidiaries are principally engaged in mining and processing of mineral ores and selling/trading of metal products. In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is China Times Development Limited ("China Times") (incorporated in the British Virgin Islands) and China Nonferrous Metal Mining (Group) Co., Ltd., a state-owned enterprise established in the PRC, respectively.

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

As at 31 December 2024, the Company and its subsidiaries (the "Group") had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB1,532,031,000 and RMB8,130,983,000 respectively. Taking into account (i) the expected future cash flows of the Group, (ii) the unutilised bank facilities of RMB23,365,559,000 and (iii) bank borrowings of RMB2,194,122,000 raised after 31 December 2024 and due after 31 December 2025, the directors are of the view that the Group will have sufficient working capital to finance its normal operations for the twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

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

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (Continued)

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

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

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

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

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Operating Segments" and HKFRS 7. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" and value in use in HKAS 36 "Impairment of Assets".

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

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

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

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

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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

Investment in an associate

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

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

3.2 Material accounting policy information (Continued)

Investment in an associate (Continued)

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Investment in an associate (Continued)

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 5 and 30.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

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

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

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

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

<u>Lease modifications</u>

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

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

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

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

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

Foreign currencies

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

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

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

Borrowing costs

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

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

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

3.2 Material accounting policy information (Continued)

Government grants

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

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

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

Employee benefits

Pension obligation

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

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

Short-term employee benefits

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

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

Early retirement obligations

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

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

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Other social insurance and housing funds

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

Taxation

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

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

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

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

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

Exploration and evaluation expenditures

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Exploration and evaluation expenditures (Continued)

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

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses.

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

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

Intangible assets acquired in a business combination

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

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

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

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination (Continued)

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

Research costs

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

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

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

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

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 27.

Inventories

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

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

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

Financial instruments

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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

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

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

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

Derivative financial instruments

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

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

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

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

3.2 Material accounting policy information (Continued)

Provisions

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

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

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

Provision for mine rehabilitation, restoration and dismantling

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

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

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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

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

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

Management of the Group conducted impairment testing for the property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine held by a subsidiary, Xinjiang Hui Xiang Yong Jin Mining Co., Ltd. ("Hui Xiang"), and concluded that the recoverable amounts of those assets as at 31 December 2024 are close to their carrying amounts. Accordingly, no further impairment losses or reversal of impairment loss was recognised in the year ended 31 December 2024 (2023: nil).

As at 31 December 2024, the carrying amounts of properly, plant and equipment, right-of-use assets and mining rights of Hui Xiang were RMB583,548,000, RMB9,049,000 and RMB179,268,000 (2023: RMB637,670,000, RMB9,292,000 and RMB205,923,000), respectively.

Mine rehabilitation, restoration and dismantling obligations

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

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

As at 31 December 2024, the carrying amount of provision for rehabilitation, restoration and dismantling was approximately RMB99,901,000 (2023: RMB94,529,000).

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Allowance for inventories

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

As at 31 December 2024, the carrying amount of inventories was approximately RMB12,215,866,000 (2023: RMB12,576,489,000).

Provision for expected credit losses on trade receivables

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables are assessed collectively for impairment allowance. The expected credit loss rates are determined based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. As at 31 December 2024, the carrying amount of trade receivables was RMB84,255,000 (2023: RMB335,546,000), net of the allowance for credit losses on trade receivables of RMB42,382,000 (2023: RMB40,984,000).

Deferred tax assets

As at 31 December 2024, deferred tax assets of RMB46,623,000 (2023: RMB86,043,000) in relation to unused tax losses for certain operating subsidiaries have been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB114,777,000 (2023: RMB56,139,000) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially volatility in foreign currency or commodity markets may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Mine reserves

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

Depreciation for mining-related assets

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

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of derivative financial instruments

Management of the Group use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the assumptions used are disclosed in note 39(c). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of derivative financial instruments.

Retirement benefit obligations

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

5 REVENUE

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

	2024 **RMB'000**	2023 RMB'000
Disaggregation of revenue from contracts with customers		
Sales of goods	**57,817,161**	44,750,442
Rendering of services	**35,570**	34,281
	57,852,731	44,784,723
Timing of revenue recognition		
At a point in time	**57,817,161**	44,750,442
Over time	**35,570**	34,281
	57,852,731	44,784,723

Performance obligations for contracts with customers and revenue recognition policies

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

Sales of goods

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

5 REVENUE (Continued)

Performance obligations for contracts with customers and revenue recognition policies (Continued)

Copper processing service

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

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

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

6 SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services provided. The CODM of the Company reviews revenue by respective products and services and the consolidated financial statements of the Group prepared in accordance with HKFRS Accounting Standards as a whole. No further discrete financial information is available. Accordingly, no operating segments information is presented other than entity-wide disclosures.

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

	2024 **RMB'000**	2023 RMB'000
Sales of goods:		
Copper cathodes	**40,143,775**	36,948,887
Other copper products	**6,792,738**	1,495,847
Gold and other gold products	**5,791,719**	2,335,747
Silver and other silver products	**4,198,732**	3,346,380
Sulphuric acid and sulphuric concentrate	**358,782**	179,546
Iron ores	**155,565**	98,016
Copper sulphate	**122,881**	97,031
Others	**252,969**	248,988
	57,817,161	44,750,442
Rendering of services:		
Copper processing	**8,342**	15,464
Others	**27,228**	18,817
	35,570	34,281
Total revenue	**57,852,731**	44,784,723

6 SEGMENT INFORMATION (Continued)

Geographical information

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

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

	2024 RMB'000	2023 RMB'000
Mainland China	**57,047,896**	44,192,030
Hong Kong	**437,622**	372,494
Others	**367,213**	220,199
	57,852,731	44,784,723

Information about major customers

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

	2024 RMB'000	2023 RMB'000
Company A	**14,112,903**	11,776,876
Company B	**N/A (note)**	6,212,744

Note: The corresponding revenue of this customer is not disclosed as it did not contribute 10% or more of the Group's total revenue for the year.

7 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income from banks	**6,951**	8,744
Interest income from Finance Company	**9,126**	8,447
Government grants (note)	**24,553**	3,855
Deferred income recognised (note 35)	**15,613**	18,285
Others	**6,553**	6,652
	62,796	45,983

Note: The government grants for 2024 mainly represented subsidies for environmental restoration and incentive fund for foreign trade, and those for 2023 mainly represented subsidies for employment support and incentive fund for foreign trade of which the relevant expenses had been previously charged to profit or loss. There were no conditions and other contingencies attached to the receipts of these subsidies.

8 IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	2024 RMB'000	2023 RMB'000
Net impairment losses recognised on:		
Trade receivables	**987**	2,675
Other receivables	**738**	11,503
	1,725	14,178

9 OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
(Loss)/gain on disposal of property, plant and equipment	**(473)**	20,736
Gain on disposal of right-of-use assets	**–**	2,111
Write-off of property, plant and equipment (note)	**(132,615)**	(24,110)
Fair value changes from:		
Gold forward contracts	**–**	(61,030)
Gold loans designated as financial liabilities at fair value through profit or loss	**–**	69,429
Exchange gains, net	**30,263**	48,324
Reversal of write-off of trade receivables	**1,299**	–
Write-off of trade payables	**2,932**	5,204
Loss on loss of control of subsidiaries (note 46)	**–**	(6,437)
	(98,594)	54,227

Note: The write-off of replaced property, plant and equipment in 2024 mainly represents the loss arising from rectification and upgrade of certain mining sites and smelters.

10 FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	**418,347**	441,581
Interest on loans from Daye Group	**35,583**	21,166
Interest on loans from Finance Company	**4,198**	2,920
Interest on loans from a fellow subsidiary	**–**	36,211
Interest on lease liabilities	**6,236**	6,598
Interest on promissory note (note 34)	**42,464**	42,348
Unwind interest of provision for mine rehabilitation, restoration and dismantling (note 33)	**2,212**	1,622
Unwind interest of early retirement obligations (note 36)	**740**	1,320
	509,780	553,766

11 INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
PRC Enterprise Income Tax		
– Current year	**9,322**	171,675
– Underprovision in prior years	**355**	3,734
PRC withholding tax	**–**	954
Deferred tax (note 21)	**30,992**	(90,081)
	40,669	86,282

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

During the year ended 31 December 2024, two (2023: two) of the PRC subsidiaries of the Group was recognised as high new technology enterprises and entitled to a preferential tax rate of 15%.

According to the PRC income tax law and its relevant regulations, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB3,000,000). During the year ended 31 December 2024, one (2023: one) of the PRC subsidiaries of the Group was qualified as small and low profit enterprise and entitled to the preferential income tax rate.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both years.

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

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

11 INCOME TAX EXPENSES (Continued)

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

	2024 RMB'000	2023 RMB'000
Profit before tax	**50,265**	288,778
Tax at the applicable income tax rate at 25% (2023: 25%) (note)	**12,566**	72,195
Tax effect of expenses not deductible for tax purpose	**8,465**	22,150
Tax effect of tax losses not recognised	**9,251**	506
Utilisation of tax losses previously not recognised	**(2)**	(9,524)
Tax effect of tax concession of research and development costs	**(502)**	(794)
Additional deduction of environmental friendly equipments	**–**	(5,896)
Underprovision in respect of prior years	**355**	3,734
Tax effect of income not taxable for tax purpose	**–**	(383)
Effect of different tax rates of subsidiaries operating in other jurisdictions and concessionary rate	**5,230**	(1,732)
Withholding tax on dividend income from a subsidiary	**–**	954
Others	**5,306**	5,072
Income tax expenses for the year	**40,669**	86,282

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

12 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2024 **RMB'000**	2023 RMB'000
Depreciation of property, plant and equipment (note (i))	**798,682**	730,376
Depreciation of right-of-use assets (note (i))	**34,184**	34,739
Amortisation of intangible assets (note (i))	**70,983**	78,065
Total depreciation and amortisation	**903,849**	843,180
Capitalised in inventories	**(820,597)**	(682,629)
	83,252	160,551
Employee benefits expense (including directors' remuneration as disclosed in note 13) (note (ii)):		
Salaries, wages and welfare	**856,949**	866,928
Retirement benefits scheme contributions	**128,959**	95,667
Total staff costs	**985,908**	962,595
Capitalised in inventories	**(742,447)**	(756,561)
	243,461	206,034
Cost of sales comprise:		
Cost of inventories recognised as an expense (notes (iii) and (iv))	**56,213,856**	42,945,794
Direct operating expense arising from services provided	**18,743**	24,654
	56,232,599	42,970,448
Auditors' remuneration	**2,188**	2,273
Research and development costs (note (iv))	**187,224**	65,440

Notes:

(i) During the year ended 31 December 2024, due to temporary shutdown of a mining site and smelter, depreciation of property, plant and equipment of approximately RMB43,504,000 (2023: RMB85,486,000) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB4,231,000 (2023: RMB2,116,000) were classified as other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

(ii) During the year ended 31 December 2024, due to a temporary shutdown of a mining site and smelter, employee benefits expense in relation to production of approximately RMB19,967,000 (2023: RMB92,305,000) was classified as other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

(iii) During the year ended 31 December 2024, a write-down of raw material of approximately RMB4,485,000 (2023: RMB19,860,000) has been recognised and included in cost of sales.

(iv) Research and development costs and cost of inventories recognised as an expense included approximately RMB41,384,000 (2023: RMB12,674,000) in total relating to staff costs which are included in employee benefits expense disclosed separately above.

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

Directors and Chief Executive Officer

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

		Other emoluments			
	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Bonus RMB'000	Total RMB'000
2024					
Executive Directors					
Mr. Xiao Shuxin	–	943	107	–	1,050
Mr. Zhang Jinzhong (note (i))	–	589	116	–	705
Ms. Zhang Aijun (note (ii))	–	288	50	–	338
Mr. Chen Xuewen (note (ii))	–	401	37	–	438
Mr. Chen Zhimiao (note (iii))	–	464	28	–	492
Mr. Zhang Guangming (note (iv))	–	331	19	–	350
Independent Non-executive Directors					
Ms. Liu Fang	91	–	–	–	91
Mr. Wang Qihong	91	–	–	–	91
Mr. Liu Jishun	91	–	–	–	91
	273	3,016	357	–	3,646

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

Directors and Chief Executive Officer (Continued)

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

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

Notes:

(i) Mr. Zhang Jinzhong was appointed as an executive director and Chief Executive Officer on 31 August 2023 and 28 May 2024, respectively.

(ii) Ms. Zhang Aijun and Mr. Chen Xuewen were appointed as executive directors on 28 May 2024.

(iii) Mr. Chen Zhimiao resigned as an executive director on 28 May 2024.

(iv) Mr. Zhang Guangming resigned as an executive director and Chief Executive Officer on 28 May 2024.

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

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

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

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

Directors and Chief Executive Officer (Continued)

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

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

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

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

Of the five individuals with the highest emoluments in the Group, two (2023: three) were directors whose emoluments are included in the disclosures above. The emoluments of the remaining three (2023: two) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other allowances	**2,005**	1,346
Retirement benefit scheme contributions	**164**	83
	2,169	1,429

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

	2024	2023
Nil to HK$1,000,000	**3**	2

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

14 DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

15 EARNINGS/(LOSS) PER SHARE

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

Earnings/(loss)

	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**40,197**	(56,327)

Number of shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**17,895,580**	17,895,580

The computation of diluted earnings/(loss) per share for both years does not include the impact of any potential ordinary shares to be allotted for settlement of the promissory note (see note 34) issued as the number of shares to be issued is not fixed and to be determined by reference to the market price of the Company's shares quoted on the Stock Exchange.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Electricity equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2023	8,901,366	6,428,542	138,085	53,444	592,476	16,113,913
Additions	6,747	129,009	9,624	2,561	829,702	977,643
Transfer	112,845	868,916	–	3,280	(985,041)	–
Disposals	(8,280)	(141,318)	–	–	–	(149,598)
Write-off	(3,363)	–	(5,828)	(314)	(22,601)	(32,106)
Loss of control of subsidiaries (note 46)	–	(62,685)	(497)	(130)	–	(63,312)
Reclassification	(3,294,736)	3,251,022	–	43,714	–	–
At 31 December 2023 and 1 January 2024	5,714,579	10,473,486	141,384	102,555	414,536	16,846,540
Additions	12,790	53,003	7,048	1,707	443,542	518,090
Transfer	90,310	402,966	(113)	14,237	(507,400)	–
Disposals	(46,288)	–	–	–	–	(46,288)
Write-off	(188,356)	(888,498)	(8,425)	(164)	(543)	(1,085,986)
At 31 December 2024	5,583,035	10,040,957	139,894	118,335	350,135	16,232,356
Accumulated depreciation						
At 1 January 2023	(4,214,828)	(2,292,190)	(92,848)	(41,254)	–	(6,641,120)
Provided for the year	(300,013)	(415,150)	(10,799)	(4,414)	–	(730,376)
Eliminated on disposals	4,917	94,129	–	–	–	99,046
Eliminated on write-off	2,390	–	5,307	299	–	7,996
Loss of control of subsidiaries (note 46)	–	3,637	67	49	–	3,753
Reclassification	1,901,860	(1,870,414)	–	(31,446)	–	–
At 31 December 2023 and 1 January 2024	(2,605,674)	(4,479,988)	(98,273)	(76,766)	–	(7,260,701)
Provided for the year	(283,249)	(499,497)	(11,136)	(4,800)	–	(798,682)
Eliminated on disposals	5,130	–	–	–	–	5,130
Eliminated on write-off	161,728	778,043	8,035	155	–	947,961
At 31 December 2024	(2,722,065)	(4,201,442)	(101,374)	(81,411)	–	(7,106,292)
Accumulated impairment						
At 1 January 2023, 31 December 2023 and 1 January 2024	(277,930)	(33,572)	(12)	(3,033)	(26,540)	(341,087)
Eliminated on write-off	7	5,391	12	–	–	5,410
At 31 December 2024	(277,923)	(28,181)	–	(3,033)	(26,540)	(335,677)
Carrying values						
At 31 December 2024	2,583,047	5,811,334	38,520	33,891	323,595	8,790,387
At 31 December 2023	2,830,975	5,959,926	43,099	22,756	387,996	9,244,752

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment

During the year ended 31 December 2024, management of the Group, with the assistance of Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent qualified professional valuer not connected with the Group, conducted an impairment assessment for the property, plant and equipment, right-of-use assets and mining rights attributable to a copper mine comprising the cash-generating unit in relation to the operations of Hui Xiang (the "Hui Xiang CGU"). The recoverable amount of the Hui Xiang CGU was determined on basis of its value in use. The value in use calculation used cash flow projection based on the financial budget approved by the management covering 5 years (2023: 5 years), being the expected useful life of relevant assets. The pre-tax discount rate adopted in the cash flow projection is 11.90% (2023: 12.86%) which reflects the specific risks relating to the Hui Xiang CGU. The results of the impairment assessment did not lead to recognition of further impairment losses or reversal of impairment losses for the Hui Xiang CGU during both years.

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

17 RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000
As at 1 January 2023	933,766
Depreciation for the year	(34,739)
Disposals	(17,400)
As at 31 December 2023 and 1 January 2024	881,627
Additions	8,150
Depreciation for the year	(34,184)
As at 31 December 2024	855,593

Right-of-use assets of approximately RMB855,593,000 (2023: RMB881,627,000) represent land use rights located in the PRC. The remaining lease periods of the existing leases range from 15 to 47 years (2023: 1 to 48 years).

During the year ended 31 December 2024, expense relating to short-term leases and leases of low-value assets amounted to approximately RMB419,000 (2023: RMB316,000). The total cash outflow for leases during the year ended 31 December 2024 amounted to approximately RMB8,569,000 (2023: RMB316,000).

18 EXPLORATION AND EVALUATION ASSETS

	RMB'000
As at 1 January 2023	8,198
Additions	8,871
Transfer to mining rights (note 19)	(11,941)
As at 31 December 2023 and 1 January 2024	5,128
Additions	6,482
Transfer to mining rights (note 19)	(6,330)
As at 31 December 2024	5,280

The exploration and evaluation expenditures of the Group mainly represented the capitalised costs incurred during the evaluation phase for the exploratory drilling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resource with respect to the mines located in Hubei Province and Xinjiang Uygur Autonomous Region in the PRC.

19 INTANGIBLE ASSETS

	Mining rights RMB'000	**Others** RMB'000	**Total** RMB'000
Cost			
At 1 January 2023	1,449,400	29,419	1,478,819
Additions	–	8,920	8,920
Transfer from exploration and evaluation assets (note 18)	11,941	–	11,941
At 31 December 2023 and 1 January 2024	1,461,341	38,339	1,499,680
Additions	3,971	455	4,426
Transfer from exploration and evaluation assets (note 18)	6,330	–	6,330
At 31 December 2024	1,471,642	38,794	1,510,436
Accumulated amortisation and impairment			
At 1 January 2023	(807,413)	(20,172)	(827,585)
Amortisation for the year	(73,679)	(4,386)	(78,065)
At 31 December 2023 and 1 January 2024	(881,092)	(24,558)	(905,650)
Amortisation for the year	(68,261)	(2,722)	(70,983)
At 31 December 2024	(949,353)	(27,280)	(976,633)
Carrying values			
At 31 December 2024	522,289	11,514	533,803
At 31 December 2023	580,249	13,781	594,030

20 INTEREST IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net asset	**8,081**	9,651

The interest in an associate is not regarded as material to the Group.

Summarised financial information of the associate not individually material:

	2024 RMB'000	2023 RMB'000 (Note)
For the year ended 31 December		
Group's share of associate's loss after tax	**(1,570)**	–
Group's share of associate's other comprehensive expense	**–**	–
Group's share of associate's total comprehensive expense	**(1,570)**	–

Note: No share of the associate's results was recognised for the year ended 31 December 2023 as the deemed acquisition of the associate was completed at 31 December 2023 (note 46(a)).

21 DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Accrued expenses RMB'000	Provision for mine rehabilitation, restoration and dismantling RMB'000	Early retirement obligations RMB'000	Impairment losses RMB'000	Write-down of inventories RMB'000	Tax losses RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Accelerated depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	23,430	17,912	15	30,364	7,279	25,447	(33,662)	33,662	(6,614)	2,137	99,970
Credited/(charged) to profit or loss	13,543	(8)	(6)	(324)	3,584	61,890	4,621	(1,509)	910	7,380	90,081
Loss of control of subsidiaries (note 46)	–	–	–	–	–	(1,294)	–	–	–	–	(1,294)
At 31 December 2023 and 1 January 2024	36,973	17,904	9	30,040	10,863	86,043	(29,041)	32,153	(5,704)	9,517	188,757
Credited/(charged) to profit or loss	5,840	1,930	4	(785)	(502)	(39,420)	1,652	(1,213)	347	1,155	(30,992)
At 31 December 2024	42,813	19,834	13	29,255	10,361	46,623	(27,389)	30,940	(5,357)	10,672	157,765

At the end of the reporting period, the Group has unused tax losses of RMB301,270,000 (2023: RMB400,311,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB186,493,000 (2023: RMB344,172,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB114,777,000 (2023: RMB56,139,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB114,777,000 (2023: RMB56,139,000) that will expire from 2025 to 2034 (2023: 2024 to 2030).

At the end of the reporting period, the Group has deductible temporary differences of RMB399,589,397 (2023: RMB389,852,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributable profits of the PRC subsidiaries amounting to approximately RMB1,567,065,000 as at 31 December 2024 (2023: RMB1,416,961,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**2,937,187**	3,010,515
Work in progress	**3,647,199**	4,439,204
Finished goods	**185,445**	290,550
Goods in transit	**5,446,035**	4,836,220
	12,215,866	12,576,489

23 TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**126,637**	376,530
Less: Allowance for credit losses	**(42,382)**	(40,984)
	84,255	335,546
Bills receivables	**1,332**	7,502
Total trade and bills receivables	**85,587**	343,048

The majority of sales are made under contractual arrangements whereby a significant portion of transaction price is received before delivery or promptly after delivery. Bills receivables were matured within 1 year.

The following is an ageing analysis of trade and bills receivables, net of allowance for credit losses, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, net of allowance for credit losses.

	2024 RMB'000	2023 RMB'000
Within 1 year	**66,286**	324,974
More than 1 year, but less than 2 years	**1,245**	230
More than 2 years	**18,056**	17,844
	85,587	343,048

Details of impairment assessment of trade and bills receivables are set out in note 39(b).

23 TRADE AND BILLS RECEIVABLES (Continued)

Included in the Group's trade and bills receivables, net of allowance for credit losses, are balances with the following related parties:

	2024 RMB'000	2023 RMB'000
Trade and bills receivables:		
Fellow subsidiaries	**20,894**	–
Daye Group	**18,699**	18,483

The above balances with related parties are unsecured, interest-free and are repayable according to the relevant sales contracts. The bills receivables from Daye Group are matured within one year.

An analysis of trade and bills receivables denominated in currencies other than the functional currency of the entities comprising the Group to which they relate:

	2024 RMB'000	2023 RMB'000
Denominated in United States dollar ("US$")	**46,329**	54,751

24 OTHER DEPOSITS

	2024 RMB'000	2023 RMB'000
Classified under non-current assets:		
Deposits for acquisition of property, plant and equipment and intangible assets	**65,514**	66,640
Deposits for environment rehabilitation (note (a))	**4,019**	800
Deposits for land restoration (note (b))	**5,663**	5,588
	75,196	73,028
Classified under current assets:		
Margin deposits (note (c))	**531,260**	545,027

Notes:

(a) The deposits for environment rehabilitation represent estimated environment restoration costs placed with the PRC government.

(b) The deposits are held in a designated saving account with Finance Company as required by the PRC government which represent estimated land restoration costs for mining area of a copper mine held by the Group.

(c) The balances represent deposits in margin accounts with Shanghai Futures Exchange and certain financial institutions as security for commodities derivative instruments (note 26).

25 PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments for inventories	**69,414**	22,512
Value-added tax recoverable	**820,547**	596,726
Amount due from Daye Group	**118**	–
Amounts due from fellow subsidiaries	**1,937**	230
Other receivables	**166,964**	72,470
	1,058,980	691,938
Less: Allowance for credit losses on other receivables	**(45,027)**	(44,485)
	1,013,953	647,453

The amounts due from Daye Group and fellow subsidiaries are unsecured, interest-free and recoverable on demand. Details of impairment assessment of other receivables are set out in note 39(b).

26 DERIVATIVE FINANCIAL INSTRUMENTS

	Current assets		Current liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Copper futures contracts	**57,695**	10,582	**1,782**	16,391
Gold futures contracts	**2,126**	–	**408**	13,375
Silver futures contracts	**3,730**	1,500	**18,021**	1,342
	63,551	12,082	**20,211**	31,108

Major terms of the futures contracts are as follows:

	At 31 December			
	2024		2023	
	Quantity	Contract price (RMB)	Quantity	Contract price (RMB)
Copper futures contracts (tonnes)				
Buy	**15,675**	**74,183 to 74,373**	51,685	67,585 to 69,019
Sell	**52,925**	**64,674 to 75,073**	55,175	60,186 to 67,451
Gold futures contracts (kg)				
Buy	**158**	**619,064**	–	–
Sell	**727**	**615,800 to 626,380**	1,017	468,050 to 480,986
Silver futures contracts (kg)				
Buy	**78,645**	**7,791 to 7,852**	40,140	6,022 to 6,079
Sell	**100,815**	**7,636 to 8,186**	32,925	5,930 to 6,155

26 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

The Group did not formally designate or document the hedging transactions with respect to the commodity derivative contracts. Therefore, those transactions were not designated for hedge accounting.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The amounts recognised for the derivative financial assets and liabilities in respect of commodity derivative contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets At 31 December		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position At 31 December		Net amounts of financial assets presented in the consolidated statement of financial position At 31 December	
	2024	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Deposits in futures margin accounts (note 24)	**531,260**	545,027	**–**	–	**531,260**	545,027
Derivatives in respect of:			**–**			
Copper futures contracts	**57,695**	10,582	**–**	–	**57,695**	10,582
Gold futures contracts	**2,126**	–	**–**	–	**2,126**	–
Silver futures contracts	**3,730**	1,500	**–**	–	**3,730**	1,500
Total	**594,811**	557,109	**–**	–	**594,811**	557,109

26 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial assets presented in the consolidated statement of financial position At 31 December		Related amounts not set off in the consolidated statement of financial position: Derivative financial liabilities At 31 December		Related amounts not set off in the consolidated statement of financial position: Cash collateral received At 31 December		Net amount At 31 December	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Counterparty A	**137,990**	195,821	**(20,180)**	(561)	**–**	–	**117,810**	195,260
Counterparty B	**1**	1	**–**	–	**–**	–	**1**	1
Counterparty C	**–**	(1,080)	**–**	–	**–**	–	**–**	(1,080)
Counterparty D	**6,754**	–	**–**	–	**–**	–	**6,754**	–
Counterparty E	**17,839**	–	**–**	–	**–**	–	**17,839**	–
Counterparty F	**1**	1	**–**	–	**–**	–	**1**	1
Counterparty G	**383,411**	362,366	**–**	(21,996)	**–**	–	**383,411**	340,370
Counterparty H	**48,815**	–	**(31)**	–	**–**	–	**48,784**	–
	594,811	557,109	**(20,211)**	(22,557)	**–**	–	**574,600**	534,552

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities At 31 December		Gross amounts of recognised financial assets set off in the consolidated statement of financial position At 31 December		Net amounts of financial liabilities presented in the consolidated statement of financial position At 31 December	
	2024	2023	**2024**	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Derivatives in respect of:						
Copper futures contracts	**1,782**	16,391	**–**	–	**1,782**	16,391
Gold futures contracts	**18,021**	13,375	**–**	–	**18,021**	13,375
Silver futures contracts	**408**	1,342	**–**	–	**408**	1,342
Total	**20,211**	31,108	**–**	–	**20,211**	31,108

26 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

	Net amounts of financial liabilities presented in the consolidated statement of financial position At 31 December		Related amounts not set off in the consolidated statement of financial position				Net amount At 31 December	
			Derivative financial assets At 31 December		Cash collateral received At 31 December			
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Counterparty A	**20,180**	561	**–**	–	**(20,180)**	(561)	**–**	–
Counterparty B	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty C	**–**	8,551	**–**	–	**–**	–	**–**	8,551
Counterparty D	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty E	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty F	**–**	–	**–**	–	**–**	–	**–**	–
Counterparty G	**–**	21,996	**–**	–	**–**	(21,996)	**–**	–
Counterparty H	**31**	–	**–**	–	**(31)**	–	**–**	–
	20,211	31,108	**–**	–	**(20,211)**	(22,557)	**20,211**	8,551

27 RESTRICTED BANK DEPOSITS AND CASH, DEPOSITS AND BANK BALANCES

Restricted bank deposits

	2024 RMB'000	2023 RMB'000
Classified under current assets	**3,219**	–

As at 31 December 2024, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations can only be applied in the designated projects. The balances carry interest at an interest rate of 0.1% per annum.

Cash, deposits and bank balances

Included in cash, deposits and bank balances as at 31 December 2024 was an amount of approximately RMB1,502,910,000 (2023: RMB938,022,000) placed with Finance Company as saving deposits, which bear interest at rate ranging from 0.35% to 1.32% (2023: 0.50% to 1.32%) per annum and repayable on demand. The remaining bank balances carry interest at rates ranging from 0.01% to 0.20% (2023: 0.01% to 0.35%) per annum.

27 RESTRICTED BANK DEPOSITS AND CASH, DEPOSITS AND BANK BALANCES (Continued)

Cash, deposits and bank balances (Continued)

Analysis of cash, deposits and bank balances denominated in currencies other than the functional currency of the respective group entities to which they relate:

	2024 RMB'000	2023 RMB'000
Denominated in Euro	–	6
Denominated in US$	201,804	46,072
Denominated in HK$	18,317	604

Details of impairment assessment of bank balances and restricted bank deposits are set out in note 39(b).

28 TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 1 year	2,440,717	3,554,795
More than 1 year, but less than 2 years	12,958	10,360
More than 2 years, but less than 3 years	1,215	697
Over 3 years	1,969	2,272
	2,456,859	3,568,124

Included in the Group's trade payables are payables to fellow subsidiaries of approximately RMB389,576,000 (2023: RMB35,514,000). The payables to fellow subsidiaries are unsecured, interest-free and are repayable within one year according to the terms of the respective purchase contracts.

Analysis of trade payables denominated in currencies other than the functional currency of the respective group entities to which they relate:

	2024 RMB'000	2023 RMB'000
Denominated in US$	2,092,901	2,769,264

The average credit period on purchases of goods is ranging from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

29 OTHER PAYABLES AND ACCRUED EXPENSES

	2024 RMB'000	2023 RMB'000
Classified under current liabilities:		
Salaries and welfare payables	**254,819**	213,446
Current portion of deferred income (note 35)	**15,882**	14,846
Payables for purchase of property, plant and equipment (note (a))	**810,530**	762,559
Amounts due to Daye Group (note (b))	**33,861**	41,783
Land restoration costs payable to a fellow subsidiary	**65,225**	66,427
Payables for mining rights	**18,773**	18,218
Value-added tax payables	**53,782**	40,893
Other payables and accruals	**169,945**	129,433
Other deposits received	**58,945**	60,493
	1,481,762	1,348,098
Balances repayable after one year and classified under non-current liabilities:		
Payables for mining rights	**59,813**	78,586
Payables for purchase of property, plant and equipment (note (a))	**315,226**	306,533
	375,039	385,119

Notes:

(a) Included in payables for purchase of property, plant and equipment are payables to fellow subsidiaries of approximately RMB669,935,000 (2023: RMB370,658,000) in relation to the construction work conducted by these fellow subsidiaries. All of the payables to a fellow subsidiary are unsecured and repayable in accordance with the terms of the relevant construction contracts. Except for the payable to a fellow subsidiary of approximately RMB238,150,000 (2023: RMB238,150,000) is interest-bearing at 3.65% (2023: 3.65%) per annum, the remaining payables is interest-free.

(b) The amount due to Daye Group is unsecured, interest-free and repayable on demand.

30 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities in respect of sales of goods at 31 December	**218,834**	77,458
Revenue recognised during the year in respect of sales of goods that was included in the contract liabilities at the beginning of year	**77,458**	50,461

As at 1 January 2023, contract liabilities amounted to RMB50,461,000.

The Group receives range from 5% to 10% of the contract values as initial payments from certain customers when they sign the contracts for sales of goods. The receipt in advance results in contract liabilities being recognised until the customers obtain control of the copper cathodes.

The significant changes in contract liabilities were mainly due to increase in deposits received from customers in relation to the sales of goods.

31 BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings:		
Unsecured	**12,591,655**	12,163,565
Other borrowings:		
Loans from Daye Group, unsecured (note (a))	**596,718**	660,858
Loans from Finance Company, unsecured (note (a))	**300,188**	50,000
Gold loans, unsecured (note (b))	**1,541,793**	1,491,959
	15,030,354	14,366,382

	2024 RMB'000	2023 RMB'000
Bank borrowings repayable*:		
Within one year	**6,280,954**	5,867,484
More than one year, but not exceeding two years	**1,802,855**	3,685,566
More than two years, but not exceeding five years	**4,507,846**	2,500,661
More than five years	**–**	109,854
	12,591,655	12,163,565
Other borrowings repayable*:		
Within one year	**1,850,029**	1,723,788
More than one year, but not exceeding two years	**197,000**	–
More than two years, but not exceeding five years	**391,670**	479,029
	2,438,699	2,202,817
Total bank and other borrowings	**15,030,354**	14,366,382
Less: Amounts due within one year shown under current liabilities	**(8,130,983)**	(7,591,272)
Amount shown under non-current liabilities	**6,899,371**	6,775,110

* The amounts due are based on scheduled payment dates set out in the respective loan agreements.

	2024 RMB'000	2023 RMB'000
Fixed-rate bank and other borrowings	**6,670,341**	7,567,096
Variable-rate bank and other borrowings	**8,360,013**	6,799,286
	15,030,354	14,366,382

31 BANK AND OTHER BORROWINGS (Continued)

	2024	2023
Effective interest rate: (per annum)		
Fixed-rate bank and other borrowings	**1.2% to 4.2%**	1.45% to 4.6%
Variable-rate bank and other borrowings#	**2.1% to 3.9%**	2.6% to 4.2%

These borrowings bear floating rate on benchmark interest rates quoted by People's Bank of China ("PBOC") and Bank of China ("BOC").

Notes:

(a) The details of unsecured loans from Daye Group and Finance Company are as follows:

Interest rate	Terms of repayment	2024 RMB'000	2023 RMB'000
Daye Group			
Fixed rate:			
At 4.85% per annum	Repayable on 31 July 2025	**77,245**	–
At 4.75% per annum	Repayable on 29 August 2021*	**1,213**	1,829
At 3.65% per annum	Repayable on 30 December 2025	**330,665**	479,029
At 3.7% per annum	Repayable on 17 March 2023*	**93,386**	90,000
At 4.6% per annum	Repayable on 24 September 2023*	**94,209**	90,000
		596,718	660,858
Finance Company			
Floating rate:			
At 2.6% per annum	Repayable on 25 March 2024*	**–**	50,000
From 2.25% to 2.6% per annum	Repayable on 21 November 2025	**103,188**	–
From 2.25% to 2.5% per annum	Repayable on 17 September 2026	**149,000**	–
From 2.25% to 2.5% per annum	Repayable on 28 August 2026	**48,000**	–
		300,188	50,000

* The loans were matured and not repaid by the Group as at 31 December 2024.

(b) Except for the gold loans of RMB391,670,000 (2023: nil) are repayable in 2027, the remaining amount is unsecured, interest-bearing ranging from 1% to 2.6% (2023: 1.1% to 2%) per annum and repayable within one year.

31 BANK AND OTHER BORROWINGS (Continued)

Analysis of bank and other borrowings denominated in currencies other than the functional currency of the respective group entities to which they relate:

	2024 RMB'000	2023 RMB'000
Denominated in US$	**375**	707

As at 31 December 2024, the Group had approximately RMB23,365,559,000 (2023: RMB17,838,147,000) of available undrawn facilities.

As at 31 December 2024, the Group's bank borrowings with carrying amount of approximately RMB4,243,500,000 (2023: RMB4,171,540,000) are subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 39(b). As at 31 December 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

32 LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**5,779**	6,332
Within a period of more than one year but not more than two years	**6,062**	5,709
Within a period of more than two years but not more than five years	**27,366**	18,863
Within a period of more than five years	**84,552**	97,706
	123,759	128,610
Less: Amount due for settlement with 12 months shown under current liabilities	**(5,779)**	(6,332)
Amount due for settlement after 12 months shown under non-current liabilities	**117,980**	122,278

The weighted average incremental borrowing rate applied to lease liabilities was 4.9% (2023: 4.9%) per annum.

As at 31 December 2024, lease liabilities of RMB129,268,000 are recognised with related right-of-use assets of RMB126,724,000 (2023: lease liabilities of RMB128,610,000 and related right-of-use assets of RMB134,329,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

33 PROVISION FOR MINE REHABILITATION, RESTORATION AND DISMANTLING

	RMB'000
As at 1 January 2023	73,656
Additional provision	19,251
Interest cost charged to profit or loss (note 10)	1,622
As at 31 December 2023 and 1 January 2024	94,529
Additional provision	3,160
Interest cost charged to profit or loss (note 10)	2,212
As at 31 December 2024	99,901

The provision for mine rehabilitation, restoration and dismantling includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues. The discount rate used in determining this provision is 3% (2023: 3%) per annum.

34 PROMISSORY NOTE

	Principal amount RMB'000	Interest accrued RMB'000	Total RMB'000
At 1 January 2023	891,537	246,663	1,138,200
Interest charged to profit or loss (note 10)	–	42,348	42,348
At 31 December 2023 and 1 January 2024	891,537	289,011	1,180,548
Interest charged to profit or loss (note 10)	–	42,464	42,464
At 31 December 2024	891,537	331,475	1,223,012

A promissory note with a principal amount of RMB891,537,000 was issued to China Times on 7 March 2017 (the "Promissory Note"). The principal amount together with accrued interest of the Promissory Note shall be paid either in full or by installments no later than 7 March 2027. The interest payable under the Promissory Note accrues at the rate of 4.75% per annum on the outstanding principal amount.

Payment under the Promissory Note shall be made, at the option of the Company, by:

(i) the payment of immediately available funds in Renminbi by wire transfer to the China Times's bank account designated by China Times in writing; and/or

(ii) the allotment and issue of shares of the Company (the "Shares") to China Times subject to compliance with applicable laws, regulations and the Listing Rules.

If the Company elects payment by immediately available funds under (i) above, the amount of payment shall include the principal amount outstanding on the Promissory Note together with accrued and unpaid interest as at the date of payment. If the Company elects the allotment and issue of the Shares under (ii) above, the issue price of the Shares shall be determined by reference to the market price of the Shares quoted on the Stock Exchange.

35 DEFERRED INCOME

	RMB'000
As at 1 January 2023	148,168
Government grants obtained	10,025
Credited to profit or loss (note 7)	(18,285)
As at 31 December 2023 and 1 January 2024	139,908
Government grants obtained	7,000
Credited to profit or loss (note 7)	(15,613)
As at 31 December 2024	131,295

	2024 RMB'000	2023 RMB'000
Analysed as:		
Current (note 29)	**15,882**	14,846
Non-current	**115,413**	125,062
	131,295	139,908

Deferred income represents grants obtained from the PRC government in relation to the construction and the purchase of certain plant and machinery by the Group.

36 EARLY RETIREMENT OBLIGATIONS

The Group had made offers to certain employees for encouraging them to accept voluntary redundancy before their normal retirement date (the "Early Retirement Scheme"). Early retirement benefits are recognised when the Group enters into agreements specifying the terms of early retirement or after the individual employees have been advised of the specific terms.

The movement of the early retirement obligations is see out as below:

	RMB'000
As at 1 January 2023	62,210
Interest cost charged to profit or loss (note 10)	1,320
Reversed during the year	(5,660)
Benefits paid	(17,890)
As at 31 December 2023 and 1 January 2024	39,980
Interest cost charged to profit or loss (note 10)	740
Recognised during the year	9,510
Benefits paid	(13,180)
As at 31 December 2024	37,050

36 EARLY RETIREMENT OBLIGATIONS (Continued)

	2024 RMB'000	2023 RMB'000
Analysed as:		
Current	**10,650**	13,170
Non-current	**26,400**	26,810
	37,050	39,980

37 SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	30,000,000,000	1,500,000
		RMB'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	17,895,579,706	727,893

There was no movement in the Company's share capital for the years ended 31 December 2024 and 2023.

38 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank and other borrowings, lease liabilities and promissory note, net of restricted bank deposits, and cash, deposits and bank balances), and equity attributable to owners of the Company (comprising share capital, share premium and all other reserves).

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	Notes	**2024** **RMB'000**	2023 RMB'000
Debts	(i)	**16,377,125**	15,675,540
Less: Restricted bank deposits and cash, deposits and bank balances		**(1,535,250)**	(991,883)
Net debts		**14,841,875**	14,683,657
Equity attributable to owners of the Company	(ii)	**3,083,611**	3,043,414
Net debts to equity ratio		**481.31%**	482.47%

Notes:

(i) Debts comprise non-current and current bank and other borrowings, lease liabilities and promissory note as detailed in notes 31, 32 and 34, respectively.

(ii) Equity includes share capital, share premium and all other reserves attributable to owners of the Company.

39 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost	**2,276,089**	1,908,173
Financial asset at FVTPL:		
Derivative financial instruments	**63,551**	12,082
Financial liabilities		
Financial liabilities at amortised cost	**20,497,362**	20,792,532
Financial liabilities at FVTPL:		
Derivative financial instruments	**20,211**	31,108

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other deposits, other receivables, restricted bank deposits, cash, deposits and bank balances, trade payables, other payables, bank and other borrowings, promissory note and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Commodity price risk

The Group is principally engaged in the mining and processing of mineral ores and trading of non-ferrous metal in the PRC. The major products of the Group include copper cathodes and gold, and other products include silver, iron ores, sulphuric acid, etc. As the commodity market is influenced by global as well as the PRC supply and demand conditions, any unexpected price change in the market might affect the Group's earnings and performance. To mitigate this risk, the Group closely monitors any significant exposures, and may enter into commodity derivative contracts from time to time in accordance with the policies approved by the directors of the Company to manage the exposure with respect to its inventories, forecast sell or firm sell commitments mainly includes copper and certain other metal products. The Group does not enter into any commodity derivative contracts in respect of iron ores and other commodities, except the commodities below.

The Group enters into copper and other metal derivative contracts for the purpose of managing its exposure to copper and other metal product price risk.

Financial assets and liabilities of the Group that expose to the commodity price risk – the fair value change, primarily with respect to its outstanding derivative financial instruments, mainly the copper and other metal derivative contracts.

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Commodity price risk (Continued)

The following table details the Group's sensitivity to movement in prices in respect of its outstanding commodity derivative contracts at each reporting date. At each reporting date, if the prices of these commodity derivative contracts increased/decreased by a reasonable possible change, with all other variables being held constant, the Group's profit after tax would have been affected as set out below:

	2024 Increase/ (decrease) in profit after tax RMB'000	2023 (Decrease)/ increase in profit after tax RMB'000
The prices of the commodity derivative contracts:		
Increased by 10%	**3,251**	(1,427)
Decreased by 10%	**(3,251)**	1,427

Interest rate risk

The Group is exposed to interest rate risk on deposits, bank balances, lease liabilities, interest-bearing other payables, bank and other borrowings and promissory note. Deposits, bank balances and bank and other borrowings at variable rates expose the Group to cash flow interest rate risk. Deposits, bank balances, lease liabilities, interest-bearing other payables, promissory note and bank and other borrowings at fixed rates expose the Group to fair value interest rate risk. Details of the Group's margin deposits, restricted bank deposits/cash, deposits and bank balances, bank and other borrowings, lease liabilities and promissory note have been disclosed in notes 24, 27, 31, 32 and 34, respectively. The Group does not use derivative financial instruments to hedge its interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on fluctuation of benchmark interest rates quoted by the PBOC and BOC.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rate, with all other variables held constant (such effect on deposits and bank balances, however, had been ignored as most of them bear interest at minimal rate at the end of each reporting period), of the Group's profit after tax as a result of the change in interest expense for variable-rate bank and other borrowings:

	2024		2023	
	+100 basis points (Decrease)/ increase in profit after tax RMB'000	**-100 basis points (Decrease)/ increase in profit after tax RMB'000**	+100 basis points (Decrease)/ increase in profit after tax RMB'000	-100 basis points (Decrease)/ increase in profit after tax RMB'000
Financial liabilities:				
Variable-rate bank and other borrowings	**(62,700)**	**62,700**	(50,995)	50,995

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Foreign exchange risk

The Group operates in the PRC with most of the transactions settled in RMB except for certain purchases from international market that are conducted in US$ and certain borrowings that are denominated in US$.

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

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

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB to US$ exchange rates ("RMB – US$"), with all other variables held constant, of the Group's profit after tax due to changes in the carrying value of monetary assets and liabilities, and certain derivative financial instruments.

	2024 (Decrease)/ increase in profit after tax RMB'000	2023 (Decrease)/ increase in profit after tax RMB'000
RMB – US$		
Appreciation of US$ by 5%	**(69,193)**	(100,093)
Depreciation of US$ by 5%	**69,193**	100,093

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from cash, deposits and bank balances, trade and bills receivables, other receivables, amounts due from Daye Group and fellow subsidiaries, restricted bank deposits and other deposits. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history. The credit risk arising from sales to major non-ferrous metals customers are managed by contracts that stipulate an upfront payment of significant portion of the amount of each sale and the remaining balance is normally received within 6 months to 1 year after delivery. The Group performs periodic credit evaluations of its customers and slow moving debts, if any, are regularly monitored with timely follow-up action taken.

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For trade receivables, the Group has assessed collectively the loss allowance at lifetime ECL. The Group determines the ECL based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

During the year ended 31 December 2024, the Group recognised impairment losses of approximately RMB987,000 (2023: RMB2,675,000) for trade receivables measured at amortised cost taking into account the past due status of debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Bills receivables are only drawn from major state-owned financial institutions and Finance Company in the PRC. Substantially all margin deposits, restricted bank deposits, and cash, deposits and bank balances as detailed in notes 24 and 27 are held in major state-owned financial institutions and Finance Company located in the PRC. Substantially all derivative financial instruments are directly entered into with the Shanghai Futures Exchange and financial institutions with high credit rating, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any material loss arising from non-performance by these counterparties.

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The Group also reviews the recoverable amount of each individual balance at the end of the reporting period to ensure that adequate impairment losses are made.

Management considered amounts due from fellow subsidiaries to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group had concentration of credit risk as 33% (2023: 25%) and 99% (2023: 70%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors, respectively.

Apart from the above, the Group does not have any significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables measured at amortised cost	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost, which are subject to ECL.

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 RMB'000	2023 RMB'000
Trade receivables (note 23)	Low risk	Lifetime ECL – not credit-impaired	**64,954**	317,472
	Doubtful	Lifetime ECL – not credit-impaired	**19,301**	18,074
	Loss	Lifetime ECL – credit-impaired	**42,382**	40,984
Bills receivables (note 23)	Low risk	12-month ECL	**1,332**	7,502
Other receivables (note 25)	Low risk	12-month ECL	**77,404**	25,022
	Doubtful	Lifetime ECL – not credit-impaired	**44,533**	2,963
	Loss	Lifetime ECL – credit-impaired	**45,027**	44,485
Amount due from Daye Group (note 25)	Low risk	12-month ECL	**118**	–
Amounts due from fellow subsidiaries (note 25)	Low risk	12-month ECL	**1,937**	230
Restricted bank deposits (note 27)	Low risk	12-month ECL	**3,219**	–
Other deposits (note 24)	Low risk	12-month ECL	**531,260**	545,027
Cash, deposits and bank balances (note 27)	Low risk	12-month ECL	**1,532,031**	991,883

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables measured at amortised cost under the simplified approach.

	Lifetime-ECL (not credit-impaired) RMB'000	Lifetime-ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2023	–	44,735	44,735
Impairment losses recognised	–	2,675	2,675
Exchange adjustments	–	459	459
Written off	–	(6,885)	(6,885)
At 31 December 2023 and 1 January 2024	–	40,984	40,984
Impairment losses recognised	–	987	987
Exchange adjustments	–	411	411
At 31 December 2024	**–**	**42,382**	**42,382**

The following table shows the movement in ECL that has been recognised for other receivables measured at amortised cost.

	12-month ECL RMB'000	Lifetime-ECL (not credit-impaired) RMB'000	Lifetime-ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	–	–	126,139	126,139
Impairment losses	–	–	11,503	11,503
Exchange adjustments	–	–	(78)	(78)
Written off	–	–	(93,079)	(93,079)
As at 31 December 2023 and 1 January 2023	–	–	44,485	44,485
Impairment losses	–	–	738	738
Exchange adjustments	–	–	(186)	(186)
Written off	–	–	(10)	(10)
As at 31 December 2024	**–**	**–**	**45,027**	**45,027**

During the year ended 31 December 2024, the Group recognised an impairment allowance of approximately RMB738,000 (2023: RMB11,503,000) for other receivables, which was made based on the individual assessment.

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

In order to mitigate the liquidity risk, the directors of the Company regularly monitor the operating cash flows of the Group to meet its liquidity requirement in the short and long term, and have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Meanwhile, the Group recorded net operating cash outflows for the years ended 31 December 2024 and 2023.

The directors of the Company have prepared a working capital forecast of the Group covering a period of not less than 12 months from 31 December 2024. Based on the forecast, the sufficiency of the Group's working capital for the next 12 months depends on the Group's ability to obtain the anticipated cash flows from the Group's operating activities, and assuming the bank borrowings to be raised from unutilised banking facilities. The directors of the Company, after taking into account the reasonably possible changes in the operational performance and the availability of borrowings and the expected renewal of the short-term borrowings, are of the opinion that, the Group will have sufficient working capital to meet its financial obligations as and when they fall due.

The table below analyses the Group's non-derivative financial liabilities, lease liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the earliest date on which the Group can be required to pay. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows including interest and principal of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. To the extent that interest flows are variable rate, the undiscounted amount is driven from interest rate at the end of reporting period.

39 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	Less than 1 year and on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2024							
Non-derivative financial liabilities:							
Trade payables	–	2,456,859	–	–	–	2,456,859	2,456,859
Other payables	–	1,412,098	59,813	332,611	–	1,804,522	1,787,137
Bank and other borrowings	1.2 to 4.85	7,895,486	2,598,472	5,060,229	–	15,554,187	15,030,354
Promissory note	4.75	–	–	1,315,133	–	1,315,133	1,223,012
		11,764,443	2,658,285	6,707,973	–	21,130,701	20,497,362
Lease liabilities	4.90	12,754	25,508	38,263	114,788	191,313	123,759
Derivatives – net settlement		20,211	–	–	–	20,211	20,211

	Weighted average interest rate %	Less than 1 year and on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2023							
Non-derivative financial liabilities:							
Trade payables	–	3,568,124	–	–	–	3,568,124	3,568,124
Other payables	–	1,295,250	21,110	369,863	–	1,686,223	1,677,478
Bank and other borrowings	2.97	7,906,521	3,860,457	3,102,250	111,720	14,980,948	14,366,382
Promissory note	4.75	–	–	1,315,017	–	1,315,017	1,180,548
		12,769,895	3,881,567	4,787,130	111,720	21,550,312	20,792,532
Lease liabilities	4.90	12,634	23,402	35,103	117,010	188,149	128,610
Derivatives – net settlement		31,108	–	–	–	31,108	31,108

The amounts included above of variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimate of interest rates determined at the end of the reporting period.

39 FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position

Fair value of financial instruments that are measured at fair value on a recurring basis

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Financial assets				
Commodity future contracts	–	**63,551**	–	**63,551**
Financial liabilities				
Commodity future contracts	–	**20,211**	–	**20,211**
At 31 December 2023				
Financial assets				
Commodity future contracts	–	12,082	–	12,082
Financial liabilities				
Commodity future contracts	–	31,108	–	31,108

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

		Fair value As at 31 December		Fair value hierarchy	Valuation technique
		2024 RMB'000	2023 RMB'000		
Copper futures contracts:	Assets	**57,695**	10,582	Level 2	Note 1
	Liabilities	**1,782**	16,391	Level 2	Note 1
Gold futures contracts:	Assets	**2,126**	–	Level 2	Note 1
	Liabilities	**408**	13,375	Level 2	Note 1
Silver futures contracts:	Assets	**3,730**	1,500	Level 2	Note 1
	Liabilities	**18,021**	1,342	Level 2	Note 1

Notes:

(1) Calculating by reference to the quoted prices in active markets.

There were no transfers between Level 1 and 2 for the years ended 31 December 2024 and 2023, and there were no transfers into or out of Level 3 during both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost recognised in the consolidated financial statements approximate their fair values.

40 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Promissory note RMB'000	Amounts due to Daye Group under other payables RMB'000	Total RMB'000
At 1 January 2023	11,810,026	134,647	1,138,200	33,716	13,116,589
Financing cash flows	2,123,907	–	–	8,067	2,131,974
Settled through current account balances with Daye Group	–	(12,635)	–	–	(12,635)
Fair value adjustments	(69,429)	–	–	–	(69,429)
Interest expenses	501,878	6,598	42,348	–	550,824
At 31 December 2023 and 1 January 2024	14,366,382	128,610	1,180,548	41,783	15,717,323
Financing cash flows	205,844	–	–	(7,922)	197,922
Settled through current account balances with Daye Group	–	(11,087)	–	–	(11,087)
Interest expenses	458,128	6,236	42,464	–	506,828
At 31 December 2024	**15,030,354**	**123,759**	**1,223,012**	**33,861**	**16,410,986**

41 CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	**548,411**	853,635

42 RELATED PARTY TRANSACTIONS

Transactions and balances with the PRC government-related entities

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group

Other than the transactions and balances with related parties disclosed elsewhere in these consolidated financial statements, the Group also had the following significant transactions with related parties during the year.

Nature of balances/transactions	Notes	Relationship	2024 RMB'000	2023 RMB'000
Income:				
Sales of non-ferrous metals	(i)	Daye Group*	**14,357,008**	12,873,765
Sales of other materials	(i)	Daye Group*	**38,083**	2,059
	(i)	Fellow subsidiaries	**763**	271
Rendering of services	(i)	Daye Group*	**3,088**	2,043
	(i)	Fellow subsidiaries*	**15,998**	1,012
Interest income	(ii)	Finance Company	**9,126**	8,447
Rental income for leasing of assets	(iii)	Daye Group*	**2,160**	2,839
Rental income for leasing of lands	(iii)	Daye Group	**826**	924

42 RELATED PARTY TRANSACTIONS (Continued)

Transactions and balances with the PRC government-related entities (Continued)

Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group (Continued)

Nature of balances/transactions	Notes	Relationship	2024 RMB'000	2023 RMB'000
Expenses:				
Transportation fees	(i)	Daye Group*	**104,830**	74,414
Utilities fees	(i)	Daye Group*	**282,512**	159,443
Purchases of non-ferrous metals	(i)	Daye Group*	**268,803**	12,041
	(i)	Fellow subsidiaries*	**970,079**	1,068,581
Purchase of other products	(i)	Daye Group*	**87,181**	23,596
	(i)	Fellow subsidiaries*	**6,799**	4,883
Other service expense	(i)	Daye Group*	**104,109**	76,981
	(i)	Fellow subsidiaries*	**9,212**	5,759
Financial service fee paid	(i)	Finance Company*	**31**	165,304
Rental expense for leasing of lands	(iii)	Daye Group*	**12,634**	12,634
Rental expense for leasing of assets	(iii)	Daye Group*	**4,820**	2,241
Interest expense	(iv)	Daye Group	**35,583**	57,377
	(iv)	Finance Company	**4,198**	2,920
	(v)	China Times	**42,464**	42,348
Interest expense on lease liabilities	(vi)	Daye Group	**6,236**	6,598
Capital expenditures:				
Construction contract fees	(i)	Daye Group*	**34,268**	187,245
	(i)	Fellow subsidiaries*	**181,293**	116,092
Other service fees	(i)	Fellow subsidiaries*	**35,164**	27,355
Liabilities:				
Lease liabilities	(vi)	Daye Group	**123,758**	128,610

* These related party transactions also constitute continuing connected transactions which are subject to annual review and relevant requirements under Chapter 14A of the Listing Rules.

42 RELATED PARTY TRANSACTIONS (Continued)

Transactions and balances with the PRC government-related entities (Continued)

Transactions with China Nonferrous Metal Mining (Group) Co., Ltd. Group (Continued)

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements, of which the transaction price was determined based on the government-prescribed price or by reference to market price.

(ii) The interest income arose from the deposits placed with Finance Company and short-term advances to Daye Group. Further details of these balances at the end of the reporting period are set out in notes 24 and 27, respectively.

(iii) These transactions were conducted in accordance with the terms of the relevant agreements, in which the rent of the leased land/assets was determined by reference to the amortisation/depreciation of the relevant land/assets.

(iv) The interest expense arose from unsecured loans from Daye Group, Finance Company and a fellow subsidiary. Further details are set out in note 31.

(v) The interest expense arose from promissory note from China Times. Further details of the promissory note are set out in note 34.

(vi) During the year, lease payments of approximately RMB11,087,000 (2023: RMB12,754,000) payable to Daye Group was settled through the current account balances of Daye Group.

Transactions with other PRC government-related entities

The Group has entered into various transactions, amongst others, including deposit placements, borrowings, and other bank facilities, with certain banks and financial institutions which are government-related entities in its ordinary course of business. In view of the nature of these transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful.

Compensation of key management personnel

The key management personnel of the Group includes the directors (who are also top executives of the Company). Further details of directors' emoluments are included in note 13.

43 RETIREMENT BENEFITS SCHEME

The employees of the Group are members of the state-managed retirement benefits scheme operated by the PRC government authority. The PRC subsidiaries are required to contribute specified rate of the employees' salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

In accordance with the relevant mandatory provident fund laws and regulations of Hong Kong, the Group operates a Mandatory Provident Fund scheme ("MPF Scheme") for all qualifying Hong Kong employees. The assets of the scheme are held separately from those of the Group and under the control of an independent MPF service provider. Under the rules of the MPF Scheme, the employer and its employees are required to make contributions to the scheme at rates specified in the rules separately. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group contributed an aggregate amount of RMB128,959,000 (2023: RMB95,667,000) to the above retirement benefit scheme during the year ended 31 December 2024.

44 DETAILS OF SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of establishment and place of business	Registered capital	Proportion of ownership interest held by the Company At 31 December 2024	2023	Proportion of voting power held by the Company At 31 December 2024	2023	Principal activities
大冶有色設計研究院有限公司 (Daye Non-ferrous Design and Research Institute Company Limited*) (Notes (b) and (c))	PRC/PRC	RMB6,800,000	**95.35%**	95.35%	**95.35%**	95.35%	Research and development
大冶有色金屬有限責任公司 (Daye Non-ferrous Metals Co., Ltd.*) ("Hubei Daye") (Notes (a) and (d))	PRC/PRC	RMB1,490,977,877	**95.35%**	95.35%	**95.35%**	95.35%	Mining and processing of mineral ores and trading of metal concentrates
陽新弘盛銅業有限公司 (Yangxin Hongsheng Copper Industry Company Limited*) ("Yangxin Hongsheng") (Notes (b) and (c))	PRC/PRC	RMB2,500,000,000	**49.58%**	49.58%	**52.00%**	52.00%	Smelting and processing of non-ferrous metals, gold and silver products and trading of non- ferrous metals
新疆匯祥永金礦業有限公司 (Xinjiang Hui Xiang Yong Jin Mining Co., Ltd*) ("Hui Xiang") Notes (a) and (d))	PRC/PRC	RMB226,000,000	**55.00%**	55.00%	**55.00%**	55.00%	Mineral and processing of mineral ores

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

Notes:

(a) This subsidiary is directly held by the Company.

(b) These subsidiaries are indirectly held by the Company.

(c) These subsidiaries are PRC limited liability companies.

(d) These subsidiaries are sino-foreign owned enterprises established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length. None of the subsidiaries had any debt securities outstanding as at 31 December 2024 and 2023 nor at any time during both years.

44 DETAILS OF SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and place of business	Proportion of ownership interests held by non-controlling interests	Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Hubei Daye*	PRC/PRC	4.65%	**7,247**	255,185	**1,670,939**	1,663,692
Hui Xiang	PRC/PRC	45%	**(35,491)**	3,593	**(51,048)**	(15,557)
Individually immaterial subsidiaries with non-controlling interests			**(2,357)**	45	**(16,988)**	(14,631)
Total			**(30,601)**	258,823	**1,602,903**	1,633,504

* As at 31 December 2023, capital injection from non-controlling interests of Yangxin Hongsheng amounted to RMB200,000,000.

44 DETAILS OF SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Hubei Daye

	2024 **RMB'000**	2023 RMB'000
Current assets	**15,680,590**	15,375,270
Non-current assets	**9,973,140**	10,521,518
Current liabilities	**(11,582,061)**	(12,212,569)
Non-current liabilities	**(7,451,612)**	(7,244,896)
Net assets	**6,620,057**	6,439,323
Equity attributable to owners of the Company	**4,949,118**	4,775,631
Non-controlling interests of Hubei Daye	**249,171**	242,084
Non-controlling interests of Hubei Daye's subsidiaries	**1,421,768**	1,421,608
Total equity	**6,620,057**	6,439,323
Revenue	**57,614,868**	44,417,168
Expenses	**(57,462,310)**	(44,132,155)
Profit for the year	**152,558**	285,013
Profit attributable to:		
Owners of the Company	**145,311**	29,828
Non-controlling interests of Hubei Daye	**7,087**	13,149
Non-controlling interests of Hubei Daye's subsidiaries	**160**	242,036
	152,558	285,013
Dividend paid to non-controlling interests	**–**	465
Net cash (outflow)/inflow from:		
Operating activities	**145,311**	(1,105,376)
Investing activities	**(794,753)**	(1,202,411)
Financing activities	**170,642**	2,406,471
Net cash (outflow)/inflow	**(478,800)**	98,684

44 DETAILS OF SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Hui Xiang

	2024 RMB'000	2023 RMB'000
Current assets	**75,537**	44,875
Non-current assets	**780,728**	855,691
Current liabilities	**(587,859)**	(543,251)
Non-current liabilities	**(381,846)**	(391,887)
Net liabilities	**(113,440)**	(34,572)
Equity attributable to owners of the Company	**(62,392)**	(19,015)
Non-controlling interests of Hui Xiang	**(51,048)**	(15,557)
Total equity	**(113,440)**	(34,572)
Revenue	**148,064**	300,671
Expenses	**(226,932)**	(292,686)
(Loss)/profit for the year	**(78,868)**	7,985
(Loss)/profit attributable to:		
Owners of the Company	**(43,377)**	4,392
Non-controlling interests of Hui Xiang	**(35,491)**	3,593
	(78,868)	7,985
Dividend paid to non-controlling interests	**–**	–
Net cash (outflow)/inflow from:		
Operating activities	**(26,494)**	177,430
Investing activities	**(28,559)**	(103,643)
Financing activities	**38,552**	(57,173)
Net cash (outflow)/inflow	**(16,501)**	16,614

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Investments in subsidiaries		**3,885,785**	3,885,785
Current assets			
Prepayments and other receivables		**83**	140
Cash and bank balances		**18,352**	3,065
		18,435	3,205
Current liabilities			
Loans from a subsidiary	(a)	**171,915**	216,030
Loan from immediate holding company	(b)	**75,652**	–
Other payables and accrued expenses		**5,558**	5,467
		253,125	221,497
Net current liabilities		**(234,690)**	(218,292)
Total assets less current liabilities		**3,651,095**	3,667,493
Non-current liabilities			
Loans from a subsidiary	(c)	**300,000**	300,000
Promissory note		**1,223,012**	1,180,548
		1,523,012	1,480,548
Net assets		**2,128,083**	2,186,945
Capital and reserves			
Share capital		**727,893**	727,893
Reserves	(d)	**1,400,190**	1,459,052
Total equity		**2,128,083**	2,186,945

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(a) The loans from a subsidiary are unsecured and repayable on demand. Except for the amount of RMB22,325,000 (2023: RMB76,900,000) is interest-bearing at 2.6% (2023: 2.6%) per annum, the remaining amount is interest free.

(b) The loan from immediate holding company is unsecured, interest-bearing at 4.85% per annum and repayable on demand.

(c) The loans from a subsidiary are unsecured, interest-bearing at 2.6% (2023: 2.6%) per annum and repayable over one year.

(d) Movements in the Company's reserves

	Share premium RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2023	124,592	1,825	1,392,207	1,518,624
Loss for the year	–	–	(59,572)	(59,572)
As at 31 December 2023 and 1 January 2024	124,592	1,825	1,332,635	1,459,052
Loss for the year	–	–	(58,863)	(58,863)
As at 31 December 2024	**124,592**	**1,825**	**1,273,772**	**1,400,189**

46 LOSS OF CONTROL OF SUBSIDIARIES

(a) Disposal of a subsidiary/acquisition of an associate

On 31 December 2023, the Group completed the disposal of 26% equity interest in 大冶銅貴建材有限公司(Daye Tonggui Building Material Company Limited) ("Daye Tonggui"), an indirect non-wholly owned subsidiary of the Company before the disposal. Following the completion of disposal, the Group ceased to have control on Daye Tonggui and the remaining 25% equity interest has been accounted for as an investment in an associate (note 20).

46 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

(a) Disposal of a subsidiary/acquisition of an associate (Continued)

The net assets of Daye Tonggui at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	59,559
Deferred tax assets	1,294
Prepayments and other receivables	5,293
Inventories	2,362
Bank balances and cash	1,178
Other payables and accrued expenses	(33,375)
Net assets disposed of	36,311
Gain on disposal of a subsidiary:	
Consideration received and receivable	10,037
Fair value of residual investment retained (note 20)	9,651
Disposed net assets	(36,311)
Non-controlling interests	17,792
	1,169
Net cash inflow from disposal:	
Cash consideration	10,037
Less: bank balances and cash disposed of	(1,178)
	8,859

46 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

(b) Deregistration of subsidiaries

During the year ended 31 December 2023, the Group deregistered two subsidiaries, namely China Reservoir Mining Limited ("China Reservoir") and Prosper Well Group Limited ("Prosper Well").

The net liabilities of China Reservoir and Prosper Well at the date of deregistration were as follows:

	China Reservoir RMB'000	Prosper Well RMB'000	Total RMB'000
Other payables	(11,465)	(19)	(11,484)
Net liabilities	(11,465)	(19)	(11,484)
Loss on deregistration of a subsidiary:			
Net liabilities deregistered	(11,465)	(19)	(11,484)
Non-controlling interests	16,423	–	16,423
Waiver of amounts payable to subsidiaries of the Group	–	19	19
Release of exchange reserve	2,648	–	2,648
	7,606	–	7,606

Definitions

In this report, unless the context otherwise requires, the following terms and expressions have the meaning set forth below:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CNMC"	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder
"Company"	China Daye Non-Ferrous Metals Mining Limited (Stock code: 661), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Daye Metal"	Daye Non-ferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company
"Director(s)"	directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Parent Company"	Daye Nonferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder
"PRC"	the People's Republic of China, which for the purpose of this report, excludes Hong Kong, the Macau Special Administration of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yangxin Hongsheng"	Yangxin Hongsheng Copper Industry Company Limited* (陽新弘盛銅業有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company
"%"	per cent

* *For identification purpose only*