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中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of China Daye Non-Ferrous Metals Mining Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the audited consolidated annual results of the Group for the year ended 31 December 2023 (the “**year**”) prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) as follows (together with the comparative figures for the corresponding period of the previous year):

HIGHLIGHTS

	2023	2022
	RMB'000	RMB'000
Revenue	44,784,723	33,658,516
Gross profit	1,814,275	1,165,785
Profit/(loss) for the year	202,496	(6,416)
(Loss)/profit for the year attributable to owners of the Company	(56,327)	110,910
Basic (loss)/earnings per share	<u>RMB(0.31) fen</u>	<u>RMB0.62 fen</u>

During the year, revenue increased by approximately 33.06% to approximately RMB44,784,723,000 compared with approximately RMB33,658,516,000 in the same period of 2022. Gross profit increased by approximately 55.63% to approximately RMB1,814,275,000, compared with approximately RMB1,165,785,000 in the same period of 2022.

Profit for the year increased by approximately RMB208,912,000 to approximately RMB202,496,000 compared with the loss of approximately RMB6,416,000 in the same period of 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	3	44,784,723	33,658,516
Cost of sales		<u>(42,970,448)</u>	<u>(32,492,731)</u>
Gross profit		1,814,275	1,165,785
Other income	5	45,983	71,320
Selling expenses		(21,892)	(38,754)
Administrative expenses		(741,077)	(414,995)
Other operating expenses		(294,794)	(382,650)
Impairment losses (recognised)/ reversed under expected credit loss model, net	6	(14,178)	56,310
Other gains and losses	7	54,227	(66,530)
Finance costs	8	<u>(553,766)</u>	<u>(327,134)</u>
Profit before tax		288,778	63,352
Income tax expenses	9	<u>(86,282)</u>	<u>(69,768)</u>
Profit/(loss) and total comprehensive income/(expense) for the year	10	<u><u>202,496</u></u>	<u><u>(6,416)</u></u>
Profit/(loss) and total comprehensive income/(expense) attributable to:			
Owners of the Company		(56,327)	110,910
Non-controlling interests		<u>258,823</u>	<u>(117,326)</u>
		<u><u>202,496</u></u>	<u><u>(6,416)</u></u>
(Loss)/earnings per share			
Basic and diluted	12	<u><u>RMB(0.31) fen</u></u>	<u><u>RMB0.62 fen</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		9,244,752	9,131,706
Right-of-use assets		881,627	933,766
Exploration and evaluation assets		5,128	8,198
Intangible assets		594,030	651,234
Investment in an associate		9,651	–
Investment in a joint venture		–	–
Deferred tax assets		188,757	99,970
Other deposits		73,028	156,808
		<u>10,996,973</u>	<u>10,981,682</u>
CURRENT ASSETS			
Inventories		12,576,489	10,026,776
Trade and bills receivables	13	343,048	56,759
Other deposits		545,027	687,156
Prepayments and other receivables		647,453	527,197
Derivative financial instruments		12,082	100,139
Pledged deposits		–	24,000
Cash, deposits and bank balances		991,883	820,040
		<u>15,115,982</u>	<u>12,242,067</u>
CURRENT LIABILITIES			
Trade payables	14	3,568,124	3,590,256
Other payables and accrued expenses		1,348,098	1,397,421
Contract liabilities		77,458	50,461
Bank and other borrowings		7,591,272	6,695,567
Lease liabilities		6,332	6,037
Derivative financial instruments		31,108	113,616
Early retirement obligations		13,170	18,010
Current income tax liabilities		91,019	76,808
		<u>12,726,581</u>	<u>11,948,176</u>
NET CURRENT ASSETS		<u>2,389,401</u>	<u>293,891</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>13,386,374</u></u>	<u><u>11,275,573</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

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 address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the address of the principal place of business of the Company is Room 1, 11/F., China United Plaza, 1008 Tai Nan West Street, Kowloon, Hong Kong.

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

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

As at 31 December 2023, the Group had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB991,883,000 and RMB7,591,272,000 respectively. Taking into account (i) the expected future cash flows of the Group, (ii) the unutilised bank facilities of not less than RMB17,838,147,000 and (iii) bank borrowings of RMB1,762,386,000 raised after 31 December 2023 and due after 31 December 2024, the directors are of the view that the Group will have sufficient working capital to finance its normal operation 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 HKFRSs

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

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

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

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

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

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

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

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

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

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

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

Amendments to HKFRSs issued but not yet effective

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

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

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

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

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

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

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

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

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

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

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

3. REVENUE

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

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

4. SEGMENT INFORMATION

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

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

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

Geographical information

All the Group's non-current assets (excluding financial instruments and deferred tax assets) as at 31 December 2023 and 2022 are located in the Mainland China based on geographical location of the assets.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC	44,192,030	33,150,438
Hong Kong	372,494	265,931
Others	220,199	242,147
	<u>44,784,723</u>	<u>33,658,516</u>

Information about major customers

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

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

5. OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income from banks	8,744	17,669
Interest income from Nonferrous Mining Group Finance Co., Ltd ("Finance Company")	8,447	7,219
Government grants (<i>note</i>)	3,855	12,462
Deferred income recognised	18,285	27,302
Others	6,652	6,668
	<u>45,983</u>	<u>71,320</u>

Note: The government grants for the years ended 31 December 2023 and 2022 mainly represented subsidies for employment support and incentive fund for foreign trade of which the relevant expenses had been previously charged to profit or loss. There are no conditions and other contingencies attached to the receipts of those subsidies.

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

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

7. OTHER GAINS AND LOSSES

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

8. FINANCE COSTS

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

Borrowing costs capitalised during the year ended 31 December 2022 arose on the special borrowing.

9. INCOME TAX EXPENSES

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

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.

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

10. PROFIT/(LOSS) FOR THE YEAR

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation of property, plant and equipment (<i>note (i)</i>)	730,376	565,240
Depreciation of right-of-use assets (<i>note (i)</i>)	34,739	32,738
Amortisation of intangible assets (<i>note (i)</i>)	78,065	74,459
	<u>843,180</u>	<u>672,437</u>
Total depreciation and amortisation		
Capitalised in inventories	(682,629)	(523,828)
	<u>160,551</u>	<u>148,609</u>
Employee benefits expense (including directors' remuneration) (<i>note (ii)</i>):		
Salaries, wages and welfare	866,928	799,433
Retirement benefits scheme contributions	95,667	105,992
	<u>962,595</u>	<u>905,425</u>
Total staff costs		
Capitalised in inventories	(756,561)	(586,542)
	<u>206,034</u>	<u>318,883</u>
Cost of sales comprise:		
Cost of inventories recognised as an expense (<i>notes (iii), and (iv)</i>)	42,945,794	32,460,356
Direct operating expense arising from services provided	24,654	32,375
	<u>42,970,448</u>	<u>32,492,731</u>
Auditors' remuneration	2,273	3,285
Research and development costs (<i>note iv</i>)	65,440	20,584
	<u>67,713</u>	<u>23,869</u>

Notes:

- (i) During the year ended 31 December 2023, due to temporary shutdown of a mining site and certain melting plant, depreciation of property, plant and equipment of approximately RMB85,486,000 (2022: RMB80,532,000) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB2,116,000 (2022: RMB10,240,000) were classified as other operating expenses in the consolidated statement of profit or loss and other comprehensive income.
- (ii) During the year ended 31 December 2023, due to a temporary shutdown of a mining site, employee benefits expense in relation to production of approximately RMB92,305,000 (2022: RMB151,773,000) was classified as other operating expenses in the consolidated statement of profit or loss and other comprehensive income.
- (iii) During the year ended 31 December 2023, a write-down of raw material of approximately RMB19,860,000 (2022: RMB6,390,000) has been recognised and included in cost of sales.
- (iv) Research and development costs and cost of inventories recognised as an expense included approximately RMB12,674,000 (2022: RMB4,903,000) in total relating to staff costs which is included in employee benefits expense disclosed separately above.

11. DIVIDEND

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

12. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings

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

Number of shares

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

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

13. TRADE AND BILLS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	376,530	101,494
Less: Allowance for credit losses	<u>(40,984)</u>	<u>(44,735)</u>
	<u>335,546</u>	<u>56,759</u>
Bills receivables	<u>7,502</u>	<u>–</u>
Total trade and bills receivables	<u>343,048</u>	<u>56,759</u>

As at 31 December 2023, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB376,530,000 (2022: RMB101,494,000).

The majority of sales are made under contractual arrangements whereby a significant portion of transaction price is received before delivery or promptly after delivery. Bills receivables were matured within 1 year.

The following is an ageing analysis of trade and bills receivables, net of allowance for credit losses, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, net of allowance for credit losses.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	324,974	38,082
More than 1 year, but less than 2 years	230	18,274
More than 2 years, but less than 3 years	17,844	2
Over 3 years	—	401
	343,048	56,759

14. TRADE PAYABLES

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	3,554,795	3,576,635
More than 1 year, but less than 2 years	10,360	8,890
More than 2 years, but less than 3 years	697	665
Over 3 years	2,272	4,066
	3,568,124	3,590,256

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Objective Situational Analysis

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

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

OPERATING OBJECTIVES AND STRATEGIES IN 2024

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

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

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

- (1) **Comprehensive realization of the complete elimination of the issues raised by the Central Environmental Protection Inspectorate.** In strict compliance with the requirements of the rectification program of the Central Environmental Protection Inspectorate, we should do the final stage of rectification work with high quality, and change the Company from the "typical" that was reported in the past to a "model" with remarkable rectification results and high-quality transformation and development. We should solidify the good experience and practice of the inspection and rectification to form a long-term mechanism, and practically turn the list of problems raised by the Central Environmental Protection Inspectorate into a report card of the Company's green and high-quality development.
- (2) **Comprehensively strengthening the management of safety and environmental protection.** We should comprehensively prevent and resolve major safety and environmental protection risks, and make every effort to achieve safety and environmental protection goals. **In terms of safety management,** we should promote the intelligent construction of mines and the three-year action of science and technology and safety and environmental protection to achieve stage-by-stage results, and we should comprehensively implement the 100-day action of safe production before and after the Spring Festival and the three-year action of tackling the root cause of safe production to solidify the three major tasks of solidifying the hidden dangers, strengthening the foundation and enhancing the effectiveness, and strive to achieve a major improvement in the level of intrinsic safety. **In terms of environmental protection management,** we should take concrete steps to prevent and control pollution, strengthen the control of pollutant emissions, and further improve ecological and environmental issues such as waste gas, wastewater, and solid (hazardous) waste discharge and disposal. We should actively and steadily implement the carbon peaking action plan and the industrial energy efficiency enhancement action plan, systematically carry out equipment energy efficiency diagnosis, establish energy efficiency accounts and energy efficiency enhancement plans for products and equipment of key areas, and accelerate the pace of green and high-quality development.

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

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

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

Mines segment: we should give full play to the advantages of mechanization and digitalization centering on “full load, high efficiency, safety and environmental protection” to realize production safety under full load, striving to attain the most remarkable level. Among them, **Tonglvshan Mine** should accelerate the processing of the mining permit below -800m; the grouting and water control reinforcement project on the southern and northern edge should be completed. It should ensure the stability and safety of production, carry out the work of “three reductions and one optimization” in a practical manner, increase the intensity of mining in the middle section of the -425m or above, and suppress the middle section of the production, and strive to achieve the goal of increasing profits to make up for shortfalls by 900 tonnes of increased production from mines on this basis. **As for Tongshankou Mine**, we should focus on the mining of the southeastern ore body, the ore body on the southern edge and the VI ore body, and accelerate the progress of infrastructure, preliminary mining and cutting construction to build production capacity. At the same time, we should promote the implementation of the optimization of underground mining methods and the efficient application of trackless equipment to enhance the underground mining supply. **As for Fengshan Copper Mine**, we should manage and efficiently utilize the underground goaf areas, especially focusing on the maintenance of the deep cone system, ensure continuous production. **As for Sareke Copper Mine**, the extension of the underground safety production permit should be completed, and the administrative approval for the conversion from exploration to mining of the reserved resources in the isolation zone should be completed before the end of the year, so as to ensure continuous and stable production in the mines.

3. **Comprehensively implement the “six efficiency enhancements” to significantly improve the quality of internal development**

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

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

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

- (1) For comprehensively promoting and optimizing remuneration incentive policy**, the Company should firmly establish the concept of continuously promoting the deepening of the reform. While systematically summing up the results and experience of the remuneration incentive mechanism reform in 2023, the Company should promote the deepening of the reform, and comprehensively implement the remuneration incentive mechanism reform in the organizations that meet the conditions. With the mines and smelters, rare and precious metal plants as the key focuses of the reform, the Company should focus on personnel in key positions, core technology and skills personnel and frontline staff in hard positions, and vigorously implement an optimized remuneration incentive policy.
- (2) Strengthening primary construction:** on the basis of summarizing and consolidating the effectiveness of the Company's deepening reforms in the previous period, we should comprehensively, completely and accurately implement the new development concept, focus on promoting the precise implementation of the requirements of corporate governance, advance the digital, intelligent and green transformation and upgrading of traditional industries, promote wider and deeper coverage of the mechanism reform tasks, strengthen the support of scientific and technological innovation and strengthening enterprises with talents, highlight the problem orientation and focus on the creation of value, and continuously enhance the Company's core competitiveness and strengthen its core functions.

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

- (1) **Strengthening technology tackling.** We should continuously strengthen scientific and technological innovation, especially focusing on principal business, so that innovation leads the high-quality development of the principal business. **Building a transformation demonstration of traditional non-ferrous mines in China.** We should strengthen the optimization of mine production process and technology tackling of technical equipment upgrading. Taking rock mechanics research as a guide and paste-filled mining technology as a core, we introduce advanced mining equipment, construct large panel mining operations; taking the 3D software of mining industry as cornerstone and ore treatment process as the core, we should process sorting and standardized construction, build a mine production refinement and integrated control platform, and create a transformation demonstration of traditional non-ferrous mines in China. **Creating a traditional copper smelting system transformation demonstration.** We should strengthen the Ausmelt-PS converter copper smelting process optimization and equipment upgrading technology tackling. With the goal of saving energy, reducing consumption, improving quality and enhancing efficiency, we tackle technologies for the production of Ausmelt oxygen-enriched high-grade matte, and promote the key technological and economic indicators to move towards the world's leading goal; taking clean production as the goal, we tackle key technologies for the digital converter of oxygen-enriched bottom-blown high-grade matte, realizing stable and efficient production and standardized operation of copper smelting; we should focus on the development of intelligent copper smelting simulation model, build the centralized digital management and control platform and promote the development of digital transformation and upgrading of the traditional copper smelting system. **Creating intelligent copper smelting industry demonstration.** We should strengthen the “double flash” (i.e. the “flash smelting + flash blowing”) intelligent copper smelting process optimization and key technology application to equipment research, develop the “double flash” intelligent copper smelting simulation model, improve and upgrade of intelligent copper smelting software and hardware, deeply excavate and intelligently apply production data, so as to create a non-ferrous copper smelting industry demonstration.
- (2) **Promoting digital empowerment.** Driven by business needs and guided by digital empowerment, we effectively meet the needs of the production field and the Company's management field, and realize the deep integration of digitalization and business development. **Comprehensively enhancing the Company's digital infrastructure and information security.** We should fully complete the Company's headquarters core backbone network upgrading and transformation in 2024, realizing full-stack domestic equipment environment and building network security access. **Comprehensively enhancing digitalization capabilities of the main production unit.** Relying on the three-year action of science and technology and safety and environmental protection, we promote the digital transformation of mines, deploy intelligent sensing instruments in infrastructure construction to promote the use of intelligent equipment and significant changes in network construction, and focus on enhancing production efficiency; combining with environmental upgrading and reconstruction of the smelter, we strengthen the synergistic efforts of intelligent equipment and production process optimization, and promote the deep integration of digitization and the industrial chain; we develop the core application optimization of Yangxin Hongsheng intelligent factory, accumulating experience and results and exploring to promote to other organizations.

Comprehensively enhancing the level of digital office at headquarters. We fully promote paperless office at headquarters, promote the open sharing of public data, and enhance the efficiency of decision-making at headquarters; we continue to deepen the construction of the ERP system, improve the human, financial and material systems, focus on following up on the application of production, supply, and marketing, and deeply promote the integration of industry and finance; we speed up the construction of the financial BI, strengthen the interconnection of data in various lines of communication, and promote the change from business-type finance to management-type finance.

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

6. Comprehensively deepen lean management and improve corporate governance level

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

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

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

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

Strengthening project management. We should adhere to the three principles of focusing on the principal business, giving priority to efficiency and green development, increase investment in green development of resources, upgrade of industrial scale and optimization of industrial structure, and orderly push forward the construction of the Company’s mines and smelters informatization, digitization and intelligent upgrade projects, continuously improve the level of technology and equipment and labor production efficiency, and realize the goal of reducing costs and increasing efficiency. To speed up the construction of key projects, we should complete as soon as possible the closing of projects such as integrated transport corridors of 400,000-tonne projects, and ensure that the projects are put into operation by the end of June; we should pay close attention to the feasibility study of the intelligent construction of the mines and the science and technology and safety and environmental protection project, demonstrate technical and economic feasibility and safety, and implement strictly in accordance with the annual implementation plan; we should push the feasibility

study on smelters' intelligent copper warehouse renovation project, and actively do a good job in the planning and study of copper processing projects such as oxygen-free copper rods and shaped copper parts. **Strengthening the whole life cycle management of construction projects.** We should do a good job in project preliminary planning, establish a control mechanism, and clarify project management objectives and responsible main body; we should strengthen the implementation of regular analysis and reporting system of key projects, and keep informed of the situation in real time, so as to achieve control and coordination in the process; we should strengthen the supervision and assessment of key objectives such as investment, progress, quality, safety and environmental protection in the process of key project construction to ensure that the project achieves the expected goals.

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

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

FINANCIAL REVIEW

Revenue

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

Cost of sales and services rendered

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

Gross profit

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

Other income

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

Other operating expenses

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

Other gains and losses

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

Income tax expenses

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

(Loss)/earnings per share

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

EQUITY

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

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

BORROWINGS

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

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

FOREIGN EXCHANGE RISK

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

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

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2023.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The core and the source of growth of the Company's future business lie in the fields such as the development of nonferrous metal mineral resources, the smelting of non-ferrous metal, and the research and development of precious metal materials. The Company's project on the clean production of 400,000 tonnes of high-purity copper cathodes has been successfully completed and put into production, representing a solid step towards the goal. The transformation of the smelting system of the old smelter was carried out by upgrading the matte in the Ausmelt Furnace, reducing a converter operation, stopping a set of acid production system, reforming the process and optimizing the production organization, and systematically solving the problems of wastewater and waste gas, so as to comprehensively achieve the goal of energy saving, emission reduction and consumption reduction. In the future, the Company will closely focus on the development of non-ferrous metal resources, the intelligent construction and science and technology and safety and environmental protection of mining segment, and firmly implementing and optimizing the

development of resources, mainly copper, to expand resource reserves, accelerate the smelting segment informatization and the intelligent transformation process, and promote the transformation and upgrading of the traditional industry to create the traditional copper smelting system transformation demonstration and the intelligent copper smelting industry demonstration, laying the foundation of green and high quality development of the Company. At the same time, the Company will pay more attention to the quality of asset investment, improve the efficiency of investment and operation, and scientifically control the scale of investment. We will make every effort to build the Company into a modern copper enterprise with reasonable industrial structure, scientific and sound governance system, flexible and efficient operation mechanism, and strong core competitiveness and profitability.

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

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

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

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

PROSPECTS OF THE GROUP

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

CHARGES ON ASSETS

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

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

Exceeded the Annual Cap

In the course of carrying out regular review for the status of the continuing connected transactions in January 2024, the Company noticed that the 2023 actual transaction amount for the year ended 31 December 2023 under the Yangxin Hongsheng Services Framework Agreement reached RMB20,815,000, which had exceeded the annual cap for the year ended 31 December 2023 of RMB16,400,000 in the Yangxin Hongsheng Services Framework Agreement. The exceeding of the annual cap was mainly attributable to the increase in number of technical services personnel dispatched by Daye Metal to Yangxin Hongsheng and the additional overtime pays temporarily incurred for the actual work done by the technical services personnel. The additional overtime pays were not included in the transaction amount due to insufficient understanding of the nature of additional overtime pay, which caused the transaction amount to exceed the annual caps. The inadvertent mistake was not discovered until the Group carried out regular review for the status of the continuing connected transactions during January 2024. The Directors consider that the

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

Revised Annual Caps

In view of the annual cap for the year ended 31 December 2023 having been exceeded and considering the increase in number of technical services personnel and the temporary increase in overtime pay for actual work will continue to occur in the foreseeable future, the Board resolved to revise the annual caps for the transactions as contemplated under the Yangxin Hongsheng Services Framework Agreement for the years ending 31 December 2024 and 2025 from RMB16,400,000 to RMB21,000,000. The above revised annual caps have been determined with reference to the: (i) historical service fees received by the Group from other purchasers for similar services provided; (ii) expected volume of services to be provided to Yangxin Hongsheng; (iii) expected amount of services fees to be received by the Group in the next two years ending 2025; and (iv) the increase in number of technical services personnel dispatched by Daye Metal to Yangxin Hongsheng and the additional overtime pays temporarily incurred for the actual work done by the technical services personnel. For further information please refer to the announcement dated 9 February 2024.

The amount of anode scrap and anode plates to be purchased by the Group from Yangxin Hongsheng is expected to increase, leading to an increase in the transaction amount under the Yangxin Hongsheng Purchase Framework Agreement. Accordingly, the Board envisages that the Existing Annual Caps will not be sufficient to fulfill the additional previously unforeseen transactions that may take place under the Yangxin Hongsheng Purchase Framework Agreement for the financial years ending 31 December 2023 from RMB6,361,261,000 to RMB11,287,354,000 and, 2024 from RMB5,648,630,000 to RMB10,672,780,000 and 2025 from RMB6,054,003,000 to RMB10,927,565,000, respectively. The Board resolved to revise the annual caps for the years ending 31 December 2023, 2024 and 2025 for the transactions as contemplated under the Yangxin Hongsheng Purchase Framework Agreement. The above revised annual caps are determined with reference to (i) the projected increase of future orders based on the expected amount of, among others, copper concentrates, anode mud, anode scrap and anode plates to be purchased from Yangxin Hongsheng; (ii) historical purchase orders placed by the Group with other suppliers for the relevant products; and (iii) average historical market price and the anticipated future market price for the relevant products. For further information please refer to the announcement dated 12 September 2023 and circular dated 7 November 2023.

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

EMPLOYEES AND REMUNERATION POLICY

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, 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.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific written terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Ms. Liu Fang, Mr. Wang Qihong, and Mr. Liu Jishun. The Audit Committee has reviewed the final results for the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2023.

CORPORATE GOVERNANCE CODE COMPLIANCE

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

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.hk661.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2023 annual report and the notice of the annual general meeting will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 28 March 2024

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