



Jiangxi Copper Company Limited

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

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

2021 Annual Report

Important Notice

- I. The board of directors (the “**Board**”) and the supervisory committee of the Company (the “**Supervisory Committee**”) and its directors (the “**Directors**”), supervisors (the “**Supervisors**”) and senior management warrant the truthfulness, accuracy and completeness of the information contained in this annual report that there are no false representations, misleading statements contained herein or material omissions, and jointly and severally accept full responsibility.
- II. All Directors of the Company attended the Board meeting in relation to, among others, the approval of results for the year ended 31 December 2021.
- III. The consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”) prepared in accordance with PRC Accounting Standards for Enterprises (“**PRC GAAP**”) and International Financial Reporting Standards (“**IFRSs**”) have been audited by Ernst & Young Hua Ming Certified Public Accountants LLP (domestic auditor) and Ernst & Young (overseas auditor) respectively with standard unqualified audit report issued.
- IV. The person in charge of the Company, Mr. Zheng Gaoqing, the person in charge of accounting, Mr. Yu Tong, and Manager of Finance Department (accounting chief), Mr. Bao Xiaoming, hereby warrant the truthfulness, accuracy and completeness of the financial report as set out in the annual report.
- V. Proposal of profit distribution plan or transfer of capital reserve to share capital during the Reporting Period after consideration by the Board

The Board has recommended distributing to all shareholders a final dividend of RMB0.50 per share (inclusive of tax) for 2021. The Board did not recommend transfer of capital reserve to share capital or issue of bonus shares.
- VI. Statement for the risks involved in the forward-looking statement

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

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

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

CONTENTS

Definitions	2
Corporate Profile	5
Summary of Accounting Data and Financial Indicators	7
Management Discussion and Analysis	12
Corporate Governance Report	61
Business Overview of the Company	84
Report of the Board	90
Report of the Supervisory Committee	120
Internal Control	122
Corporate Bonds	134
Significant Events	141
Financial Accounting Report	180
Financial Summary	344

Definitions

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

Definitions to the frequently-used terms:

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

Definitions

Director(s)	means	the director(s) of the Company
Fuye Group	means	Zhejiang Fuye Group Co., Ltd. (浙江富冶集團有限公司)
Group	means	the Company and its subsidiaries
Guixi Smelter	means	a copper smelter factory owned by the Company, located in Guixi City, Jiangxi province, and also refers to Guixi Smelter of the Company
Heding Copper	means	Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (浙江江銅富冶和鼎銅業有限公司)
Humon Smelting	means	Shandong Humon Smelting Co., Ltd.
IFRSs	means	International Financial Reporting Standards
JCC	means	Jiangxi Copper Corporation Limited (formerly known as Jiangxi Copper Corporation) and its subsidiaries, but excluding the Group
JCC Hongyuan	means	a copper smelter factory owned by Jiangxi Copper, located in Guixi City, Jiangxi Province, and also refers to JCC Hongyuan Copper Industry Co., Ltd.
JCC Guoxing	means	a copper smelter factory owned by Jiangxi Copper, located in Yantai City, Shandong Province, and also refers to JCC Guoxing (Yantai) Copper Company Limited
Listing Rules	means	the Rules Governing the Listing of Securities on the Stock Exchange
LME	means	London Metal Exchange
matte	means	copper produced by smelting of copper concentrate in a reverberatory furnace, electric furnace or flash furnace, with copper content of approximately 60%
Ministry of Finance	means	The Ministry of Finance of the People's Republic of China
PRC	means	The People's Republic of China
PRC GAAP	means	the PRC Accounting Standards for Enterprises

Definitions

refined smelting	means	production and processing of crude copper to cathode copper
Reporting Period	means	the year ended 31 December 2021
rough smelting	means	production and processing of copper concentrate to crude copper
SSE	means	Shanghai Stock Exchange
Stock Exchange	means	The Stock Exchange of Hong Kong Limited
sulfur concentrate	means	the sulfur product made from copper ores through mining, crushing, grinding-flotation, washing and other process as an important material for sulfuric acid production
sulfuric acid	means	one of the important products in the chemical industry, with molecular formula H_2SO_4 , which is a colorless, tasteless oil-like liquid, a strong acid with high boiling point, difficult to volatilize, easily soluble in water and miscible with water in any ratio
Supervisor(s)	means	the supervisor(s) of the Company
Supervisory Committee	means	the supervisory committee of the Company
Wushan Copper Mine	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Ruichang City, Jiangxi Province, and also refers to Wushan Copper Mine of the Company
Yinshan Mining	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Dexing City, Shangrao City, Jiangxi Province, and also refers to JCC Yinshan Mining of Company Limited
Yongping Copper Mine	means	one of the five mines under production located in Jiangxi Province owned by the Company, located in Qianshan County, Shangrao City, Jiangxi Province, and also refers to Yongping Copper Mine of the Company

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

Corporate Profile

I. CORPORATE INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

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

III. BASIC INFORMATION

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

Corporate Profile

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

V. INFORMATION ON THE COMPANY'S SHARES

Securities' information of the Company			
Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited	Jiangxi Copper	358

VI. OTHER RELEVANT INFORMATION

Auditor appointed by the Company (Domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, EY Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing
Auditor appointed by the Company (Overseas)	Name of auditor as signatories	Yang Lei (楊磊), Lu Miao (陸苗)
	Name	Ernst & Young
Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period	Office address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Name of auditor as signatories	Shun Lung Wai, Ricky (孫龍偉)
Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period	Name	China International Capital Corporation Limited
	Office address	27th and 28th Floors, China World Tower 2, No. 1 Jianguomenwai Avenue, Beijing
Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period	Name of sponsor representatives as signatories	Long Liang (龍亮), Du Yiqing (杜禕清)
	Period of continuous performance	September 2008–December 2021

Summary of Accounting Data and Financial Indicators

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

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

Unit: Yuan Currency: RMB

Major accounting information	2021	2020	Increase/ decrease for the period over the same period last year (%)	2019
Revenue	442,767,670,161	318,563,174,838	38.99	240,360,335,134
Net profit attributable to shareholders of the Company	5,635,567,528	2,320,394,755	142.87	2,466,407,085
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	7,094,451,239	2,774,288,564	155.72	2,228,726,884
Net cash flows from operating activities	9,031,634,346	1,381,996,439	553.52	8,252,296,414

	End of 2021	End of 2020	Increase/ decrease at the end of the period over the end of the same period last year (%)	End of 2019
Net assets attributable to shareholders of the Company	69,798,852,884	59,910,393,466	16.51	52,745,619,575
Total assets	161,034,644,301	140,881,552,897	14.30	134,913,915,434

Summary of Accounting Data and Financial Indicators

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

Currency: RMB

Major financial indicator	2021	2020	Increase decrease for the period over the same period last year (%)	2019
Basic earnings per share (RMB/share)	1.63	0.67	142.87	0.71
Diluted earnings per share (RMB/share)				
Basic earnings per share after non-recurring profit and loss items (RMB/share)	2.05	0.80	155.72	0.64
Rate of return on net assets (weighted average) (%)	8.69	4.11	Increased by 4.58 percentage points	4.81
Rate of return on net assets after non-recurring profit and loss items (weighted average) (%)	10.94	4.91	Increased by 6.03 percentage points	4.35

II. DIFFERENCES IN ACCOUNTING DATA BETWEEN IFRSs AND PRC GAAP

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

Unit: Yuan Currency: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Amount for the period	Amount for the previous period	As at the end of the period	As at the beginning of the period
Prepared in accordance with the PRC GAAP	5,635,567,528	2,320,394,755	69,798,852,884	59,910,393,466
Adjustments to items and amounts under IFRSs:				
Safety fund expenses provided but not used under the PRC GAAP during the period	136,957,041	-92,690,499		
Under IFRSs	5,772,524,569	2,227,704,256	69,798,852,884	59,910,393,466

Summary of Accounting Data and Financial Indicators

Description of the differences between domestic and overseas accounting standards:

Pursuant to the provisions of the Ministry of Finance of the PRC and the State Administration of Work Safety of the PRC, the safety fees are collected in accordance with the requirements of the Administrative Measures on the Collection and Use of Production Safety Fees of Enterprises (Cai Qi [2012] No.16). The safety fees are used exclusively for the improvement and enhancement of enterprises to provide safe production conditions. The safety fees to be drawn down are included in the cost or current profit or loss of the underlying products, and are separately reflected in “special reserves” of the equity interests of shareholders. When the withdrawn safety production fees are being used, if the expenditure is being expensed, the special reserve shall be directly written off. For fixed assets which have been generated using the withdrawn safety production expenditure, the expenses incurred in the collection of the construction-in-progress items shall be recognized as fixed assets when the safety project is completed and ready for its intended use; at the same time, the special reserve shall be offset by the cost of forming the fixed assets, and recognise the same amount of accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods. According to the IFRSs, the expenditure on production safety is separately reflected in the form of profit distribution in restricted reserve of ownership of equity at the time of withdrawal. Expenses which are expensed in the prescribed scope of use are included in the statement of comprehensive income in the period in which they are incurred; for capital expenditure, they are transferred to property, plant and equipment upon completion and depreciated in accordance with the depreciation policies of the Company. At the same time, in accordance with the actual amount use of the safety production fees of the current period, such amount shall be carried forward within the owner's equity to write off the restrictive reserve items and increase the undistributed profit, and shall limit the reduction of the remaining restricted reserve to zero.

III. MAJOR QUARTERLY FINANCIAL DATA IN 2021 (PREPARED IN ACCORDANCE WITH PRC GAAP)

Unit: Yuan Currency: RMB

	First Quarter (January–March)	Second Quarter (April–June)	Third Quarter (July– September)	Fourth Quarter (October– December)
Operating revenue	102,036,174,286	124,758,136,731	110,462,263,710	105,511,095,434
Net profit attributable to shareholders of the Company	859,445,869	2,183,620,588	1,463,718,815	1,128,782,256
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	1,273,711,972	3,935,802,660	757,556,264	1,127,380,343
Net cash flows from operating activities	-1,786,713,597	3,554,144,259	6,298,189,837	966,013,847

Summary of Accounting Data and Financial Indicators

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

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	2021 amount	2020 amount	2019 amount
Profit and loss from disposal of non-current asset	-117,634,636	-112,836,491	-104,926,775
Government grant as included in profit and loss of the current period, other than those closely relating to the normal business of enterprises and subject to a fixed amount or quantity under certain standard and in compliance with national policies	158,982,823	142,904,812	147,496,290
Profit and loss from changes in the fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities, and investment gains from disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other debt investments except for effective hedging businesses related to normal operation of the Company	-1,970,504,423	-932,775,106	197,663,840
Reversion of provision for impairment of the receivables and contract assets under independent impairment test	200,121,859	0	17,420,056
Other non-operating income and expenses other than the above	29,262,806	53,856,196	75,044,677
Less: Impact from income tax	-95,185,568	-130,629,189	94,559,904
Impact from interests of non-controlling shareholders (after tax)	-145,702,292	-264,327,591	457,983
Total	-1,458,883,711	-453,893,809	237,680,201

Summary of Accounting Data and Financial Indicators

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

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Changes during the period	Impact on profit of the current period
1. Investment in held-for-trading equity instruments				
Equity investments	153,533,258	213,520,573	59,987,315	12,411,157
2. Investment in held-for-trading debt instruments				
Bond investment	0	973,592,548	973,592,548	8,903,234
Investment in debt instruments	4,300,400,672	2,832,879,447	-1,467,521,225	199,529,239
3. Held-for-trading financial liabilities	0	0	0	-9,177,093
4. Other non-current financial assets	1,652,738,682	1,266,705,556	-386,033,126	-313,930,406
5. Other equity instruments	14,864,404,752	19,260,619,266	4,396,214,514	6,323,063
6. Derivatives not designated as a hedging relationship				
Foreign currency forward contracts	17,051,349	45,391,790	28,340,441	185,249,618
Interest rate swaps contracts	-16,768,274	0	16,768,274	16,768,274
Commodity option contracts	-369,190	-8,854,726	-8,485,536	46,977,044
Commodity derivative contracts	-135,565,424	33,153,553	168,718,977	-1,990,847,646
7. Hedging instruments				
Effective hedging derivative instruments				
Commodity futures contracts	-17,254,789	29,880,118	47,134,907	21,061,205
Provisional price arrangement	-426,978,829	-11,441,879	415,536,950	415,536,950
8. Items measured at fair value included in inventory	6,159,716,148	6,311,663,309	151,947,161	-441,219,744
9. Financing of accounts receivable	2,595,046,355	2,535,148,368	-59,897,987	0
Total	29,145,954,710	33,482,257,923	4,336,303,213	-1,842,415,105

Management Discussion and Analysis

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

I. DISCUSSION AND ANALYSIS OF OPERATION

Since 2021, all employees of the Group have successfully responded to difficulties and challenges such as the tightening of downstream industries, tight supply of raw materials and rising costs with the spirit and ambition of “being a model and striving for excellence”.

In 2021, the Company achieved operating income of RMB442,768,000,000, representing a year-on-year increase of 38.99% (the same period of last year: RMB318,563,000,000); net profit attributable to shareholders of the listed company was RMB5,636,000,000, representing a year-on-year increase of 142.87% (the same period of last year: RMB2,320,000,000). As of 31 December 2021, the Company’s total assets amounted to RMB161,035,000,000, representing an increase of 14.30% as compared with the beginning of the year (beginning of the year: RMB140,881,000,000), of which net assets attributable to shareholders of the Company amounted to RMB69,799,000,000, representing an increase of 16.51% as compared with the beginning of the year (beginning of the year: RMB59,910,000,000).

(1) Pursuing excellence in production and operation and achieving continuous growth in operating results

Products	2021 Production Volume	2020 Production Volume	Year-on-year growth (%)
Copper cathode (<i>ten thousand tonnes</i>)	178.22	164.25	8.51
Gold (<i>tonnes</i>)	71.66	78.59	-8.82
Silver (<i>tonnes</i>)	1,123.71	1,126.39	-0.24
Sulphuric acid (<i>ten thousand tonnes</i>)	530.11	511.96	3.55
Copper processing products (<i>ten thousand tonnes</i>)	165.17	147.12	12.27
Including: copper rods	150.03	133.39	12.47
Self-produced copper contained in copper concentrate (<i>ten thousand tonnes</i>)	20.23	20.86	-3.02
Sulphur concentrates (<i>ten thousand tonnes</i>)	254.12	264.55	-3.94
Molybdenum concentrate folding (45%) (<i>tonnes</i>)	7,906	7,996	-1.13

Management Discussion and Analysis

(2) Breaking through and surpassing the project construction, and steadily improving the comprehensive strength

1. Kazakhstan Bakuta Tungsten Mine, a key project under the Belt and Road Initiative, overcame various difficulties and worked closely with partners to accelerate the progress of construction.
2. The 10,000-tonne/day expansion project of the phase III of Wushan Copper Mine and the 5,000-tonne/day diversion pit project of Yinshan Mining is stepping up the construction; The 100,000 tonnes/year electrolytic copper project of JCC Hongyuan commenced operation, the 180,000 tonnes/year copper cathode energy saving and emission reduction project of JCC Guoxing and the 100,000 tonnes/year copper cathode reconstruction and expansion project of Jiangxi Copper (Qingyuan) Company Limited (江西銅業(清遠)有限公司) (“**Qingyuan**”) are also under construction, which will further consolidate the advantages of domestic smelting scale.
3. The transformation and upgrading of copper processing products towards differentiated, high-end and high-value products was accelerated, and the product quality was steadily improved. A large number of projects such as the third phase of Jiangxi Copper Yates Copper Foil Company Limited (江西省江銅耶茲銅箔有限公司) (“**Copper Foil Company**”) with 15,000 tonnes/year lithium battery copper foil, Jiangxi Copper North China (Tianjian) Copper Co., Ltd. (江銅華北(天津)銅業有限公司) (“**Jiangxi Copper North China**”) 220,000 tonnes/year copper rod and wire, the second phase of Jiangxi Copper (Guangzhou) Copper Production Company Limited (廣州江銅銅材有限公司) (“**GZPC**”) 350,000 tonnes/year copper rod and wire, 8,000 tonnes/year special enamelled wire, and 10,000 tonnes/year copper fine wire were completed and put into operation; After controlling Jiangxi Cable Co., Ltd. (江西電纜有限責任公司) (“**Jiangxi Cable**”), it became the only enterprise in Jiangxi Province that can produce 500KV ultra-high voltage cables, becoming a new “forerunner” in the power industry.
4. Accelerate the layout of new energy field, start the construction of phase IV of Copper Foil Company with 20,000 tonnes/year electrolytic copper foil, GZPC’s 100,000 tonnes/year multi-head drawing copper wire of GZPC and 4,000 tonnes/year new energy vehicle flat copper wire project; On 7 December 2021, the three major projects of 100,000 tonnes/year lithium copper foil, 220,000 tonnes/year supporting copper rod, 30,000 tonnes/year high-end casting and equipment manufacturing commenced construction in Shangrao Economic Development Zone, and the equipment manufacturing industry will take off from a high starting point.

Management Discussion and Analysis

(3) Breakthrough in innovation-driven development and stronger technology engine

2021 is a new year for the Company to carry out major reform, improvement and breakthrough in the scientific and technological innovation system, reshape the scientific and technological innovation management system, reconstruct the innovation-driven work process, improve the scientific and technological innovation incentive mechanism, build a good scientific and technological innovation atmosphere, and make every effort to eliminate the institutional barriers. During this year, the Company completed 59 original projects of safety and environmental protection, including the research and development of new materials such as “high-performance ultra-fine silk copper-silver alloy wire billets” and “full-tailed mortar filling mining method”.

During the year, a total of 190 patents were applied for, including 46 invention patents; 154 patents including “A method for extraction of tin in silver separation slag” were authorized, including 13 invention patents.

(4) Seeking thousands of ideas in improving governance and improving management and control

The Company has always taken the overall coordination and promotion of the modernization of corporate governance system and governance capacity as a booster for high-quality development, and made every effort to build the “one chest” and “big pattern” of corporate management. The eight systems of risk control, science and technology innovation, big supervision, big synergy, position system, comprehensive budget, benchmarking and standard creation, and corporate culture have been fully implemented, realizing the vertical to the bottom, horizontal to the edge, comprehensive integration, high quality and efficiency of corporate management. A large-scale risk control system with “full coverage, monitoring, analysis and response” has been formed; The four lines of defense, namely audit, risk control, finance and supervisory committee, have effectively prevented power loss and control, management failure, and supervision failure, so as to ensure the stable and long-term development of the Company. solidly promote strategic synergy, operation synergy and management synergy, and effectively promote management improvement and efficiency improvement; The employee position system has achieved full coverage of the operation of units in the province, the establishment of internal human resources market has been completed, and the career development channels of employees have been broadened in various aspects, forming a good atmosphere where outstanding employees stand out and are willing to pursue.

Management Discussion and Analysis

(5) Strong contribution to safety and environmental protection, and more abundant green connotation

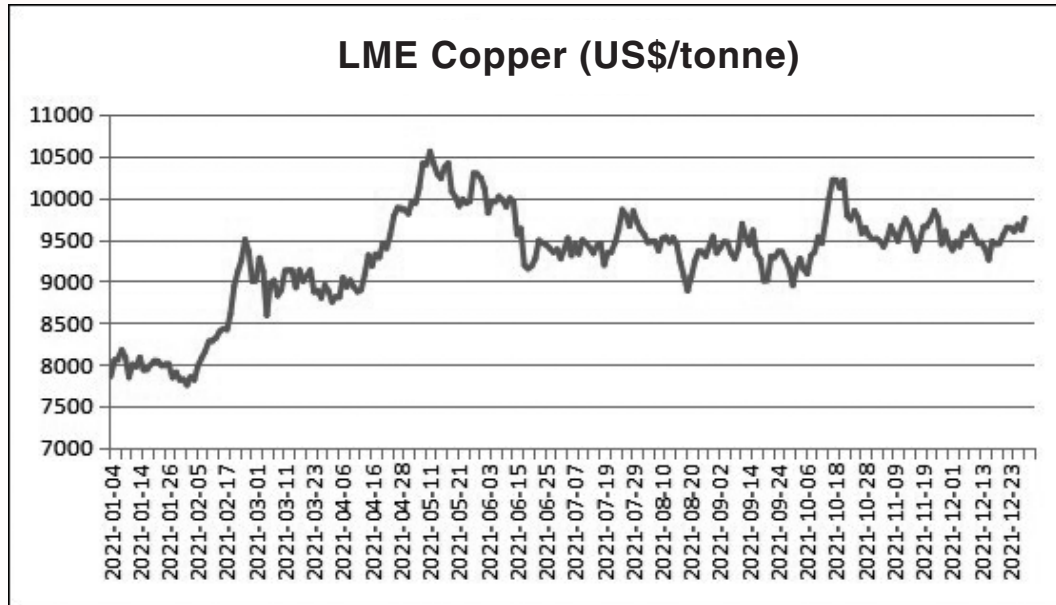
We continue to strengthen ecological governance and protection, with major pollutant emission indicators below 50% of national standards, total sulfur utilization rate and smelting industrial wastewater utilization rate above 97%.

We will resolutely implement the strategic deployment of “carbon peak and carbon neutrality”, comprehensively sort out and understand the bottom of carbon emissions and carbon reduction potential, and work plans for carbon reduction are being formulated. Give full play to the leading role of energy management, accelerate the green and lowcarbon industrial innovation of mines, smelting and processing units, and realize systematic energy conservation and consumption reduction; The Company accelerated the progress of land intensification, clean production, resource recycling and low-carbon energy in all fields, processes and links.

II. INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

In the post-2021 pandemic era, in the face of complex domestic and international environment, copper prices remained volatile as a whole, but the trend was generally divided into unilateral rise from January to May and range fluctuation from June to December. From January to May 2021, the global economy gradually recovered under the semi blockade. The US monetary and fiscal policies were both loose, and the global monetary policy followed suit, pushing up inflation expectations. China's industry, fixed asset investment, real estate development investment, import and export annual rate and other economic data have maintained a growth rate of more than 20%. Under the optimistic expectation of global macroeconomy and inflation, copper prices rose unilaterally from January to May. In the second half of 2021, since the National Standing Committee Meeting mentioned the rapid rise of commodities in May, the supervision continued to be maintained. As the China's external situation was more severe, and the issuance of local government special bonds was slow in the first half of the year, the progress of infrastructure implementation was slower than expected. Therefore, in the economic growth of the three carriages, there was great downward pressure on investment and export. In the fourth quarter, the domestic policy adhered to steady growth, while the Federal Reserve began to reduce bond purchase in November, and the US easing policy gradually shifted from the monetary side to the fiscal side. In addition, under the influence of factors such as failure to restore global shipping, continuous rise of international oil prices and increase of labor costs, global inflation expectations are rising. From June to December 2021, influenced by the intertwining of long and short factors, the copper price remained volatile in the range of US\$8,800–10,400/tonne. As of 31 December 2021, the three-month closing price of copper on the LME was US\$9,755, up 25.8%. In 2021, the average three-month copper price on the LME was US\$9,294.1/tonne, up 49.9%.

Management Discussion and Analysis



For copper concentrate, in the first quarter of 2021, the supply of copper producing countries Chile and Peru was interrupted due to the pandemic, and the treatment charge of copper concentrate fell to a new low in recent years, and once fell below US\$30/tonne in April. However, the sharp rise in copper prices stimulated the enthusiasm for copper production. In the second half of the year, the new capacity of global copper mines was released well. The new output was approximately 1.2 million tonnes in 2021, and the treatment charge of copper concentrate rose sharply to above US\$60/tonne in the fourth quarter. The average treatment charge of copper concentrate in 2021 was US\$48/tonne, down 11.1% from US\$54/tonne in 2020. In 2022, China's smelters and Freeport determined that the benchmark of the long-term treatment charges of copper concentrate in 2022 was US\$65/tonne, representing an increase of 9.2% as compared with that of 2021, which was US\$59.5/tonne. According to statistics, the supply of major mines in the world will increase by 1.4 million tonnes in 2022. At present, the treatment charges of copper concentrate are US\$66.5/tonne, which are still expected to rise.

Management Discussion and Analysis

For scrap copper, due to the tightening of scrap copper policy in Southeast Asia and the repeated impact of the pandemic, the import of scrap copper in China has decreased significantly since the second quarter of 2021, and the EU would announce a new scrap copper policy in November. Most traders began to wait and see, and the overall supply of scrap copper was tight. Since the implementation of the new policy on copper scrap in November 2020, although the overall import of copper scrap has increased significantly, the annual import of copper scrap in 2021 was 1.693 million tonnes, representing a significant year-on-year increase of 79.4%, but it was still far lower than the 2.413 million tonnes in 2018.

In 2021, the overall consumption of copper downstream industry was satisfactory, and various industries were differentiated. Among them, the investment in photovoltaic, wind power and other new energy fields was driven by the carbon neutralization policy, and the consumption of cables and power generation equipment was strong. According to the data released by the Bureau of Statistics, the output of power cables increased significantly by 22.9% year-on-year in 2021, and the output of power generation equipment increased by 9.9%. The overall consumption performance in the field of household appliances was satisfactory. From January to October, the output of washing machines, air conditioners and freezers increased by 9.5%, 9.4% and 7.9%, respectively, while the output of engines and refrigerators increased negatively.

Due to the overall improvement of downstream consumption, the copper market experienced a round of obvious destocking in 2021, and the inventory of the three exchanges decreased significantly from the high point of 496,000 tonnes in June to 173,000 tonnes in November. During the Spring Festival in 2022, the copper market accumulated to 308,000 tonnes as scheduled, but it was still the historical low in the same period. In the context of global carbon neutrality, investment in new energy electric vehicles, photovoltaic, wind power and supporting facilities would be greatly increased. It is expected that the copper market will be in tight balance or shortage for a long period of time.

III. MAJOR BUSINESS OPERATIONS DURING THE REPORTING PERIOD

According to the audited 2021 consolidated financial statement prepared in accordance with the PRC GAAP, the consolidated operating income of the Group is RMB442,767,670,161 (2020: RMB318,563,174,838), representing an increase of RMB124,204,495,323 (or 38.99%) as compared with last year; achieving net profit attributable to shareholders of the Company of RMB5,635,567,528 (2020: RMB2,320,394,755), representing an increase of RMB3,315,172,773 (or 142.87%) as compared with last year; basic earning per share is RMB1.63 (2020: RMB0.67).

Management Discussion and Analysis

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

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

Unit: Yuan Currency: RMB

Items	For the period	For the same period last year	Changes (%)
Operating revenue	442,767,670,161	318,563,174,838	38.99
Operating cost	425,222,600,397	307,265,623,672	38.39
Tax expenses and surcharge	1,153,231,976	806,689,105	42.96
Selling expenses	367,464,400	269,426,993	36.39
Administrative expenses	2,795,789,161	2,031,670,135	37.61
Expenses on research and development	874,110,910	661,241,915	32.19
Net cash flow from operating activities	9,031,634,346	1,381,996,439	553.52
Net cash flow from investing activities	-3,228,842,582	-303,157,268	965.07
Net cash flow from financing activities	1,153,944,774	-5,161,904,548	-122.36
Impairment losses on assets	1,424,898,041	855,311,791	66.59
Credit impairment loss	480,018,755	1,264,063,696	-62.03
Investment income	-1,764,177,554	-304,281,434	479.78
Gains or losses from changes in fair value	-209,589,196	-632,097,749	-66.84
Gains on disposal of assets	40,062,722	-76,739,332	-152.21
Non-operating expenses	194,981,248	50,499,040	286.11
Income tax expenses	1,387,448,718	892,593,995	55.44

Management Discussion and Analysis

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

Explanation on changes in operating cost: It was mainly due to the changes in sales volume and price of main products.

Explanation on changes in selling expenses: It was mainly due to the increase in customs agent fee and futures handling fee arising from the increase in price of main products.

Explanation on changes in administrative expenses: It was mainly due to the increase in wage and repair cost.

Explanation on changes in expenses on research and development: It was mainly due to the increase in research and development investment.

Explanation on changes in net cash flow from operating activities: It was mainly due to the increase in operating profit.

Explanation on changes in net cash flow from investing activities: It was mainly due to the decrease in recovery of investment.

Explanation on changes in net cash flow from financing activities: It was mainly due to the decrease in outstanding debts.

Explanation on changes in tax expenses and surcharge: It was mainly due to the increase in copper price and income scale.

Explanation on changes in credit impairment loss: It was mainly due to the decrease in the provision for credit impairment loss.

Explanation on changes in impairment losses on assets: It was mainly due to the increase in provision for impairment losses on assets.

Explanation on changes in investment income: It was mainly due to the significant increase in copper price this year, which resulted in corresponding losses in closing positions in commodity futures contracts and gains from spot sales of the Company.

Management Discussion and Analysis

Explanation on changes in the changes in fair value: It was mainly due to the changes in fair value of commodity futures contracts.

Explanation on changes in gains on disposal of assets: It was mainly due to the disposal of assets in Dongtong Mining.

Explanation on changes in non-operating expenses: It was mainly due to the increase in disposal of assets.

Explanation on changes in income tax expenses: It was mainly due to the increase in profits.

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

Not applicable

2. Analysis on income and cost

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

Unit: Yuan Currency: RMB

Principal businesses by industry						
By industry	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Industry and other non-trading revenue	238,157,816,531	225,752,762,983	5.21	46.33	48.32	Decreased by 1.27 percentage points
Trading revenue	203,034,469,745	198,280,906,802	2.34	31.18	28.67	Increased by 1.90 percentage points
Others	1,575,383,885	1,188,930,612	24.53	51.80	24.35	Increased by 16.66 percentage points

Management Discussion and Analysis

Principal businesses by product						
By product	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Copper cathode	221,113,209,617	210,798,499,063	4.66	32.66	31.61	Increased by 0.76 percentage points
Copper rods and wires	102,444,247,169	101,246,248,974	1.17	73.94	74.12	Decreased by 0.10 percentage points
Copper processed products	6,441,992,374	5,932,015,264	7.92	50.12	44.98	Increased by 3.26 percentage points
Gold	28,242,117,400	27,457,035,988	2.78	-16.23	-12.71	Decreased by 3.91 percentage points
Silver	14,015,436,238	13,623,188,484	2.80	5.12	9.17	Decreased by 3.61 percentage points
Chemical products (sulfuric acid and sulfur concentrate)	3,375,199,300	1,440,072,459	57.33	202.31	3.13	Increased by 82.40 percentage points
Scattered metals	3,011,148,706	2,449,700,130	18.65	28.43	14.55	Increased by 9.86 percentage points
Copper concentrate, coarse copper and anode plates	31,454,251,860	31,051,733,896	1.28	132.92	138.92	Increased by 0.06 percentage points
Other non-ferrous metals	24,727,800,519	24,188,561,613	2.18	60.28	60.19	Decreased by 2.48 percentage points
Other principal business	6,366,883,093	5,846,613,914	8.17	-22.55	-29.81	Increased by 9.50 percentage points
Other business income	1,575,383,885	1,188,930,612	24.53	51.80	24.35	Increased by 0.36 percentage points

Management Discussion and Analysis

Principal businesses by geographical location						
By geographical location	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Mainland China	379,475,852,872	360,754,887,337	4.93	46.82	45.95	Increased by 0.57 percentage points
Hong Kong	34,451,456,840	36,288,725,495	-5.33	1.46	7.86	Decreased by 6.26 percentage points
Other region	28,840,360,449	28,178,987,565	2.29	10.35	10.59	Decreased by 0.17 percentage points
Total	442,767,670,161	425,222,600,397	3.96	38.99	38.82	Increased by 0.12 percentage points

(2) Analysis table for production and sales

Major products	Unit	Output	Sales	Stock	Increase/decrease in output as compared with last year (%)	Increase/decrease in sales as compared with last year (%)	Increase/decrease in stock as compared with last year (%)
Copper cathode	Ten thousand tonnes	178.22	178.44	1.00	8.51	-6.61	-17.91
Gold	Tonne	71.66	72.98	0.77	-8.82	-5.48	-63.21
Silver	Tonne	1,123.71	1,169.17	37.77	-0.24	9.96	-54.62
Sulphuric acid	Ten thousand tonnes	530.11	526.41	7.06	3.55	2.15	110.07
Copper processing products	Ten thousand tonnes	165.17	166.73	2.62	12.27	10.02	-37.32

Explanation on output and sales volume

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

Management Discussion and Analysis

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

Performance of material sales contracts entered into as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Subject matter of the contract	Counterparty	Total contract sum	Total amount fulfilled	Performance during the Reporting Period	Amount to be fulfilled	Whether contract was performed normally	Explanation on contracts not being performed normally
Gold	Shanghai Gold Exchange	-	11,999,892,322.46	11,999,892,322.46	-	Yes	
Copper cathode, silver, copper rod, trading copper cathode, silver copper	Shanghai Jinjin Industrial Co., Ltd. (上海晉金實業有限公司)	-	5,454,169,104.02	5,454,169,104.02	-	Yes	
Copper cathode, copper rod, trading copper cathode	Jiangxi Xiangchuan Copper Co., Ltd. (江西祥川銅業有限公司)	-	3,557,229,091.88	3,557,229,091.88	-	Yes	
Copper cathode and trading copper cathode	Shanghai Zhili Metal Materials Co., Ltd. (上海智立金屬材料有限公司)	-	3,490,355,332.69	3,490,355,332.69	-	Yes	
Trading copper cathode	Ningbo Haitian Zhicheng Products Co., Ltd. (寧波海天志誠物產有限公司)	-	3,192,918,854.55	3,192,918,854.55	-	Yes	

Performance of material purchase contracts entered into as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Subject matter of the contract	Counterparty	Total contract sum	Total amount fulfilled	Performance during the Reporting Period	Amount to be fulfilled	Whether contract was performed normally	Explanation on contracts not being performed normally
Alloy gold	Shanghai Gold Exchange	-	6,824,229,048.95	6,824,229,048.95	-	Yes	
Trading copper cathode	Shanghai Xinyao Industrial Co., Ltd. (上海鑫堯實業有限公司)	-	6,739,748,569.91	6,739,748,569.91	-	Yes	
Imported copper concentrate and anode copper	Mitsui & Co., Ltd	-	3,135,430,212.33	3,135,430,212.33	-	Yes	
Imported anode copper	YUNNAN COPPER H.K LIMITED	-	2,669,725,474.88	2,669,725,474.88	-	Yes	
Domestic crude copper and anode copper	Jiangxi Rijia Copper Co., Ltd. (江西日佳銅業有限公司)	-	2,169,978,677.23	2,169,978,677.23	-	Yes	

Management Discussion and Analysis

(4) Analysis on costs

Unit: Yuan Currency: RMB

By industry	Cost constituent	For the period	By industry		Share of total costs for the same period last year (%)	Changes of the amount for the period compared to the same period last year (%)	Explanation
			Share of total costs for the period (%)	For the same period last year			
Manufacturing of nonferrous metals	Raw materials	213,815,515,124	50.42	142,132,116,947	46.40	50.43	
	Energy power	3,033,360,519	0.72	2,805,835,247	0.92	8.11	
	Labour	2,177,250,883	0.51	1,837,953,251	0.60	18.46	
	Overheads	6,726,636,457	1.59	5,434,468,826	1.77	23.78	
	Sub-total	225,752,762,983	53.24	152,210,374,271	49.69	48.32	
Trading of non-ferrous metals	Sub-total	198,280,906,802	46.76	154,099,102,997	50.31	28.67	
	Total	424,033,669,785	100.00	306,309,477,268	100.00	38.43	

Management Discussion and Analysis

Unit: Yuan Currency: RMB

By Product							
By Product	Cost constituent	For the period	Share of total costs for the period (%)	For the same period last year	Share of total costs for the same period last year (%)	Changes of the amount for the period compared to the same period last year (%)	Explanation
Copper products	Raw materials	180,764,230,117	42.63	103,709,011,011	33.86	74.30	
	Energy power	2,253,369,254	0.53	1,985,395,639	0.65	13.50	
	Labour	1,588,991,706	0.38	1,314,928,116	0.43	20.84	
	Overheads	4,747,422,899	1.12	3,995,223,983	1.30	18.83	
	Sub-total	189,354,013,976	44.66	111,004,558,749	36.24	70.58	
By-products of precious metals	Raw materials	32,831,392,651	7.74	38,070,221,416	12.43	-13.76	
	Energy power	304,904,286	0.07	352,204,568	0.11	-13.43	
	Labour	300,742,472	0.07	264,131,521	0.09	13.86	
	Overheads	965,366,017	0.23	677,684,837	0.22	42.45	
	Sub-total	34,402,405,426	8.11	39,364,242,342	12.85	-12.60	
Chemical products	Raw materials	108,381,588	0.03	238,354,234	0.08	-54.53	
	Energy power	357,910,443	0.08	375,403,930	0.12	-4.66	
	Labour	213,206,192	0.05	191,677,248	0.06	11.23	
	Overheads	760,574,236	0.18	590,939,918	0.19	28.71	
	Sub-total	1,440,072,459	0.34	1,396,375,330	0.45	3.13	
Rare metals	Raw materials	111,510,768	0.02	114,530,286	0.04	-2.64	
	Energy power	117,176,536	0.03	92,831,110	0.03	26.23	
	Labour	74,310,513	0.02	67,216,366	0.02	10.55	
	Overheads	253,273,305	0.06	170,620,088	0.06	48.44	
	Sub-total	556,271,122	0.13	445,197,850	0.15	24.95	
Trading	Sub-total	198,280,906,802	46.76	154,099,102,997	50.31	28.67	
	Total	424,033,669,785	100.00	306,309,477,268	100.00	38.43	

Other explanation on analysis on cost

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

Management Discussion and Analysis

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

On 23 December 2020, the Group entered into an agreement on increase in capital and share with Ji'an Xinshiyang Industrial Co., Ltd.* (吉安鑫石陽實業有限公司) and Jiangxi Cable, agreeing to subscribe for additional registered capital of RMB156,122,400 of Jiangxi Cable at a consideration of RMB208,403,900. Upon completion of the above capital increase, the Group holds 51% equity interests in Jiangxi Cable. The equity transaction was completed on 6 January 2021, and the Group incorporated Jiangxi Cable into the scope of consolidation.

On 7 July 2020, Jiangxi Copper North China, a subsidiary of the Group, entered into an equity transaction agreement with Tpcu Copper Holding Limited (天津大無縫投資有限公司) ("**Tpcu Copper Holding**"), under which Jiangxi Copper North China acquired 91.59% equity interests in TPCO Copper Industry Corp., Ltd. (天津大無縫銅材有限公司) ("**TPCO Copper Industry**") held by Tpcu Copper Holding at a consideration of RMB300 million. The equity transaction was completed on 5 January 2021, and the Group incorporated TPCO Copper Industry into the scope of consolidation.

On 26 August 2021, Jiangxi JCC Environmental Resources Technology Co., Ltd. (江西江銅環境資源科技有限公司) ("**Jiangxi JCC Environmental**"), a subsidiary of the Group, entered into an equity transfer agreement with the natural person shareholder, under which Jiangxi JCC Environmental acquired 49.00% equity interests in Guangdong Taolin Ecological Environment Co., Ltd.* (廣東桃林生態環境有限公司) ("**Guangdong Taolin**") held by the natural person shareholder at a consideration of RMB36,488,300, and entered into an acting-in-concert agreement with the natural person shareholder, pursuant to which the Group's exercisable ratio reached 58.32%. The equity transaction was completed on 28 September 2021, and the Group incorporated Guangdong Taolin into the scope of consolidation.

Management Discussion and Analysis

On 1 January 2021, Jiangxi JCC Environmental, a subsidiary of the Group, was incorporated with an initial registered capital of RMB300 million, and its scope of business includes renewable resource recycling, solid waste treatment, renewable resource processing and sales of non-metallic minerals and products. During the year, the newly-established subsidiary was incorporated into the scope of consolidation.

On 23 April 2021, Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd (江西銅業(深圳)國際投資控股有限公司), a subsidiary of the Group, contributed RMB100 million to establish JCC (Hainan) International Supply Chain Co., Ltd.* (江銅(海南)國際供應鏈有限公司), a wholly-owned subsidiary, whose scope of business includes the sales of metal materials, metal ores and metal products. During the year, the newly-established subsidiary was incorporated into the scope of consolidation.

On 11 August 2021, Jiangxi Copper Products Company Limited (江西銅業銅材有限公司), a subsidiary of the Group, contributed RMB320 million to establish Jiangxi Copper Huadong Copper Materials Co., Ltd.* (江西銅業華東銅材有限公司), a wholly-owned subsidiary, whose scope of business includes non-ferrous metal processing, sales of metal material and manufacturing of metal material. During the year, the newly-established subsidiary was incorporated into the scope of consolidation.

On 7 September 2021, Copper Foil Company, a subsidiary of the Group, established Jiangxi JCC Huadong Copper Foil Co., Ltd.* (江西江銅華東銅箔有限公司), a wholly-owned subsidiary, with a subscribed capital contribution of RMB2,000 million, whose scope of business includes production and sales of electrolytic copper foil products. During the year, the newly-established subsidiary was incorporated into the scope of consolidation.

On 31 December 2021, Chengdu Longjing Co., Ltd.* (成都隆璟實業有限公司) (“**Chengdu Longjing**”), a minority shareholder of Chengdu Jiangtong Jinhao Co., Ltd.* (成都江銅金號有限公司) (“**Chengdu Jinhao**”), a subsidiary of the Group, contributed RMB2.05 million to Chengdu Jinhao. After the capital contribution, the Group holds 49.00% equity interest of Chengdu Jinhao, and Chengdu Longjing holds 51.00% equity interest of Chengdu Jinhao. The Group lost the right of control of Chengdu Jinhao.

Management Discussion and Analysis

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

Not applicable

(7) Major sales customers and major suppliers

The sales amount of the top five customers was RMB49,370,210,000, accounted for 11.15% of the total annual sales amount; among the sales amount of the top five customers, the sales amount of related parties was RMB0, accounted for 0% of the total annual sales amount.

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

Not applicable

The purchase amount of the top five suppliers was RMB39,031,220,000, accounted for 9.18% of the total annual purchase amount; among the purchase amount of the top five suppliers, the purchase amount of related parties was RMB0, accounted for 0% of the total annual purchase amount.

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

Not applicable

Other descriptions

Nil

(8) Gearing Ratio

As at 31 December 2021, the gearing ratio of the Group was 40%. The gearing ratio was calculated based on the difference between total assets and total liabilities.

Management Discussion and Analysis

3. Expenses

Unit: Yuan Currency: RMB

Item	For the period ended	For the same period last year	Increase/ (decrease) over the same period last year (%)
Selling expenses	367,464,400	269,426,993	36.39
Administrative expenses	2,795,789,161	2,031,670,135	37.61
Finance expenses	1,245,023,830	1,220,287,119	2.03
Expenses on research and development	874,110,910	661,241,915	32.19

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

(1) R&D investment table

Unit: 0'000 Yuan Currency: RMB

Expensed R&D investment for the current period	452,371.8
Capitalised R&D investment for the current period	26,895.3
Total R&D investment	479,267.1
Percentage of the total R&D investment in operating income (%)	1.08
Proportion of capitalization R&D investment (%)	5.61

Management Discussion and Analysis

(2) *Analytics of R&D personnel*

Number of R&D personnel in the Company	5,056
Percentage of R&D personnel in the total number of employees of the Company (%)	19.32

Education level of R&D personnel	
Education level	Number of staff
Doctoral degree	56
Postgraduate	383
Undergraduate	3,201
Junior college	1,416
High school and below	0

Age level of R&D personnel	
Age level	Number of staff
Under 30 years old (excluding 30 years old)	693
30–40 years old (including 30 years old and excluding 40 years old)	1,201
40–50 years old (including 40 years old and excluding 50 years old)	1,327
50–60 years old (including 50 years old and excluding 60 years old)	1,835
60 years old and above	0

(3) *Explanation*

Not applicable

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

Not applicable

Management Discussion and Analysis

5. Cash Flow

Unit: Yuan Currency: RMB

	For the year	For the same period last year	Changes (%)
Net cash flow from operating activities	9,031,634,346	1,381,996,439	553.52
Net cash flow from investing activities	-3,228,842,582	-303,157,268	965.07
Net cash flow from financing activities	1,153,944,774	-5,161,904,548	-122.36

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

Unit: Yuan Currency: RMB

Item	For the period	For the same period last year	Changes
Impairment losses on assets	1,424,898,041	855,311,791	569,586,250
Impairment losses on credit	480,018,755	1,264,063,696	-784,044,941
Gains on changes in fair value	-209,589,196	-632,097,749	422,508,553
Returns on investment	-1,764,177,554	-304,281,434	-1,459,896,120

Management Discussion and Analysis

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: 0,000 Yuan Currency: RMB

Item	As at the end of the period	Share of total assets as at the end of the period (%)	As at the end of the previous period	Share of total assets as at the end of the previous period (%)	Changes as at the end of the period over the end of the previous period (%)	Explanation
Cash and bank	3,483,098	21.63	2,502,587	17.76	39.18	Note 1
Bills receivable	20,162	0.13	3,345	0.02	502.75	Note 2
Prepayment	173,703	1.08	120,153	0.85	44.57	Note 3
Deferred income tax assets	70,739	0.44	48,571	0.34	45.64	Note 4
Derivative financial liabilities	29,097	0.18	103,140	0.73	-71.79	Note 5
Contract liabilities	219,249	1.36	148,450	1.05	47.69	Note 6
Staff remuneration payables	170,439	1.06	128,387	0.91	32.75	Note 7
Taxes payable	262,877	1.63	122,378	0.87	114.81	Note 8
Non-current liabilities due within one year	597,285	3.71	69,730	0.49	756.57	Note 9
Other current liabilities	565,761	3.51	322,282	2.29	75.55	Note 10
Bonds payable	150,000	0.93	50,000	0.35	200.00	Note 11
Lease liabilities	19,915	0.12	36,956	0.26	-46.11	Note 12
Other comprehensive income	1,151,791	7.15	717,149	5.09	60.61	Note 13
Special reserve	40,401	0.25	26,705	0.19	51.29	Note 14

Management Discussion and Analysis

- Note 1:* As at the end of the Reporting Period, the cash and bank of the Group amounted to RMB34,830.98 million, representing an increase of RMB9,805.11 million (or 39.18%) as compared with the end of the period of last year, mainly attributable to the increase in the fixed term deposit and large-value certificates of deposit of the Group.
- Note 2:* As at the end of the Reporting Period, the bills receivable of the Group amounted to RMB201.62 million, representing an increase of RMB168.17 million (or 502.75%) as compared with the end of the period of last year, mainly attributable to the increase in bill acceptance of the Group.
- Note 3:* As at the end of the Reporting Period, the prepayment of the Group amounted to RMB1,737.03 million, representing an increase of RMB535.50 million (or 44.57%) as compared with the end of the period of last year, mainly attributable to the increase in the prepayments for raw materials and commodity trade purchases of the Group.
- Note 4:* As at the end of the Reporting Period, the deferred Special reserve assets of the Group amounted to RMB707.39 million, representing an increase of RMB221.68 million (or 45.64%) as compared with the end of the period of last year, mainly attributable to the increase in deductible temporary differences of the Group.
- Note 5:* As at the end of the Reporting Period, the derivative financial liabilities of the Group amounted to RMB290.97 million, representing a decrease of RMB740.43 million (or-71.79%) as compared with the end of the period of last year, mainly attributable to the floating profit and loss of the Group's futures business.
- Note 6:* As at the end of the Reporting Period, the contract liabilities of the Group amounted to RMB2,192.49 million, representing an increase of RMB707.99 million (or 47.69%) as compared with the end of the period of last year, mainly attributable to the increase in the advance payment for goods of the Group.
- Note 7:* As at the end of the Reporting Period, the staff remuneration payables of the Group was RMB1,704.39 million, representing an increase of RMB420.52 million (or 32.75%) as compared with the end of the period of last year, mainly attributable to the increase in the provision for unpaid wages and bonuses of the Group.
- Note 8:* As at the end of the Reporting Period, the taxes payable of the Group was RMB2,628.77 million, representing an increase of RMB1,404.99 million (or 114.81%) as compared with the end of the period of last year, mainly attributable to the increase in the accumulated taxes payable by the Group this year.

Management Discussion and Analysis

Note 9: As at the end of the Reporting Period, the non-current liabilities due within one year of the Group amounted to RMB5,972.85 million, representing an increase of RMB5,275.55 million (or 756.57%) as compared with the end of the period of last year, mainly attributable to the reclassification of long-term borrowings due within one year.

Note 10: As at the end of the Reporting Period, the other current liabilities of the Group amounted to RMB5,657.61 million, representing an increase of RMB2,434.79 million (or 75.55%) as compared with the end of the period of last year, mainly attributable to the increase in deposits of the Group and its subsidiaries absorbed by JCC Finance Co., Ltd. ("**Finance Company**"), the Group's subsidiary.

Note 11: As at the end of the Reporting Period, the bonds payable of the Group was RMB1,500 million, representing an increase of RMB1,000 million (or 200%) as compared with the end of the period of last year, mainly attributable to the issuance of corporate bonds by the Group.

Note 12: As at the end of the Reporting Period, the lease liabilities of the Group amounted to RMB199.15 million, representing a decrease of RMB170.41 million (or-46.11%) as compared with the end of the period of last year, mainly attributable to the payment of lease payments.

Note 13: As at the end of the Reporting Period, other comprehensive income of the Group was RMB11,517.91 million, representing an increase of RMB4,346.42 million (or 60.61%) as compared with the end of the period of last year, mainly attributable to the increase in the fair value of equity instrument investments held by the Group.

Note 14: As at the end of the Reporting Period, the Special reserve of the Group amounted to RMB404.01 million, representing an increase of RMB136.96 million (or 51.29%) as compared with the end of the period of last year, mainly attributable to the increase in the production safety expenses of the Group.

2. Overseas assets

(i) **Asset scale**

Including: overseas assets of RMB3,088,066 (Unit: 0'000 Yuan, Currency: RMB) accounting for 19.18% of the total assets.

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

Not applicable

Management Discussion and Analysis

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

Unit: Yuan Currency: RMB

Item	Book value at the end of the period	Reasons for the limitation
Cash and bank	13,535,689,195	They were the time deposits of the Group for the application of gold lease, issuance of letters of credit, bank guarantees and security deposits deposited by bank acceptance notes, the required statutory and excess reserve deposited with the People's Bank of China, environment rehabilitation deposits, and pledged to secure short-term borrowings and frozen bank deposits and interest receivables
Held-for-trading financial assets	806,138,357	Financial management products with book values of RMB806,138,357 were pledged as security deposits for issuance of letters of credit and bank acceptance notes
Financing of accounts receivable	75,212,213	Bank acceptance notes with book values of RMB75,212,213 were pledged to issue bank acceptance notes
Other receivables	1,385,927,137	Futures deposits
Inventories	255,751,144	Inventories with book values of RMB31,928,014 were pledged to secure short-term borrowings; inventories with book values of RMB214,316,640 were placed as futures deposits; inventories with book values of RMB9,506,490 were held by the court due to litigation
Investment properties	155,776,760	Held by court due to litigations
Fixed assets	993,244,452	Fixed assets with book values of RMB694,437,064 were pledged to secure short-term bank borrowings; fixed assets with book values of RMB189,109,772 were pledged to secure long-term bank borrowings; fixed assets with book values of RMB109,697,616 were held by court due to litigations
Intangible assets	250,044,374	Intangible assets with book values of RMB216,932,193 were pledged to secure bank borrowings; land use right with book values of RMB33,112,181 were pledged to secure long-term bank borrowings
Other non-current assets	3,953,808,724	Time deposits with maturity dates of more than one year with book values of RMB214,349,589 were pledged to issue bank guarantees to secure short-term bank borrowings of RMB200,000,000; time deposits with maturity dates of more than one year with book values of RMB2,329,168,978 were pledged to secure long-term bank borrowings of RMB2,246,000,000; time deposits with maturity dates of more than one year with book values of RMB1,392,790,157 were pledged to issue bank acceptance notes; time deposits with maturity dates of more than one year with book values of RMB17,500,000 were pledged to issue letters of guarantee

Management Discussion and Analysis

4. Other explanations

Not applicable

(IV) Analysis of industry operational information

Please refer to “BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD” section in “Management Discussion and Analysis” for further details.

Analysis on business information of non-ferrous metal industry

1. Cost of ore raw materials

Unit: 0'000 Yuan Currency: RMB

Type and source of ore raw materials	Total cost of raw materials	Percentage (%)	The total cost of raw materials increased or decreased compared with the previous year (%)
Self-owned mines	542,872.53	9.15	13.69
Domestic procurement	947,235.92	15.97	-1.18
Overseas procurement	4,440,893.09	74.88	59.36
Total	5,931,001.54	/	49.91

Note: The above data for self-owned mines are for each mine owned by the parent company; the statistical caliber of the cost data of self-owned mines has been adjusted. The year-on-year increase in the cost data was mainly due to the increase in the prices of fuel and power and the increase in safety and environmental related costs.

Management Discussion and Analysis

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

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Dexing Copper Mine	Main mineral copper (industrial copper ore)	114,8011 (ten thousand t) /256,908 (ten thousand t) of which: measured resources 14,3178 (ten thousand t)/ 3,116.7 (ten thousand t)	104.21 (ten thousand t)/22,905.0 (ten thousand t) of which: proved reserves 14.00 (ten thousand t) /3,048.5 (ten thousand t)	0.456%	Copper: 16.27 (ten thousand t) ; Gold : 3,910 kg ; Silver : 30,995 kg	24	29 July 2000 to 29 July 2027
	Main mineral copper (low grade copper ore)	51.4022 (ten thousand t) /20,597.1 (ten thousand t)	40.26 (ten thousand t)/16,132.7 (ten thousand t) of which: proved reserves 2.77 (ten thousand t) /1,132.2 (ten thousand t)	0.250%			
	Associated gold (industrial copper ore)	45.652 (t)/24,848.6 (ten thousand t) of which: measured resources 0 (kg)/0 (kt)	-	0.184g/t			
	Associated gold (low grade copper ore)	11.032 (t)/10,278.9 (ten thousand t)	-	0.108g/t			
	Associated silver (industrial copper ore)	280(t)/25,923.2 (ten thousand t) of which: measured resources 0 (t)/0 (kt)	-	1.112g/t			
	Associated molybdenum (industrial copper ore)	17,341 (t)/17,769.7 (ten thousand t) of which: measured resources 0 (t)/0 (kt)	-	0.0098%			
	Associated molybdenum (low grade copper ore)	3,988 (t)/3,693.6 (ten thousand t)	-	0.011%			

Management Discussion and Analysis

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Fujiawu mining area of Dexing Copper Mine	Main mineral copper (industrial copper ore)	164,2571 (ten thousand t) /32,923.0 (ten thousand t) of which: measured resources 0 (t)/0(kt)	150.78 (ten thousand t)/30,186.6 (ten thousand t) of which: proved reserves 0 (ten thousand t)/0(ten thousand t)	0.499%		24	10 October 2020 to 10 October 2050
	Main mineral copper (low grade copper ore)	8.0835 (ten thousand t) /3,213.9 (ten thousand t)	-	0.252%			
	Associated silver (industrial copper ore)	915(t)/32,923.0 (ten thousand t) of which: measured resources 0 (t)/0(kt)	-	2.78g/t			
	Associated molybdenum (industrial copper ore)	109,472(t)/32,923.0 (ten thousand t) of which: measured resources 0 (t)/0(kt)	-	0.033%			
	Associated molybdenum (low grade copper ore)	2,085 (t)/538.1 (ten thousand t)	-	0.038%			
Yongping Copper Mine	Main mineral copper metal volume/ore volume	41.871 (ten thousand t) /7,106.8 (ten thousand t) of which: measured resources 7.494 (ten thousand t)/1,623.1 (ten thousand t)	29.16 (ten thousand t) /4,606.3 (ten thousand t) of which: proved reserves 6.295 (ten thousand t)/994.1 (ten thousand t)	0.589%	Copper : 13,104 t ; Gold : 36 kg ; Sliver : 13,775 kg	34	21 December 2018 to 21 November 2024
	Associated gold	8.196(t)/6,984.8 (ten thousand t) of which: measured resources 0(t) /0 (ten thousand t)	-	0.117g/t			
	Associated silver	938(t)/6,984.8 (ten thousand t) of which: measured resources 0(t) /0 (ten thousand t)	-	13.429g/t			

Management Discussion and Analysis

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Yinshan Mining	Main mineral copper metal volume/ore volume	95.110 (ten thousand t) /15,897.8 (ten thousand t) of which: measured resources 20,579 (ten thousand t)/2,991.8 (ten thousand t)	66,8969 (ten thousand t) /9,958.0 (ten thousand t) of which: proved reserves 17,701 (ten thousand t)/2,559.9 (ten thousand t)	0.598%	Copper : 11,820 t ; Gold : 1,018 kg ; Silver : 9,146 kg Lead : 1,804 t Zinc : 2,768 t	48	16 June 2020 to 31 December 2026
	Associated gold	113,466(t)/16,971.3 (ten thousand t) of which: measured resources 22,544(t)/3,096.5 (ten thousand t)	75,601(t)/10,730.9 (ten thousand t) of which: proved reserves 20,003(t)/2,728.0 (ten thousand t)	0.669g/t			
	Associated silver	1,524(t)/16,971.3 (ten thousand t) of which: measured resources 318 (t)/3,096.5 (ten thousand t)	1,104(t)/10,730.9 (ten thousand t) of which: proved reserves 274(t) /2,728.0 (ten thousand t)	8.983g/t			
Wushan Copper Mine	Copper ore main mineral copper metal volume/ore volume	130,388 (ten thousand t) /1,2013.1 (ten thousand t) of which: measured resources 28,239 (ten thousand t)/2,408.2 (ten thousand t)	100,856 (ten thousand t) /8,984.1 (ten thousand t) of which: proved reserves 24,851 (ten thousand t)/2,119.2 (ten thousand t)	1.085%	Copper : 11,501t ; Gold : 137 kg ; Silver : 6,643 kg	33	16 June 2020 to 31 December 2026
	Associated gold	19,694(t)/11,174.3 (ten thousand t) of which: measured resources 0(t) /0 (ten thousand t)	-	0.176g/t			
	Associated silver	1,207(t)/11,227.1 (ten thousand t) of which: measured resources 0(t) /0 (ten thousand t)	-	10.751g/t			

Management Discussion and Analysis

Name of Mine	Major Products	Resources	Reserves	Grade	Annual output	Remaining years for mining of the resources	Validity period of permits/mining rights
Chengmenshan Copper Mine	Main mineral copper metal volume/ore volume	126.143 (ten thousand t) of which: measured resources 2.359 (ten thousand t)/209.9 (ten thousand t)	89.583 (ten thousand t)/12,471.0 (ten thousand t) of which: proved reserves 2.242 (ten thousand t)/199.4 (ten thousand t)	0.638%	Copper : 1,268 t ; Gold : 101 kg ; Silver : 7,716 kg	20	22 November 2017 to 22 November 2034
	Associated gold	49.395(t)/15,812.1 (ten thousand t) of which: measured resources 0(t) /0 (ten thousand t)	-	0.312g/t			
	Associated silver	1,963(t)/16,934.9 (ten thousand t) of which: measured resources 0(t) /0 (ten thousand t)	-	11.591g/t			

Management Discussion and Analysis

3 Production capacity

Company type	Product	Company name	Design production capacity	Actual production capacity	Capacity under construction	Production volume	Capacity utilization rate (%)	Comprehensive utilization rate of mineral resources (%)		
Mines	Copper contained in copper concentrate (ten thousand t)	Dexing Copper Mine	14.24	15.52	-	15.33	107.68	61.09		
		Yongping Copper Mine	1.93	1.85	-	1.31	68.39	65.07		
		Wushan Copper Mine	1.21	1.21	-	1.15	94.8	65.85		
		Chengmenshan Copper Mine	1.45	1.62	-	1.26	87.25	62.18		
		Yinshan Mining	1.98	1.98	-	1.18	59.84	71.00		
Smelting	Cathode copper (ten thousand t)	Guixi Smelter	92	93	-	102.33	111.23	-		
		Jiangxi Copper (Qingyuan) Company Limited	10	10	-	10.73	107.3	-		
		Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.	35	35	-	38.65	110.43	-		
		Shandong Humon Smelting Co., Ltd	20	25	-	19.48	97.40	-		
		JCC Hongyuan Copper Industry Co., Ltd.	10	10	-	7.04	70.40	-		
		Gold(t)	Guixi Smelter	25	25	-	32.05	128.20	-	
			Shandong Humon Smelting Co., Ltd	50	50	-	39.60	79.20	-	
		Sliver(t)	Guixi Smelter	510	510	-	363.20	71.22	-	
			Shandong Humon Smelting Co., Ltd	1000	1000	-	760.51	76.05	-	
		Sulfuric acid (ten thousand t)	Guixi Smelter	185	185	-	192.71	104.17	-	
				Jiangxi Copper Dexing Chemical Company Limited	50	50	-	51.40	102.80	-
				Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited	40	40	-	41.53	103.83	-
				Shandong Humon Smelting Co., Ltd	130	130	-	121.15	93.19	-
				Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.	80	80	-	123.32	154.15	-
				Processing	Copper processing (ten thousand t)	Jiangxi Copper Yates Copper Foil Company Limited	1.5	1.5	1.5	1.86
JCC Copper Products Company Limited	37	37	-			31.73	85.76	-		
JCC Copper Products Company Limited	4.2	4.2	-			5.70	135.71	-		
Jiangxi Copper (Guangzhou) Copper Production Company Limited	70	70	-			60.00	85.71	-		
Jiangtong Taiyi Special Electrical Materials Co., Ltd.	3	2.2	-			2.15	71.67	-		
Jiangxi Copper Longchang Precise Copper Pipe Company Limited	7.6	6	-			5.42	90.33	-		
Jiangxi Copper North China (Tianjin) Copper Co., Ltd.	22	28.5	-			31.82	111.65	-		
JCC Huadong (Zhejiang Copper) Co., Ltd.	15	15	-			13.65	91.00	-		

Management Discussion and Analysis

(V) Analysis of investment

General analysis of external investment in equity

Unit: 0'000 Yuan Currency: RMB

Investment during the Reporting Period	84,720.25
Investment during the same period last year	329,304
Year-on-year increase/decrease (%)	-74.27

Name of investee	Principal activity	Share of interests in the investee %	Investment amount (RMB0,000)
Jiangxi Cable Co., Ltd. (江西電纜有限責任公司)	Manufacture and sales of wires and cables; manufacture, processing and sales of machinery equipment; processing of materials of wires and cables; repairing of electrical equipment; general freight transport (which must be operated within the validity period of the road transport business permit); technical consultation, design and services of wires and cables (projects which require approvals in accordance with the laws may only commence business activities upon approvals from relevant authorities).	51	20,840.39
Jiangxi Depu Mining Equipment Co., Ltd. (江西德普礦山設備有限公司)	General projects: mining machinery manufacturing, mining machinery sales, ferrous metal casting (in addition to licensed businesses, projects which are not prohibited or restricted by laws and regulations can be operated independently in accordance with the laws)	49	4,900.00
Jiangxi Copper (Hong Kong) Investment Company Limited (江西銅業(香港)投資有限公司)	Investment businesses	100	11,116.73

Management Discussion and Analysis

Name of investee	Principal activity	Share of interests in the investee %	Investment amount (RMB0,000)
Jiangxi JCC Environmental Resources Technology Co., Ltd. (江西江銅環境資源科技有限公司)	General projects: recycling of renewable resources (except for productive old and scrap metals), solid waste treatment, renewable resources processing, sales of non-metallic mines and products, metal waste and scrap processing, non-metallic waste and scrap processing, treatment and regeneration of sewage, soil treatment and restoration service, technical services, technical development, technical consultation, technology exchange, technology transfer, and technology promotion, landscape construction works (in addition to licensed businesses, projects which are not restricted nor prohibited by laws and regulations can be independently operated in accordance with the laws)	100	8,000.00
MCC-JCC Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司)	Mining investment	25	1,263.13
Jiangxi Copper Products Company Limited (江西銅業銅材有限公司)	Production of copper rods and wires and further processing of related copper; sales of self-produced products. Trading of copper and copper alloy products and copper products, foreign trade operation (except for import and export of goods managed by state-owned trade), after-sales services and related technical consulting services. (Projects which require approvals in accordance with the laws may only commerce business activities upon approvals from relevant authorities.)	100	10,000.00

Management Discussion and Analysis

Name of investee	Principal activity	Share of interests in the investee %	Investment amount (RMB0,000)
JCC Yinshan Mining Company Limited (江西銅業集團銀山礦業有限責任公司)	Production and sale of non-ferrous metals, precious metals, non-metallic mineral products and extended products (excluding products prohibited for foreign investment); production and sales of construction materials; production and sales of related process equipment and spare parts; undertaking of construction projects; trading of copper, lead, zinc, sulfur and mineral products and relevant auxiliary mineral products (the import and export of the above commodities do not involve commodities subject to special regulations such as state-owned trade, import and export quota license, export quota bidding and export license); road general cargo transportation; mining technology development, consultation, exchange, transfer and promotion services; leasing of buildings and machinery equipment; sales of mining materials. (Projects which require approvals in accordance with the laws may only commerce business activities upon approvals from relevant authorities)	100	12,600.00
Minmetals Jiangxi Copper Mining Investment Company Limited (五礦江銅礦業投資有限公司)	Mining investment	40	16,000.00

(1) Significant equity interest investment

Not applicable

(2) Significant non-equity interest investment

Not applicable

Management Discussion and Analysis

(3) Financial assets measured at fair value

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Change during the period	Impact on the profit for the period
Held-for-trading financial assets	4,453,933,930	4,019,992,568	-433,941,362	220,843,630
Accounts receivable financing	2,595,046,355	2,535,148,368	-59,897,987	0
Other non-current financial assets	1,652,738,682	1,266,705,556	-386,033,126	-313,930,406
Other equity instruments investments	14,864,404,752	19,260,619,266	4,396,214,514	6,323,063
Held-for-trading financial liabilities	0	0	0	-9,177,093
Derivative financial assets(liability expressed in "-", and assets expressed in "+")	-579,885,157	88,128,856	668,014,013	-1,305,254,555
Fair value change of hedged items	6,159,716,148	6,311,663,309	151,947,161	-441,219,744
Total	29,145,954,710	33,482,257,923	4,336,303,213	-1,842,415,105

(4) Specific progress of major asset restructuring and integration during the reporting period

Not applicable

(VI) Material disposal of assets and equity interests

Not applicable

Management Discussion and Analysis

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

(1) Production and operation of our principal controlled subsidiaries as of 31 December 2021

Unit: 0'000 Yuan Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Shandong Humon Smelting Co., Ltd (山東恒邦冶煉股份有限公司)	Exploration, mining, selection and smelting of gold and chemical production	114,801	44.48	1,947,835	778,067	4,137,724	43,603
JCC Finance Company Limited (江西銅業集團財務有限公司)	Provision of guarantee and deposits taking from and loans to member units	260,000	100	3,090,881	375,231	57,104	5,816
Jiangxi Copper Products Company Limited (江西銅業銅材有限公司)	Sale of processed copper materials	42,450	100	139,900	129,548	26,576	6,485
JCC Copper Products Company Limited (江西銅業集團銅材有限公司)	Processing and sale of hardware electric product	18,639	98.89	118,076	40,134	270,019	1,733
JCC Guixi Recycling Resources Company Limited (江西銅業集團(貴溪)再生資源有限公司)	Collection and sale of metal scrap	680	100	1,177	1,098	17,507	41
JCC Yinshan Mining Company Limited (江西銅業集團銀山礦業有限責任公司)	Manufacture and sale of non-ferrous metals, rare metals and non-metals	35,600	100	346,232	146,645	122,095	4,779
Jiangxi Copper – Yates Copper Foil Company Limited (江西省江銅-耶茲銅箔有限公司)	Production and sale of electrolytic copper foil products	175,287	70.19	280,563	240,833	180,133	22,240
Jiangxi Copper Longchang Precise Copper Pipe Company Limited (江西江銅龍昌精密銅管有限公司)	Production of spiral tubes, externally finned copper tubes and other copper pipe products	89,053	92.04	142,808	46,138	366,977	-3,704
Jiangxi Copper-Taiyi Special Electrical Materials Company Limited (江西省江銅-台意特種電工材料有限公司)	Design, production and sale of various copper wires, enameled wires and provision of aftersales repair and consulting services	USD1,680	70	80,140	12,041	137,797	-136

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Thermonamic Electronics (Jiangxi) Company Limited (江西納米克熱電子股份有限公司)	Development and production of thermo-electronic semiconductors and appliances and provision of related services	7,000	95	8,136	7,337	3,038	270
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited (江西銅業集團(貴溪)冶金化工工程有限有限公司)	Metallurgical chemistry, equipment manufacturing and maintenance	3,508	100	16,341	8,333	49,310	469
JCC (Guixi) New Metallurgical and Chemical Technologies Company Limited (江西銅業集團(貴溪)冶化新技術有限公司)	Copper smelting, development of new chemical technologies and new products	200	100	7,243	6,314	7,800	495
JCC (Guixi) Logistics Company Limited (江西銅業集團(貴溪)物流有限公司)	Provision of transportation services	4,000	100	24,267	16,427	26,879	280
JCC (Dexing) Casting Company Limited (江西銅業集團(德興)鑄造有限公司)	Production and sale of casting products; maintenance of mechanical and electrical equipment; installation and debugging of equipment	6,638	100	33,606	17,728	37,794	1,372
JCC (Dexing) Construction Company Limited (江西銅業集團(德興)建設有限公司)	Development and sales of building materials for various projects including mine projects	5,000	100	32,388	13,977	36,759	743
JCC Geology Exploration Company Limited (江西銅業集團地勘工程有限有限公司)	Geological investigation and survey and construction, engineering measurement	1,500	100	9,246	6,703	2,898	589
Jiangxi Jiangtong-Wengfu Chemical Engineering Company Limited (江西省江銅-蘆福化工有限責任公司)	Sulphuric acid and its byproducts	18,150	70	37,521	32,072	32,429	12,251
Jiangxi Copper Corporation Drill Project Company Limited (江西銅業集團井巷工程有限有限公司)	General contracting for mining constructions	2,029	100	9,243	3,079	11,671	0
JCC (Ruichang) Casting Company Limited (江西銅業集團(瑞昌)鑄造有限公司)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear resistant materials and products	260	100	1,598	613	4,390	19

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
JCC (Qianshan) Mineral Processing Pharmaceuticals Company Limited (江西銅業集團(鉛山)選礦藥劑有限公司)	Sale of mineral processing chemicals, fine chemicals and other industrial and domestic products	1,020	100	3,737	3,085	3,474	96
Jiangxi Copper Construction Supervision Consulting Company Limited (江西銅業建設監理諮詢有限公司)	Construction	300	100	2,126	1,645	2,765	217
Jiangxi Copper (Guangzhou) Copper Production Company Limited (廣州江銅銅材有限公司)	Production of copper rods and wires and related products	80,000	100	856,754	99,828	3,925,650	2,930
Jiangxi Copper International Trade Company Limited (江銅國際貿易有限公司)	Trading of metal products	101,609	59.05	800,048	72,264	7,970,461	-30,269
Shanghai Jiangtong Investment Holdings Ltd. (上海江銅投資控股有限公司)	Construction	27,254	100	25,833	22,530	1,124	-258
Jiangxi Copper Dexing Chemical Company Limited (江西銅業(德興)化工有限公司)	Sulphuric acid and related by-products	37,582	100	74,916	60,924	46,676	15,799
Jiangxi Copper (Yugan) Casting Company Limited (江西銅業集團(餘干)鑄造有限公司)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear-resistant materials and products	2,800	100	5,787	5,098	5,417	346
Jiangxi Copper (Qingyuan) Company Limited (江西銅業(清遠)有限公司)	Manufacturing, processing and sales of anode sheets of copper cathode	89,000	100	562,020	77,552	1,063,478	689
Jiangxi Copper Hong Kong Company Limited (江西銅業香港有限公司)	Import-export business trade and settlement, offshore investment and financing, and cross border RMB settlement	USD14,000	100	327,446	128,433	3,083,911	8,922
Jiangxi Copper Recycling Resources Company Limited (江西銅業再生資源有限公司)	Scrap of base metals and their articles	25,000	100	54,243	20,420	382,442	309

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
Jiangxi Copper International (Istanbul) Mining Investment Co., Ltd. (江銅國際(伊斯坦布爾)礦業投資股份公司)	Import and export trading of copper products	USD7,126	100	10,754	10,077	0	-3,617
Jiangxi Copper Technical Institution Co., Ltd. (江西銅業技術研究院有限公司)	Research and development etc.	4,500	100	5,899	4,536	4,921	-48
Zhejiang JCC Fuye Heding Copper Company Limited (浙江江銅富冶和鼎銅業有限公司)	Production and sale of copper cathodes	128,000	40	830,326	267,372	2,740,505	51,964
Jiangxi Copper North China (Tianjin) Copper Co., Ltd (江銅華北(天津)銅業有限公司)	Production of copper rods and wires and the related products	64,020	51	267,025	62,289	1,987,370	-5,239
JCC Guoxing (Yantai) Copper Company Limited (江銅國興(煙台)銅業有限公司)	Production of copper sulfate, electrolytic copper and non-ferrous metals	100,000	65	119,638	48,054	584	-280
JCC Hongyuan Copper Industry Co., Ltd. (江銅宏源銅業有限公司)	Production and sale of electrolytic copper	25,000	43	211,118	25,001	667,606	-91
Jiangxi Copper (Hong Kong) Investment Company Limited (江西銅業(香港)投資有限公司)	Project investment, fund investment, investment management, investment advisory and economic information advisory	USD105,761	100	1,085,085	755,560	0	-8,531
Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd (江西銅業(深圳)國際投資控股有限公司)	Sales of cathode copper, anode plates and nonferrous metals	166,200	100	1,105,272	180,135	12,559,461	17,396
PIM CUPRIC HOLDINGS LIMITED ("PIM Cupric") ^{note}	Investment	USD113,626	100	1,922,409	1,919,216	0	143
JCC (Yingtian) Trading Co., Ltd. (江西銅業(鷹潭)貿易有限公司)	Sale of non-ferrous metals, rare metals and metal products	10,000	100	10,224	10,065	802,860	42
Jiangxi Copper (Hainan) International Supply Chain Co., Ltd. (江銅(海南)國際供應鏈有限公司)	Sales of metal materials, metal ores, and metal products	10,000	100	15,653	13,010	287,180	3,010
Jiangxi Cable Co., Ltd. (江西電纜有限責任公司)	Manufacture of wire cables	30,612	51	43,100	28,933	33,943	-2,456

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit
TPCO Copper Industry Corp., Ltd.(天津大無縫銅材有限公司)	Research, development, production and sales of copper materials	277,260	91.59	55,510	26,500	771,223	45
Jiangxi Copper Environmental Resources Technology Co., Ltd. (江西銅環境資源科技有限公司)	Recycling of renewable resources, solid waste treatment, processing of renewable resources, sales of non-metallic minerals and products	30,000	100	7,716	7,572	31	-428
Guangdong Taolin Ecology and Environment Co., Ltd.(廣東桃林生態環境有限公司)	Design, construction and maintenance of environmental protection projects	5,000	49	10,942	7,759	5,708	1,210

Note:

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

As at 31 December 2021, the Company indirectly held 126,842,671 shares of FQM, accounting for 18.354% of the total issued shares of FQM. The fair value of this investment amounted to RMB19,215 million, representing 11.93% of the Company's total assets.

FQM is a global mining company that operates mines in several countries. FQM primarily produces copper, with secondary production in gold, nickel, zinc, cobalt, etc. According to the annual report 2021 of FQM, its total revenue for the twelve months ended 31 December 2021 was US\$7,212 million and its gross profit was US\$2,562 million. During the Reporting Period, the Company has received a total dividend of C\$1,268,426.72.

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

Management Discussion and Analysis

(2) Production and operation of our associates and joint ventures as of 31 December 2021.

Unit: 0'000 Yuan Currency: RMB

Name of investee	Business nature	Registered capital		Our shareholding (%)	Total assets at the end of the year	Total liabilities at the end of the year	Net assets in aggregate at the end of the year	Total operating income for the year	Net profits for the year
		Currency	0'000		0'000	0'000	0'000	0'000	0'000
I. Joint Venture									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited (江西省江銅百泰環保科技有限公司)	Industrial waste water recycling and product sales	RMB	2,820	50	9,297	1,969	7,328	8,098	3,207
Nesko Metal Sanayi ve Ticaret Anonimirketi	Exploration and sales of copper products	TRY	7,076	48	16,773	3,444	13,329	9,382	-1,414
Valuestone GP Ltd. (嘉石普通合夥人有限公司)	Investment company	USD	300	51	1,782	0	1,782	0	-133
II. Associates									
Minmetals Jiangxi Copper Mining Investment Company Limited (五礦江銅礦業投資有限公司)	Investment company	RMB	566,550	40	429,832	26,109	403,723	0	-27,579
MCC-JCL Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司)	Exploration and sales of copper products	USD	280	25	276,207	1,377	274,830	0	0
BOCI Securities Co., Ltd. (中銀國際證券股份有限公司)	Securities brokerage and investment advisory	RMB	277,800	5.68	6,271,395	4,699,556	1,571,839	333,352	100,688
Jiangxi Tongrui Project Management Co., Ltd. (江西銅瑞項目管理有限公司)	Construction management	RMB	1,000	49	1,842	502	1,340	1,074	264
Valuestone Global Resources Fund I LP	Fund company	USD	12,892	81.4	51,660	0	51,660	0	-4,247
Jiangxi Jinbei JCC Electric Cable Co., Ltd. (江西金杯江銅電纜有限公司)	Production and sale of copper products	RMB	2,000	20	590	136	454	5,059	76
Jiangxi JCC Petrochemical Co., Ltd. (江西江銅石化有限公司)	Sales of petroleum and petrochemical products	RMB	1,900	49	3,045	264	2,781	34,867	839
Ningbo Saimo Technology Co., Ltd. (寧波賽墨科技有限公司)	R&D of technology	RMB	1,158	38	1,747	7	1,740	30	-193

Management Discussion and Analysis

Name of investee	Business nature	Registered capital		Our shareholding (%)	Total assets at the end of the year	Total liabilities at the end of the year	Net assets in aggregate at the end of the year	Total operating income for the year	Net profits for the year
		Currency	0'000		0'000	0'000	0'000	0'000	0'000
Jiangxi Wantong Environmental Protection Materials Co., Ltd. (江西萬銅環保材料有限公司)	Environmental protection building materials, comprehensive development and utilization of tailings resources, etc.	RMB	30,000	44.7	28,269	855	27,414	2,155	-1,814
Jiangxi Dongchen Machinery Manufacturing Co., Ltd. (江西東辰機械製造有限公司)	Manufacturing of precision metal products and production of mechanical and electrical products	RMB	3,000	21	5,567	2,625	2,942	7,472	363
Pangaea Investment Management LTD.	Investment management	USD	5	45	401	6	395	0	-14,911
Chengdu Jiangtong Jinhao Co., Ltd. (成都江銅金號有限公司)	Sales of metal products	RMB	4,532	49	334,101	329,580	4,521	501,795	-769
Jiangxi Depu Mining Equipment Co., Ltd. (江西德普礦山設備有限公司)	Manufacture and sales of mining machinery	RMB	10,000	49	7,930	25	7,905	0	-96
Wanguo International Mining Group Limited (萬國國際礦業集團有限公司)	Mining, ore processing and sales of concentrate products	RMB	114,801	20.87	179,876	47,135	132,741	201,440	18,164
HEBEI XINBAOFENG WIRE AND CABLE CO., LTD (河北新寶豐電線電纜有限公司)	R&D, manufacture, processing and sale of electric cables, cable accessories and electrical fittings	RMB	139,063	4.78	44,802	21,279	23,523	1,689	-1,724
Jiaxin International Resources Investment Co., Ltd. (佳鑫國際資源投資有限公司)	Exploration and sale of tungsten ore and tungsten processing	HKD	1	41.65	152,965	34,316	118,649	0	-2,431

(VIII) Structured entities under the control of the Company

Not applicable

Management Discussion and Analysis

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

(I) Landscape and trend of industry

1. International and domestic economic trends

With the increase in vaccination rates in various countries and the restoration of economic endogenous driving forces, it is expected that the global economic growth and expansion will continue in 2022. However, considering factors such as partial recurrence of the COVID-19 pandemic, marginal withdrawal of stimulus policies and slow repair of supply chain bottlenecks, the overall economic growth will slow down slightly, gradually returning to the growth trend, and the economic cycle will recover from “weak recession” to “weak recovery”. Under the normalized situation of epidemic prevention and control, China’s economy continued to recover well in general. However, in the uncertain and unstable epidemic and external environment, the downward pressure on the economy increased, and there are more risks and challenges in maintaining stable economic operation. With the resonance contraction of the global economy and the decline of the substitution effect, China’s import growth will gradually slow down, but the overall growth will remain stable.

The moderate slowdown in demand coupled with the gradual recovery of supply chain bottlenecks, the rising inflation globally is expected to gradually return to normal. At the same time, the weakening of stimulus policies, the decline of inventory cycle and high prices have suppressed demand. It is expected that commodity prices will fluctuate at a high level with a slight decline in 2022.

2. Market situation of non-ferrous metal

In 2022, the macro-economy will be relatively tight, resulting in certain upward pressure on the non-ferrous metal sector. In the long run, the supply growth is slow, and the global copper production cannot be effectively released in the next few years, and the risk of supply shortage increases; while demand is likely to grow at a higher rate under the dual stimulus of economic recovery and dual carbon targets, resulting in an expansion in the lack of supply and demand, which will in turn lead to an increase in copper prices. In the short to medium term, the supply side may continue to remain stable and tight, whereas the demand side may decrease due to the uncertainty in economic recovery in Europe. In 2022, it is expected that the price trend of copper will decrease slightly, and the range will fluctuate as the main line.

Management Discussion and Analysis

(II) The development strategy of the Company

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

(III) Business plan

On the basis of analyzing the international and domestic macroeconomic situation, the production, operation and development environment of enterprises, and taking into account the actual completion of production and operation in 2021, the development and construction of key projects and other factors, the main tasks of the Company in 2022 are: focusing on building “JCC featuring strength, science and technology, green, digital, international, and dynamic”, and following the path of steady and sound innovation-driven, investment-driven, reform-driven, integrated interaction, open-drive and green linkage development, demonstrating new achievements in industrial optimization, making new breakthroughs in scientific and technological innovation, enhancing new advantages in talent training, making new explorations in reform and opening-up, creating a new path in green development, and presenting a new look in system implementation. 2022 will be another year of work innovation, performance growth and fruitful results. The production and operation plan target for 2022 is to produce 201,700 tonnes of copper contained in copper concentrates, 1,775,000 tonnes of copper cathode, 93 tonnes of gold, 1,183 tonnes of silver, 5 million tonnes of sulphuric acid and 1.82 million tonnes of copper processed materials, with capital expenditure (fixed assets investment) of RMB5,000,000,000. (The operation target does not represent the Company’s forecast of production in 2022, and whether it can be achieved depends on various factors such as macroeconomic environment and market demand, which are subject to great uncertainties. The Group will adjust its plans in due course according to market changes).

Management Discussion and Analysis

Specific business strategies for 2022:

1. Improving performance growth. The Company will fully complete the annual production tasks, benchmark all mines against world-class mines in all dimensions, improve core technical and economic indicators, enhance comprehensive resource recovery capabilities, and achieve efficient development and intensive utilization of mineral resources. The Company will focus on strengthening the supply chain with high quality, continue to optimize the T-shaped industrial layout in East China, South China, North China and Bohai Rim, focus on accelerating the construction progress of key projects such as the phase III of Wushan Copper Mine, the 5,000 tonnes/day mine of Yinshan Mining, the energy saving and emission reduction of copper cathode of JCC Yantai Guoxing of 180,000 tonnes/year, the smelting of copper cathode of Qingyuan of 100,000 tonnes/year and Shangrao Industrial Park, so as to release investment benefits as soon as possible. The Company will seize favorable opportunities in a timely manner, and target at copper and copper smelting plants and downstream industrial companies that are more coupling with the Company's development to carry out investment and mergers and acquisitions at a suitable time. The Company will accelerate the implementation of more extensive resource development and capacity cooperation in countries such as those under the "Belt and Road Initiative" and the America.
2. Improving core competitiveness. The Company will strengthen exchanges and cooperation with research institutes, and promote the in-depth integration of industry, academia, research and application with a flexible innovative achievement sharing mechanism. By integrating advantageous resources, The Company will further integrate core elements such as technology, talents and funds required for the transformation of achievements. By using JCC Research Institute and Xinrui Technology as the links, the Company will cooperate with local governments, colleges and universities, and upstream and downstream enterprises to build and improve the transformation mechanism of "achievements + platforms + equity + operations", and promote the precise connection between technological innovation and market application. Focusing on the difficulties, pain points and "bottleneck" technologies in the practice of production and operation, the Company will vigorously implement independent innovation and special scientific research, continuously improve the ability of innovation resources, promote the improvement of the independent intellectual property declaration mechanism, and effectively ensure the maximization of the transformation benefits of the Company's scientific and technological achievements. The Company will accelerate the construction of "Digital Jiangxi Copper", actively promote the digital transformation of key production factors and management factors of various industrial clusters, promote the accelerated integration of the Company's industrial chain, supply chain and benefit chain with digital transformation, and cultivate a cross-border integrated digital ecosystem with the Company's internal core.
3. Enhancing the growth of talents. The Company will implement a more active, open and effective talent policy based on the principle of satisfying own needs, and improve the quality of existing talents through mentoring, outstanding student cultivation, promotion of the position system, and internal human resources revitalization. The Company will actively explore incentive measures in line with scientific and technological innovation, further reduce the burden of scientific researchers, build a platform for scientific researchers to work and start up, fully stimulate the vitality of scientists and doctoral scientific research teams, enable scientific and technological personnel to fully enjoy the benefits of "knowledge" generated by the transformation of scientific and technological achievements, and attract more high-end scientific and technological talents with strong independent innovation capabilities to accelerate the convergence in the Company.

Management Discussion and Analysis

4. Improving the demonstration power of the industry. In accordance with the relevant national and provincial work requirements, and guided by the energy efficiency benchmark level of the industry, the Company will take the initiative to systematically focus on technological innovation, process upgrading, energy conservation and consumption reduction, comprehensive utilization of resources, etc., to promote the Company's green development, and strive to become a green, low-carbon and energy-efficient benchmark in smelting and other advantageous fields. Reducing carbon from the source: each production unit will systematically sort out and analyze the path of carbon reduction, control the source with high starting point, high standard and high quality, further expand the proportion of clean energy use, increase the implementation of industrial upgrading and comprehensive utilization of resources, accelerate the carbon control monitoring and evaluation of the whole production process, and promote the extensive use of clean production mode. Reducing carbon through technology: each production unit will take digital transformation as an opportunity to increase the application of technological innovation achievements, accelerate the innovation of green and low-carbon processes in mining, smelting, processing and other fields, and achieve energy gradient utilization and multi-coupling complementation through smart comprehensive energy planning. The Company will carefully sort out the existing production equipment and process technology, and actively promote the application of environmental-friendly and low-carbon equipment and technology. The Company will vigorously implement the integration of informatization and industrialization, give full play to the leading role of energy management, and realize systematic energy conservation and consumption reduction, fixing carbon with green features. The Company will comprehensively integrate the work linkage and technical research in low-grade ore utilization, recycling of common associated resources, comprehensive utilization of tailings, waste land sorting, ecological restoration and treatment, and disposal of hazardous waste and solid waste, actively create a replicable circular economy development model, accelerate the promotion of ecological restoration, enhance the ability to consolidate carbon, and achieve "double harvest" of environmental benefits and economic benefits.
5. Improving management control. The Company will comprehensively improve the modernization level of corporate governance system and governance capacity, build a complete governance system based on system implementation, decision-making and implementation, and process supervision, and promote the transformation of system implementation into actual governance efficiency. The Company will continue to improve its corporate governance structure and form a corporate governance structure with specific duties, responsibilities, coordinated operation and effective checks and balances. The Company will continue to steadily promote the normalized operation of the Company's large-scale risk control system, comprehensively promote risk management and control with all employees and all systems, strictly implement the "three lines of defense" of the large-scale risk control system, and effectively prevent risks in promoting reform and development.

Management Discussion and Analysis

(IV) Potential risks

1. Production safety risks

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

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

2. Exchange rate fluctuation risks

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

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

Management Discussion and Analysis

3. Risk from product price fluctuations

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

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

Management Discussion and Analysis

4. Risk from changes in the market environment

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

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

5. Environmental protection risk

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

Management Discussion and Analysis

6. Risk from uncertainties

In 2021, major overseas economies were still affected by COVID-19. Despite the vaccination rates of every country had increased gradually in the second half of the year, and the economies gradually entered into recovery, the control of the pandemic was still relatively loose, thus, the pandemic in certain areas remained in an uncontrollable state. This had resulted in the inability of overseas imported cases to be cut off, as well as the scattered outbreak of local pandemic in China, which in turn had caused serious obstacles to normal economic production and operation activities. Moreover, the third round of pandemic peak brought about by the emergence of Omicron has cast another layer of haze on the recovery and growth of the economy, and economic recovery remains uncertain.

The Group shall conscientiously implement the work deployment of the CPC Central Committee, the State Council and the Jiangxi Provincial Government on resolutely winning the prevention and control of the COVID-19 pandemic, and will continue to pay close attention to the development of the pandemic and actively respond to its possible impact on the Company's financial position and operating results.

(V) Other

Not applicable

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

Not applicable

Corporate Governance Report

I. INFORMATION ON CORPORATE GOVERNANCE

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

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

- II. Specific measures taken by the controlling shareholder and actual controller of the Company to ensure the independence of the Company in terms of assets, personnel, finance, organization and business, as well as the solutions, work progress and follow-up work plans for ensuring the Company's independence

Not applicable

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

Not applicable

III. CORPORATE GOVERNANCE CODE

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

To the knowledge of the Board, during the Reporting Period, the Company has been in full compliance with all the code provisions under the Corporate Governance Code effective in 2021 (the “Code”) as set out in Appendix 14 to the Listing Rules, with the exceptions as disclosed in this Corporate Governance Report and the following deviations:

During the Reporting Period, the legal action which the Directors may face is covered in the internal control and risk management of the Company. As the Company considers that no additional risk is likely to exist, insurance arrangements in respect of legal action against the Directors have not been made as required under code provision A.1.8 of the Code (which has been renumbered as code provision C.1.8 with effect from 1 January 2022).

Corporate Governance Report

Under code provision A.2.1 of the Code (which has been renumbered as code provision C.2.1 with effect from 1 January 2022), the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the cessation of Mr. Long Ziping as the chairman of the Company (the “**Chairman**”) on 9 September 2020, since then the role of the Chairman has been taken up by Mr. Zheng Gaoqing, the general manager of the Company and the responsibilities of the general manager were shared by each of the deputy general managers of the Company within the scope of their authorities (where necessary).

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

(1) Shareholders and general meeting

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

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

(2) Relationship between the controlling shareholder and the Company

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

Corporate Governance Report

(3) Directors, the Board and senior management

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

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

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

Corporate Governance Report

During the Reporting Period, Mr. Zheng Gaoqing served as the Chairman of the Company. As Mr. Long Ziping ceased to be the Chairman of the Board on 9 September 2020, since then the position of the Chairman of the Board is held by Mr. Zheng Gaoqing, general manager of the Company, and the duties of general manager are shared amongst the deputy general managers within their scope of authority, if necessary.

From 1 January 2021 to 31 December 2021, the Board comprised 10 Directors, including 6 executive Directors and 4 independent non-executive Directors.

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

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

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

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

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

Corporate Governance Report

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

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

From 1 January 2021 to 8 June 2021, the eighth session of the Independent Audit Committee comprised 4 independent non-executive Directors, namely Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Liu Xike and Mr. Zhu Xingwen, of which Mr. Zhu Xingwen was the chairman of the Independent Audit Committee. Since 9 June 2021, the ninth session of the Independent Audit Committee comprised 4 independent non-executive Directors, namely Mr. Zhu Xingwen, Mr. Liu Erh Fei, Mr. Liu Xike and Mr. Wang Feng, of which Mr. Zhu Xingwen was the chairman of the Independent Audit Committee. The Secretary to the Board is also the secretary to the Independent Audit Committee.

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

1. The Company had formulated the Terms of Reference of the Independent Audit Committee (the Audit Committee) (《獨立審核委員會(審計委員會)議事規則》), in which the Independent Audit Committee (the Audit Committee) is responsible to the Board and assumes the duties to review the Company’s financial reporting, financial control, internal control and risk management systems and oversee the preparation procedures of the Company’s financial statements and the completeness of their contents as well as the appointment and removal of the auditors. During the Reporting Period, the Independent Audit Committee listened to the report on material matters such as the production operation and the construction of risk control system for the year from the Company’s chief financial officer, financial management department, legal affairs and risk control department, and made constructive suggestions for the development of risk control system of the Company.

Corporate Governance Report

2. Summary report on fulfilment of duties of the Independent Audit Committee:
 1. We convened two meetings in 2021, and all members of the Independent Audit Committee at the time attended the meetings. Respectively, we reviewed and confirmed the 2020 annual report audited by Ernst & Young Hua Ming LLP and issued written opinions on the connected transactions, fund appropriation and external guarantees of the Company and made recommendations for the appointment of auditors, reviewed and confirmed the 2021 interim report audited by Ernst & Young Hua Ming LLP and were briefed on the report on 2022 annual audit work arrangements by the auditors.
 2. We have reviewed the annual financial statements for 2021 prepared by the Company, and issued written opinions that such financial statements were in compliance with the PRC GAAP, and agreed to submit such financial statements to Ernst & Young Hua Ming LLP for auditing.
 3. We were briefed on matters including the audit process, audit findings and audit adjustments of Ernst & Young Hua Ming LLP and considered that the audit work was executed in strict accordance with provisions of China Standards on Auditing for Certified Public Accountants.
 4. Upon issuance of initial audit opinions by the auditors, we reviewed such financial statements prepared by the Company again and considered that they were appropriately prepared in accordance with requirements of the PRC GAAP, and truly and completely reflected the Company's financial position as at 31 December 2021, operating results and cash flow in 2021 in relevant material aspects.
 5. We submitted to the Board the summary report of the Company's audit work for the previous year made by the auditors, considering that Ernst & Young Hua Ming LLP executed the auditing work in strict accordance with provisions of China Standards on Independent Auditing for Certified Public Accountants. With sufficient time for audit and reasonable allocation on audit personnel, the auditors were competent in respect of execution ability. The audit report issued fully reflected the financial position of the Company as at 31 December 2021 and its operating results for 2021 and were in line with the actual situation of the Company.
 6. We recommended to continue to appoint Ernst & Young Hua Ming LLP and Ernst & Young to be the domestic and overseas auditors of the Company for the year 2022.

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

21 March 2022

Corporate Governance Report

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

From 1 January 2021 to 8 June 2021, the eighth session of the Remuneration Committee comprised 4 independent non-executive Directors, namely Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Tu Shutian was the chairman of the Remuneration Committee. Since 9 June 2021, the ninth session of the Remuneration Committee comprised 4 independent non-executive Directors, namely Mr. Wang Feng, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Wang Feng is the chairman of the Remuneration Committee. The Secretary to the Board is also the secretary to the Remuneration Committee.

Performance of duties of the Remuneration Committee of the Board:

In 2021, the Remuneration Committee organized and convened one meeting pursuant to the Rules for the Board and the request of the Board. All members of the Remuneration Committee at that period attended the meeting, and heard the 2020 Remuneration and Travel Expense Proposal for Directors, Supervisors and Senior Management, and the Annual Remuneration Proposal of the Members of the Ninth Session of the Board of Directors and the Supervisory Committee during Their Terms of Office proposed by the human resources department of the Company and provided independent written comments on the review of such two proposals.

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

21 March 2022

Corporate Governance Report

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

From 1 January 2021 to 8 June 2021, the eighth session of the Nomination Committee comprised chairman Mr. Zheng Gaoqing and 4 independent non-executive Directors, namely Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Zheng Gaoqing was the chairman of the Nomination Committee. Since 9 June 2021, the ninth session of the Nomination Committee comprised chairman Mr. Zheng Gaoqing and 4 independent non-executive Directors, namely Mr. Wang Feng, Mr. Liu Erh Fei, Mr. Zhu Xingwen and Mr. Liu Xike, of which Mr. Zheng Gaoqing is the chairman of the Nomination Committee. The Secretary to the Board is also the secretary to the Nomination Committee.

Performance of duties of the Nomination Committee of the Board:

In 2021, the Nomination Committee convened three meetings pursuant to the Terms of Reference of the Nomination Committee and the request of the Board. All members of the Nomination Committee at that period attended the meeting and reviewed in details of Mr. Wang Feng as the candidate for Director, Mr. Tu Dongyang, Mr. Peng Xihong and Mr. Jiang Wenbo as the senior management. Through careful discussion, the Nomination Committee reviewed their qualification and nomination procedures respectively, and formed a written resolution for the meeting. All independent Directors have provided their written independent opinions.

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

21 March 2022

Corporate Governance Report

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

The Company established the ESG Development Committee in May 2021. The ESG Development Committee did not convene any meeting during the Reporting Period.

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

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

(4) Supervisory Committee

The Supervisory Committee consists of 5 Supervisors, including 2 employees representative Supervisors. The Supervisors serve for a term of office of three years and are eligible for re-election. The current Supervisory Committee is the ninth Supervisory Committee since the incorporation of the Company.

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

(5) Directors' responsibilities on the financial statements

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

Corporate Governance Report

(6) Independence of the independent non-executive Directors

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

(7) Board diversity policy

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

The Company understands and believes that the diversity policy for the Board members can enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company regards the increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Company has considered a number of aspects for the Board diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All appointments of the Board are based on meritocracy, and candidates are selected objectively having taken full account of the benefits of diversity on the Board.

(8) Policy for Nomination of Directors

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

Corporate Governance Report

IV. PEER COMPETITION AND CONNECTED TRANSACTIONS

(1) Peer competition

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

(2) Connected transactions

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

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

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

Corporate Governance Report

V. GENERAL MEETING OVERVIEW

Session of the meeting	Date of convening	Reference of the website specified for information disclosure	Publication date of resolutions	Resolution of the meeting
2020 Annual General Meeting	8 June 2021	SSE www.sse.com.cn (No. of announcement: 2021-021)	9 June 2021	A total of 13 resolutions were considered and passed at the meeting with no objection. Please refer to the announcement published on SSE (http://www.sse.com.cn) and the Company's website for details.

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

Not applicable

Explanation on Shareholders' Meeting

In 2021, all resolutions submitted to the annual general meeting convened by the Company for consideration were approved.

Corporate Governance Report

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

Session	Date of the meetings	Resolutions of the meetings
The twenty-seventh meeting of the eighth session of the Board	18 March 2021	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none">I. To consider and approve the Resolution on the Appointment of Mr. Jiang Wenbo as the Deputy General Manager of the CompanyII. To consider and approve the Resolution on the Appointment of Mr. Tu Dongyang as the Deputy General Manager of the CompanyIII. To consider and approve the Resolution on the Resignation of Mr. Lin Jinliang as the Chief Legal Officer of the CompanyIV. To consider and approve the Resolution on the Amendments of the Rules for General Meetings of Jiangxi Copper Company LimitedV. To consider and approve the Resolution on the Amendments of the Rules for Board of Directors of Jiangxi Copper Company LimitedVI. To consider and approve the Resolution on the Amendments of the Rules for Independent Directors of Jiangxi Copper Company LimitedVII. To consider and approve the Resolution on the Amendments of the Rules for General Managers of Jiangxi Copper Company LimitedVIII. To consider and approve the Resolution on the Amendments to the Terms of Reference for the Nomination Committee of the Board of Jiangxi Copper Company LimitedIX. To consider and approve the Resolution on the Amendments to the Terms of Reference for the Independent Audit Committee of the Board of Jiangxi Copper Company LimitedX. To consider and approve the Resolution on the Adoption of the Rules for Connected Transactions of Jiangxi Copper Company Limited

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
The twenty-eighth meeting of the eighth session of the Board	29 March 2021	<p>The following resolutions were considered and approved:</p> <ol style="list-style-type: none">I. To consider and approve the Resolution on the 2020 Audited Domestic and Overseas Financial Report, the 2020 Audited Report Text and its Summary, the Report of the Board and Corporate Governance Report of Jiangxi Copper Company LimitedII. To consider and approve the Resolution on the 2020 Profit Distribution Plan of Jiangxi Copper Company LimitedIII. To consider and approve the Resolution on the Remuneration of Directors and Senior Management, and the Plan for the Transportation Allowance of Independent Directors for the Year 2020 of Jiangxi Copper Company LimitedIV. To consider and approve the Resolution on the Re-election of the Board of Jiangxi Copper Company LimitedV. To consider and approve the resolution on the Annual Remuneration Plan for the Members of the Ninth Session of the Board of Jiangxi Copper Company LimitedVI. To consider and approve the Resolution on the Appointment of Ernst & Young Hua Ming LLP and Ernst & Young respectively as the Company's 2021 Domestic (including internal control audit) and Overseas Auditors of Jiangxi Copper Company LimitedVII. To consider and approve the Resolution on the 2021 Production and Operation Plan of Jiangxi Copper Company LimitedVIII. To consider and approve the Resolution on the 2020 Internal Control Evaluation Report of Jiangxi Copper Company LimitedIX. To consider and approve the Resolution on the 2020 Social Responsibility Report of Jiangxi Copper Company LimitedX. To consider and approve the Resolution on the 2020 Provision for Asset Impairment of Jiangxi Copper Company LimitedXI. To consider and approve the matters regarding the convening and holding of the 2020 annual general meeting and the disclosure of the 2020 annual report

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
The twenty-ninth meeting of the eighth session of the Board	27 April 2021	To consider and approve the Company's 2021 first quarterly report
The thirtieth meeting of the eighth session of the Board	28 May 2021	<p>The following resolutions were considered and approved:</p> <ul style="list-style-type: none"> I. To consider and approve the Resolution on the Appointment of Mr. Tu Dongyang as the Secretary to the Board of Jiangxi Copper Company Limited II. To consider and approve the Resolution on the Appointment of Mr. Peng Xihong as the Chief Legal Officer of the Company III. To consider and approve the Resolution on Signing of the Financial Services Agreement between JCC Finance Company Limited, a wholly-owned subsidiary, and Jiangxi Copper Corporation Limited, the Controlling Shareholder of Jiangxi Copper Company Limited IV. To consider and approve the Resolution on the 2020 Environmental, Social and Governance Report of Jiangxi Copper Company Limited V. To consider and approve the Resolution on the Company's Environmental, Social and Governance Structure of Jiangxi Copper Company Limited VI. To consider and approve the Resolution on the Composition of the ESG Development Committee of the Board of Jiangxi Copper Company Limited
The first meeting of the ninth session of the Board	9 June 2021	<p>The following resolutions were considered and approved:</p> <ul style="list-style-type: none"> I. To consider and approve the Resolution on the Election of Mr. Zheng Gaoqing as Chairman of the Ninth Session of the Board of Jiangxi Copper Company Limited II. To consider and approve the Resolution on the Establishment of Special Committees of the ninth session of the Board of Jiangxi Copper Company Limited

Corporate Governance Report

Session	Date of the meetings	Resolutions of the meetings
The second meeting of the ninth session of the Board	15 July 2021	To consider and approve the Resolution on the Proposed Investment in Construction Projects for Annual Productions of 100,000 Tonnes of Lithium Copper Foil, 220,000 tonnes of Copper Rod and 30,000 tonnes of Casting Material of Jiangxi Copper Company Limited
The third meeting of the ninth session of the Board	27 August 2021	The following resolutions were considered and approved: <ol style="list-style-type: none"> I. To consider and approve the 2021 Interim Report and its Summary of Jiangxi Copper Company Limited II. To consider and approve the Resolution on the Provision for Asset Impairment for the Half Year of 2021 of Jiangxi Copper Company Limited III. To consider and approve the Resolution on the Formulation of Working Rules for the Environmental, Social and Governance Development Committee of the Board of Jiangxi Copper Company Limited
The fourth meeting of the ninth session of the Board	28 October 2021	To consider and approve the Company's 2021 Third Quarterly Report
The fifth meeting of the ninth session of the Board	28 December 2021	The following resolutions were considered and approved: <ol style="list-style-type: none"> I. To consider and approve the Resolution on the External Guarantee of Zhejiang Jiangtong Fuye Heding Copper Co., Ltd., a Subsidiary of Jiangxi Copper Company Limited II. To consider and approve the Resolution on Signing of the Share Transfer Agreement of Thermonamic Electronics (Jiangxi) Company Limited between Jiangxi Copper Company Limited and Jiangxi Copper Corporation Limited

Corporate Governance Report

VII. FULFILMENT OF DUTIES BY DIRECTORS

(1) Attendance of Directors at the Board meetings and shareholders' meetings

Name of Director	Whether an independent Director	Required attendance in the year	Attendance in person	Participation in Board meetings			Whether not attend in person for two consecutive times	Participation in shareholders' meetings
				By telecommunication	Attendance by proxy	Absence		
Zheng Gaoqing (Chairman)	No	9	9	0	0	0	No	1
Wang Bo	No	9	9	0	0	0	No	1
Liu Fangyun	No	9	9	0	0	0	No	1
Yu Tong	No	9	9	0	0	0	No	1
Gao Jian-min	No	9	7	2	0	0	No	1
Liang Qing	No	9	7	2	0	0	No	1
Tu Shutian(resigned)	Yes	4	3	1	0	0	No	1
Liu Xike	Yes	9	7	2	0	0	No	1
Liu Erh Fei	Yes	9	7	2	0	0	No	1
Zhu Xingwen	Yes	9	7	2	0	0	No	1
Wang Feng	Yes	5	4	1	0	0	No	1

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

Not applicable

Board meetings convened during the year	9
Of which: On-site meetings	2
By telecommunication	0
Meetings held on site and by telecommunications	7

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

Not applicable

Corporate Governance Report

(3) Model Code for Securities Transaction by Directors

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

(4) Directors' participation in continuous professional development

During the Reporting Period, according to the requirement of the CSRC and the two stock exchanges, all the Directors namely Mr. Zheng Gaoqing, Mr. Wang Bo, Mr. Gao Jian-min, Mr. Liang Qing, Mr. Liu Fangyun, Mr. Yu Tong, Mr. Liu Erh Fei, Mr. Liu Xike, Mr. Zhu Xingwen and Mr. Wang Feng attended the training classes of professional knowledge, participated in the continuous professional development and updated their knowledge and skills, so as to ensure that they can contribute to the Board with the comprehensive information catering to their needs.

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

VIII. SPECIAL COMMITTEES OF THE BOARD

(1) Members of the special committees of the Board

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

Corporate Governance Report

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

Date	Matters	Key opinions and suggestions	Other performance of duties
22 March 2021	Reviewing matters related to the Company's annual report for 2020	The independent Directors made comments and recommendations on the Company's recognition as a high-tech enterprise, financial accounting treatment, account receivable, internal risk control, etc.	None
24 August 2021	Reviewing matters related to the Company's 2021 interim report	The independent Directors made comments and recommendations on the investment in research and development and the concentrate production in the operation in the first half of the year.	None

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

Date	Matters	Key opinions and suggestions	Other performance of duties
15 March 2021	Nominating Mr. Jiang Wenbo and Mr. Tu Dongyang as deputy general manager	None	None
23 March 2021	Nominating Mr. Zheng Gaoqing and others as the candidates for the ninth session of the Board of Directors	None	None
27 May 2021	Nominating Mr. Tu Dongyang as the candidate for the secretary to the Board and Mr. Peng Xihong as the chief legal officer	None	None

Corporate Governance Report

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

Date	Matters	Key opinions and suggestions	Other performance of duties
22 March 2021	Reviewing “2020 remuneration travel expense proposal for Directors, Supervisors and senior management” proposed by the human resources department of the Company	None	None

(5) Details of objections

Not applicable

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

Not applicable

No disagreement in supervised matters was raised by the Supervisory Committee during the Reporting Period.

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

According to the authorization by the general meeting, the Board has considered and approved the Proposal of Remuneration of Senior Management of the Company for the year 2021.

Corporate Governance Report

XI. AUDITORS' REMUNERATION

For the auditors' remuneration in 2021, please refer to the content of "Appointment and removal of accounting firms" under the section headed "Significant Events" in this report.

XII. COMPANY SECRETARY

For the year ended 31 December 2021, Mr. Tu Dongyang and Mr. Tung Tat Chiu, the joint company secretary of the Company, had received relevant professional trainings of not less than 15 hours to update his skills and knowledge. Mr. Tu Dongyang, the deputy general manager and the joint company secretary of the Company is the main contact person for Mr. Tung.

XIII. SHAREHOLDERS' RIGHTS

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

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

Corporate Governance Report

XIV. INVESTOR RELATIONS

During the Reporting Period, the Company attached great importance to build a sound and harmonious investor relation. The Company intensified the communication and interaction with its shareholders through various channels such as the Company's website, emails, telephone and facsimile, greeted its shareholder's visits and replied to their letter and calls seriously, and addressed their concerns and inquiries, turning the investors' request and suggestions as an incentive for the Company to grow.

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

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

XV. RISK MANAGEMENT AND INTERNAL CONTROL

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

Corporate Governance Report

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

The Audit Committee of the Company regularly (twice a year) reviews the risk management system for the year 2021 of the Group. During the Reporting Period, the Independent Audit Committee has conducted an evaluation for the Group's management system, and is of the view that the risk management system of the Group is effective and adequate.

The Board is responsible for the risk management and internal control systems and is responsible for reviewing the effectiveness of these systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board regularly (once a year) reviews the internal control of the Group. The Company has a Risk Control Internal Audit and Law Department, one of whose functions is internal control, which provides analysis and independent assessment of the Company's risk management and internal control system. During the Reporting Period, the Board has conducted an evaluation for the Group's internal control. Please refer to the 2021 Internal Control Evaluation Report published in the "Internal Control" section of this report for details.

XVI. INSIDE INFORMATION POLICY

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

Business Overview of the Company

I. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

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

The main assets owned and controlled by the Group include:

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

Business Overview of the Company

4. Eight modern copper products processing plants: Jiangxi Copper Products Company Limited, Jiangxi Copper (Guangzhou) Copper Production Company Limited, Jiangxi Copper Yates Copper Foil Company Limited, Jiangxi Copper – Taiyi Special Electrical Materials Company Limited, Jiangxi Copper (Longchang) Precise Copper Pipe Company Limited, JCC Copper Products Company Limited, JCC Huabei (Tianjin) Copper Co., Ltd. and JCC Huadong (Zhejiang Copper) Co., Ltd..

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

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

Business Overview of the Company

2. Business model

(1) Procurement model

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

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

Business Overview of the Company

(2) Sales model

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

(3) Production model

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

Business Overview of the Company

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

1. Advantage of scale

The Group has the largest production base of copper, associated gold and silver and owns an important base of sulphuric chemistry in the PRC. The Company owns the copper mine of the largest scale currently in the PRC, namely Dexing Copper Mine and a number of copper mines under production. As at 31 December 2021, the Company had 100% ownership in the resource reserves of approximately 8.619 million tonnes of copper metal, 278.5 tonnes of gold, 8,138 tonnes of silver, and 200,000 tonnes of molybdenum. Among the resources jointly controlled by the Company and other companies, metal resource reserves attributable to the Company (based on its equity percentage) were approximately 4,435,000 tonnes of copper and 52 tonnes of gold. Humon Smelting, a controlled subsidiary of the Company and its subsidiaries have 150.38 tonnes of proven gold reserves which have completed reserve registration.

2. Advantage of having a complete integrated industrial chain

- (1) As the largest integrated copper production enterprises in the PRC, the Group has established its industrial chain with core businesses in mining, ore dressing, smelting and processing of gold and copper, as well as sulphuric chemistry and extraction and processing of precious and rare metals. The annual production of copper contained in copper concentrates of the Company is over 200,000 tonnes. Humon Smelting, a controlled subsidiary of the Company, has an annual production capacity of 50 tonnes of gold and 1,000 tonnes of silver and has production capacity of 0.25 million tonnes of electrolytic copper and 1.3 million tonnes of sulphuric acid.
- (2) The Group is currently the largest copper processing manufacturer in the PRC, with over 1,600,000 tonnes of processed copper products produced per year.
- (3) The production capacity of copper cathode of the Group is over 1,700,000 tonnes per year, and the Guixi Smelter of the Company is the copper smelter with the largest monomer smelting scale in the world.

Business Overview of the Company

3. Advantage of technologies

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

4. Advantage of cost

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

5. Advantage of brand

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

6. Management and talent advantage

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

Report of the Board

I. PRINCIPAL BUSINESS

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

II. CHANGES IN SHARE CAPITAL

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

III. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities as of the Reporting Period

Not applicable

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

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

(III) Existing internal staff shares

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

IV. BUSINESS OVERVIEW

(I) Business summary and analysis

Business and result analysis combining key financial performance indicators of the Group are set out in Summary of Accounting Data and Major Financial Indicators on pages 7 to 11, Business Overview of the Company on pages 84 to 89 and the Management Discussion and Analysis on pages 12 to 60 of this report.

Report of the Board

(II) Environmental policies and performance

For information including the environmental policies and social responsibilities of the Company, please refer to the content in “XV. Active Performance of Social Responsibility” under “Significant Events” of this report and the Company has separately issued the “Environmental, Social and Governance Report” for the year 2021 in accordance with the relevant requirements of the Listing Rules on 25 March 2022.

(III) Compliance with relevant laws and regulations

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

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

(IV) Significant relationship with stakeholders

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

1. Employees

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

2. Suppliers

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

Report of the Board

3. Customers

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

(V) Major risks and uncertainties

Description of the potential risks which may be encountered by the Group is set out on pages 57 to 60 in the Management Discussion and Analysis of this report.

(VI) Significant matters after the Reporting Period

Not applicable

(VII) Future development

Future development of the business of the Group is set out on pages 53 to 60 in the Management Discussion and Analysis of this report.

V. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	178,349
Total number of ordinary shareholders at the end of the previous month before the disclosure of the annual report	163,987
Total number of shareholders of preference shares with voting rights restored at the end of the Reporting Period	0
Total number of shareholders of preference shares with voting rights restored at the end of last month before the disclosure of the annual report	0

Report of the Board

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

Shareholdings of top ten shareholders

Unit: Share

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to lock-up	Situation of pledge, mark or freeze		
					Share status	Number of shares	Nature of shareholder
Jiangxi Copper Corporation Limited ("JCC")	24,713,500	1,493,617,610	43.13	0	Nil	0	State-owned legal person
HKSCC Nominees Limited ("HKSCC")	-1,120,908	1,073,524,014	31.00	0	Nil	0	Unknown
China Securities Finance Corporation Limited	0	103,719,909	3.00	0	Nil	0	Unknown
Hong Kong Securities Clearing Company Limited	-3,097,863	30,884,480	0.89	0	Nil	0	Unknown
Yang Weiyu	4,478,124	7,705,551	0.22	0	Nil	0	Unknown
Hong Wenhui	-510,818	4,813,812	0.12	0	Nil	0	Unknown
Liu Ding	0	4,170,451	0.12	0	Nil	0	Unknown
Zhang Shulin	710,800	3,565,300	0.10	0	Nil	0	Unknown
Hua Zhongfu	3,503,700	3,503,700	0.10	0	Nil	0	Unknown
China Merchants Securities Co Ltd	-631,626	3,493,508	0.10	0	Nil	0	Unknown

Report of the Board

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

Unit: Share

Name of shareholder	Number of tradable shares held not subject to lock-up	Class and number of shares	Number
JCC	1,493,617,610	Ordinary shares denominated in RMB (A shares)	1,185,160,610
		Overseas listed foreign shares (H shares)	308,457,000
HKSCC	1,073,524,014	Overseas listed foreign shares (H shares)	1,073,524,014
China Securities Finance Corporation Limited	103,719,909	Ordinary shares denominated in RMB (A shares)	103,719,909
Hong Kong Securities Clearing Company Limited	30,884,480	Ordinary shares denominated in RMB (A shares)	30,884,480
Yang Weiyu	7,705,551	Ordinary shares denominated in RMB (A shares)	7,705,551
Hong Wenhui	4,813,812	Ordinary shares denominated in RMB (A shares)	4,813,812
Liu Ding	4,170,451	Ordinary shares denominated in RMB (A shares)	4,170,451
Zhang Shulin	3,565,300	Ordinary shares denominated in RMB (A shares)	3,565,300
Hua Zhongfu	3,503,700	Ordinary shares denominated in RMB (A shares)	3,503,700
China Merchants Securities Co Ltd	3,493,508	Ordinary shares denominated in RMB (A shares)	3,493,508
The explanation on special repurchase accounts of top ten shareholders	Nil		
The explanation on entrusting/being entrusted voting rights or waiving voting rights of the aforesaid shareholders	Nil		
The explanation on the connected relationship or parties acting in concert among the aforesaid shareholders	Nil		
The explanation on preferred shareholders with restored voting rights and the number of shares held	Nil		

Report of the Board

- Notes:*
1. HKSCC is a member of the Central Clearing and Settlement System, providing registration and custodial services for customers. HKSCC held a total of 1,073,524,014 H shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 31.00% of the total issued share capital of the Company.
 2. The 308,457,000 H shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC when disclosed in the table above. Taking into account the H shares held by JCC, HKSCC held 1,381,198,014 shares as nominee, representing approximately 39.91% of the issued share capital of the Company.
 3. During the Reporting Period, JCC, the controlling shareholder, commenced securities lending business. The increase in number of shares held by JCC in the above table during the Reporting Period was in fact the number of shares returned from the securities lending.
 4. As at 31 December 2021, the net securities lending from JCC was 20,318,500 A shares. If the number of securities lending is included, the actual holding of JCC is 1,513,936,110 shares, representing approximately 43.72% of the total issued share capital.

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

Not applicable

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

Not applicable

Report of the Board

(III) Interests and short positions of shareholders

As at 31 December 2021, the interests or short positions of the shareholders, other than Directors, Supervisors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (“SFO”) or otherwise as notified to the Company were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares (Note 1)	Approximate percentage of the number of the relevant class of shares (%)	Approximate percentage of total issued share capital (%)
JCC	A shares	Beneficial owner	1,205,479,110(L)	58.09(L)	34.81(L)
JCC (Note 2)	H shares	Beneficial owner	308,457,000(L)	22.23(L)	8.90(L)
Brown Brothers Harriman & Co.	H shares	Approved lending agent	86,806,493(L)	6.26(L)	2.50(L)
			86,806,493(P)	6.26(P)	2.50(P)

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

Note 2: The 308,457,000 H shares held by JCC were registered with HKSCC. During the Reporting Period, JCC commenced its securities lending business, and the above table includes the 20,318,500 A shares lent.

Save as disclosed above, pursuant to the register required to be kept under Section 336 of SFO or otherwise as notified to the Company, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2021.

Report of the Board

VI. PARTICULARS OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Particulars of controlling shareholder

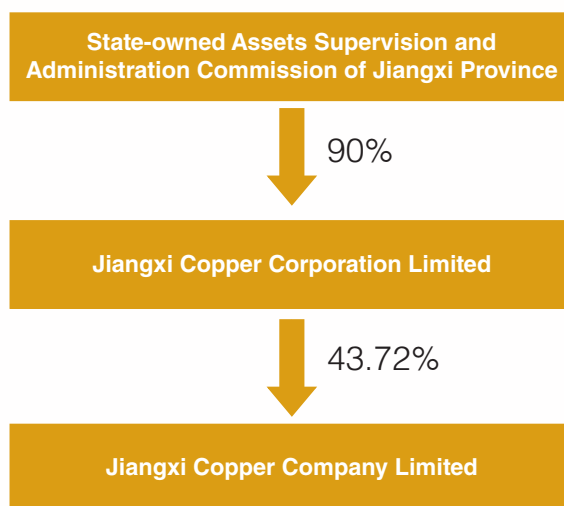
Name	Jiangxi Copper Corporation Limited
Person in charge or legal representative	Zheng Gaoqing
Establishment date	26 June 1979
Principal operations and businesses	Non-ferrous mines, non-metallic mines and products of refined and processed non-ferrous metals
Equity interests in other domestic and overseas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

1. Change in controlling shareholder during the Reporting Period

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

Report of the Board

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



(II) Particulars of the de facto controller

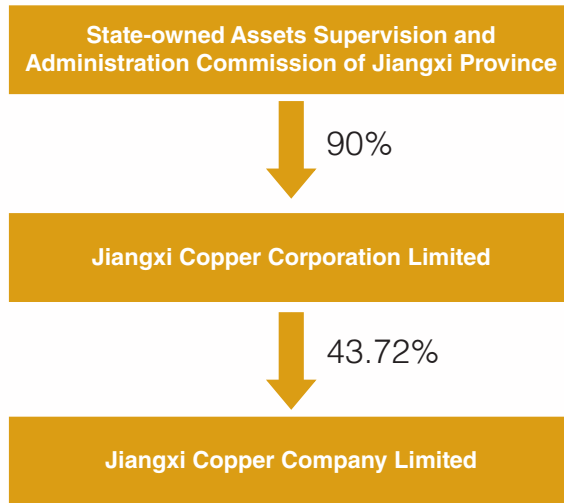
Name	State-owned Assets Supervision and Administration Commission of Jiangxi Province
Person in charge or legal representative	Chen Deqin

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

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

Report of the Board

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



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

Not applicable

VIII. OTHER LEGAL PERSON SHAREHOLDERS WITH OVER 10% SHAREHOLDING

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

IX. PUBLIC FLOAT

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

Report of the Board

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

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

XI. PRE-EMPTIVE RIGHTS

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

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

(I) Changes in shareholdings and remunerations

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

Unit: Share

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change	Total remuneration payable by the Company during the Reporting Period (before tax)	Whether received remuneration from connected parties of the Company
Zheng Gaoqing	Chairman	Male	56	09 September 2020		0	0	/	/	129.79	No
	General Manager			18 January 2019							
	Executive Director			22 March 2019							
Wang Bo	Executive Director	Male	58	18 July 2016		0	0	/	/	129.79	No
Liu Fangyun	Executive Director	Male	56	10 June 2020		0	0	/	/	129.79	No
	Deputy general manager			13 November 2019							
Yu Tong	Chief financial officer	Male	50	28 August 2018		0	0	/	/	129.79	No
	Executive Director			15 January 2019							
Gao Jian-min	Executive Director	Male	62	24 January 1997		0	0	/	/	25	No
Liang Qing	Executive Director	Male	68	12 June 2002		0	0	/	/	25	No
Liu Erh Fei	Independent non-executive Director	Male	63	18 July 2016		0	0	/	/	15	No

Report of the Board

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Opening shares held	Closing shares held	Change in increase or decrease in shares during the year	Reasons for change	Total remuneration payable by the Company during the Reporting Period (before tax) (RMB'000)	Whether received remuneration from connected parties of the Company
Tu Shutian	Independent non-executive Director (resigned)	Male	60	12 January 2015	8 June 2021	0	0	/	/	7.5	No
Liu Xike	Independent non-executive Director	Male	48	12 June 2018		0	0	/	/	15	No
Zhu Xingwen	Independent non-executive Director	Male	60	15 January 2019		0	0	/	/	15	No
Wang Feng	Independent non-executive Director	Male	45	8 June 2021		0	0	/	/	7.5	No
Guan Yongmin	Supervisor (<i>chairman of the Supervisory Committee</i>)	Male	58	10 June 2020		0	0	/	/	93.19	No
Wu Donghua	Supervisor	Male	59	10 June 2020		0	0	/	/	93.19	No
Zhang Jianhua	Supervisor	Male	57	18 July 2016		0	0	/	/	93.19	No
Zeng Min	Supervisor (resigned)	Male	57	21 March 2016	27 January 2022	0	0	/	/	93.19	No
Zhang Kui	Supervisor (resigned)	Male	59	29 March 2017	27 January 2022	0	0	/	/	93.19	No
Zhao Bicheng	Supervisor	Male	33	27 January 2022		0	0	/	/	/	No
Gong Bin	Supervisor	Female	44	27 January 2022		0	0	/	/	/	No
Liao Xingeng	Deputy general manager	Male	55	18 July 2018		0	0	/	/	99.29	No
Chen Yunian	Deputy general manager	Male	58	23 October 2017		0	0	/	/	99.29	No
Jiang Wenbo	Deputy general manager	Male	53	18 March 2021		0	0	/	/	74.47	No
Tu Dongyang	Deputy general manager	Male	47	18 March 2021		0	0	/	/	74.47	No
	Secretary to the Board			28 May 2021		0	0	/	/		No
Peng Xihong	Chief legal officer	Male	51	28 May 2021		0	0	/	/	57.92	No
Tung Tat Chiu Michael	Company secretary	Male	59	24 January 1997		0	0	/	/	5	No
Lin Jinliang	Chief legal officer (resigned)	Male	57	30 August 2010	28 May 2021	0	0	/	/	24.82	No
Total		/	/	/	/	0	0	/	/	1,530.37	/

Report of the Board

Name	Major work experience
Zheng Gaoqing	Mr. Zheng is a current Party Committee Secretary, General Manager, executive Director and Chairman of the Company. He received postgraduate education with a master in business management. He had been a technician, assistant engineer and engineer of Jiangxi Optical Instrument Factory* (江西光學儀器廠); cadre of Shangrao County Economic Commission of Jiangxi Province* (江西上饒縣經委幹部), deputy director and deputy secretary of the Second Light Bureau* (二輕局), deputy director of the Power Supply Bureau* (供電局), concurrently as chairman and general manager of Jiangxi Hexing Electronics Co., Ltd.* (江西和興電子有限公司); the chairman and general manager of Jiangxi Shangrao Ganxing Electronics Co., Ltd.* (江西上饒贛興電子有限公司); Director of Shangrao County Handicraft Association* (上饒縣手工聯社), the general manager of Great Wall Enterprise Group* (長城企業集團); concurrently as Secretary to the Party Committee of Shangrao County Second Light General Corporation* (上饒縣二輕總公司); the deputy magistrate of the Poyang County Government of Jiangxi Province, member of the Standing Committee of the County Party Committee, executive deputy magistrate; the deputy secretary of the Municipal Party Committee and mayor of Dexing City; the secretary of the Wannian County Party Committee; member of the Party Committee and deputy manager of the State-owned Assets Supervision and Administration Commission of Jiangxi Province. He has extensive management experience.
Wang Bo	Mr. Wang, a current Deputy Party Committee Secretary and an executive Director of the Company, Senior Political Engineer with postgraduate educational level and extensive experience in administration management.
Liu Fangyun	Mr. Liu Fangyun, a current Party Committee member, an executive Director, and deputy general manager of the Company, graduated from Kunming Institute of Technology majoring in mining machinery, with a bachelor's degree and is a professor-level senior engineer. He was the head of the Chengmenshan Copper Mine, the head of the Dexing Copper Mine, the secretary to the Party committee, chairman and general manager of Jiangxi Province Minbao Investment Company Limited* (江西省民爆投資有限公司).

Report of the Board

Name	Major work experience
Yu Tong	Mr. Yu, a current Party Committee member, an executive Director, and a Chief Financial Officer of the Company, graduated from Jianxi University of Finance and Economics majoring in statistic and finance. He obtained a master's degree in business administration from the MBA School of Jiangxi University of Finance and Economics. He used to be the financial auditing department manager of Jiangxi International Economic and Technical Cooperation Corporation of China, and the financial director of Jiangxi Dacheng State-owned Assets Management and Management Co., Ltd., with rich financial management experience.
Gao Jian-min	Mr. Gao graduated from Tsinghua University. Mr. Gao has been a Director of the Company since its incorporation. He is currently the chairman of Silver Grant Group (HK) Limited, and was a director and the managing director of Silver Grant International Holdings Group Limited, a director of Qingling Motors Co., Ltd. and the vice chairman of Oshidori International Holdings Limited. He has extensive experience in finance, industrial investment and development.
Liang Qing	Mr. Liang has been appointed as a Director of the Company since June 2002. Mr. Liang was the vice chairman and general manager of China Minmetals H.K. (Holdings) Limited. He has abundant experience in international trading and investment.
Liu Erh Fei	Mr. Liu is currently the chief executive officer of Asia Investment Fund. Mr. Liu was a senior management in various financial institutions such as Goldman Sachs, Morgan Stanley, Salomon Smith Barney, Bank of America Merrill Lynch and was the co-founder of Cindat Asset Management Limited.

Report of the Board

Name	Major work experience
Liu Xike	Mr. Liu is currently the president of Jiangxi Financial Development Group Co., Ltd., graduated from Jiangxi University of Finance and Economics majoring in investment and Cheung Kong Graduate School of Business. He had worked for China Construction Bank, Zhonglei Certified Public Accountants, and China Securities Regulatory Commission Jiangxi Supervision Bureau.
Zhu Xingwen	Mr. Zhu is currently a professor, Ph. D., and a master's tutor at the School of Accounting, Jiangxi University of Finance and Economics. His main research interests are accounting theory and methods, auditing theory and practice. He especially acquired research outcome of a self-developed system in the aspect of accounting legal norms, accounting standards theory and accounting and auditing issues under the corporate governance framework.
Wang Feng	Mr. Wang is a Ph. D., graduated from Peking University majoring in corporate management. He is currently the chairman of Beijing He Jun Consulting Limited *(北京和君諮詢有限公司), the chairman of He Jun Consulting of He Jun Group Limited* (和君集團有限公司和君諮詢), the associate dean and senior partner of He Jun Business School*(和君商學院).
Guan Yongmin	Mr. Guan is currently the assistant to the general manager of the Company. He graduated from Jiangxi Hydraulic College*(江西水利專科學校), majoring in hydraulic engineering and is a professor-level senior engineer. He has served as the head of Dexing Copper Mine, the head of Chengmenshan Copper Mine and the head of Yongping Copper Mine.
Wu Donghua	Mr. Wu is currently the senior specialist of the Company. He graduated from Kunming Institute of Technology, majoring in smelting of non-ferrous metal in the metallurgy department and is a professor-level senior engineer. He has served as the secretary to the General Branch of the Party in the Smelting Workshop of Guixi Smelter* (貴溪熔煉車間黨總支), the general manager of the Planning and Production Department and the assistant to the general manager of the Company.

Report of the Board

Name	Major work experience
Zhang Jianhua	Mr. Zhang is currently the chairman of Jiangxi Copper (Beijing) International Investment Co., Ltd.. He was the deputy director of the Corporate Management Department of JCC and the vice general manager of the Planning and Development Department, the general manager of the Legal and Risk Control Department and the general manager of the Operation Management Department of the Company. Mr. Zhang has extensive experience in administrative and legal affairs.
Zhao Bicheng	Mr. Zhao is currently a standing vice chairman of the Labor Union of the Company and a university graduate. He had worked for Jiangxi Provincial Fire Brigade, and worked as the deputy secretary and director of Disciplinary Inspection and Supervision Office of Discipline Inspection Commission of Jiangxi State-owned Capital Operation Holdings Group Co. Ltd. *(江西省省屬國有企業資產經營(控股)有限公司)
Gong Bin	Mr. Gong is currently the deputy secretary of the Disciplinary Committee of the Company, director of the Inspection Office of the Party Committee, and a university graduate. He served as the deputy director of the TV station, and the deputy secretary of the Youth League Committee of Jiangxi Copper Co., Ltd., and the secretary of the Disciplinary Committee of the Processing Division of Dexing Copper Mine.
Liao Xingeng	Mr. Liao is currently a member of the Party Committee, the deputy general manager and the senior engineer of the Company. He graduated from the Southern Metallurgical College with a major in non-ferrous metallurgy. He is a master's graduate from Nanchang University with a major in business administration. He used to be the chairman of Jiangxi Rare Earth Metal Tungsten Industry Group Import and Export Co., Ltd. and an assistant to the general manager and the deputy general manager of Jiangxi Rare Metal Tungsten Holding Group Co., Ltd.; the deputy general manager of Jiangxi Tungsten Holding Group Co., Ltd., with rich experience in administrative management.

Report of the Board

Name	Major work experience
Chen Yunian	Mr. Chen is currently a member of the Party Committee, the deputy general manager, and a senior engineer of the Company. He graduated from the Changsha School of Engineering majoring in smelting profession in July 1982 and graduated from the Central Party School (Open College), majoring in economics management in December 2003. He served as the deputy director of the electrolysis workshop, director of smelting workshop of Guixi Smelter, deputy director of Guixi Smelter, assistant to the general manager of the Company and director of Guixi Smelter of the Company.
Jiang Wenbo	Mr. Jiang is currently the deputy general manager of the Company, a senior political engineer, graduated from the Southern Institute of Metallurgy majoring in surveying. He served as the secretary of the Party Committee and Chief Mining officer of the Company's Wushan Copper Mine; secretary of the Party Committee and chairman and general commander of Sichuan rare earth project construction of Sichuan JCC Rare Earths Company Limited.*(四川江銅稀土有限責任公司)
Tu Dongyang	Mr. Tu is currently a member of the Company's Party Committee, deputy general manager, secretary of the board of directors, and a doctor of economics. He successively worked for the People's Bank of China, insurance institutions, and financial regulatory authorities. He served as the director of the Personal Insurance Supervision Division, and the director of the Office (Consumer Rights Protection Division) of the Xiamen Supervision Bureau of the former China Insurance Regulatory Commission, the director of the supervising division of foreign-funded institutions of Xiamen Office of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會廈門監管局外資機構監管處), a first-level researcher, and assistant to the general manager of Jiangxi Copper Co., Ltd. (temporary post).

Report of the Board

Name	Major work experience
Peng Xihong	Mr. Peng is currently the chief legal officer of the Company, and graduated from East China University of Political Science and Law with a master of Laws. He was the head of the Civil Adjudication Tribunal No.3, head of the Criminal Adjudication Tribunal and a member of the tribunal committee of the People's Court of Donghu District, Nanchang City, Jiangxi Province, the PRC. He served as the deputy director and the director (general manager) of the legal affairs department of Jiangxi Provincial Investment Group Co., Ltd* (江西省投資集團有限公司) and director of the legal affairs department of the enterprise management department of Jiangxi Military Industry Holding Co., Ltd.* (江西省軍工控股集團有限公司).
Tung Tat Chiu, Michael	The Hong Kong legal adviser of the Company, a senior partner of Tung & Co., Mr. Tung holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom. He has over 30 years of experience as a practicing lawyer in Hong Kong. Mr. Tung joined the Company in January 1997. Mr. Tung is also the company secretary of a number of companies listed in Hong Kong.

Report of the Board

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

1. Positions held in shareholders' entities

Name	Name of shareholder's entity	Position held at the shareholder's entity	Appointment date	End of term
Zheng Gaoqing	JCC	Secretary to the Party Committee	31 August 2020	
		Chairman	21 September 2020	
Liu Fangyun	Jiangxi Copper Engineering Magazine Co., Ltd.	Executive Director, Legal representative	20 November 2020	1 February 2021
Liao Xingeng	Jiangxi Rare Earth Functional Materials Technology Co., Ltd.	Director, Vice chairman	20 November 2020	1 February 2021
	Guorui Kechuang Rare Earth Functional Materials Co., Ltd.	Director	20 November 2020	1 February 2021
Chen Yunian	Jinrui Futures Shareholding Company	Supervisor	1 February 2021	
Jiang Wenbo	Sichuan JCC Rare Earths Company Limited	Director, Chairman, Legal representative	8 October 2019	4 January 2021
Lin Jinliang	JCC	External director	10 March 2021	16 February 2022
Zhang Jianhua	Jinrui Futures Shareholding Company	Director	6 December 2021	
	Jiangxi Copper (Beijing) International Investment Co., Ltd	Director, Chairman, Legal representative	8 September 2021	
Explanation on positions held in shareholders' entities	Nil			

Report of the Board

2. Positions held in other entities

Name	Name of other entities	Position held at other entities	Appointment date	End of term
Zheng Gaoqing	Jiangxi Copper (Hong Kong) Company Limited	Chairman	25 October 2019	28 February 2022
Zhang Jianhua	Shandong Humon Smelting Co., Ltd	Director	2 July 2019	6 December 2021
	Jiangxi Copper International Trade Company Limited	Supervisor, Chairman of the Supervisory Committee	25 March 2020	6 December 2021
Wu Donghua	Jiaxin International Resources Investment Limited	Director	25 October 2019	1 March 2021
Chen Yunian	Jiangxi Copper (Hong Kong) Company Limited	Director	3 September 2018	1 February 2021
Yu Tong	Jiangxi Copper (Hong Kong) Company Limited	Director	3 September 2018	1 February 2021
	JCC Finance Company Limited	Director, Chairman	27 November 2020	11 February 2022
Lin Jinliang	Jiangxi Copper (Hong Kong) Company Limited	Director	3 September 2018	1 February 2021
Guan Yongmin	Jiangtong-Wengfu Chemical Engineering Company Limited	Director, Chairman, Legal representative	11 December 2020	25 October 2021
Gao Jian-min	Silver Grant Group (HK) Limited	Chairman	2 September 2019	
Liu Erh Fei	Asia Investment Fund	Chief executive officer		
Tu Shutian	Nanchang University	Professor		
	Chinese Universe Publishing and Media Co., Ltd.	Independent Director	26 April 2019	
	Fujian Minfa Aluminium Inc	Independent Director	1 July 2020	
	Advanced System Development Co., Ltd.	Independent Director	25 December 2020	
Liu Xike	Jiangxi Financial Development Group Shareholding Co., Ltd.	President	1 June 2016	
Zhu Xingwen	The School of Accounting of the Jiangxi University of Finance and Economics	Professor		
Wang Feng	Beijing He Jun Consultancy Limited	Chairman		
	He Jun Consultancy of He Jun Group Limited	Chairman		
	He Jun Business School	Associate dean		
Explanation on positions held in other entities	Nil			

Report of the Board

(III) Remuneration of Directors, Supervisors and senior management

Determination procedures for remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Company formulates proposals on remuneration of Directors and senior management to be submitted to the Board for consideration and approval. The remuneration of Supervisors was considered by the Supervisory Committee.
Determination basis for remuneration of Directors, Supervisors and senior management	Remuneration for the Directors, Supervisors and senior management of the Company consist of basic salaries and performance salaries, among which performance salaries are calculated based on the basic salaries to be received by the Directors, Supervisors and senior management according to the assessment of their annual operating results. Remuneration for the independent Directors are determined according to the annual subsidies.
Particulars of remuneration payable to Directors, Supervisors and senior management	During the Reporting Period, payable remuneration of Directors, Supervisors and senior management were RMB15.3037 million.
Actual total payment of remuneration to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, Directors, Supervisors and senior management received a total remuneration of RMB15.3037 million.

Report of the Board

(IV) Change in Directors, Supervisors and senior management

Name	Position Held	Change	Reasons for the changes
Zheng Gaoqing	Director, Chairman	Election	Re-election
Wang Bo	Director	Election	Re-election
Liu Fangyun	Director	Election	Re-election
Yu Tong	Director	Election	Re-election
Gao Jian-min	Director	Election	Re-election
Liang Qing	Director	Election	Re-election
Wang Feng	Independent Director	Election	Re-election
Liu Erh Fei	Independent Director	Election	Re-election
Zhu Xingwen	Independent Director	Election	Re-election
Liu Xike	Independent Director	Election	Re-election
Guan Yongmin	Supervisor, Chairman of the Supervisory Committee	Election	Re-election
Zhang Jianhua	Supervisor	Election	Re-election
Wu Donghua	Supervisor	Election	Re-election
Zhang Kui	Supervisor	Election	Re-election
Zeng Min	Supervisor	Election	Re-election
Tu Dongyang	Secretary to the Board, Deputy General Manager	Appointment	
Jiang Wenbo	Deputy General Manager	Appointment	
Peng Xihong	Chief Legal Officer	Appointment	
Tu Shutian	Independent Director	Appointment	Expiry of the term of office
Lin Jinliang	Chief Legal Officer	Appointment	

Report of the Board

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

Not applicable

(VI) Directors' and Supervisors' service contracts

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

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

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

As at 31 December 2021, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation as recorded in the register of the Company required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules.

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

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

Except for the transactions disclosed in Significant Events XII. Material Connected Transactions in this annual report, as at 31 December 2021 or at any time during the reporting year, none of the Company or its subsidiaries entered into any transactions, arrangements or contracts of significance in which any of the Directors or Supervisors or an entity connected with them was either directly or indirectly materially interested.

Report of the Board

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

1. Employee information

Number of in-service employees in the parent	12,911
Number of in-service employees in major subsidiaries	13,255
Total number of in-service employees	26,166
Number of employees retired for whom the parent and major subsidiaries shall be liable to expenses	0

Specialty composition

Category	Headcount
Production	18,240
Sales	379
Technician	3,609
Financial	429
Administration	3,509
Total	26,166

Education level

Category	Headcount
Post-secondary and above	10,224
Technical secondary and senior secondary	5,409
Junior secondary and below	10,533
Total	26,166

Report of the Board

2. Remuneration policies

In 2021, the Company followed the implementation of a position-performance payroll mechanism and based on the principle of division of labour, made remuneration distribution according to value of position, work techniques and results. Staff remuneration mainly including position salaries, performance salaries and other welfare, were released based on assessment with reference to the operating performance of the Company and management obligation, etc.

3. Training plan

In 2021, the Company followed the systems related to training management, such as the Management Measures of Education and Trainings (《公司教育培訓管理辦法》), Management Measures on Education and Training Budgets (《公司教育培訓經費管理辦法》), Management Measures on Training and Use of Outstanding Students (《公司優秀生培養與使用管理辦法》), Proposal for Evaluation on the Effectiveness of Training Implementation (《公司培訓實施效果評估方案》) and Proposal for Talent Self-nurturing and Evaluation Implementation (《公司技能人才自主培養與評價實施方案》). The Company continuously optimized the training management system, deepened the construction of self-nurturing and evaluation system for skilled talents, improved the talent cultivation mechanism and consolidated the foundation of three talent teams, namely management, technology and skills to continuously enhance the guarantee ability of talents for the sustainable development. In 2021, the Company has held a total of 90 sessions of trainings of various types with 6,029 persons actually participating in. Each unit has independently carried out the evaluation of junior workers, intermediate workers and senior workers in 35 types of workers including flotation workers. A total of 1,146 persons have applied to participate in the independent assessment and appraisal, and 868 persons met the “double standards” in theory and practice, and achieved corresponding vocational skills, including 17 junior workers, 104 intermediate workers, and 747 senior workers. There are also 97 technicians and 60 senior technicians who have obtained corresponding qualifications through participating in the independent evaluation and assessment organized by the Company.

4. Outsourcing

Not applicable

Report of the Board

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

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

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

Report of the Board

The Board hereby recommends that after the approval of the shareholders at the forthcoming 2021 annual general meeting of the Company (the “**AGM**”):

- (1) appropriate 10% of the profit after tax of the parent company calculated under the PRC GAAP to the statutory surplus reserve;
- (2) distribute a final dividend of RMB5 per 10 shares (tax inclusive) for the year ended 31 December 2021 (2020: RMB0.10 per share) to all Shareholders based on the total issued share capital of 3,462,729,405 shares as at 31 December 2021, amounting to approximately RMB1,731,364,703 accounting for 30.72% of the net profit attributable to shareholders of the listed company for the year of 2021. The remaining undistributed profits are carried down to the next year;
- (3) the A shares 2021 final dividend will be declared and paid in Renminbi, and the H shares 2021 final dividend will be declared in Renminbi and paid in Hong Kong dollars; and
- (4) The profit distribution will not carry out transfer of capital reserve to share capital or issue of bonus shares.

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

(II) A special explanation on cash dividend policy

- | | |
|--|-----------------------------------|
| Whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting | ✓ Yes <input type="checkbox"/> No |
| Whether the basis and ratio of the distribution of dividends are specific and clear | ✓ Yes <input type="checkbox"/> No |
| Whether the relevant decision making procedure and mechanism are sound | ✓ Yes <input type="checkbox"/> No |
| Whether the independent Directors have duly performed their duties and functions | ✓ Yes <input type="checkbox"/> No |
| Whether there are sufficient opportunities for minority shareholders to express their views and concerns, and whether their legal interests are sufficiently protected | ✓ Yes <input type="checkbox"/> No |

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

Not applicable

(IV) Other Explanations

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

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

Withholding and Payment of Personal Income Tax for Individual H Shareholders

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) dated 28 June 2011, and the letter entitled “Tax arrangements on dividends paid to Hong Kong residents by Mainland companies” dated 4 July 2011 issued by the Stock Exchange, the Company is required to withhold and pay the individual income tax in respect of the 2021 final dividends paid to the individual H Shareholders (the “**Individual H Shareholders**”), as a withholding agent on behalf of the same. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2021 final dividends is to be distributed to the holders of H Shares whose names appear on the register of members of the Company as at 30 June 2022, the Company will base on the tax rate of 10% to withhold 10% of the dividend to be distributed to the Individual H Shareholders as individual income tax. For non-resident enterprise holders of H Shares, the Company will withhold 10% of the dividend as enterprise income tax according to the relevant tax regulations in line with its previous practice.

Report of the Board

If shareholders' names appear on the H Shares register of members, please refer to nominees or trust organization for details of the relevant arrangements. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with the laws, and withhold and pay the enterprise income tax and individual income tax on behalf of the relevant shareholders based on the H Shares register of members of the Company as of 30 June 2022. The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any uncertainties in the identity of the shareholders.

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

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

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

Report of the Board

XIV. EQUITY-LINKED AGREEMENT

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

XV. DONATION

The Company has actively engaged in social public welfare undertakings and promoted community development. On the basis of the overall victory in China's fight against poverty, the Company took the initiative to invest in the cause of rural revitalization, actively promoted the local economic and cultural construction with its own advantages, and fulfilled the Company's social responsibilities and obligations. During the Reporting Period, the Company launched the "Charity Day donation" activity, with a total of 17,231 participants, with a total donation amount of more than RMB1.66 million.

Report of the Supervisory Committee

2021 WORK REPORT OF THE SUPERVISORY COMMITTEE

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

1. Compliance operation of the Company: During the Reporting Period, in accordance with the relevant provisions of the Company Law and the Articles, the Company supervised the convening procedure and resolutions of general meetings and Board meetings of the year, the implementation of the resolutions of the general meetings by the Board; the integrity and diligence of Directors and senior management of the Company. The Supervisory Committee is of the view that the decision-making procedures of the Company are legal and operate in strict accordance with the internal control system, and no connected parties abnormally occupy the funds of the Company and violate guarantee. As at 31 December 2021, Heding Copper, a subsidiary of the Company, provided a guarantee of RMB1.410 billion for Zhejiang Fuye Group. In particular, Jiangxi Jinhui Environmental Technology Co., Ltd. (江西金匯環保科技有限公司), Jiangxi Hefeng Environmental Technology Co., Ltd. (江西和豐環保科技有限公司) and Zhejiang Fuhe Zhiye Co., Ltd.* (浙江富和置業有限公司) acted as the counter-guarantor of Fuye Group and undertook counter-guarantee with joint and several liabilities to Heding Copper with all of their own assets. The Company did not provide any guarantees to its major shareholders and subsidiaries of the major shareholders. There was no non-operating capital occupation between the Company, its major shareholder and subsidiaries of the major shareholders. When performing official duties, Directors and senior management earnestly fulfilled their obligations of honesty and diligence, without violating laws, administrative regulations, the Articles, or activities that would damage the interests of the Company.
2. Financial inspection of the Company: The Supervisory Committee duly considered the periodic reports and effectively inspected the 2021 financial position and financial structure of the Company. The Supervisory Committee concluded that the financial position of the Company is performing well and there are no major risks. The Supervisory Committee is of the view that the audited 2021 financial report of the Company prepared in accordance with PRC GAAP and IFRSs reflects the financial situation and operating results in an objective, fair and true manner.

Report of the Supervisory Committee

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

In summary, in 2022, the Supervisory Committee will continue to perform its duties faithfully in strict accordance with the Company Law, the Articles and the relevant laws and regulations of the PRC, effectively supervise the Board of Directors and senior management in their daily duties in accordance with the law, actively attend the general meetings and board meetings, keep abreast of the Company's financial position, be aware of and supervise the lawfulness and compliance of all major decisions and their procedures, and further improve the standard operation of the Company.

Internal Control

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

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

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

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

(I) Conclusions on the evaluation of internal control

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

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

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

(II) Evaluation of internal control

1. Evaluation scope of internal control

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

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

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

Internal Control

2. *Percentage of the Enterprises Covered in the Appraisal Scope:*

Indicators	Percentage %
The percentage of the total assets of the enterprises covered in the appraisal scope accounting for the total assets shown in the Company's consolidated financial statements	98%
The percentage of the total revenues of the enterprises covered in the appraisal scope accounting for the total revenues shown in the Company's consolidated financial statements	96%

3. *Main Business and Matters Covered in the Appraisal Scope Include:*

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

4. *High-risk Fields Focused on Include:*

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

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

Internal Control

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

The Company organizes and carries out the internal control evaluation in accordance with the Enterprise Internal Control Standard System, the Guidelines for Enterprise Internal Control Evaluation and the 2021 Internal Control Evaluation Implementation Plan of Jiangxi Copper Company Limited.

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

(1) *Standard of identification for internal control defects in the financial report*

Quantitative standard for identification of internal control defects in the financial report of the Company is as follows:

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

Internal Control

Qualitative standard for identification of internal control defects in the financial report of the Company is as follows:

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

Internal Control

(2) Identification criteria for defects in internal control over non-financial report

Quantitative criteria for identifying defects in internal control over non-financial reporting of the Company is as follows:

Name of indicators	Quantitative criteria for material defects	Quantitative criteria for major defects	Quantitative criteria for general defects
Loss of business ability, degree of achievement of business objectives	<ol style="list-style-type: none"> 1. For material business failure, remarkable costs (over 20% budget of investment in time, personnel and costs) have to be paid in order to control the situation, or the uncontrollable situation brought material impact on the survival of the enterprise; 2. Risks resulted in failure of the Company to achieve part of its key operating targets or results targets. For any one of the unachieved targets with completion rates lower than 90%, or the departments/units affected by such risks failed to achieve all its key operating targets or results indicators (<i>Note 1</i>); 3. Due to risks such as equipment, personnel, system and natural disasters, general business/operation of departments/units affected by such risks discontinued for 3 days and above. 	Between major defects and general defects.	<ol style="list-style-type: none"> 1. Certain impact on the operation. The situation can be controlled by paying less costs (within 6% budget of investment in time, personnel and costs); 2. Due to risks such as equipment, personnel, system and natural disasters, general business/operation of departments/units affected by such risks discontinued for 4 hours or below or may recover promptly.

Internal Control

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

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

Internal Control

Qualitative standard for identification of internal control defects over non-financial report of the Company is as follows:

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

Internal Control

Nature of defects	Qualitative standard
General defects	<ol style="list-style-type: none"> 1. The affected scope and recovery degree of reputation: <ol style="list-style-type: none"> (1) negative information which has little or no damage to the corporate reputation or does not attract the attention of the media; (2) the corporate can rapidly defuse the impact caused by the negative information. 2. Impacts of environmental damage: <ol style="list-style-type: none"> (1) administrative penalty imposed by the environmental protection department at the district and county level; (2) has certain or temporary impact on the environment or society, but no damage to the ecosystem; (3) draws attention of the relevant authorities of the government needs to inform the relevant authorities of the government, and does not need to take practical actions but needs to pay close attention. 3. The impact of employee attitude, ability and quantity: <ol style="list-style-type: none"> (1) influences the working enthusiasm of the staff to some extent and lower their working efficiency; (2) individual or collective appeal of the staff to the parent company, which has adverse impact on the corporate culture, corporate cohesion to certain extent. (3) the loss of less than 1% of the key technical staff and management.

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

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

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

Internal Control

II. EXPLANATIONS ON RELEVANT MATTERS OF INTERNAL CONTROL AUDIT REPORT

The Company disclosed a standard unqualified Internal Control Audit Report for 2021 issued by Ernst & Young Hua Ming LLP, the auditor for internal control, which considered that the Company maintained effective internal control over financial reporting in all material respects. For details, please refer to the websites of the SSE and the Company.

III. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, being the “year of system implementation” of the Company, the Company comprehensively built a complete governance system based on system implementation, decision-making implementation as the core and process supervision as guarantee, so as to promote the transformation of system implementation into real governance efficiency. The Company continued to improve the corporate governance structure and formed a corporate governance structure that performed its duties, assumed its responsibilities, and operated in a coordinated manner with effective balance, so as to escort the stability and long-term development of the Company; strengthened the capacity-building of full-time Directors and Supervisors to perform their duties and improve the efficiency of post investment management; continued to steadily promote the normal operation of the Company’s big risk control system, promoted risk control in a comprehensive, all-staff and systematical manner, strictly implemented the “three lines of defense” of the big risk control system, and effectively prevented risks in promoting reform and development; accelerated the disposal of overdue accounts, strictly implemented the measures of account cancellation with document filed, actively dealt with all kinds of litigation cases of the Company, and earnestly safeguarded the legitimate rights and interests of the Company; gave full play to the supervisory functions of the Party committee’s patrol inspection, discipline committee’s inspection and audit, and the supervision of the Supervisory Committee, standardized the operation of power and fulfilled their duties.

Internal Control

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

On 14 January 2021, after receiving the “Notice of Jiangxi Securities Regulatory Bureau on Implementing the Special Actions for Governance of Listed Companies” (《江西證監局關於做好上市公司治理專項行動工作的通知》), the Company attached great importance to it, established a leading group for the special actions for governance, and formulated a work plan for the special actions for governance. According to the plan arrangement, all departments and subordinate units of the Company carefully, based on the “Special Self-Inspection Checklist for Governance of Listed Companies” (《上市公司治理專項自查清單》), carried out in-depth special self inspection on the operation and decision-making of the Company’s organizational structure, controlling shareholders and their related parties, the construction of internal control standard system, information disclosure and transparency from 2018 to 2020.

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

Internal Control

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

Corporate Bonds

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bonds	Abbreviation	Code	Issue date	Value date	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Whether there is any risk of termination of listing and trading of the shares
2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited	17 JCC 01	143304	20 September 2017	21 September 2017	21 September 2022	0	4.74	The interest is payable on a yearly basis and the principal is payable upon maturity.	Shanghai Stock Exchange	Nil	/	No
2021 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited	21 JCC 01	185088	3 December 2021	6 December 2021	6 December 2023	0	2.83	The interest is payable on a yearly basis and the principal is payable upon maturity.	Shanghai Stock Exchange	Nil	/	No

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

Not applicable

Overdue bonds

Not applicable

Interest payment and repayment of bonds during the Reporting Period

Name of bonds	Description of Interest payment and repayment
2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited	On 23 September 2020, the Company distributed an interest of RMB47.40 (tax inclusive) to each board lots of "17 JCC 01" with par value of RMB1,000 according to the Announcement on the Coupon Rate of 2017 Corporate Bonds (First Tranche) Publicly Issued to Qualified Investors by Jiangxi Copper Company Limited. The interest was paid on 23 September 2020.

Corporate Bonds

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

(1) **2017 Corporate Bonds (First Tranche) publicly issued to qualified investors by Jiangxi Copper Company Limited**

In order to adequately and effectively protect the interests of bondholders, the issuer has made a series of work plans to ensure the timely and full repayment of the corporate bonds, including designation of dedicated departments and personnel, preparation of debt repayment funds, formulation of management measures with proper organization and coordination, and the enhancement of information disclosure, etc., which constituted a complete set of measures to ensure the redemption of the bonds.

- (I) The proceeds shall be used in strict accordance with its purpose. The issuer will ensure that the proceeds of the bonds are used in accordance with the resolutions of the Board and in accordance with the purposes disclosed in the prospectus. The relevant business departments will strictly inspect the use of proceeds to ensure the smooth operation of the investment, utilization and audit of the proceeds.
- (II) Designate special person to be responsible for the repayment of the bonds. The issuer will designate the finance department to take the lead in coordinating the repayment of the bonds, and arrange the payment of the principal and interest of the bonds in the annual financial budget through other relevant departments of the Company to ensure the timely repayment of the principal and interest, so as to ensure the interests of bondholders. Within fifteen (15) business days prior to the repayment date of interest and principal, the issuer will designate a special person to be responsible for the repayment of the interest and principal to ensure its full repayment.

Corporate Bonds

- (III) Make good use of the role of bond trustee. The bond trustee system has been introduced for the bonds. The bond trustee will supervise the relevant situation of the issuer on behalf of the bondholders, and take all necessary and feasible measures on behalf of the bondholders when the principal and interest of the bonds cannot be repaid on time, to protect the legitimate interests of bondholders. The issuer will cooperate with the bond trustee to perform its duties in strict accordance with the provisions of the Agreement on Bond Trustee Management, regularly report the issuer's commitment to the bond trustee, and promptly notify the bond trustee when the issuer may default on the bonds, so as to facilitate the bond trustee to take necessary measures in accordance with the Agreement on Bond Trustee Management in a timely manner. For the rights and obligations of the bond trustee, please refer to "Section X. Bond Trustee" in the prospectus.
- (IV) Formulate the rules for bondholders meeting. The issuer and the bond trustee have jointly formulated the Rules for Bondholders Meeting in accordance with the requirements of the Administrative Measures on the Issuance and Transaction of Corporate Bonds, stipulating the scope, procedures and other important matters for bondholders to exercise their rights through the bondholders meeting and making reasonable institutional arrangements to ensure the repayment of the principal and interest of the bonds as agreed.
- (V) Strict disclosure of information. The issuer will follow the principle of truthful, accurate and complete information disclosure, so that the solvency and the use of proceeds of the Company will be supervised by bondholders, bond trustees and shareholders to prevent solvency risks. The issuer will disclose material information in accordance with the Agreement on Bond Trustee Management, the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange and other regulatory authorities. The issuer will submit and disclose the annual report of the previous year and the interim report of the current year to the Shanghai Stock Exchange within 4 months from the end of each fiscal year and within 2 months from the end of the first half of each fiscal year. The issuer's annual report shall be audited by an accounting firm qualified to engage in securities service business.

Corporate Bonds

(2) 2021 Corporate Bonds (First Tranche) publicly issued to professional investors by Jiangxi Copper Company Limited

The issuer undertakes that the debt repayment funds of the bonds will be financed primarily from the monetary funds of the issuer's consolidated financial statements. According to the issuer's consolidated financial statements, the unrestricted monetary funds at the end of each semi-annual period of the duration of the bonds shall not be less than RMB2 billion. In order to facilitate the trustees and holders of the bonds to understand and monitor the changes in funds, the issuer undertakes to disclose the balance of monetary funds and restrictions at the end of the reporting period at each semi-annual period of the duration of the bonds. The issuer regularly tracks and monitors the stability of the source of debt repayment funds on a semi-annual basis. If the source of debt repayment funds is lower than the commitment requirements, the issuer will take measures such as asset realization, debt collection and improvement of business performance in a timely manner to ensure that the indicators related to the source of debt repayment funds in the next monitoring period meet the commitment requirements. If the issuer fails to meet the commitment requirements during two consecutive monitoring periods, the issuer shall collect funds in advance before the latest interest payment or redemption date. The issuer shall collect 20% of the debt repayment funds no later than one month prior to the latest interest payment or redemption date, and shall collect 50% of the funds no later than five business days prior to the latest interest payment or redemption date. When the stability of the source of the issuer's debt repayment funds has changed significantly, the commitment has not been fulfilled, or it is expected to be unable to meet the repayment requirements for the principal and interest of the bonds, the issuer shall take and implement corresponding measures in a timely manner, inform the trustee within two business days and fulfill its obligations for information disclosure. If the issuer violates the commitment to the stability of the source of debt repayment funds and fails to collect the debt repayment funds in accordance with the above-mentioned payment agreement, the holder has the right to require the issuer to take negative relief measures in accordance with the Investor Protection Mechanism.

Corporate Bonds

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

Name of Intermediary	Address	Name of Signatory Accountant	Contact Person	Contact Number
China International Capital Corporation Limited	27-28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District Beijing, the PRC		Li Geng, Shang Chen	010-65051166
Guotai Junan Securities Co., Ltd.	33rd Floor, Bohua Plaza, 669 Xinzha Road, Shimen 2nd Road, Jing'an District, Shanghai		Li Liang, Zhao Biao, Zhang Wanhua	021-38677395 021-38032199

Changes of the above intermediaries

Not Applicable

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

The progress and operational benefits of proceeds used for construction projects

Not applicable

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

Not applicable

Other descriptions

Not applicable

Corporate Bonds

V. ADJUSTMENTS TO CREDIT RATING RESULTS

Not Applicable

Other explanation:

Not Applicable

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

Not Applicable

VII. OTHER INFORMATION ON CORPORATE BONDS

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

Corporate Bonds

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

Not Applicable

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

Unit: Yuan Currency: RMB

Major indicators	2021	2020	Increase/ decrease from last year (%)	Reason for change
Net profit after deducting non-recurring profit and losses	7,094,451,239	2,774,288,564	155.72	
Liquidity ratio	1.39	1.39	0.00	
Quick ratio	0.84	0.81	3.70	
Asset-liability ratio (%)	51.68	52.54	-0.86	
EBITDA total debt ratio	6.90	9.28	-25.65	
Interest coverage ratio	4.65	2.72	70.96	
Cash interest coverage ratio	5.35	1.18	353.39	
EBITDA interest coverage ratio	6.03	4.10	47.07	
Loan repayment rate (%)	100	100	0.00	
Interest coverage (%)	100	100	0.00	

Note: The above net profit after deducting non-recurring profit and losses is the net profit attributable to shareholders of the listed company after deducting non-recurring profit and losses.

XIII. PARTICULARS OF CONVERTIBLE BOND OF THE COMPANY

Not applicable

Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

Background of undertakings	Types of undertakings	Party of undertakings	Details of the undertakings	Time and term of the undertakings	Whether there is time limit of performance	Whether it was fulfilled strictly in a timely manner	Specify when not performing the undertakings timely and reasons for not performing the undertakings timely	Specify the plan if not performing the undertakings timely
Undertaking related to initial public offering	Others	JCC	Note 1	Date of the undertaking: 22 May 1997 Term: Long term	Yes	Yes	N/A	N/A
Undertaking related to refinancing	Resolving industry competition	JCC	Note 3	Date of the undertaking: 21 December 2016 Term: Long term	Yes	Yes	N/A	N/A

Note 1:

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

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

Significant Events

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

Note 2: Details of dividend undertakings

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

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

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

Significant Events

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

Not applicable

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

Not applicable

II. NON-OPERATING CAPITAL OCCUPIED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Not applicable

III. VIOLATION OF GUARANTEES

Not applicable

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

Not applicable

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

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

Not applicable

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

Not applicable

Significant Events

(III) Communication with the former accounting firm

Not applicable

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

Unit: Yuan Currency: RMB

Current auditors	
Name of domestic auditor	Ernst & Young Hua Ming LLP
Remuneration for domestic auditor	6,400,000
Years of audit services provided by the domestic auditor	4 years
Name of overseas auditor	Ernst & Young
Remuneration for overseas auditor	7,600,000
Years of audit services provided by the overseas auditor	4 years

	Name	Remuneration
Auditor for internal control	Ernst & Young Hua Ming LLP	1,450,000

The remuneration of the Company's auditor for the year 2021 are set out as follows:

	2021 RMB '000
Audit fees ^(Note 1)	14,850
Non-audit service fees ^(Note 2)	2,325
	17,175

Notes:

- Including the fees rendered for the audit of internal control over financial reporting as required by C-SOX.
- Including the fees for tax compliance and advisory services and preparation of the environmental, social and governance report of the Company for the year 2021.

Significant Events

Appointment and removal of accounting firms

Not applicable

Explanation on change of the accounting firm for the past three years

Not applicable

VII. RISK OF DELISTING

(I) Reasons for the delisting risk warning

Not applicable

(II) Measures to be adopted by the Company

Not applicable

(III) DELISTING AND ITS REASONS

Not applicable

VIII. INSOLVENCY OR RESTRUCTURING

Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

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

Significant Events

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

Unit: Yuan Currency: RMB

During the Reporting Period:

Plaintiff (applicant)	Defendant (respondent)	Parties with several and joint liability	Types of litigation and arbitration	Basic information of litigation (arbitration)	Amount involved in litigation (arbitration)	Whether estimated liability arose from the litigation (arbitration) and amount	Current status of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of litigation (arbitration) judgments
Shanghai Jiangxi Copper Trading Company Limited (上海江銅貿易有限公司) (Shanghai JCT)	Shandong Xinhui Copper Materials Co., Ltd. (山東鑫匯銅材有限公司) (Xinhui Copper Materials)	Yantai Jaheng New Materials Co., Ltd. (煙台佳恒新材料有限公司) (Jiaheng New Materials), Shandong Zhongjia Electronic Technology Co., Ltd. (山東中家電子科技有限公司) (Zhongjia Electronic), Zhaoyuan Jirunshun Trading Co., Ltd. (煙台金山商貿有限公司) (Jinshan Trading), Zhaoyuan Golden Seed Education Consulting Co., Ltd. (煙台金種子教育諮詢有限公司) (Golden Seed Education), Zhaoyuan Jiaheng Culture & Media Co., Ltd. (煙台嘉恒尚文化傳媒有限公司) (Jiaheng Culture), Lijiang (李亮), Sun Shuhui (孫帥), Yanhai Ltd. (煙台山海金銅有限公司) (Shanshang Gold Mine), Yantai Jaheng Copper Co., Ltd. (煙台佳恒銅業有限公司)	First hearing	For details, please refer to the Announcement on Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Lin 2019-037) disclosed in Shanghai Securities News and the website of Shanghai Stock Exchange at www.sse.com.cn on 31 July 2019. Please refer to the Announcement on the Follow-up Progress of the Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Lin 2021-025) disclosed in Shanghai Securities News and the website of Shanghai Stock Exchange at www.sse.com.cn on 3 July 2021.	RMB1,179,061,729.71	No	The first hearing was completed	Shanghai JCT received the civil judgment from Shanghai No. 1 Intermediate People's Court ((2019) Hu 01 Min Chu No. 206) ((民事判決書) ((2019)滬01民二初206號)). The details of the judgement are as follows: (1) It was confirmed that Shanghai JCT, the plaintiff, had a right to the goods of RMB99,381,633.58, default payment of RMB179,330,096.13 and legal fees of RMB300,000 against defendant Xinhui Copper Materials; (2) Shanghai JCT, the plaintiff, has not received the settlement for the right held in the judgement mentioned in (1) above; Shanghai JCT, the plaintiff, may (2) agree with defendant Xinhui Copper Materials to receive a prorated compensation of the discounted amount of its mortgaged machinery and equipment or the proceeds through auctioning or disposal of such collaterals; within the scope of the maximum claim amount of RMB385,935,525.04; (3) agree with defendant Jaheng New Materials to receive a prorated compensation of the discounted amount of its mortgaged machinery and equipment or the proceeds through auctioning or disposal of such collaterals; within the scope of the maximum claim amount of RMB109,272,827.26; (4) agree with defendant Zhongjia Electronic to receive a prorated compensation of the discounted amount of its mortgaged machinery and equipment or the proceeds through auctioning or disposal of such collaterals; within the scope of the maximum claim amount of RMB270 million; (5) agree with defendant Zhongjia Electronic to receive a prorated compensation of the discounted mortgaged property or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB314,350,000; (7) agree with defendant Golden Seed Education to receive a prorated compensation of the discounted mortgaged property or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB100 million; (8) agree with defendant Jiaheng Culture to receive a prorated compensation of the discounted mortgaged property or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB150 million; (9) defendants Jaheng New Materials, Lijiang, Sun Shuhui, Shanshang Gold Mine and Jaheng Copper shall bear the joint liability guarantee in respect of obligations of the judgement mentioned in (1) above against defendant Xinhui Copper Materials within the scope of the maximum claim amount of RMB1.5 billion; (10) the claim for the property preservation and insurance fees of RMB654,202.48 initiated by Shanghai JCT, the plaintiff, was rejected.	The first hearing was completed but enforcement has not begun

Significant Events

Plaintiff (applicant)	Defendant (respondent)	Parties with several and joint liability	Types of litigation and arbitration	Basic information of litigation (arbitration)	Amount involved in litigation (arbitration)	Whether estimated liability arose from the litigation and amount (arbitration)	Current status of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of litigation (arbitration) judgments
Shanghai JCT	Shanghai Zhimayuanhe Industrial Co., Ltd. (上海智源和華業有限公司) (Zhimai Company)	Q. Jiangping, Jin Lei, Shi Huihua, Zhejiang Hongjiele Southeast Real Estate Development Co., Ltd. (浙江紅捷房地產開發有限公司) (Zhejiang Hongjie Company), Yingqian City Luzhou Real Estate Co., Ltd. (慶源市綠洲置業有限公司) (Luzhou Company), Zunyi Hongjiele Real Estate Development Co., Ltd. (遵義紅捷房地產開發有限公司) (Zunyi Hongjiele Company)	First hearing	Please refer to the Announcement on the Follow-up Progress of the Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Lin 2021-027) disclosed in Shanghai Securities News and the website of Shanghai Stock Exchange at www.sse.com.cn on 10 July 2021	RMB181,903,998.99	No	The first hearing was completed	Shanghai JCT received the civil judgment from Shanghai No. 1 Intermediate People's Court (2019) Hu 01 Min Chu No. 296) (民事判決書) (2019) (民一) (296號)). The details of the judgement are as follows: (1) The defendant Zhimai Company shall pay Shanghai JCT, the plaintiff, the total amount of goods of RMB77,983,474.74 within 10 days from the effective date of the judgement; (2) the defendant Zhimai Company shall pay default payment for late payment to Shanghai JCT, the plaintiff, within 10 days from the effective date of the judgement, among which, the total interest payable on the amount of goods from May 2014 to 30 June 2017 shall be RMB103,845,524.25; using RMB77,983,474.74 as the base amount, from 1 July 2017 to 19 August 2018, interest shall be calculated at 1.2 times of the LPR, and calculated at 1.2 times of the LPR from 20 August 2018 to the date of actual payment; (3) the defendant Zhimai Company shall pay RMB75,000 legal fees to Shanghai JCT, the plaintiff, within 10 days from the effective date of the judgement; if Zhimai Company fails to perform the payment obligations and pay the litigation costs confirmed in judgements 1 to 3 above, Shanghai JCT, the plaintiff, may: (4) agree with the defendant Q. Jiangping to receive a prioritised compensation of the discounted mortgaged properties of her housing ownerships and corresponding land use rights or the proceeds through auctioning and disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB226,720,000; (5) agree with the defendant Jin Lei to receive a prioritised compensation of the discounted mortgaged properties of his housing ownerships and corresponding land use rights or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB56,170,000; (6) agree with the defendant Shi Huihua to receive a prioritised compensation of the discounted mortgaged properties of her housing ownerships and corresponding land use rights or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB33,250,000; (7) agree with the defendant Zhejiang Hongjiele Company to receive a prioritised compensation of the discounted relevant equity interests or the proceeds through auctioning or disposal of such pledged interests, within the scope of the maximum claim amount of RMB45,000,000; (8) the remaining claims initiated by Shanghai JCT, the plaintiff, were rejected.	

Significant Events

Plaintiff (applicant)	Defendant (respondent)	Parties with several and joint liability	Types of litigation and arbitration	Basic information of litigation (arbitration)	Amount involved in litigation (arbitration)	Whether estimated liability arose from the litigation and amount (arbitration)	Current status of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of litigation (arbitration) judgments
Shanghai JCT	Zhima Company	Q. Jiangping, Jin Lei, Shi Huihua, Zhejiang Honglei, Luzhou Company, Zhenyi Honglei Copper Company Limited (浙江至天銅業有限公司) ('Honglian Company')	First hearing	Please refer to the Announcement on the Follow-up Progress of the Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Ln 2022-028) disclosed in Shanghai Securities News and the website of Shanghai Stock Exchange at www.sse.com.cn on 10 July 2021	RMB200,354,926.81	No	The first hearing was completed	Shanghai JCT received the civil judgement from Shanghai No. 1 Intermediate People's Court (2019) Hu 01 Min Chu No. 295 (《民事判決書》(2019)滬01民初295號)). The details of the judgement are as follows: (1) the defendant Zhima Company shall pay Shanghai JCT, the plaintiff, the total amount of goods of RMB191,119,357.35 within 10 days from the effective date of the judgement; (2) the defendant Zhima Company shall pay default payment for late payment to Shanghai JCT, the plaintiff, within 10 days from the effective date of the judgement, among which, the total interest payable on the amount of goods from 1 November 2016 to 30 June 2017 shall be RMB9,160,668.88; using RMB186,449,444.88 as the base amount, from 1 July 2017 to 19 August 2018, the interest shall be calculated at 1.2 times of the LPR, and calculated at 1.2 times of the LPR from 20 August 2018 to the date of actual payment; using RMB4,669,913.07 as the base amount, from 11 September 2017 to 19 August 2018, the interest shall be calculated at 1.2 times of the LPR, and calculated at 1.2 times of the LPR from 20 August 2018 to the date of actual payment; (3) the defendant Zhima Company shall pay RMB75,000 legal fees to Shanghai JCT, the plaintiff, within 10 days from the effective date of the judgement; if the defendant Zhima Company fails to perform the payment obligations and pay the litigation costs confirmed in judgements 1 to 3 above, Shanghai JCT, the plaintiff, may (4) agree with the defendant Q. Jiangping to receive a prioritised compensation of the discounted mortgaged properties of her housing ownerships and corresponding land use rights or the proceeds through auctioning and disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB28,720,000; (5) agree with the defendant Jin Lei to receive a prioritised compensation of the discounted mortgaged properties of his housing ownerships and corresponding land use rights or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB56,170,000; (6) agree with the defendant Shi Huihua to receive a prioritised compensation of the discounted mortgaged properties of her housing ownerships and corresponding land use rights or the proceeds through auctioning or disposal of such mortgaged properties, within the scope of the maximum claim amount of RMB23,250,000; (7) agree with the defendant Zhejiang Honglei Company to receive a prioritised compensation of the discounted relevant equity interests or the proceeds through auctioning or disposal of such pledged interests, within the scope of the maximum claim amount of RMB45,000,000; (8) agree with the defendant Honglian Company to receive a prioritised compensation of the discounted relevant equity interests or the proceeds through auctioning or disposal of such pledged interests, within the scope of the maximum claim amount of RMB57,000,000; (9) the remaining claims initiated by Shanghai JCT, the plaintiff, were rejected.	

Significant Events

Plaintiff (applicant)	Defendant (respondent)	Parties with several and joint liability	Types of litigation and arbitration	Basic information of litigation (arbitration)	Amount involved in litigation (arbitration)	Whether estimated liability arose from the litigation (arbitration) and amount	Current status of the litigation (arbitration)	Results of trial of litigation (arbitration) and effects thereof	Enforcement of litigation (arbitration) judgments
Shanghai JCT	Zhejiang Hongsheng-long New Material Technology Co., Ltd.	Zhejiang Tasheng New Material Technology Co., Ltd., Zhejiang Honglei Company, Zhejiang Honglei Holding Group Co., Ltd., Zhejiang Zhui Honglei Building Materials Factory, Jinhai, Shengqiang Logistics Metal Storage (Shanghai) Co., Ltd.	Second hearing	For details, please refer to the Announcement on Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Lin 2019-037) disclosed on Shanghai Securities website of Shanghai Stock Exchange at www.sse.com.cn on 31 July 2019; Announcement on the Follow-up Progress of the Litigation of a Subsidiary of Jiangxi Copper Co., Ltd. (Announcement No.: Lin 2021-038) disclosed on Shanghai Securities News and the website of Shanghai Stock Exchange (www.sse.com.cn) on 16 October 2021	RMB464,823,110.82	No	Second hearing concluded	The Shanghai High People's Court filed the case on 3 February 2021 and has been settled for the second hearing. Recently, Shanghai JCT received the judgment from the Shanghai High People's Court (2021) Hu Min Zhong No. 54) (2021) 滬民終字第54號). The details of the judgment are as follows: The Shanghai High People's Court rejected the appeal and upheld the first hearing judgment.	

3. Other explanations

Not applicable

Significant Events

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

Not applicable

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

Not applicable

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

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

Not applicable

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

1. Share option scheme

Not applicable

2. Employee shareholding plan

Not applicable

3. Other employee incentives

Not applicable

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

Not applicable

Significant Events

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

Not applicable

XIII. MATERIAL CONNECTED TRANSACTIONS

(I) Connected transactions in relation to daily operations

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

Brief description	Reference for inspection
Announcement of Jiangxi Copper Company Limited on the connected transaction in relation to the Financial Services Agreement entered into by JCC Finance Company Limited, a wholly-owned subsidiary of Jiangxi Copper Company Limited, and Jiangxi Copper Corporation Limited, the controlling shareholder of the Company	Disclosure website: www.sse.com.cn; Announcement number: Lin 2021-020; Disclosure date: 29 May 2021

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

Not applicable

Significant Events

3. Connected transactions

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

Unit: Yuan Currency: RMB

Connected party	Connected party relationship	Types of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	controlling shareholder	Sales of commodities	Copper rods	Market price	60,554.86	734,602,553	0.72	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Copper cathodes	Market price	60,403.71	931,795,832	0.42	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Ancillary industrial products	Market price		131,671,236	2.04	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Lead materials	Market price		64,717,675	100	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Ancillary materials	Market price		13,605,509	0.21	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Sulphuric acid and steel balls	Market price		508,819	100	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Zinc concentrates	Market price		47,315,251	100	Payment upon acceptance		
JCC	controlling shareholder	Sales of commodities	Blister copper	Market price		1,835,578	0.01	Payment upon acceptance		
JCC	controlling shareholder	Purchase of commodities	Ancillary industrial products	Market price		1,053,544,229	17.76	Payment upon acceptance		
JCC	controlling shareholder	Purchase of commodities	Copper concentrates	Market price		117,534,425	0.20	Payment upon acceptance		
JCC	controlling shareholder	Purchase of commodities	Sulphuric acid and steel balls	Market price		32,318,856	2.24	Payment upon acceptance		
JCC	controlling shareholder	Purchase of commodities	Blister copper	Market price		632,441	0.004	Payment upon acceptance		
JCC	controlling shareholder	Supply of services	Construction service	Industry standards		158,952,674	31.54	Settlement according to project progress		
JCC	controlling shareholder	Supply of services	logistics services	Standard passenger and cargo rates of Jiangxi Province		30,007,412	12.31	Monthly payment		
JCC	controlling shareholder	Supply of services	Repair and maintenance service	Industry standards		22,561,171	53.57	Monthly payment		

Significant Events

Connected party	Connected party relationship	Types of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	controlling shareholder	Cost of public utilities such as water, electricity and gas (sales)	Electricity service	Cost plus tax		34,231,762	100	Monthly payment		
JCC	controlling shareholder	Rent and lease	Rental from public utilities	Shared on a cost basis in accordance with the proportion of staff		11,622,865	44.70	Monthly payment		
JCC	controlling shareholders	Cost of public utilities such as water, electricity and gas (sales)	Water service	Cost plus tax		140,657	100	Monthly payment		
JCC	controlling shareholder	Borrowings	Cumulative provision of loans	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,937,000,000	100	Payment on terms set out in the loan agreement		
JCC	controlling shareholder	Borrowings	Interest received from loans provided	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		68,568,256	100	Monthly or quarterly payment		

Significant Events

Connected party	Connected party relationship	Types of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	controlling shareholder	Loans	Interest paid for deposits made	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		29,710,795	100	Monthly or quarterly payment		
JCC	controlling shareholder	Borrowing of funds	Interest paid for acceptance of borrowing	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		105,550,986	100	Monthly or quarterly payment		
	controlling shareholder	Borrowing of funds	Repayment of principal and interest of long term borrowing	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,717,944,942	100			

Significant Events

Connected party	Connected party relationship	Types of the connected transactions	Subject matter of the connected transactions	Pricing basis of the connected transactions	Connected transaction price	Amount of connected transactions	Percentage as the amount of similar transactions (%)	Settlement of connected transactions	Market price	Reason for the significant difference between transaction price and market reference price
JCC	controlling shareholder	Finance leasing	Repayment of finance leasing	Based on the benchmark lending rate promulgated by the People's Bank of China or deposit terms no more favorable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		120,809,722	100	Monthly or quarterly payment		
JCC	controlling shareholder	Acceptance of labour services	Labour service	Market price		76,764,465	100	Monthly payment		
JCC	controlling shareholder	Rent and lease	Land lease expense	Market price		196,971,013	100	Monthly payment		
JCC	controlling shareholder	Acceptance of labour services	Acceptance of the transfer of land use right	Market price		38,671,553	100	Payment on terms set out in the contract		
JCC	controlling shareholder	Acceptance of agency services	Brokerage agency services for commodity derivative contracts	Market price		8,810,708	17.95	Payment upon completion of transaction		
JCC	controlling shareholder	Acceptance of labour services	Repair and maintenance service	Industry standards		107,522,209	22.14	Monthly payment		
JCC	controlling shareholder	Acceptance of labour services	Procurement of spare parts and processed parts	Market price		117,817,262	9.91	Payment upon acceptance		
JCC	controlling shareholder	Acceptance of labour services	Construction services	Industry standards		173,461,109	34.42	Settlement according to project progress		
Total				/	/	8,087,201,965	/	/	/	

Significant Events

Details of substantial sales return	During the Reporting Period, there was no substantial sales return.
Explanation on connected transactions	During the Reporting Period, the main and frequent connected transactions between the Company and its connected parties amounted to RMB8,087 million, including purchase transactions of RMB1,924 million and selling transactions of RMB2,184 million and finance lease of RMB121 million. Inventory transaction of finance companies amounted to RMB2,035 million and borrowing of funds amounted to RMB1,823 million.

Agreement Details of Connected Transaction and Continuing Connected Transaction

(1) Consolidated Supply and Services Agreements

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

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

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

Significant Events

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

(2) Land Use Rights Leasing Agreement

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

Significant Events

(3) Finance Lease Framework Agreement

The Company and Shenzhen Finance Leasing Company Limited (“**Shenzhen Finance**”), a subsidiary of JCC, entered into the finance lease framework agreement on 30 December 2019 (the “**Finance Lease Framework Agreement**”), pursuant to which Shenzhen Finance and its subsidiary (“**Shenzhen Finance Group**”) shall, at the request of the Group, provide finance lease services, including (i) direct lease service; (ii) sale and leaseback service; and (iii) entrusted lease service, to the Group. The aggregate rent payable by the Group to Shenzhen Finance Group in respect of the finance lease services contemplated thereunder, shall not exceed RMB1,900,000,000 for each financial year from 1 January 2020 to 31 December 2022. Under IFRS 16, finance leases under the Finance Lease Framework Agreement where the Group is the lessee will be recognised as right-of-use assets. The annual caps of the finance leases under the Finance Lease Framework Agreement for the three financial years ending 31 December 2022 are RMB1,836,000,000, respectively. The transactions contemplated under the Finance Lease Framework Agreement are beneficial to the Group in expanding leasing channel, lowering investment risks and reducing financial pressure. Through personalised finance lease services solution provided to the Group, it can effectively increase the mobility of the assets of the Company and optimize its asset structure.

(4) Financial Assistance Agreement

JCC Finance Company Limited (“**JCC Finance**”), a subsidiary of the Company, entered into the financial assistance agreement with JCC on 30 December 2019 (the “**Financial Assistance Agreement**”). Pursuant to the Financial Assistance Agreement, JCC and its subsidiaries from time to time (excluding the Group) agreed to provide financial assistance to JCC Finance by transferring part of its deposit and loan from other financial institutions to JCC Finance while JCC Finance agreed to provide financial services to JCC and its subsidiaries from time to time (excluding the Group) on an ongoing basis. Such services include: cash deposit services; settlement services; and credit services. The maximum daily balance of credit services to be provided by JCC Finance to JCC and its subsidiaries from time to time (excluding the Group) for each of the three financial years commencing from 1 January 2020 to 31 December 2022 will not exceed RMB2,000,000,000. According to the Financial Assistance Agreement, JCC and its subsidiaries from time to time (excluding the Group) will transfer net deposit (i.e. total daily deposit balance of JCC and its subsidiaries from time to time (excluding the Group)) to JCC Finance, which forms actual financial assistance to JCC Finance, supplements the available financial resources of JCC Finance, enhances the profitability of JCC Finance and hence enhances the profitability of the Company.

Significant Events

In order to further improve the reasonable allocation of assets and fully realise the sharing of resources and the supplement of advantages between all parties, so as to enhance the overall efficacy of the Company, JCC Finance and JCC have entered into the new financial services agreement (the “**New Financial Service Agreement**”) on 28 May 2021, which is valid from 1 June 2021 to 31 December 2023, and the Financial Services Agreement was terminated on the effective date of the New Financial Services Agreement, pursuant to which JCC and its subsidiaries from time to time(excluding the Group) agree to provide financial assistance to JCC Finance by transferring part of its deposits and loans from other financial institutions to JCC Finance, and JCC Finance agrees to provide JCC and its subsidiaries from time to time (excluding the Group) with cash deposit service, settlement service and credit services on an ongoing basis. The maximum daily balance of credit services to be provided by JCC Finance to JCC and its subsidiaries from time to time (excluding the Group) for the period from 1 January 2020 to 31 May 2021 will not exceed RMB2,000,000,000. The maximum daily balance of credit services to be provided by JCC Finance to JCC and its subsidiaries from time to time (excluding the Group) for each of the period from 1 June 2021 to 31 December 2021 and for the two financial years ending 31 December 2023 will not exceed RMB2,900,000,000.

(5) Mutual Guarantees Agreements

On 29 December 2020, Heding Copper, a subsidiary of the Company, and Fuye Group (which hold 40% of the issued share capital of Heding Copper, being the substantial shareholder) as well as Jiangxi Jinhui Environmental Technology Co., Ltd. (江西金匯環保科技有限公司) (“**Jiangxi Jinhui**”), Jiangxi Hefeng Environmental Technology Co., Ltd. (江西和豐環保科技有限公司) (“**Jiangxi Hefeng**”) and Zhejiang Fuhe Zhiye Co., Ltd.* (浙江富和置業有限公司) (“**Zhejiang Fuhe Zhiye**”), which are beneficially owned by Fuye Group, entered into the mutual guarantees agreement (the “**Original Mutual Guarantees Agreement**”), which took effect on 1 January 2021. According to such agreement, Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which is also the maximum daily balance) of guarantees for each other’s obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2021 to 31 December 2022 shall not exceed RMB1,600,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group for each other prior to 1 January 2021 and are valid during the term of the Original Mutual Guarantees Agreement), provided that the execution of each loan facility contract shall take place within the period from 1 January 2021 to 31 December 2021 and the term of each loan facility shall not exceed 12 months. Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group, pursuant to which, they shall jointly and severally provide counter-guarantee to Heding Copper with all their assets for guarantees provided by Heding Copper to Fuye Group which are included in the bank loans agreement entered into during the period from 1 January 2021 to 31 December 2021, under the New Mutual Guarantees Agreement.

Significant Events

In order to meet the actual production and operation needs of Heding Copper, and lower the finance cost, on 28 December 2021, Heding Copper, Fuye Group, Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye entered into the new mutual guarantees agreement (the “**2021 New Mutual Guarantees Agreement**”) and the Original Mutual Guarantees Agreement was terminated since 1 January 2022. Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which is also the maximum daily balance) of guarantees for each other’s obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2022 to 31 December 2023 shall not exceed RMB1,600,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group for each other pursuant to the Original Mutual Guarantees Agreement prior to 1 January 2022 and are valid during the term of the 2021 New Mutual Guarantees Agreement), provided that the execution of each loan facility contract shall take place within the period from 1 January 2022 to 31 December 2022 and the term of each loan facility shall not exceed 12 months. Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group, pursuant to which, they shall jointly and severally provide counter-guarantee to Heding Copper with all their assets for guarantees provided by Heding Copper to Fuye Group which are included in the bank loans agreement entered into during the period from 1 January 2022 to 31 December 2022, under the 2021 New Mutual Guarantees Agreement.

Details of guarantees are set out in pages 166 to 167 in the report.

(6) Disposal of 95% equity interests of subsidiaries

In order to optimize the asset structure of the Group and strengthen the overall quality of assets of the Company, on 28 December 2021, the Company and JCC entered into an equity transfer agreement, pursuant to which the Company agreed to sell and JCC agreed to purchase 95% equity interest in Thermonamic Electronics (Jiangxi) Corp. Ltd. (江西納米克熱電電子股份有限公司) by way of non-public agreement at a consideration of RMB83,600,000 in cash. The sale and purchase consideration was determined after arm’s length negotiations between the Company and JCC with reference to (i) the audited report of Thermonamic Electronics (Jiangxi) Company Limited for the year ended 31 December 2020, and (ii) the valuation conducted by the valuer by adopting the income approach. Details of the transaction and the valuation are set out in the announcement of the Company dated 28 December 2021.

The abovementioned items (1) to (5) are reviewed by the independent non-executive Directors of the Company every year, confirming that: (i) the transactions were entered into in the ordinary and usual course of business of the Group; (ii) the transactions were entered into and performed on normal commercial terms or on the terms same as (or favorable than) that from independent third parties; and (iii) the transactions were conducted in accordance with relevant transaction agreements, the terms of which were fair and reasonable, and were in the interests of the shareholders of the listed company as a whole.

Significant Events

The auditors of the Company were appointed to report on the connected transactions of the Group in accordance with “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” conducted by Hong Kong Standard on Assurance Engagements 3000 and with reference to the Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” (Revised) issued by the Hong Kong Institute of Certified Public Accountants. Auditors have issued a letter in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention causing them to believe that the abovementioned continuing connected transactions for the year ended 31 December 2021: (1) were not approved by the Board; (2) were not carried out in accordance with the pricing policies of the Group in all material aspects for the transactions that involved the provision of products and services by the Group; (3) were not entered into in accordance with the agreements governing such transactions in all material aspects; and (4) exceeded the annual caps as disclosed in the announcements for the abovementioned continuing connected transactions by the Group. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

Other Transactions

Not applicable

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

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

Brief description

Reference for inspection

Announcement on related transaction of equity transfer of Jiangxi Copper Company Limited in Thermonamic Electronics (Jiangxi) Company Limited, its holding subsidiary

Disclosure website: www.sse.com.cn;
Announcement number: Lin 2021-041;
Disclosure date: 29 December 2021

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

Not applicable

3. Events not disclosed in extraordinary announcements

Not applicable

Significant Events

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

Not applicable

(III) Material connected transactions of joint overseas investment

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

Not applicable

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

Not applicable

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

Not applicable

(IV) Connected credits and liabilities

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

Not applicable

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

Not applicable

Significant Events

3. Events not disclosed in extraordinary announcements

Unit: Yuan Currency: RMB

Related party	Relationship	Funds provided to connected parties			Funds offered by connected parties to the Company		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
JCC	Controlling shareholders	187,807	-9,425	178,382	275,099	255,693	530,792
Total		187,807	-9,425	178,382	275,099	255,693	530,792

Reasons for connected claim and debt

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

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

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

Significant Events

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

1. Deposit business

Unit: '0000 Currency: RMB

Related party	Related relationship	Daily maximum deposit limit	Deposit interest rate range	Opening balance	Amount for the current period		Closing balance
					Total amount deposited in the current period	Total amount drawn in the current period	
JCC	Controlling shareholder	Nil	0.35%-1.5%	275,099	6,896,309	6,640,616	530,792
Total	/	/	/	275,099	6,896,309	6,640,616	530,792

2. Loan business

Unit: '0000 Currency: RMB

Related party	Related relationship	Loan limit	Loan interest rate range	Opening balance	Amount for the current period		Closing balance
					Total amount deposited in the current period	Total amount drawn in the current period	
JCC	Controlling shareholder	290,000	3.5%-4.35%	187,807	190,700	200,125	178,382
Total	/	/	/	187,807	190,700	200,125	178,382

Significant Events

3. Credit business or other financial business

Unit: '0000 Currency: RMB

Related party	Related relationship	Business type	Total	Actual amount
JCC	Controlling shareholder	Credit	364,000	178,382

4. Other explanation

Not Applicable

XIV. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Custody, contracts and leases

1. Custody

Not applicable

2. Contracts

Not applicable

3. Leases

Not applicable

Significant Events

(II) Guarantees

Unit: 0'000 Yuan Currency: RMB

External guarantees (excluding guarantees for subsidiaries)

Guarantor	Relation between the Guarantor and the Listed Company	Guarantee	Guarantee amount	Guarantee date (execution date of the contract)	Start date of guarantee	End date of guarantee	Type of guarantee	Collateral (if any)	Guarantee fulfilled or not	Guarantee completed or not	Amount of overdue guarantee	Counter Guarantee	Related party guarantee or not	Nature of connection
Zhejiang Jianglong Fuyue Heding Copper Co., Ltd.	Controlled subsidiary	Zhejiang Fuyue Group Co., Ltd.	141,042.995	29 December 2020	1 January 2021	31 December 2022	Joint and several liability guarantee	Nil	No	No	0	Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhé Zhiye acted as counter-guarantors for the Fuyue Group and provided a joint and several guarantee to Heding Copper with all of their own assets.	Yes	Shareholders

Total amount of guarantees incurred during the Reporting Period (excluding those to subsidiaries)	141,042.995
Total balance of guarantee at the end of the Reporting Period (A) (excluding those to subsidiaries)	56,417.20

Guarantees provided by the Company and its subsidiaries to subsidiaries

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

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

Total amount of guarantees (A+B)	56,417.20
Total amount of guarantees over the net assets of the Company (%)	0.7251

Including:

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

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

Significant Events

Explanation on guarantee	<ol style="list-style-type: none">1. The above guarantees are all corporate credit guarantees, and do not involve mortgage guarantees, pledge guarantees, etc.;2. The total guarantee amount of the Company includes the balance of external guarantee of the Company and its subsidiaries at the end of the Reporting Period (excluding the guarantee to the subsidiaries) and the balance of the guarantee of the Company and its subsidiaries to subsidiaries, among which, the balance of guarantee of a subsidiary represents the total external guarantee of that subsidiary multiplied by the proportion of the Company's shareholding in that subsidiary.
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1. On 29 December 2020, the twenty-sixth meeting of the eighth session of the Board reviewed and approved the external guarantee of Heding Copper, a controlled subsidiary of the Company (40% shareholding). In order to meet the needs of the actual production and operation of Heding Copper and reduce the financing cost, Heding Copper and Fuye Group intended to further increase mutual financing support. With Heding Copper acting as Party A, Fuye Group acting as Party B, Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye acting as Party C, the parties entered into the Mutual Guarantee Agreement after negotiation, agreeing that during the period from 1 January 2021 to 31 December 2022, the accumulated balance of mutual guarantee (i.e., the daily balance limit) of Party A and Party B shall not exceed RMB1,600 million. For the avoidance of doubt, the guarantee balance of the guarantee contracts signed by both parties before 1 January 2021 but still valid during the above period are also included in the maximum limit for the year. The time limit for signing each bank loan contract is from 1 January 2021 to 31 December 2021, and the loan period for each loan business shall not exceed 12 months. Party C acted as the counter-guarantor of Fuye Group and undertook counter-guarantee with joint and several liabilities to Heding Copper with all of their own assets.
2. Within the scope of the Mutual Guarantee Agreement, Fuye Group provided credit guarantees of RMB1,600 million for Heding Copper, and an additional credit guarantee in the amount of RMB2,928.55 million. The total credit guarantee amount was RMB4,528.55 million.

Significant Events

(III) Entrusted cash assets management

1. Entrusted wealth management

(1) Overall entrusted wealth management

Not applicable

Others

Not applicable

(2) Single entrusted wealth management

Not applicable

Others

Not applicable

(3) Provision for impairment of entrusted wealth management

Not applicable

2. Entrusted loans

(1) Overall entrusted loans

Not applicable

Others

Not applicable

(2) Single entrusted loans

Not applicable

Others

Not applicable

(3) Provision for impairment of entrusted loans

Not applicable

Significant Events

3. Others

Not applicable

(IV) Other material contracts

Not applicable

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

Not applicable

XVI. ACTIVE PERFORMANCE OF SOCIAL RESPONSIBILITY

(I) Social responsibility efforts

The Company has actively engaged in social public welfare undertakings and promoted community development. On the basis of the overall victory in China's fight against poverty, the Company took the initiative to invest in the cause of rural revitalization, actively promoted the local economic and cultural construction with its own advantages, and fulfilled the Company's social responsibilities and obligations. For details, please refer to the "2021 Environmental, Social and Governance Report of Jiangxi Copper Company Limited" disclosed by the Company on 25 March 2022 at www.sse.com.cn and <http://www.hkexnews.hk>.

Significant Events

(II) Environment

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

(1) Information on discharge of pollutants

Names of the Company	Names of major pollutants	Total emissions approved	Total Emissions	Emission Concentration	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
		(t/a)*	(t/a)	(mg/L)*				
Chengmenshan Copper Mine	pH	/	/	7.94 (Dimensionless)	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	1	Yong'an Levee of the Yangtze River
	COD	168.3	131.97	22.56				
	Ammonia nitrogen	7.293	6.47	1.106				
Dexing Copper Mine	Total copper	/	0.504	0.086	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	4	In the mining area
	pH	/	/	7.41 (Dimensionless)				
	COD	480	439.327	14.34				
	Ammonia nitrogen	108.11	21.094	0.84				
	Suspended matter	/	226.097	9.96				
	Total copper	/	0.454	0.02				
	Total lead	/	0.653	0.024				
Jiangxi Copper (Dexing) Chemical Company Limited	Total zinc	/	0.105	0.0046	Standards in the "Emission Standard of Pollutants for Sulfuric Acid Industry"(GB26132-2010); Secondary standards of the "Emission Standard of Air Pollutants for Industrial Kiln and Furnace" (GB9078-1996); "Integrated Wastewater Discharge Standard" (GB8978-1996)	Organized emissions after meeting standards	7	In the plant area
	Total cadmium	/	0.358	0.0112				
	Sulfur dioxide	750	157.938	131.65				
	Smoke dust	/	3.56	20				
	COD	1.5	1.41	46.25				
Guixi Smelter	COD	600	144.72	23.3	Standards in the "Emission Standard of Pollutants for Copper, Nickel, Cobalt Industry" (GB25467-2010)	Organized emissions after meeting standards	10	In the plant area
	Ammonia nitrogen	80	13.98	2.25				
	Arsenic	5	0.50	0.080				
	Lead	5	0.62	0.2L				
	Cadmium	1	0.16	0.05L				
	Sulfur dioxide	6450	1029.3	80				
	Smoke (powder) dust	764.2	192.868	15				

Significant Events

Names of the Company	Names of major pollutants	Total emissions approved	Total Emissions	Emission Concentration	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets
		(t/a)*	(t/a)	(mg/L)*				
Jiangxi Copper Yates Copper Foil Company Limited	pH	/	/	6-9	Table 2 of Discharge Standard for Electroplating Wastewater (GB21900-2008); "Integrated Emission Standard of Air Pollutants" (GB16297-1996); "Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	Organized emissions after meeting standards	21	In the plant area
	COD	/	10.54	62.46mg/L				
	Ammonia nitrogen	/	1.55	9.2mg/L				
	Suspended matter	/	0.84	5mg/L				
	Total copper	/	0.0115	0.068mg/L				
	Total zinc	/	0.0087	0.0513mg/L				
	Total cadmium	0.094717	0.0092	0.054mg/L				
	Hexavalent chromium	/	0.0084	0.05mg/L				
	Sulfuric acid mist	/	11.4	4.77mg/m ³				
Chromic acid mist	/	0.00063	0.0084mg/m ³					
Jiangxi Copper (Longchang) Precise Pipe Company Limited	pH	/	/	7.11	Management standards of Qingshan Lake Sewage Treatment Plant (Nanchang city)	Organized emissions after meeting standards	1	In the plant area
	CODcr	/	0.4965	33				
	Ammonia nitrogen	/	0.0941	6.369				
	Suspended matter	/	0.3586	24				
	BOD	/	0.1637	10.875				
	Animal and vegetable oils	/	0.0162	1.0825				
	Oil	/	0.0139	0.91				
	Total Phosphorus	/	0.0206	1.335				
Jiangtong-Wengfu Chemical Industry Company Limited	Sulfur dioxide	448	97.33	87.32mg/m ³	Emission Standard of Pollutants for Sulfuric Acid Industry (GB26132-2010)	Organized emissions after meeting standards	2	In the plant area
Wushan Copper Mine	pH	/	/	7.25	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	2	In the mining area
	COD	430	59.8	8.98				
	Ammonia nitrogen	60	1.95	0.2929				
	Suspended matter	/	122.9458	18				
	Total copper	10	0.316653	0.0476				
	Total zinc	/	0.290382	0.0436				
	Total lead	2.7225	0.007794	0.0012				
	Total cadmium	0.5445	0.004042	0.0006				
	Total arsenic	2.7225	0.002247	0.0003				
JCC Yinshan Mining Company Limited	pH	/	/	6.79	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	1	In the mining area
	COD	86.6	82.66	31.28				
	Ammonia nitrogen	9.7	7.99	3.02				
	Suspended matter	/	83.34	31.54				
	Total copper	/	0.114	0.043				
	Total lead	0.6461	0.0386	0.015				
	Total zinc	/	1.1415	0.4320				
	Total cadmium	0.0969	0.002	0.0007				
	Total arsenic	0.2584	0.0655	0.025				

Significant Events

Names of the Company	Names of major pollutants	Total emissions approved	Total Emissions	Emission Concentration	Pollutant emission standards implemented	Method of emission	Number of outlets	Distribution of outlets		
		(t/a)*	(t/a)	(mg/L)*						
Jiangxi Copper (Qingyuan) Company Limited	COD	0.528	0.1207	5.756	"Emission Standard of Pollutants for Regenerated Copper, Aluminium, Lead and Zinc Industry" (GB31574-2015) "Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	Organized emissions after meeting standards	5	In the mining area		
	Ammonia nitrogen	0.132	0.001535	0.0732						
	Sulfur dioxide	65.28	12.549	24.83mg/m ³						
	Smoke (powder) dust	12.5	3.78	7.48mg/m ³						
	Nitrogen oxides	35.5	13.164	26.05mg/m ³						
	Arsenic and its compounds	0.5	0.00132	0.0046mg/m ³						
	Lead and its compounds	2.5	0.0185	0.0646mg/m ³						
	Cadmium and its compounds	/	0.00367	0.0128mg/m ³						
Yongping Copper Mine	Sulfuric acid mist	/	0.2152	2.61mg/m ³	Standards in the table 2 of the "Emission Standard of Industrial Pollutants for Copper, Nickel, Cobalt" (GB25467-2010)	Organized emissions after meeting standards	3	In the mining area		
	COD	160.627	152.96	22.38						
	Ammonia nitrogen	27.15	26.02	1.03						
	Total copper	/	0.32	0.04						
	Total lead	/	0.26	0.02						
	Total zinc	/	0.82	0.08						
	Total cadmium	/	0.26	0.03						
	Suspended matter	/	164.77	17.28						
Humon Smelting	PH	/	7.46	7.46	Integral Emission Standard for Regional Air Pollutants in Shandong Province" (DB37/2376-2019)	emissions after meeting standards	9	In the plant area		
	SO ₂	239.323t	113.426 t	7.74mg/m ³						
	NO _x	478.017t	258.576 t	19.46mg/m ³						
	Particulates	45.2394t	33.402 t	2.09mg/m ³						
	Arsenic	711.477kg	466.892 kg	0.056mg/m ³						
Weihai Humon	Lead	273.296kg	157.448 kg	0.017mg/m ³	"Shandong Industrial Kiln and Furnace Air Pollutant Emission Standards" (DB37/2375-2019)	emissions after meeting standards	4	In the plant area		
	SO ₂	270.404t	0.791t	4.78mg/m ³						
	NO _x	608.888t	20.859t	27.2mg/m ³						
	Particulates	102.099t	4.721t	6.02mg/m ³						
	Fluoride	23.7251t	0.971t	1.95mg/m ³						
	Ammonia	252t	2.346t	0.11kg/h					"Emission Standards for Odor Pollutants" (GB14554-1993),	3
	Lead	/	0.67kg	Not detected					"Shandong Industrial Kiln and Furnace Air Pollutant Emission Standards" (DB37/2375-2019)	10
	Arsenic	/	0.08kg	Not detected						10

Explanation:

The pollutants with their corresponding approved emissions shown in the table are the targets specially controlled and managed by the state and local government, while other unconfirmed pollutants are also subject to supervision by the state and local government and will be discharged by the Company or its subsidiaries in an orderly manner after meeting the standards.

* Unless otherwise specified.

Significant Events

(2) **Construction and operation of pollution prevention facilities**

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

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

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

Key projects	Environmental impact assessment issued/ acceptance status	
	Notes	
Phase III of 15,000 tonnes Annual Electrolytic Copper Foil Renovation and Expansion Project of Jiangxi Copper Yates Copper Foil Company Limited	Passed acceptance	November 2021
Newly-built Acidic Water Regulating Reservoir of Dexing Copper Mine of Jiangxi Copper Company Limited – Zhujia Acidic Water Regulating Reservoir Area Anti-seepage Special Project	Passed acceptance	13 January 2021
Treatment Project for Old Tunnel Left by History at the Periphery of the Dexing Copper Mine	Passed acceptance	16 December 2021
Integrated Smelting and Recycling Technology Reform Project for Complex Gold Concentrate and Hazardous Wastes Containing Non-ferrous Metal	Passed acceptance	Yantai Ecology and Environment Bureau (Yan Yan Huan Shen [2020] No.1)/self-acceptance (2021/06/19)

Significant Events

(4) Contingency plan for emergency environmental incidents

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

(5) Self-monitoring environmental programs

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

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

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

Significant Events

Compliance Statistics of Online Monitoring Data

Unit	Compliance of Online Monitoring (daily average)				Compliance rate %
	Monitoring points	Monitoring days	Total number of monitoring	Time of exceeding standard	
Dexing Copper Mine	1	365	365	0	100%
Yongping Copper Mine	1	365	365	0	100%
Wushan Copper Mine	2	365	730	0	100%
Chengmenshan Copper Mine	1	365	365	0	100%
Yinshan Mining Company	1	365	365	0	100%
Guixi Smelter	6	365	2190	0	100%
Jiangxi Copper Yates Copper Foil Company Limited	1	365	365	0	100%

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

Not applicable

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

Currency: RMB

Company name	System establishment	Main measures	Environmental protection construction	
			Environmental protection (including reclamation investment) (0'000)	Reuse rate of industrial water %
Guixi Smelter	"Wastewater Control Process of Guixi Smelter", "Waste Gas and Dust Control Process of Guixi Smelter", "Solid Waste Control Process of Guixi Smelter"	Implemented the upgrading the reuse pond of emergency treatment station for sulphuric acid, and the upgrading of the site water collection and treatment system in the Guiye plant	13,612	99.11

Significant Events

Company name	System establishment	Main measures	Environmental protection construction	
			Environmental protection (including reclamation investment) (0'000)	Reuse rate of industrial water %
Dexing Copper Mine	"Environmental Protection Management Measures of Dexing Copper Mine", "Administrative Measures for Dangerous Solid Waste in Dexing Copper Mine"	Zhuji acidic water regulating reservoir bottom seepage prevention project, the newly-built Dawu River water quality online monitoring station, the waste gas collection and purification system renovation project of the metallurgical chemicals section of new technology plant	17,073	92.27
Wushan Copper Mine	"Wushan Copper Mine Environmental Protection Management Responsibility Measures", "Wushan Copper Mine Environmental Protection Facilities Management Measures", "Wushan Copper Mine Wastewater Treatment Management Measures", "Wushan Copper Mine Solid Waste Management Measures"	Extension of the retaining wall of the northern waste rock pile and renovation of the acid pond interception pond, renovation of environmental protection facilities such as the wastewater regulating pond, and environmental management around the original mine dump	1,559	94.93
Yongping Copper Mine	"Environmental Protection Administrative Measures of Yongping Copper Mine", "Environmental Protection Responsibility System of Yongping Copper Mine"	Ecological rehabilitation of the area to the south of the former heap leach plant under platform 212 of the western waste dump, ecological rehabilitation of the northwestern part of the western waste dump, and improvement and renovation of the acidic water management capacity of the ecological environment	18,096	88.58

Significant Events

Company name	System establishment	Main measures	Environmental protection construction	
			Environmental protection (including reclamation investment) (0'000)	Reuse rate of industrial water %
Chengmenshan Copper Mine	"Environmental Monitoring Management System", "Environmental Protection Management System", "Environmental Factors Identification and Evaluation Management System"	Ecological restoration of the waste dump and mining area perimeter, renovation of the access road from the contact road junction to the mine area, and front-end renovation of the production reuse water at the processing plant	1,290	96.65
Yinshan Mining Company	"Environmental Management System of JCC Yinshan Mining Company Limited", "Administrative Measures for the Operation of Environmental Protection Facilities of JCC Yinshan Mining Company Limited", "Environmental Monitoring Management System of JCC Yinshan Mining Company Limited"	Treatment for Old Tunnel Left by History in Yinshan Area, Yinshan Mining Wastewater Management Project, Tailings Storage Pumping Station Renovation	8,445	86.87
Humon Smelting	"Ecological Environmental Protection Management System including "Ecological Environmental Protection Responsibility System", "Environmental Protection Education and Training Management System", "Construction Project Ecological Environmental Protection Management System", "Pollution Prevention and Control Management System", "Environmental Monitoring Management System", "Environmental Protection Facilities Operation Management System" and etc.	Tail gas desulfurization transformation project of metallurgical No.3 sulfuric acid system, unorganized in-depth treatment project of material storage yard, environmental protection treatment project of tailings dam slope of Lazigou concentrator, chemical water system transformation, unorganized in-depth treatment of metallurgical No.3 electrolytic plant, etc	19,185.42	98.27

Significant Events

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

Not applicable

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

In 2021, the Company comprehensively implemented the ideology of ecological civilisation and the national and provincial ecological protection policy, seriously fulfilled its political responsibility for ecological protection, insisted on being target-oriented, problem-oriented and innovation-oriented, made every effort to solve outstanding ecological environmental problems, resolutely fought the hard battle against pollution, and achieved better results in ecological protection. We have established a long-term mechanism for ecological and environmental protection management, promoted environmental protection work at a high level and set up a leading group for ecological and environmental protection with the Chairman of the Group as the head of the group. For details, please refer to the “2021 Environmental, Social and Governance Report of Jiangxi Copper Company Limited” disclosed by the Company on 25 March 2022 at the website of SSE www.sse.com.cn and <http://www.hkexnews.hk>.

4. Measures taken to reduce its carbon emissions during the reporting period and their effectiveness

The Company continued to develop its new energy industry, gradually reduced the proportion of fossil energy used in its own production process, improved its energy structure, continuously promoted low-energy production processes and the use of energy-saving equipment, and created carbon sinks through ecological reclamation of mines to effectively reduce greenhouse gas emissions. During the Reporting Period, the Company's total greenhouse gas emissions amounted to 2,169,700 tonnes of carbon dioxide equivalent, a decrease of 34,600 tonnes compared to last year. For details, please refer to the “2021 Environmental, Social and Governance Report of Jiangxi Copper Company Limited” disclosed by the Company on 25 March 2022 at the website of SSE www.sse.com.cn and <http://www.hkexnews.hk>.

Significant Events

5. Particulars about consolidating and expanding the achievements of poverty eradication and village revitalisation

On the premise of fully completing the work of poverty eradication, the Company has taken the initiative to consolidate the achievements of poverty eradication, increased the promotion of policies and did a good job in effective convergence. During the Reporting Period, the Company made precise identification, paid regular visits to households that have escaped poverty, paid attention to the basic services for the “three types of people” in rural areas and the compulsory education of school-age children, and insisted on supporting both the will and the wisdom to stimulate the ability of households that have escaped poverty to develop themselves; set up a regular assistance relationship with Yaoqian Village, Shang Town, Jinggangshan, and supported the high-quality development of the village in accordance with the requirements of “prosperous production, pleasant ecology, civilised village style, effective governance and affluent living”. For details, please refer to the “2021 Environmental, Social and Governance Report of Jiangxi Copper Company Limited” disclosed by the Company on 25 March 2022 at the website of SSE www.sse.com.cn and <http://www.hkexnews.hk>.

XVII. CHARGES ON THE GROUP ASSETS

Details of the charges on the Group assets are set out in page 35 of this report.

XVIII. FOREIGN EXCHANGE RISK

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

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

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

XIX. CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no contingent liabilities.

Independent Auditor's Report

To the shareholders of Jiangxi Copper Company Limited

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

OPINION

We have audited the consolidated financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 187 to 343, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Impairment of trade receivables and factoring receivables

As at 31 December 2021, the Group had trade receivables and factoring receivables of approximately RMB10,973 million and RMB1,757 million, respectively, and an impairment allowance of trade receivables and factoring receivables of approximately RMB6,015 million and RMB1,196 million, respectively. Provision was made for lifetime expected credit losses ("ECL") on trade receivables and for either a 12-month ECL or a lifetime ECL on factoring receivables.

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

We performed the following procedures in our audit for the assessment of impairment of trade receivables and factoring receivables:

1. Obtaining an understanding of and testing the credit control procedures performed by management, including its procedures on periodic review of aged receivables and assessment on the ECL allowance of receivables;
2. Testing on a sample basis, the accuracy of the ageing profile of trade receivables by checking to the underlying sales invoices, and testing on a sample basis, the accuracy of the ageing profile of factoring receivables by checking to the underlying contracts and bank slips;
3. Assessing the reasonableness of the impairment allowance made with reference to the credit history of customers and industry data which were adjusted for forward-looking factors specific to the debtors, the economic environment, the realisable value of collateral and settlement records including default or delay in payments and actual collections after the end of the reporting period; and

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Impairment of trade receivables and factoring receivables (continued)

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

4. For collateral with collateral valuation reports issued by the independent professional valuers engaged by management, reviewing the collateral valuation reports and testing the key assumptions and estimations used in the valuation with the assistance of our internal valuation specialists.

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

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Goodwill impairment – gold related products cash-generating unit

Included in the consolidated statement of financial position was a goodwill balance of RMB1,266 million relating to the gold related products cash-generating unit ("CGU") as at 31 December 2021.

The Group is required to, at least annually, perform impairment assessments of goodwill. As of 31 December 2021, an independent professional valuer has been engaged by management to assist in the assessment of goodwill impairment. For the purpose of performing impairment assessments, goodwill has been allocated to the CGU. The impairment testing was performed by comparing the recoverable amount of the CGU and the carrying amount of the CGU. The determination of the recoverable amount of the underlying CGU involved estimates and judgements, including the future price of gold and related products, production costs, operating expenses, the growth rate used to estimate future cash flows and discount rate applied to these forecasted future cash flows of the underlying CGU. These estimates and judgements may be affected by unexpected changes in future market or economic conditions or discount rates applied. We identified the goodwill impairment as a key audit matter due to the complexity and significant judgements involved in the assessment process of management.

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

We performed the following procedures in our audit for the assessment of goodwill impairment:

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

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

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group for the year ended 31 December 2021 (the "Annual Report"), but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Certified Public Accountants

Hong Kong
25 March 2022

Consolidated Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	6	441,614,438	317,756,486
Cost of sales		(425,422,857)	(307,687,117)
Gross profit		16,191,581	10,069,369
Other income	7	1,068,671	1,126,594
Other gains and losses	8	(3,104,622)	(1,833,668)
Selling and distribution costs		(367,464)	(269,427)
Administrative expenses		(3,714,620)	(2,726,043)
Impairment losses on financial assets, net	9	(480,019)	(1,264,064)
Finance costs	10	(2,018,808)	(1,950,099)
Share of profits and losses of:			
Joint ventures	23	(15,272)	(17,600)
Associates	24	(142,559)	117,009
PROFIT BEFORE TAX	11	7,416,888	3,252,071
Income tax	14	(1,387,449)	(892,594)
PROFIT FOR THE YEAR		6,029,439	2,359,477
Attributable to :			
Owners of the Company		5,772,525	2,227,704
Non-controlling interests		256,914	131,773
		6,029,439	2,359,477
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
– Basic and diluted	16	RMB1.67	RMB0.64

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	6,029,439	2,359,477
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Reclassification adjustments for losses included in the consolidated statement of profit or loss	–	1,857
Income tax effect	–	(465)
	–	1,392
Exchange differences on translation of foreign operations	(15,021)	(11,467)
Share of other comprehensive expenses of joint ventures	(6,504)	(14,151)
Share of other comprehensive expenses of associates	(25,922)	(227,787)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	(47,447)	(252,013)

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other comprehensive income to that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	4,386,666	6,042,772
Income tax effect	46	-
	4,386,712	6,042,772
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	4,386,712	6,042,772
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	4,339,265	5,790,759
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	10,368,704	8,150,236
Attributable to:		
Owners of the Company	10,118,943	8,048,852
Non-controlling interests	249,761	101,384
	10,368,704	8,150,236

Consolidated Statement of Financial Position

31 DECEMBER 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	17	25,309,193	25,560,182
Investment properties	18	603,420	470,507
Right-of-use assets	19(a)	4,274,161	4,268,125
Goodwill	20	1,295,674	1,266,036
Other intangible assets	21	3,832,071	4,362,866
Exploration and evaluation assets	22	608,229	636,111
Investments in joint ventures	23	152,316	655,923
Investments in associates	24	4,910,158	3,952,216
Financial instruments other than derivatives	25	20,527,325	16,517,143
Deferred tax assets	27	707,392	485,715
Prepayments, other receivables and other assets	31	580,403	904,337
Deposits for prepaid lease payments	31	598,742	598,791
Loans to related parties	32	141,120	–
Time deposits	33	298,821	100,113
Restricted bank deposits	33	3,953,809	2,997,591
Total non-current assets		67,792,834	62,775,656
Current assets			
Inventories	28	36,976,794	32,687,522
Trade and bills receivables	29	7,695,500	7,001,401
Factoring receivables	30	561,493	716,574
Prepayments, other receivables and other assets	31	7,152,924	6,033,980
Loans to related parties	32	1,595,189	1,703,063
Financial instruments other than derivatives	25	4,019,993	4,453,934
Derivative financial instruments	26	379,098	451,513
Restricted bank deposits	33	13,535,689	10,574,092
Cash and cash equivalents	33	21,295,290	14,451,776
		93,211,970	78,073,855
Assets classified as held for sale	34	29,839	32,042
Total current assets		93,241,809	78,105,897

Consolidated Statement of Financial Position

31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Current liabilities			
Trade and bills payables	35	11,167,927	10,115,091
Derivative financial instruments	26	290,969	1,031,399
Other payables and accruals	36	10,090,878	7,210,743
Deposits from holding company and fellow subsidiaries	37	5,348,717	3,021,693
Deferred revenue	38	60,849	56,954
Interest-bearing bank borrowings	39	38,331,946	33,839,234
Lease liabilities	19(b)	173,125	167,175
Corporate bonds	40	513,316	5,991
Tax payable		1,251,214	825,071
Total current liabilities		67,228,941	56,273,351
Net current assets		26,012,868	21,832,546
Total assets less current liabilities		93,805,702	84,608,202
Non-current liabilities			
Corporate bonds	40	1,500,000	500,000
Interest-bearing bank borrowings	39	11,856,035	14,076,717
Deposits from holding company and fellow subsidiaries	37	103,684	88,000
Lease liabilities	19(b)	199,149	369,560
Deferred tax liabilities	27	340,068	372,277
Provision for rehabilitation	41	275,765	264,287
Employee benefit liabilities	42	16,080	19,654
Deferred revenue	38	458,647	525,443
Other non-current liabilities	43	1,246,348	1,532,960
Total non-current liabilities		15,995,776	17,748,898
Net assets		77,809,926	66,859,304

Consolidated Statement of Financial Position

31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Equity			
Equity attributable to owners of the parent			
Share capital	44	3,462,729	3,462,729
Reserves	45	66,336,123	56,447,664
		69,798,852	59,910,393
Non-controlling interests		8,011,074	6,948,911
Total equity		77,809,926	66,859,304

Approved on behalf of the board of directors:

Mr. Zheng Gaoqing
Director

Mr. Yu Tong
Director

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2021

For the year ended 31 December 2021

	Attributable to owners of the parent											Non-controlling	
	Share capital	Share premium*	Capital reserve*	Other reserve*	Statutory surplus reserve*	Discretionary surplus reserve*	Safety fund surplus reserve*	Hedging reserve*	Translation reserve*	Retained profits*	Sub-total	interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	3,462,729	12,647,502	(1,462,233)	6,832,650	4,816,743	9,647,574	267,052	-	246,343	23,452,033	59,910,383	6,948,911	66,859,304
Profit for the year	-	-	-	-	-	-	-	-	-	5,772,525	5,772,525	256,914	6,029,439
Other comprehensive income for the year													
Equity investments at fair value through other comprehensive income	-	-	-	4,386,881	-	-	-	-	-	-	4,386,881	(169)	4,386,712
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(8,037)	-	(8,037)	(6,984)	(15,021)
Share of other comprehensive expenses of joint ventures	-	-	-	-	-	-	-	-	(6,504)	-	(6,504)	-	(6,504)
Share of other comprehensive expenses of associates	-	-	-	-	-	-	-	-	(25,922)	-	(25,922)	-	(25,922)
Total comprehensive income for the year	-	-	-	4,386,881	-	-	-	-	(40,463)	5,772,525	10,118,943	249,761	10,368,704
Contribution from non-controlling interests	-	-	116,077	-	-	-	-	-	-	-	116,077	703,626	819,703
Acquisition of a subsidiary not under common control (note 4)	-	-	-	-	-	-	-	-	-	-	-	236,284	236,284
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(107,803)	(107,803)
Final 2020 dividend declared	-	-	-	-	-	-	-	-	-	(346,273)	(346,273)	-	(346,273)
Transfer from retained profits	-	-	-	-	308,747	-	136,957	-	-	(445,704)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(19,705)	(19,705)
Others	-	-	(288)	-	-	-	-	-	-	-	(288)	-	(288)
At 31 December 2021	3,462,729	12,647,502	(1,346,444)	11,219,531	5,125,490	9,647,574	404,009	-	205,880	28,432,581	69,798,852	8,011,074	77,809,926

* These reserve accounts comprise the consolidated reserves of RMB66,336,123,000 (2020: RMB56,447,664,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2021

For the year ended 31 December 2020

	Attributable to owners of the parent											Non-controlling interests	Total
	Share capital	Share premium*	Capital reserve*	Other reserve*	Statutory surplus reserve*	Discretionary surplus reserve*	Safety fund surplus reserve*	Hedging reserve*	Translation reserve*	Retained profits*	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	3,462,729	12,647,502	(924,429)	789,878	4,816,743	9,647,574	359,742	(1,392)	469,359	21,477,912	52,745,618	6,286,983	59,032,601
Profit for the year	-	-	-	-	-	-	-	-	-	2,227,704	2,227,704	131,773	2,359,477
Other comprehensive income for the year													
Equity investments at fair value through other comprehensive income	-	-	-	6,042,772	-	-	-	-	-	-	6,042,772	-	6,042,772
Cash flow hedges:													
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	-	1,392	-	-	1,392	-	1,392
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	18,922	-	18,922	(30,389)	(11,467)
Share of other comprehensive expenses of joint ventures	-	-	-	-	-	-	-	-	(14,151)	-	(14,151)	-	(14,151)
Share of other comprehensive expenses of associates	-	-	-	-	-	-	-	-	(227,787)	-	(227,787)	-	(227,787)
Total comprehensive income for the year	-	-	-	6,042,772	-	-	-	1,392	(223,016)	2,227,704	8,048,852	101,384	8,150,236
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	74,700	74,700
Acquisition of a subsidiary not under common control (note 4)	-	-	-	-	-	-	-	-	-	-	-	130,326	130,326
Acquisition of non-controlling interests	-	-	(537,804)	-	-	-	-	-	-	-	(537,804)	537,804	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(182,286)	(182,286)
Final 2019 dividend declared	-	-	-	-	-	-	-	-	-	(346,273)	(346,273)	-	(346,273)
Transfer from retained profits	-	-	-	-	-	-	(92,690)	-	-	92,690	-	-	-
At 31 December 2020	3,462,729	12,647,502	(1,462,233)	6,832,650	4,816,743	9,647,574	267,052	-	246,343	23,452,033	59,910,393	6,948,911	66,859,304

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,416,888	3,252,071
Adjustments for:			
Finance costs	10	2,018,808	1,950,099
Foreign exchange (gains)/losses, net	8	(6,815)	124,886
Share of losses/(gains) of joint ventures and associates	23,24	157,831	(99,409)
Gains from listed debentures	8	(8,903)	(9,979)
Gains from listed equity investments	8	(13,290)	(3,388)
Gains from investments in financial products	8	(290,933)	(687,225)
Losses from held-for-trading financial liabilities	8	9,177	175,633
Dividend income from equity investments	7	(28,426)	(27,601)
Net loss on disposal of items of property, plant and equipment	8	129,702	112,836
Net gain on disposal of other intangible assets	8	(12,068)	–
Fair value (gains)/losses, net:			
– Derivative financial instruments		(217,693)	57,089
– Listed equity investments	8	139,573	129,708
– Unlisted equity investments	8	118,428	119,725
– Income right attached to a target equity interest	8	78,848	22,498
– Debt instruments	8	91,468	275,730
– Held-for-trading financial liabilities	8	–	(100,858)
Provision for impairment of trade and bills receivables	9	147,817	668,914
Provision for impairment of factoring receivables	9	167,359	246,725
Provision for impairment of prepayments, other receivables and other assets	9	193,117	242,464
(Reversal of provision)/provision for impairment of loans to related parties	9	(30,322)	57,245
Provision for impairment of inter-bank loans	9	–	48,716
Provision for impairment of treasury bonds	9	2,048	–
Provision for impairment for impairment of right-of-use assets	8	4,503	–
Provision for impairment of inventories to net realisable value	11	311,146	357,737
Provision for impairment of property, plant and equipment	8	724,416	393,612
Provision for impairment of exploration and evaluation assets	8	48,228	17,689

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Provision for impairment of other intangible assets	8	336,605	86,274
Depreciation of property, plant and equipment	11	2,170,295	2,219,452
Depreciation of right-of-use assets	11	303,921	273,742
Depreciation of investment properties	11	12,548	12,339
Amortisation of other intangible assets	11	274,141	190,257
Gain on disposal of a subsidiary	8	(26,479)	-
Unwinding of an interest in rehabilitation provision	41	11,478	11,835
Deferred revenue released to the statement of profit or loss	38	(81,456)	(74,340)
		14,151,960	10,044,476
Increase in inventories		(5,015,078)	(5,798,800)
(Increase)/decrease in trade and bills receivable		(1,167,660)	129,082
(Increase)/decrease in factoring receivables		(12,278)	163,314
(Increase)/decrease in prepayments, other receivables and other assets		(1,191,910)	1,947,011
Decrease in derivative financial instruments		11,681	1,230,362
Increase in loans to related parties		(2,924)	(353,001)
Increase in restricted bank deposits except restricted deposits to secure bank borrowings		(2,646,579)	(3,272,068)
Increase/(decrease) in trade and bills payables		985,311	(2,425,357)
Increase/(decrease) in other payables and accruals		2,817,148	(804,896)
Increase in deposits from holding company and fellow subsidiaries		2,342,708	1,205,804
Cash generated from operations		10,272,379	2,065,927
Income tax paid		(1,240,745)	(683,932)
Net cash flows from operating activities		9,031,634	1,381,995

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2021

<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial investments	20,026,359	27,634,094
Dividend received from a joint venture	6,461	9,170
Dividend received from an associate	58,183	146,725
Proceeds from disposal of property, plant and equipment	89,403	169,410
Proceeds from disposal of items of assets classified as held for sale	2,203	4,483
Proceeds from disposal of other intangible assets	18,649	22
Proceeds from disposal of right-of-use assets	243	–
Receipt of government grant	–	19,644
Additional investments in joints ventures	–	(3,625)
Additional investments in associates	(648,139)	(409,837)
Acquisition of subsidiaries and business combinations	(82,447)	3,953
4	(19,828,087)	(24,230,345)
Purchases of financial investments	(2,677,206)	(2,569,114)
Purchases of property, plant and equipment	(20,346)	(163,750)
Purchases of exploration and evaluation assets	(119,174)	(77,999)
Additions to right-of-use assets	–	(14,062)
Purchases of investment properties	(54,945)	(821,926)
Net cash used in investing activities	(3,228,843)	(303,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings raised	88,090,361	101,374,756
New corporate bond issued	1,500,000	–
Collection of pledged time deposits to secure bank borrowings	(11,685,683)	(5,271,667)
Repayment of bank and other borrowings	(75,755,550)	(98,700,798)
Principal portion of lease payments	(202,288)	(323,793)
Dividends paid	(346,273)	(346,273)
Dividends paid to non-controlling interests	(107,803)	(182,287)
Interest paid	(1,158,522)	(1,786,542)
Contribution from non-controlling interests	819,703	74,700
Net cash flows from/(used in) financing activities	1,153,945	(5,161,904)

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Net increase/(decrease) in cash and cash equivalents		6,956,736	(4,083,066)
Cash and cash equivalents at beginning of year		14,451,776	18,730,338
Effect of foreign exchange rate changes, net		(113,222)	(195,496)
Cash and cash equivalents at end of year	33	21,295,290	14,451,776

Notes to Financial Statements

31 DECEMBER 2021

1. CORPORATE INFORMATION

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

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

Information about subsidiaries

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

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
四川康西銅業有限責任公司 Sichuan Kangtong Copper Company Limited (“Kangtong”)	LLC	Mainland China	RMB286,880,000	57.14%	-	Sale of copper materials, precious metal materials and sulphuric acid
江金同國際貿易有限公司 Jiangxi Copper International Trade Company Limited (“JXCC International Trade”)	LLC	Mainland China	RMB1,016,091,000	59.05%	-	Sale of metals, chemicals, mining products, construction materials

Notes to Financial Statements

31 DECEMBER 2021

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
保弘有限公司 Sure Spread Company Limited. ("Sure Spread")	LLC	Hong Kong	HKD50,000,000	-	59.05%	International trading and provision of related technical services
江銅國際（新加坡）有限公司 Jiangtong International (Singapore) PTE. LTD. ("Jiangtong Singapore")	LLC	Singapore	USD35,042,000	-	59.05%	Sale of copper materials, precious metal materials and sulphuric acid
江銅國際商業保理有限責任公司 Jiangxi Copper International Commercial Factoring Company Limited ("Jiangtong Factoring")	LLC	Mainland China	RMB400,000,000	-	59.05%	Treasury and provision of financial services
江西銅業集團財務有限公司 JCC Finance Company Limited ("Finance Company")	LLC	Mainland China	RMB1,000,000,000	98.33%	1.67%	Provision of deposits, loans, guarantees and financing consultation services to related parties
深圳江銅營銷有限公司 Shenzhen Jiangxi Copper Marketing Company Limited ("Shenzhen Trading")	LLC	Mainland China	RMB2,260,000,000	100%	-	Sale of copper products
鴻天實業有限公司 Loyal Sky Industrial Company Limited ("Loyal Sky")	LLC	Hong Kong	HKD77,555,000	-	100%	Trading of copper products and non-ferrous metals

Notes to Financial Statements

31 DECEMBER 2021

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading")	LLC	Mainland China	RMB200,000,000	100%	-	Sale of copper products
江西銅業集團東同礦業有限公司 JCC Dongtong Mining Company Limited ("Dongtong Mining")	LLC	Mainland China	RMB46,209,000	100%	-	Manufacture and sale of non-ferrous metal and rare materials
廣州江銅銅材有限公司 Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC")	LLC	Mainland China	RMB800,000,000	-	100%	Production, processing and sale of copper products and wires
江西省江銅耶茲銅箔有限公司 Jiangxi Copper Yates Copper Foil Company Limited ("Yates")	LLC	Mainland China	RMB1,253,600,000	70.19%	-	Production and sale of copper foil
江西江銅龍昌精密銅管有限公司 Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe")	LLC	Mainland China	RMB890,529,000	92.04%	-	Production and sale of copper pipes and other copper pipe products
江西銅業(清遠)有限公司 Jiangxi Copper (Qingyuan) Company Limited	LLC	Mainland China	RMB890,000,000	-	100%	Manufacture and sale of copper products
江西銅業香港有限公司 Jiangxi Copper Company Hong Kong Limited	LLC	Hong Kong	HKD1,096,069,000	100%	-	Trading of copper products and non-ferrous metals

Notes to Financial Statements

31 DECEMBER 2021

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment/ and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
香格里拉市必司大吉礦有限公司 Shangri La Bisidaji Mining Company Limited	LLC	Mainland China	RMB5,000,000	51%	-	Exploration of copper mining
江銅華北(天津)銅業有限公司 Jiangxi Copper Huabei (Tianjin) Company Limited ("JCHT")	LLC	Mainland China	RMB640,204,000	51%	-	Manufacture and sale of copper products
浙江江銅富冶和鼎銅業有限公司 Zhejiang JCC Fuye Heding Copper Company Limited ("Fuye Heding") (a)	LLC	Mainland China	RMB1,280,000,000	40%	-	Manufacture and sale of copper products
江西銅業(香港)投資有限公司 Jiangxi Copper Hong Kong Investment Limited	LLC	Hong Kong	USD1,052,080,000	100%	-	Mining investment
山東恒邦冶煉股份有限公司 Shandong Humon Smelting Co., Ltd. ("Shandong Humon") (b)	LLC	Mainland China	RMB910,400,000	44.48%	-	Production, processing and sale of precious metals and non-ferrous metals
江銅國興(煙台)銅業有限公司 Jiangtong Guoxing (Yantai) Copper CO., Ltd. ("Yantai Guoxing")	LLC	Mainland China	RMB500,000,000	65%	-	Manufacture of copper sulphate, electrolytic copper and non-ferrous metal
江西銅業(深圳)國際投資控股有限公司 Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd. ("Shenzhen International")	LLC	Mainland China	RMB1,662,000,000	100%	-	Mining investment

Notes to Financial Statements

31 DECEMBER 2021

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiary	Type	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
				Directly	Indirectly	
PIM CUPRIC HOLDING LTD ("PIM Cupric")	LLC	British Virgin Islands	USD1,136,261,000	-	100%	Mining investment
江西電纜有限責任公司 Jiangxi Cable Holding Limited ("Jiangxi Cable") (c)	LLC	Mainland China	RMB306,122,400	51%	-	Manufacture and sale of cable
天津大無縫銅材有限公司 Tpco Copper Holding Limited ("Tpco Copper") (c)	LLC	Mainland China	RMB2,772,600,000	-	91.59%	Manufacture and sale of copper products

- (a) On 1 October 2015, the Company entered into an acting-in-concert agreement with another vote holder of Fuye Heding, resulting in the Company having the majority of the voting rights thereafter. Accordingly, the board of directors of the Company considered that the Company has control over Fuye Heding and has consolidated it as a subsidiary since 1 October 2015.
- (b) The Company controls Shandong Humon through de facto control. Details are given in note 3 to the financial statements.
- (c) The subsidiaries were acquired during the year ended 31 December 2021. Details of are given in note 4 to the financial statements.

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

Notes to Financial Statements

31 DECEMBER 2021

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, certain debt and equity instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

Notes to Financial Statements

31 DECEMBER 2021

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on Hong Kong Interbank Offered Rates (“HIBOR”) and United States dollars based on London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above mentioned practical expedient upon the modification of these borrowings when the “economically equivalent” criterion is met. The Group expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Notes to Financial Statements

31 DECEMBER 2021

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	Reference to the Conceptual Framework ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
IFRS 17	Insurance Contracts ²
Amendments to IFRS 17	Insurance Contract ^{2, 4}
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to IAS 8	Definition of Accounting Estimates ²
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ¹
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information ²

Notes to Financial Statements

31 DECEMBER 2021

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

- ¹ Effective for annual periods beginning on or after 1 January 2022
- ² Effective for annual periods beginning on or after 1 January 2023
- ³ No mandatory effective date yet determined but available for adoption
- ⁴ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

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

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Notes to Financial Statements

31 DECEMBER 2021

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

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

Notes to Financial Statements

31 DECEMBER 2021

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

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

31 DECEMBER 2021

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

Annual Improvements to IFRS standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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

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

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

Business combinations and goodwill

(i) Business combinations under common control

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

(i) Business combinations under common control

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

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

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

(ii) Business combinations not under common control

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

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

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

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

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

or

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

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

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

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Investment properties

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

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

Commercial properties	12–45 years
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The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

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

Non-current assets and disposal groups held for sale

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

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

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

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets

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

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Leasehold land	25–50 years
Buildings	1–10 years
Machinery and vehicles	5–10 years

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

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

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement (continued)

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

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

Derecognition of financial assets

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

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

General approach

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

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

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

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

Simplified approach

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost of inventories also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

To the extent to which more than one finished product is obtained from the mineral resource ("joint products"), all joint production costs are apportioned between the resulting finished products by reference to their estimated realisable values at the point where those joint products become physically separated.

Those costs of removing waste materials or "stripping costs" incurred during the production phase of a mine are included in the cost of inventories extracted during the period in which the stripping costs are incurred.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for the Group's obligations for environment rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its provisions for environment rehabilitation cost at closure of mine based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognised at the appropriate discount rate.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of goods

The Group generally recognises revenue at the point of transfer of the control of goods on the basis of a combination of the following factors: the current right to collect the goods, the transfer of major risks and benefits in the ownership of the goods, the transfer of the legal ownership of the goods, the transfer of physical assets of the goods and that the customers have accepted the goods.

(b) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

(c) Other service income

Other service income, including income from sub-contracting services, is recognised when services are provided.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

In accordance with the rules and regulations in the PRC, the employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Notes to Financial Statements

31 DECEMBER 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group does not include the renewal options for leases as part of the lease term as these are not reasonably certain to be exercised.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Consolidation of an entity in which the Group holds less than a majority of voting rights

The Company considers that it controls Shandong Humon even though it owns less than 50% of the voting rights. This is because: i) the Company is able to control over the board of Shandong Humon with the power to make decision in the financial and operating policies; ii) the Company entered into an agreement with another three vote holders of Shandong Humon and they promised that they will not, either by themselves or together with other vote holders of Shandong Humon damage or impact the Company's right of control over Shandong Humon; and iii) the remaining equity shares in Shandong Humon are widely held by many other shareholders. Since the date of acquisition, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Company.

Estimation uncertainty

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

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required clean-up efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2021 was RMB275,765,000 (2020: RMB264,287,000). More details are given in note 41.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Useful lives of property, plant and equipment

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related property, plant and equipment, estimated mine lives. If the estimated useful lives change significantly, adjustment of depreciation will be provided in the future years. The carrying amount of property, plant and equipment at 31 December 2021 was RMB25,309,193,000 (2020: RMB25,560,182,000). More details are given in note 17.

Allowance for inventories

Management reviews the net realisable values of inventories at the end of the reporting period based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated selling expenses and related taxes to determine the allowance for inventories. Management may take reference to the available price in the open market or the most recent/subsequent selling price if the open market information is not available. These estimates could change significantly as a result of change in market demand of products or technical innovation and impact the expectation of net realisable value and allowance for inventories required. The carrying amount of inventories was RMB36,976,794,000 at 31 December 2021 (2020: RMB32,687,522,000). More details are given in note 28.

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and take into account recent economic production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable mineral reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining depreciation and amortisation rates for mine related assets and are used in assessing impairment losses. The carrying amount of mining rights at 31 December 2021 was RMB3,433,466,000 (2020: RMB3,950,787,000). More details are given in note 21.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of profit or loss in the period when the new information becomes available. The carrying amount of exploration and evaluation assets at 31 December 2021 was RMB608,229,000 (2020: RMB636,111,000). More details are given in note 22.

Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amounts of the future taxable profit and tax planning strategies. The carrying amount of deferred tax assets at 31 December 2021 of the Group was RMB707,392,000 (2020: RMB485,715,000). More details are given in note 27.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2021 was RMB1,295,674,000 (2020: RMB1,266,036,000). Further details are given in note 20.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2021, the carrying amount of non-financial assets (other than deferred tax, deposits for prepaid lease payments and deposits for property, plant and equipment) was RMB39,689,548,000 (2020: RMB39,905,930,000).

Provision for expected credit losses on trade receivables

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance. The expected credit loss rates are determined based on historical credit loss experience of receivables with similar credit risk characteristics and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. The realisable value of collateral has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables (continued)

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging of bill for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions, realisable value of collateral and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances, forecast economic conditions and realizable value of collateral. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Provision for expected credit losses on factoring receivables and other receivables

Impairment loss on factoring receivables and other receivables represent management's best estimate of losses incurred in factoring receivables and other receivables at the reporting date under ECL models. Management assesses whether the credit risk of factoring receivables and other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECLs. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment losses on factoring receivables and other receivables, including any observable data indicating that there is a measurable decrease in the estimated future cash flows from factoring receivables and other receivables and historical loss experience on the basis of the relevant observable data that reflects current economic conditions.

The measurement of the ECLs involves significant management judgments and assumptions, primarily including the selection of appropriate models and determination of relevant key measurement parameters, criteria for determining whether there was a significant increase in credit risk or a default was incurred, economic indicators for forward-looking measurement, and the application of economic scenarios and weightings, management consideration due to significant uncertain factors not covered in the models and the estimated future cash flows in stage 3.

Notes to Financial Statements

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Fair value of unlisted equity investments and income right attached to a target equity interest

The unlisted equity investments and income right attached to a target equity interest have been valued based on a market-based valuation technique as detailed in note 54 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select a series of key ratios. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments and the income right attached to a target equity interest at 31 December 2021 was RMB1,051,279,000 (2020: RMB1,239,351,000). Further details are included in note 25 to the financial statements.

Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION

Acquisition of Tpcu Copper

On 5 January 2021, the Group acquired a 91.59% interest in Tpcu Copper Holding Limited (“Tpcu Copper”) from a third party. The acquisition was made as part of the Group’s strategy to expand and strengthen the copper processing business. The purchase consideration for the acquisition was RMB300,000,000 in the form of cash.

The fair values of identifiable assets acquired and liabilities assumed of Tpcu Copper as at the date of acquisition were:

	5 January 2021 Fair value RMB’000
Non-current assets	227,904
Including: Property, plant and equipment	199,368
Right-of-use assets	28,410
Current assets	250,273
Including: Inventories	144,383
Total assets	478,177
Non-current liabilities	(51,356)
Including: Deferred tax liabilities	(21,001)
Current liabilities	(99,274)
Total liabilities	(150,630)
Total identifiable net assets at fair value	327,547
Non-controlling interests	(27,547)
Identifiable net assets at fair value attributable to the Group	300,000
Satisfied by cash	300,000

Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of TpcO Copper (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration paid in the period	(300,000)
Cash and bank balances acquired	10,332
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Net outflow of cash and cash equivalents included in cash flows from investing activities	(289,668)
Prepaid consideration in prior year	225,000
Transaction costs of the acquisition included in cash flows from operating activities	(400)
<hr/>	
	(65,068)
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The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB65,081,000 and RMB15,845,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB643,930,000 and RMB595,088,000, respectively, of which RMB578,849,000 and RMB579,243,000 impairment provision provided, respectively.

The Group incurred transaction costs of RMB400,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Since the acquisition, TpcO Copper contributed RMB7,712,229,000 to the Group's revenue and RMB5,942,000 net loss to the consolidated profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue and the profit of TpcO Copper included in the statement of profit or loss of the Group for the year would have been RMB7,712,229,000 and RMB5,942,000 net loss, respectively.

Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Jiangxi Cable

On 6 January 2021, the Group acquired a 51.00% interest in Jiangxi Cable Holding Limited (“Jiangxi Cable”) from a third party. The acquisition was made as part of the Group’s strategy to expand and strengthen the copper processing business. The purchase consideration for the acquisition was RMB208,404,000 in the form of cash.

The fair values of identifiable assets acquired and liabilities assumed of Jiangxi Cable as at the date of acquisition were:

	6 January 2021 Fair value RMB'000
Non-current assets	158,716
Including: Property, plant and equipment	131,141
Right-of-use assets	27,575
Current assets	224,831
Including: Inventories	9,168
<hr/>	
Total assets	383,547
<hr/>	
Current liabilities	(8,616)
<hr/>	
Total liabilities	(8,616)
<hr/>	
Total identifiable net assets at fair value	374,931
Non-controlling interests	(183,716)
<hr/>	
Identifiable net assets at fair value	
attributable to the Group	191,215
Goodwill on acquisition	17,189
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Satisfied by cash	208,404
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Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Jiangxi Cable (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration paid in the period	(208,404)
Cash and bank balances acquired	208,826
<hr/>	
Net inflow of cash and cash equivalents included in cash flows from investing activities	422
Transaction costs of the acquisition included in cash flows from operating activities	(56)
<hr/>	
	366
<hr/> <hr/>	

The fair values and the gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB6,744,000 and RMB23,000, respectively.

The Group incurred transaction costs of RMB56,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Since the acquisition, Jiangxi Cable contributed RMB339,427,000 to the Group's revenue and RMB30,823,000 net loss to the consolidated profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue and the profit of Jiangxi Cable included in the statement of profit or loss of the Group for the year would have been RMB339,427,000 and RMB30,823,000 net loss, respectively.

Acquisition of Guangdong Taolin

On 28 September, 2021, the Group acquired a 49.00% interest in Guangdong Taolin Ecology and Environment Co. Ltd. ("Guangdong Taolin") from a third party. Meanwhile, the Group entered into an acting-in-concert agreement with another vote holder, resulting in the Group holding the majority of the voting rights therefore. Accordingly, the board of directors of the Group considered that the Group has controlled over Guangdong Taolin and has consolidated it as a subsidiary since 28 September, 2021. The acquisition was made as part of the Group's strategy to expand the business of ecological restoration of mining. The purchase consideration for the acquisition was RMB36,488,000 in the form of cash.

Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Guangdong Taolin (continued)

The fair values of identifiable assets acquired and liabilities assumed of Guangdong Taolin as at the date of acquisition were:

	28 September 2021 Fair value RMB'000
Non-current assets	21,499
Including: Property, plant and equipment	3,209
Other Intangible Assets	18,290
Current assets	67,944
Including: Inventories	9,854
<hr/>	
Total assets	89,443
<hr/>	
Non-current liabilities	(4,598)
Including: Deferred tax liabilities	(4,598)
Current liabilities	(35,784)
<hr/>	
Total liabilities	(40,382)
<hr/>	
Total identifiable net assets at fair value	49,061
Non-controlling interests	(25,021)
<hr/>	
Identifiable net assets at fair value	
attributable to the Group	24,040
Goodwill on acquisition	12,449
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Satisfied by cash	36,489
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Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION (CONTINUED)

Acquisition of Guangdong Taolin (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration paid in the period	(36,489)
Cash and bank balances acquired	18,976
<hr/>	
Net outflow of cash and cash equivalents included in cash flows from investing activities	(17,513)
Transaction costs of the acquisition included in cash flows from operating activities	(232)
<hr/>	
	(17,745)
<hr/> <hr/>	

The fair values and the gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB29,053,000 and RMB5,582,000, respectively.

The Group incurred transaction costs of RMB232,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Since the acquisition, Guangdong Taolin contributed RMB57,085,000 to the Group's revenue and RMB13,560,000 net profit to the consolidated profit for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue and the profit of Guangdong Taolin included in the statement of profit or loss of the Group for the year would have been RMB100,991,000 and RMB17,324,000, respectively.

Notes to Financial Statements

31 DECEMBER 2021

4. BUSINESS COMBINATION (CONTINUED)

Reconciliation of goodwill

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	<i>RMB'000</i>
Gross carrying amount	
At 1 January 2021	1,266,036
Acquisition of subsidiaries	29,638
<hr/>	
At 31 December 2021	1,295,674
<hr/>	
Accumulated impairment losses	
At 1 January 2021 and 31 December 2021	-
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Net book value	
At 1 January 2021	1,266,036
<hr/>	
At 31 December 2021	1,295,674
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5. OPERATING SEGMENT INFORMATION

Since the acquisition of Shandong Humon on 26 June 2019, for management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) production and sale of copper and other related products and services ("Copper related business");
- (b) production and sale of gold and other related products and services ("Gold related business").

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax for related periods.

Notes to Financial Statements

31 DECEMBER 2021

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2021	Copper related business RMB'000	Gold related business RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	401,515,851	40,098,587	441,614,438
Intersegment sales	292,248	1,178,393	1,470,641
	401,808,099	41,276,980	443,085,079
<i>Reconciliation:</i>			
Elimination of intersegment sales			(1,470,641)
Revenue			441,614,438
Segment results	7,037,176	379,712	7,416,888
<i>Reconciliation:</i>			
Elimination of intersegment results			-
Profit before tax			7,416,888

Notes to Financial Statements

31 DECEMBER 2021

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020	Copper related business RMB'000	Gold related business RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	282,679,508	35,076,978	317,756,486
Intersegment sales	1,575,596	917,157	2,492,753
	284,255,104	35,994,135	320,249,239
<i>Reconciliation:</i>			
Elimination of intersegment sales			(2,492,753)
Revenue			317,756,486
Segment results	2,917,557	334,514	3,252,071
<i>Reconciliation:</i>			
Elimination of intersegment results			–
Profit before tax			3,252,071

Geographical information

The Group's operation is mainly located in Mainland China and Hong Kong. The Group's revenue by geographical location of customer is detailed below:

	2021 RMB'000	2020 RMB'000
Mainland China	379,475,853	258,469,492
Hong Kong	34,451,457	33,957,214
Others	28,840,360	26,136,469
	442,767,670	318,563,175
Less: Sales related taxes	1,153,232	806,689
	441,614,438	317,756,486

Notes to Financial Statements

31 DECEMBER 2021

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

All material non-current assets of the Group (excluding deferred tax assets and financial instruments) are located in Mainland China except for certain investments in Hong Kong, the United States, Singapore, Afghanistan, Algeria, Peru, Japan, Zambia, Kazakhstan and Mexico.

Information about major customers

No revenue from customer or a group of entities which are known to be under common control with that customer, was accounted for 10% or more of the Group's revenue for years ended 31 December 2021 and 2020. The State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

6. REVENUE

Disaggregated revenue information

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers		
Sale of goods		
– Copper cathodes	221,113,210	166,680,150
– Copper rods	102,444,247	58,894,734
– Copper processing products	6,441,992	4,291,362
– Gold	28,242,117	33,712,410
– Silver	14,015,436	13,333,365
– Sulphuric and sulphuric concentrates	3,375,199	1,116,480
– Copper concentrate, rare and other non-ferrous metals	59,193,201	31,276,409
– Others	6,366,885	8,220,480
Construction services	503,951	414,507
Other services	1,071,432	623,278
	442,767,670	318,563,175
Less: Sales related taxes	1,153,232	806,689
	441,614,438	317,756,486

Notes to Financial Statements

31 DECEMBER 2021

6. REVENUE (CONTINUED)

Disaggregated revenue information (continued)

The Group's revenue from contracts with customers, including sales of goods and other service income above, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Type of goods or service		
– Sale of goods	441,192,287	317,525,390
– Construction services	503,951	414,507
– Other services	1,071,432	623,278
	442,767,670	318,563,175
Less: Sales related taxes	1,153,232	806,689
Total revenue from contracts with customers	441,614,438	317,756,486
Timing of revenue recognition		
– Goods or services transferred at a point in time	442,263,719	318,148,668
– Services transferred over time	503,951	414,507
	442,767,670	318,563,175
Less: Sales related taxes	1,153,232	806,689
Total revenue from contracts with customers	441,614,438	317,756,486

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	1,484,500	2,357,189

Notes to Financial Statements

31 DECEMBER 2021

6. REVENUE (CONTINUED)

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon transfer of controls of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Sales of goods are made in a short period of time and the performance obligation is mostly satisfied in one year or less at the end of each year.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other services

The performance obligation is satisfied upon services are provided and payment is generally due within 30 to 90 days from the date of billing.

7. OTHER INCOME

An analysis of other income is as follows:

	2021	2020
	RMB'000	RMB'000
Interest income	814,715	887,831
Dividend income from equity investments	28,426	27,601
Government grants recognised	162,424	142,905
Compensation income and others	63,106	68,257
	1,068,671	1,126,594

Notes to Financial Statements

31 DECEMBER 2021

8. OTHER GAINS AND LOSSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Fair value gains/(losses) from commodity derivative contracts and commodity option contracts:		
Transactions not qualifying as hedges	172,584	(230,305)
Ineffectiveness of cash flow hedges	–	2,872
Losses on commodity derivative contracts and commodity option contracts:		
Transactions not qualifying as hedges	(2,116,455)	(1,105,036)
Fair value gains from foreign currency forward contracts and interest rate swaps	45,109	48,614
Gains from foreign currency forward contracts and interest rate swaps	156,909	121,730
Fair value (losses)/gains on other financial assets:		
Financial products	(91,468)	(275,730)
Listed equity instruments	(139,573)	(129,708)
Unlisted equity investments	(118,428)	(119,725)
Income right attached to a target equity interest	(78,848)	(22,498)
Held-for-trading financial liabilities	–	100,858
Gains/(losses) on other financial instruments:		
Listed equity instruments	13,290	3,388
Listed debentures	8,903	9,979
Financial products	290,933	687,225
Held-for-trading financial liabilities	(9,177)	(175,633)
Impairment losses on:		
Property, plant and equipment	(724,416)	(393,612)
Exploration and evaluation assets	(48,228)	(17,689)
Right of use assets	(4,503)	–
Other intangible assets	(336,605)	(86,274)
Gains on disposal of a subsidiary (<i>note 47</i>)	26,479	–
Losses on disposal of property, plant and equipment	(129,702)	(112,836)
Gains on disposal of other intangible assets	12,068	–
Foreign exchange gains/(losses), net	6,815	(124,886)
Others	(40,309)	(14,402)
	(3,104,622)	(1,833,668)

Notes to Financial Statements

31 DECEMBER 2021

8. OTHER GAINS AND LOSSES (CONTINUED)

During the year ended 31 December 2021, an impairment loss of RMB627,635,000, RMB48,228,000, RMB221,770,000 and RMB4,503,000 was recognised for certain property, plant and equipment, certain exploration and evaluation assets, certain other intangible assets and certain right-of-use assets, respectively, as a result of a series of future expenditures on environment protection of one of the Group's mines have been forecasted. The recoverable amount was RMB444,390,000 which has been determined at the level of the cash-generating unit based on a value-in-use calculation using cash flow projections. The cash-generating unit mainly consisted of property, plant and equipment and mining rights held by the mine. The pre-tax discount rate applied to the cash flow projections is 13%.

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Provided for/(reversal of):		
Impairment of trade receivables	147,817	668,914
Impairment of factoring receivables	167,359	246,725
Impairment of loans to related parties	(30,322)	57,245
Impairment of other receivables	193,117	242,464
Impairment of treasury bonds	2,048	-
Impairment of inter-bank loans	-	48,716
	480,019	1,264,064

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on:		
Bank borrowings	1,373,628	1,543,513
Discounted notes	596,064	370,942
Corporate bonds	31,025	29,000
Lease liabilities	18,091	6,644
	2,018,808	1,950,099

Notes to Financial Statements

31 DECEMBER 2021

11. PROFIT BEFORE TAX

In addition to the items detailed elsewhere in these financial statements, the Group's profit before tax is arrived at after charging:

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Cost of inventories sold and service provided		417,262,030	299,531,151
Depreciation of property, plant and equipment	17	2,170,295	2,219,452
Depreciation of right-of-use assets	19	303,921	273,742
Depreciation of investment properties	18	12,548	12,339
Amortisation of other intangible assets	21	274,141	190,257
Auditors' remuneration		14,850	13,980
Employee benefit expense (including directors' remuneration):			
– Wages and salaries		4,718,525	4,000,141
– Pension scheme contributions *		614,177	380,707
Research and development costs		474,050	489,917
Provision for allowance for inventories included in cost of sales		311,146	357,737

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Notes to Financial Statements

31 DECEMBER 2021

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Fees	600	400
Other emoluments:		
Salaries, allowances and benefits in kind	10,352	8,881
Pension scheme contributions	471	372
	10,823	9,253
	11,423	9,653

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Liu Erfei	150	100
Liu Xike	150	100
Tu Shutian (i)	75	100
Zhu Xingwen	150	100
Wang Feng (ii)	75	–
	600	400

Note:

- i. On 8 June 2021, Mr. Tu Shutian resigned as an independent non-executive director of the Company.
- ii. On 8 June 2021, Mr. Wang Feng was appointed as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

Notes to Financial Statements

31 DECEMBER 2021

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors

2021	Fees RMB'000	Other emoluments			Total RMB'000
		Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	
Executive directors:					
Zheng Gaoqing <i>(Chairman and the chief executive) (i)</i>	-	1,298	-	69	1,367
Gao Jianmin	-	250	-	-	250
Liang Qing	-	250	-	-	250
Wang Bo	-	1,298	-	65	1,363
Yu Tong	-	1,298	-	57	1,355
Liu Fangyun	-	1,298	-	34	1,332
	-	5,692	-	225	5,917
Supervisors:					
Zeng Min	-	932	-	47	979
Zhang Jianhua	-	932	-	44	976
Zhang Kui	-	932	-	47	979
Guan Yongmin	-	932	-	55	987
Wu Donghua	-	932	-	53	985
	-	4,660	-	246	4,906

Notes to Financial Statements

31 DECEMBER 2021

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (continued)

2020	Fees <i>RMB'000</i>	Other emoluments			Total <i>RMB'000</i>
		Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	
Executive directors:					
Zheng Gaoqing <i>(Chairman and the chief executive) (i)</i>	-	1,082	-	18	1,100
Long Ziping <i>(Chairman and the chief executive) (i)</i>	-	811	-	45	856
Gao Jianmin	-	200	-	-	200
Liang Qing	-	200	-	-	200
Liu Fangyun	-	541	-	36	577
Wang Bo	-	1,082	-	42	1,124
Yu Tong	-	1,082	-	23	1,105
	-	4,998	-	164	5,162
Supervisors:					
Hu Qingwen <i>(ii)</i>	-	388	-	43	431
Liao Shengsen <i>(ii)</i>	-	388	-	25	413
Guan Yongmin	-	388	-	35	423
Wu Donghua	-	388	-	27	415
Zeng Min	-	777	-	26	803
Zhang Jianhua	-	777	-	25	802
Zhang Kui	-	777	-	27	804
	-	3,883	-	208	4,091

Notes to Financial Statements

31 DECEMBER 2021

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, chief executive and supervisors (continued)

Notes:

- i. On 9 September 2020, Mr. Long Ziping resigned from his position as the Chairman and the chief executive director of the Company and Mr. Zheng Gaoqing was appointed as the Chairman and the chief executive director of the Company.
- ii. On 10 June 2020, Mr. Hu Qingwen and Mr. Liao Shengsen resigned from their positions as supervisors of the Company.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees of the Group and/or in their capacity as directors of the companies now comprising the Group during the year. There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the year.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included no directors (2020: highest paid employees during the year included no directors). Details of the remuneration for the year of the five (2020: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
Salaries, allowances and benefits in kind	13,037	11,303
Pension scheme contributions	215	233
	13,252	11,536

Notes to Financial Statements

31 DECEMBER 2021

13. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

The number of non-director and non-chief executive highest paid employee whose remuneration fell within the following bands is as follows:

	2021	2020
	Number of	Number of
	Individual	Individual
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$5,500,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	–	1
	5	5

14. INCOME TAX

The major components of income tax expenses of the Group during the year are as follows:

	2021	2020
	RMB'000	RMB'000
Current income tax	1,666,888	902,020
Deferred income tax (<i>note 27</i>)	(279,439)	(9,426)
Income tax charge for the year	1,387,449	892,594

Hong Kong profits tax on seven (2020: seven) of the Group's subsidiaries has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiaries incorporated in Singapore, United States, Peru, Turkey, Zambia and Mexico are subject to corporate income tax at rates of 10% (2020: 17%), 28% (2020: 28%), 29.5% (2020: 29.5%), 20% (2020: 20%), 35% (2020: 35%), and 30% (2020: 30%), respectively.

The provision for PRC income tax is based on a statutory rate of 25% (2020: 25%) of the assessable profits of the PRC companies as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law except for those recognised as New and High Technology Enterprise which are entitled to a preferential PRC income tax rate of 15%, according to the PRC Corporate Income Tax Law.

Notes to Financial Statements

31 DECEMBER 2021

14. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Profit before tax	7,416,888	100	3,252,071	100.00
Tax at the effective statutory tax rate (15%)*	1,112,533	15.00	487,811	15.00
Effect of different tax rates for subsidiaries	76,054	1.03	(88,098)	(2.71)
Tax loss and temporary differences not recognised	286,488	3.86	549,989	16.91
Expenses not deductible for tax	31,983	0.43	33,977	1.04
Income not subject to tax	(12,741)	(0.17)	(15,622)	(0.48)
Profits and losses attributable to joint ventures and associates	13,007	0.18	(9,758)	(0.30)
Adjustments in respect of current tax of previous periods	15,779	0.21	7,544	0.23
Utilisation of unrecognised tax losses and temporary differences	(32,100)	(0.43)	(13,269)	(0.41)
Tax incentive in relation to deduction of certain expense	(103,554)	(1.40)	(59,980)	(1.83)
Income tax expense at the Group's effective rate	1,387,449	18.71	892,594	27.45

* Pursuant to the Notice of Recognition of the 2020 First Batch of New and High Technology Enterprises in Jiangxi Provinces (Gan Gao Qi Ren Fa [2020] No. 195) dated 7 December 2020, jointly issued by the Science and Technology Department of Jiangxi Province, Finance Department of Jiangxi Province, State Tax Bureau of Jiangxi Province and Provincial Tax Bureau of Jiangxi Province, the Company obtained the certificate of New and High Technology Enterprises (reference number: GR202036000206). The validity period of the certificate is from 1 January 2020 to 31 December 2022. The Company was entitled to enjoy the preferential Corporate Income Tax policies for new and high technology enterprises and entitled to a tax concession of the income tax rate of 15% in 2021.

Notes to Financial Statements

31 DECEMBER 2021

15. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Proposed final of RMB0.50 per share (2020: RMB0.10 per share)	1,731,365	346,273
	1,731,365	346,273

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

16. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,462,729,405 (2020: 3,462,729,405) in issue during the year. The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

The calculation of basic earnings per share is based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	5,772,525	2,227,704
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,462,729,405	3,462,729,405

Notes to Financial Statements

31 DECEMBER 2021

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
As at 1 January 2020	18,575,829	20,440,056	1,547,774	462,040	4,969,925	45,995,624
Additions	49,844	99,833	28,260	23,157	2,750,575	2,951,669
Effect of business combination not under common control	26,005	-	-	27	41,109	67,141
Transfers	2,102,937	554,217	51,431	56,161	(2,764,746)	-
Transfer from right-of-use assets	-	166,174	-	-	-	166,174
Transfer to intangible assets	-	-	-	-	(38,725)	(38,725)
Transfer to right-of-use assets	-	-	-	-	(1,545,975)	(1,545,975)
Transfer to investment properties	(17,762)	-	-	-	-	(17,762)
Disposals	(193,053)	(601,320)	(62,901)	(15,930)	-	(873,204)
As at 31 December 2020	20,543,800	20,658,960	1,564,564	525,455	3,412,163	46,704,942
Additions	23,469	78,574	29,967	23,525	2,496,846	2,652,381
Effect of business combination not under common control (note 4)	259,703	68,157	3,428	2,010	420	333,718
Transfers	1,210,556	1,494,609	52,838	58,457	(2,816,460)	-
Transfer to intangible assets	-	-	-	-	(13,297)	(13,297)
Transfer to right-of-use assets	-	-	-	-	(120,097)	(120,097)
Disposals of a subsidiary	-	-	(106)	(182)	-	(288)
Disposals	(642,741)	(956,518)	(147,207)	(19,095)	-	(1,765,561)
As at 31 December 2021	21,394,787	21,343,782	1,503,484	590,170	2,959,575	47,791,798
Accumulated depreciation						
As at 1 January 2020	(6,794,968)	(10,696,452)	(1,361,833)	(153,836)	-	(19,007,089)
Transfer from right-of-use assets	-	(17,142)	-	-	-	(17,142)
Transfer to investment properties	9,805	-	-	-	-	9,805
Charge for the year	(990,519)	(1,080,587)	(105,766)	(42,580)	-	(2,219,452)
Disposals	82,991	460,642	52,794	7,108	-	603,535
As at 31 December 2020	(7,692,691)	(11,333,539)	(1,414,805)	(189,308)	-	(20,630,343)
Charge for the year	(843,922)	(1,203,757)	(81,005)	(41,611)	-	(2,170,295)
Disposals of a subsidiary	-	-	93	106	-	199
Disposals	195,933	805,629	107,252	15,823	-	1,124,637
As at 31 December 2021	(8,340,680)	(11,731,667)	(1,388,465)	(214,990)	-	(21,675,802)

Notes to Financial Statements

31 DECEMBER 2021

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision for impairment						
As at 1 January 2020	(118,263)	(2,065)	(593)	(23)	-	(120,944)
Provision for the year	(297,077)	(93,987)	(1,992)	(556)	-	(393,612)
Write-off for the year	-	139	-	-	-	139
As at 31 December 2020	(415,340)	(95,913)	(2,585)	(579)	-	(514,417)
Provision for the year	(444,552)	(156,579)	(23,202)	(3,136)	(96,947)	(724,416)
Disposals	388,512	40,545	2,416	557	-	432,030
As at 31 December 2021	(471,380)	(211,947)	(23,371)	(3,158)	(96,947)	(806,803)
Net carrying amount						
As at 31 December 2021	12,582,727	9,400,168	91,648	372,022	2,862,628	25,309,193
As at 31 December 2020	12,435,769	9,229,508	147,174	335,568	3,412,163	25,560,182

As at 31 December 2021, certain of the Group's machinery and buildings with net book values of approximately RMB246,850,000 (2020: RMB290,113,000) and RMB447,587,000 (2020: RMB221,582,000), respectively, were pledged to secure short-term bank borrowings (note 39).

As at 31 December 2021, certain of the Group's machinery and buildings with net book values of approximately RMB92,526,000 (2020: RMB99,595,000) and RMB96,584,000 (2020: RMB102,820,000), respectively, were pledged to secure long-term bank borrowings (note 39).

As at 31 December 2021, the Group was in the process of obtaining property ownership certificates for certain of the Group's buildings with a net book value of RMB443,171,000 (2020: RMB437,013,000).

As at 31 December 2021, certain of the Group's buildings with a net book value of approximately RMB109,698,000 (2020: RMB112,320,000) were restricted due to litigation (note 50).

Notes to Financial Statements

31 DECEMBER 2021

18. INVESTMENT PROPERTIES

**Commercial
properties**
RMB'000

Cost

As at 1 January 2020	555,502
Addition	14,062
Transfer from property, plant and equipment	17,762
Disposal	(13,208)
As at 31 December 2020	574,118
Addition	155,672
Disposal	(10,875)
As at 31 December 2021	718,915

Accumulated depreciation

As at 1 January 2020	(81,933)
Charge for the year	(12,339)
Transfer from property, plant and equipment	(9,805)
Disposal	466
As at 31 December 2020	(103,611)
Charge for the year	(12,548)
Disposal	664
As at 31 December 2021	(115,495)

Net carrying amount

As at 31 December 2021	603,420
As at 31 December 2020	470,507

As at 31 December 2021, certain of the Group's investment properties with a net book value of approximately RMB155,777,000 (2020: RMB159,501,000) were restricted due to litigation (note 50).

Notes to Financial Statements

31 DECEMBER 2021

18. INVESTMENT PROPERTIES (CONTINUED)

The Group's properties leased to others under operating leases are measured using cost model and are classified and accounted for as investment properties. Depreciation is provided to write off the cost of investment properties using the straight-line method over the remaining terms of the useful lives.

The directors of the Company anticipate that the fair values of the Group's investment properties are close to the carrying amounts measured at cost.

19. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, machinery and vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 25 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years, while machinery and vehicles generally have lease terms between 5 and 10 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Notes to Financial Statements

31 DECEMBER 2021

19. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Right-of-use assets			
	Leasehold land <i>RMB'000</i>	Buildings <i>RMB'000</i>	Machinery and vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020	2,394,789	21,478	166,174	2,582,441
Addition	37,419	524,578	486	562,483
Transfer from construction in progress	1,545,975	–	–	1,545,975
Transfer to property, plant and equipment	–	–	(149,032)	(149,032)
Depreciation charge	(247,740)	(8,617)	(17,385)	(273,742)
As at 31 December 2020	3,730,443	537,439	243	4,268,125
Addition	136,828	912	881	138,621
Effect of business combination not under common control (<i>note 4</i>)	55,656	–	329	55,985
Transfer from construction in progress	120,097	–	–	120,097
Reclassification	524,578	(524,578)	–	–
Provision for the year	(4,503)	–	–	(4,503)
Disposal	–	–	(243)	(243)
Depreciation charge	(298,409)	(4,784)	(728)	(303,921)
As at 31 December 2021	4,264,690	8,989	482	4,274,161

Notes to Financial Statements

31 DECEMBER 2021

19. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

As at 31 December 2021, certain of leasehold land of the Group with a net book value of RMB216,932,000 (2020: RMB103,299,000) was pledged to secure short-term bank borrowings as set out in note 39.

As at 31 December 2021, certain of leasehold land of the Group with a net book value of RMB33,112,000 (2020: RMB33,837,000) was pledged to secure long-term bank borrowings as set out in note 39.

At 31 December 2021, the Group was in the process of obtaining the certificates of the land use rights for certain of the Group's leasehold land with a net book value of approximately RMB54,245,000 (2020: RMB1,361,194,000).

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 Lease liabilities <i>RMB'000</i>	2020 Lease liabilities <i>RMB'000</i>
Carrying amount at 1 January	536,735	336,549
New leases	19,397	517,335
Effect of business combination not under common control	339	–
Accretion of interest recognised during the year	18,091	6,644
Payment	(202,288)	(323,793)
Carrying amount at 31 December	372,274	536,735
Analysed into:		
Current portion	173,125	167,175
Non-current portion	199,149	369,560

The maturity analysis of lease liabilities is disclosed in note 55 to the financial statements.

Notes to Financial Statements

31 DECEMBER 2021

19. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on lease liabilities	18,091	6,644
Depreciation charge of right-of-use assets	303,921	273,742
Total amount recognised in profit or loss	322,012	280,386

(d) The total cash outflow for leases is disclosed in note 48(c) to the financial statements. As at 31 December 2021, the Group had no significant lease contract that has not yet commenced.

20. GOODWILL

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Carrying amount at 1 January	1,266,036	1,266,036
Acquisition of subsidiaries	29,638	–
Carrying amount at 31 December	1,295,674	1,266,036
Acquisition of Shandong Humon (i)	1,266,036	1,266,036
Acquisition of Jiangxi Cable	17,189	–
Acquisition of Guangdong Taolin	12,449	–
	1,295,674	1,266,036

Notes to Financial Statements

31 DECEMBER 2021

20. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Gold related products cash-generating unit (“CGU”)
- Cable related products CGU
- Ecological restoration service CGU

Particulars of the impairment test of the material CGU are as follows:

(i) Gold related products cash-generating unit

The recoverable amount of the gold related products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the gold related products CGU beyond the five-year period is 2.3% (31 December 2020: 3%). This growth rate does not exceed the long-term average growth rate of the gold related products and is in accordance with forecasted data of the industry. The determination of the recoverable amount of the gold related products CGU involves estimates and judgments, including the future price of gold and related products, production costs, operating expenses, the growth rate used to estimate future cash flows and discount rate applied to these forecasted future cash flows of the underlying CGU.

The pre-tax discount rate applied to the cash flow projections is 9.80% (31 December 2020: 9.73%). These estimates and judgements may be affected by unexpected changes in future market or economic conditions or discount rates applied.

The values assigned to the key assumptions on market development of the industrial products, discount rates and raw materials price inflation are consistent with external information sources.

The directors of the Company are of the view that, based on their assessment, there was no impairment of goodwill as at 31 December 2021.

Notes to Financial Statements

31 DECEMBER 2021

21. OTHER INTANGIBLE ASSETS

	Mining rights <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Vendor contracts <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
As at 1 January 2020	2,250,768	203,777	–	120,729	2,575,274
Additions	1,952,346	2,380	–	8,575	1,963,301
Effect of business combination not under common control	–	–	193,524	–	193,524
Transfer from construction in progress	–	–	–	38,725	38,725
Transfer from exploration and evaluation assets	469,210	–	–	–	469,210
Disposals	–	–	–	(145)	(145)
As at 31 December 2020	4,672,324	206,157	193,524	167,884	5,239,889
Additions	51,704	54	–	3,187	54,945
Effect of business combination not under common control	–	–	–	18,290	18,290
Transfer from construction in progress	–	–	–	13,297	13,297
Disposals	(150,793)	–	–	(140)	(150,933)
As at 31 December 2021	4,573,235	206,211	193,524	202,518	5,175,488
Amortisation					
As at 1 January 2020	(476,967)	(48,736)	–	(74,912)	(600,615)
Provision for the year	(158,296)	(2,951)	(20,376)	(8,634)	(190,257)
Disposals	–	–	–	123	123
As at 31 December 2020	(635,263)	(51,687)	(20,376)	(83,423)	(790,749)
Provision for the year	(225,891)	(2,357)	(13,912)	(31,981)	(274,141)
Disposals	57,938	–	–	140	58,078
As at 31 December 2021	(803,216)	(54,044)	(34,288)	(115,264)	(1,006,812)
Provision for impairment					
As at 1 January 2020	–	–	–	–	–
Provision for the year	(86,274)	–	–	–	(86,274)
As at 31 December 2020	(86,274)	–	–	–	(86,274)
Provision for the year	(336,553)	–	–	(52)	(336,605)
Write-off for the year	86,274	–	–	–	86,274
As at 31 December 2021	(336,553)	–	–	(52)	(336,605)
Net carrying amount					
As at 31 December 2021	3,433,466	152,167	159,236	87,202	3,832,071
As at 31 December 2020	3,950,787	154,470	173,148	84,461	4,362,866

Notes to Financial Statements

31 DECEMBER 2021

22. EXPLORATION AND EVALUATION ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Carrying amount at 1 January	636,111	959,260
Additions	20,346	163,750
Transfer to mining rights (<i>note 21</i>)	–	(469,210)
Impairment	(48,228)	(17,689)
	608,229	636,111

23. INVESTMENTS IN JOINT VENTURES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Share of net assets	187,233	690,840
Impairment	(34,917)	(34,917)
	152,316	655,923

The Group's trade receivable and payable balances with the joint ventures are disclosed in note 52 to the financial statements.

Particulars of the joint ventures are set out as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of establishment and operations	Percentage of		Principal activities
			Ownership interest	Profit sharing	
江西省江銅百泰環保科技有限公司 Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd. ("Jiang Tong Bioteq")	Registered capital of RMB1 each	PRC/Mainland China	50%	50%	Recovery of industrial waste water and sale of products
Nesko Metal Sanayive Ticaret Anonim Sirketi	Registered capital of YTL1 each	Istanbul	48%	48%	Investment holding of a 99.95% equity interest in a mining company in Albania
嘉石普通合伙人有限公司 Valuestone GP Ltd.	Registered capital of USD1 each	Cayman Islands	51%	51%	Investments in natural resources

Notes to Financial Statements

31 DECEMBER 2021

23. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial statements of the Group's joint ventures that are not individually material:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Share of the joint ventures' loss for the year	(15,272)	(17,600)
Share of the joint ventures' other comprehensive expenses for the year	(6,504)	(14,151)
Share of the joint ventures' total comprehensive expenses for the year	(21,776)	(31,751)
Carrying amount of the Group's investments in the joint ventures	152,316	655,923

24. INVESTMENTS IN ASSOCIATES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Share of net assets	4,910,158	3,952,216

The Group's trade receivable and payable balances with the associates are disclosed in note 52 to the financial statements.

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
五礦江銅礦業投資有限公司 Minmetals Jiangxi Copper Mining Investment Company Limited ("Minmetals Jiangxi Copper")	Registered capital of RMB1 each	PRC/Mainland China	40%	Investment holding of a mining company in Peru
中冶江銅艾娜克礦業有限公司 MCC-JCL Aynak Minerals Company Limited ("MCC-JCL")	Registered capital of USD1 each	Afghanistan	25%	Exploration and sale of copper products
昭覺達輝濕法冶煉有限公司 Zhaojue Fengye Smelting Company Limited ("Fengye")	Registered capital of RMB1 each	PRC/Mainland China	47.86%	Production and sale of copper cathodes and related products; technology development and provision of services

Notes to Financial Statements

31 DECEMBER 2021

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
中銀國際證券股份有限公司 BOC International (China) Co., Ltd. ("BOCI") (a)	Registered capital of RMB1 each	PRC/Mainland China	5.68%	Securities broker and investment advisory
江西金杯江銅電纜有限公司 Jiangxi Copper Jinbei Cable Company Limited ("Jinbei")	Registered capital of RMB1 each	PRC/Mainland China	18.52%	Manufacture and sale of wire cables
嘉石環球資源基金一期 Valuestone Global Resources Fund I LP ("Fund I")	Paid-in contribution of USD1 each	Cayman Islands	81.40%	Investments in natural resources
江西銅瑞項目管理有限公司 Jiangxi Tongrui Project Management Company Limited ("Tongrui")	Registered capital of RMB1 each	PRC/Mainland China	49%	Project management services
江西江銅石化有限公司 Jiangxi JCC Petrochemical Company Limited ("Shihua")	Registered capital of RMB1 each	PRC/Mainland China	49%	Production and sale of petrochemical products
寧波賽墨科技有限公司 Ningbo Saimo Technology Company Limited ("Saimo")	Registered capital of RMB1 each	PRC/Mainland China	38%	Technology services
盤古投資管理有限公司 Pangaea Investment Management Limited ("Pangaea")	Registered contribution of USD1 each	Cayman Islands	45%	Investments in natural resources, investment management and consultancy
江西萬銅環保材料有限公司 Jiangxi Wantong Environmental Protection Materials Company Limited ("Wantong")	Registered capital of RMB1 each	PRC/Mainland China	44.70%	Comprehensive development and utilisation of environmental protection materials
江西東辰機械製造有限公司 Jiangxi Dongchen Machine Manufacturing Company Limited	Registered capital of RMB1 each	PRC/Mainland China	21%	Manufacture and sale of electromechanical products

Notes to Financial Statements

31 DECEMBER 2021

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

Name of associate	Particulars of share capital held	Place of incorporation/ establishment and operations	Percentage of ownership interest attributable to the Group	Principal activities
成都江銅金號有限公司 Chengdu JXCC Jinhao Company Limited ("Chengdu Jinhao")	Registered capital of RMB1 each	PRC/Mainland China	49%	Trading of gold, silver, articles, jewelry, mining products
江西德普礦山設備有限公司 Jiangxi Depu Mining Equipment Co., Ltd. ("Depu Mining")	Registered capital of RMB1 each	PRC/Mainland China	49%	Manufacture and sale of electromechanical products
萬國國際礦業集團有限公司 Wanguo International Mining Group Limited ("Wanguo International")	Registered capital of RMB1 each	PRC/Mainland China	20.87%	Exploration and sale of copper products
河北新寶豐電線電纜有限公司 Hebei New Baofeng Wire & Cable Co., Ltd. ("Hebei New Baofeng") (a)	Registered capital of RMB1 each	PRC/Mainland China	4.78%	Manufacture and sale of electromechanical products
佳鑫國際資源投資有限公司 Jiaxin International Resources Investment Limited ("Jiaxin")	Registered capital of HKD1 each	Hong Kong	42%	Investments in natural resources

(a) The Group is able to exercise significant influence over these companies with the power to participate in the financial and operating policy decisions, but is not control or joint control over those companies. Accordingly, these companies are regarded as associates of the Group.

Minmetals Jiangxi Copper, MCC-JCL and BOCI, which are considered material associates of the Group, are strategic partners of the Group engaged in copper mining and are accounted for using the equity method.

Notes to Financial Statements

31 DECEMBER 2021

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial statements in respect of Minmetals Jiangxi Copper, MCC-JCL and BOCI adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Minmetals Jiangxi Copper

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current assets	233,074	115,701
Non-current assets	4,065,248	4,386,665
Current liabilities	(132,127)	(271,170)
Non-current liabilities	(128,962)	(266,002)
Net assets	4,037,233	3,965,194
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	40%	40%
Carrying amount of the investment	1,614,893	1,586,078
Share of (loss)/profit for the year	(110,318)	5,433
Share of other comprehensive income	(20,867)	(160,990)
Share of total comprehensive income for the year	(131,185)	(155,557)

Notes to Financial Statements

31 DECEMBER 2021

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

MCC-JCL

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current assets	195,786	181,715
Non-current assets	2,566,288	2,492,308
Current liabilities	(13,767)	(17,378)
Net assets	2,748,307	2,656,645
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	25%	25%
Carrying amount of the investment	687,077	664,161
Share of profit for the year	—	—
Share of other comprehensive income	10,284	(39,421)
Share of total comprehensive income for the year	10,284	(39,421)

Notes to Financial Statements

31 DECEMBER 2021

24. INVESTMENTS IN ASSOCIATES (CONTINUED)

BOCI

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current assets	60,349,958	51,564,998
Non-current assets	2,363,996	2,436,737
Current liabilities	(29,992,791)	(22,760,165)
Non-current liabilities	(17,002,769)	(16,268,868)
Net assets	15,718,394	14,972,702
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	5.68%	5.68%
Goodwill on acquisition	162,586	162,586
Carrying amount of the investment	1,055,391	1,013,035
Share of profit for the year	57,191	50,469
Share of other comprehensive income	322	(518)
Share of total comprehensive income for the year	57,513	49,951

The following table illustrates the aggregate financial statements of the Group's associates that are not individually material.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Share of the associates' (loss)/profit for the year	(89,432)	61,107
Share of the associates' other comprehensive expenses for the year	(15,661)	(26,858)
Share of the associates' total comprehensive (expenses)/income for the year	(105,093)	34,249
Carrying amount of the Group's investments in the associates	1,552,797	688,942

Notes to Financial Statements

31 DECEMBER 2021

25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES

	2021		2020	
	Categories	Carrying Amount RMB'000	Categories	Carrying Amount RMB'000
Debt instruments:				
Listed debentures (a)	FVPL ¹	973,593	FVPL	–
Investments in financial products (b)	FVPL	2,832,879	FVPL	4,350,462
		3,806,472		4,350,462
Equity instruments:				
Listed equity investments (c)	FVPL	474,269	FVPL	552,978
Listed equity investments (c)	FVOCI ²	19,215,298	FVOCI	14,828,286
Unlisted equity investments (d)	FVPL	560,407	FVPL	678,834
Unlisted equity investments (d)	FVOCI	45,322	FVOCI	36,119
Income right attached to a target equity interest (e)	FVPL	445,550	FVPL	524,398
		24,547,318		20,971,077
At FVPL		5,286,698		6,106,672
At FVOCI		19,260,620		14,864,405
		24,547,318		20,971,077
Non-current assets		20,527,325		16,517,143
Current assets		4,019,993		4,453,934
		24,547,318		20,971,077

1FVPL: Fair value through profit or loss

2FVOCI: Fair value through other comprehensive income

Notes to Financial Statements

31 DECEMBER 2021

25. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES (CONTINUED)

- (a) The listed debentures were at interest rates 2.72% per annum as at year ended 31 December 2021.
- (b) The amount represents investments in financial products arranged by banks, trusts and fund institutions and independent securities companies with high credit-rating and good reputation.

	2021	2020
	RMB'000	RMB'000
Including:		
Bank financial products	908,472	3,369,705
Asset management products	123,362	179,390
Fund products	1,613,710	357,344
Trust products	187,335	444,023
	2,832,879	4,350,462

As at 31 December 2021, no bank financial products (31 December 2020: RMB206,274,000) were pledged to secure short-term bank borrowings (note 39).

As at 31 December 2021, the bank financial products of RMB806,138,000 (31 December 2020: RMB2,913,434,000) were pledged to issue bank accepted notes and letter of guarantee.

- (c) The listed equity securities represent stocks listed on the Shanghai Stock Exchange, Hong Kong Stock Exchange and Toronto Stock Exchange.
- (d) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. None of the shareholdings exceeds 20% of the issued capital of the respective investee and the Group did not have significant influence on these invested entities.
- (e) The investment represents a beneficial right attached to the 3.35% equity interest in a limited liability company established in the PRC held by China Cinda Asset Management Co., Ltd. ("China Cinda") (the "Beneficial Right"), including the right to all the incomes derived from this equity interest.

Notes to Financial Statements

31 DECEMBER 2021

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2021		2020	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Commodity derivative contracts and forward contracts	297,098	(234,064)	401,120	(553,941)
Commodity option contracts	3,865	(12,720)	–	(369)
Provisional price arrangements	–	(11,442)	–	(426,979)
Foreign currency forward contracts and interest rate swaps	78,135	(32,743)	50,393	(50,110)
	379,098	(290,969)	451,513	(1,031,399)

	2021 RMB'000	2020 RMB'000
Including:		
Derivatives designated as hedging instruments (a):		
Fair value hedges		
– Commodity derivative contracts and forward contracts	29,880	(17,255)
– Provisional price arrangements	(11,442)	(426,979)
	18,438	(444,234)
Derivatives not designated as hedging instruments (b):		
– Commodity derivative contracts and forward contracts	33,154	(135,566)
– Commodity option contracts	(8,855)	(369)
– Foreign currency forward contracts and interest rate swaps	45,392	283
	69,691	(135,652)
	88,129	(579,886)

The Group uses commodity derivative contracts and provisional price arrangements to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are mainly standardised futures contracts on the Shanghai Futures Exchange (“SHFE”) and London Metal Exchange (“LME”), and AU(T+D) and AG(T+D) contracts on Shanghai Gold Exchange (“SGE”).

Notes to Financial Statements

31 DECEMBER 2021

26 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Derivatives designated as hedging instruments:

For the purpose of hedge accounting, hedges of the Group are classified as:

– **Fair value hedge**

Certain commodity derivative contracts and provisional price arrangements were designated by the Group to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories.

At the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The fair value hedge mentioned above were assessed to be highly effective.

For the year ended 31 December 2021, the net fair value of provisional price arrangements designated as fair value hedges of the Group were negative RMB11,442,000 (2020: negative RMB426,979,000). The net fair value of commodity derivative and forward contracts designated as fair value hedges of the Group were RMB29,880,000 (2020: fair value losses were negative RMB17,255,000).

During the year, the fair value gains of provisional price arrangements designated as fair value hedges of the Group were RMB415,537,000 (2020: fair value losses of RMB309,501,000). The net fair value losses of the hedged item, inventories, attributable to the risk hedged amounted to RMB407,989,000 (2020: fair value gains of RMB303,024,000) in aggregate.

During the year, the fair value gains of commodity derivative and forward contracts designated as fair value hedges of the Group were RMB47,135,000 (2020: fair value losses were RMB17,255,000). The net fair value losses of the hedged items, which are inventories, attributable to the risk hedged were RMB53,649,000 (2020: fair value gains were RMB20,127,000) in aggregate.

Notes to Financial Statements

31 DECEMBER 2021

26 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Derivatives not designated as hedging instruments:

The Group utilises copper commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathodes as well as copper components within copper concentrates, forecasted sales of copper wires and rods, and copper related products. These arrangements are designed to reduce significant fluctuations in the prices of copper concentrates, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode.

The Group utilises gold and silver commodity derivative contracts, AU(T+D) and AG(T+D) contracts to manage the commodity price risk of forecasted sales of gold and silver and certain gold leases. These arrangements are designed to reduce significant fluctuations in the prices of gold and silver.

In addition, the Group has entered into various foreign currency forward contracts and interest rate swaps to manage its exposures in exchange rates and interest rates.

These commodity derivative contracts, foreign currency forward contracts and interest rate swaps are not qualified for hedging accounting.

27. DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets:

	Impairment of assets <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Unrealised profits <i>RMB'000</i>	Deductible taxable loss <i>RMB'000</i>	Fair value change from forward currency contracts <i>RMB'000</i>	Fair value change from commodity derivative contracts <i>RMB'000</i>	Deferred revenue <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	191,213	135,893	8,308	104,574	7,489	52,767	67,502	37,190	604,936
Deferred tax charged to other comprehensive income	-	-	-	-	-	(465)	-	-	(465)
Deferred tax credited/(charged) to profit or loss	39,347	30,185	(2,020)	(63,407)	9,148	31,303	(8,853)	334	36,037
At 31 December 2020	230,560	166,078	6,288	41,167	16,637	83,605	58,649	37,524	640,508
Deferred tax credited/(charged) to profit or loss	157,379	56,708	(697)	151	(14,594)	(51,628)	(7,079)	34,235	174,475
At 31 December 2021	387,939	222,786	5,591	41,318	2,043	31,977	51,570	71,759	814,983

Notes to Financial Statements

31 DECEMBER 2021

27. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

	Fair value adjustments on property, plant and equipment, prepaid lease payments and exploration and evaluation assets RMB'000	Fair value change from commodity derivative contracts RMB'000	Fair value change from provisional price arrangements RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	(366,538)	(4,247)	(16,176)	(56,252)	(443,213)
Effect of business combination not under common control	(57,246)	-	-	-	(57,246)
Deferred tax credited/(charged) to profit or loss	26,687	(26,735)	(51,107)	24,544	(26,611)
At 31 December 2020	(397,097)	(30,982)	(67,283)	(31,708)	(527,070)
Effect of business combination not under common control	(25,599)	-	-	-	(25,599)
Deferred tax charged to other comprehensive income	-	-	-	46	46
Deferred tax credited/(charged) to profit or loss	96,547	(10,265)	66,852	(48,170)	104,964
At 31 December 2021	(326,149)	(41,247)	(431)	(79,832)	(447,659)

Notes to Financial Statements

31 DECEMBER 2021

27. DEFERRED TAXATION (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	Before elimination <i>RMB'000</i>	Elimination amount <i>RMB'000</i>	After elimination <i>RMB'000</i>
At 31 December 2021			
Deferred tax assets	814,983	(107,591)	707,392
Deferred tax liabilities	(447,659)	107,591	(340,068)
At 31 December 2020			
Deferred tax assets	640,508	(154,793)	485,715
Deferred tax liabilities	(527,070)	154,793	(372,277)

Deferred tax assets have not been recognised in respect of the following items:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Tax losses	3,953,284	3,378,720
Temporary difference	10,177,167	9,154,850
	14,130,451	12,533,570

The tax losses amounting to RMB3,344,000,000 (2020: RMB2,853,000,000) arising in Mainland China will expire in one to five years if not utilised, and the rest of the tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Notes to Financial Statements

31 DECEMBER 2021

28. INVENTORIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Raw materials	14,197,712	11,995,362
Work in progress	13,380,188	10,838,803
Finished goods	9,951,019	10,227,195
	37,528,919	33,061,360
Less: Impairment allowance	552,125	373,838
	36,976,794	32,687,522

As at 31 December 2021, certain of the Group's inventories with a net book value of approximately RMB31,928,000 (2020: RMB148,354,000) were pledged to secure short term bank borrowings (note 39).

As at 31 December 2021, certain of the Group's inventories with a net book value of approximately RMB214,317,000 (2020: RMB518,529,000) were pledged as deposits for commodity derivative contracts.

As at 31 December 2021, certain of the Group's inventories with a net book value of approximately RMB9,506,000 (2020: RMB9,457,000) were restricted due to litigation (note 50).

As at 31 December 2021, the Group's inventories included hedged items amounting to RMB6,311,663,000 (2020: RMB6,159,716,000) under hedging instruments, including: 1) the fair values of the hedged items amounted to RMB362,435,000 (2020: RMB232,850,000) were hedged under commodity derivative contracts and T+D contracts, and 2) the fair values of the hedged items amounted to RMB5,949,228,000 (2020: RMB5,926,866,000) were hedged under provisional price arrangements. The fair value of the above hedged items was estimated by reference to quoted bid prices of similar standardised commodity derivative contracts at the end of the reporting period. Their fair value measurements are categorised under Level 1.

Notes to Financial Statements

31 DECEMBER 2021

29. TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	10,973,427	10,328,264
Bills receivable	2,736,772	2,628,496
	13,710,199	12,956,760
Less: Impairment allowance	6,014,699	5,955,359
	7,695,500	7,001,401

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Trade receivables due from the Group's related parties are repayable on credit terms similar to those offered to the major customers of the Group. Details are given in note 52.

As at 31 December 2021, no bills receivable (31 December 2020: RMB271,150,000) were pledged to secure short-term bank borrowings (note 39), and bills receivable of RMB75,212,000 (31 December 2020: RMB373,985,000) were pledged for the issuing bank acceptance notes.

Notes to Financial Statements

31 DECEMBER 2021

29. TRADE AND BILLS RECEIVABLES (CONTINUED)

The ageing analysis of trade and bills receivables as at the end of the reporting period, based on the delivery dates of goods and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	6,378,018	5,365,351
1 to 2 years	32,238	67,511
2 to 3 years	86,841	273,408
Over 3 years	1,198,403	1,295,131
	7,695,500	7,001,401

The terms of bills receivable are all less than 12 months. As at 31 December 2021, the bills receivable were neither past due nor impaired (31 December 2020: the bills receivable were neither past due nor impaired).

Movements in the loss allowance for impairment of trade receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	5,955,359	5,698,962
Impairment losses, net (note 9)	147,817	668,914
Amounts written off as uncollectible	(88,477)	(412,517)
At end of year	6,014,699	5,955,359

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing of bills for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The realisable value of collateral has been taken into account when the expected credit losses for trade receivables are assessed individually and collectively.

Notes to Financial Statements

31 DECEMBER 2021

29. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>	Net carrying amount <i>RMB'000</i>
Provision on individual basis	74.31%	7,832,314	(5,820,413)	2,011,901
Provision on collective basis				
Aged less than 1 year	0.49%	2,928,514	(14,284)	2,914,230
Aged 1 to 2 years	18.24%	36,474	(6,654)	29,820
Aged 2 to 3 years	7.33%	2,851	(209)	2,642
Aged over 3 years	99.92%	173,274	(173,139)	135
	54.81%	10,973,427	(6,014,699)	4,958,728

As at 31 December 2020

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>	Net carrying amount <i>RMB'000</i>
Provision on individual basis	73.57%	7,762,198	(5,710,397)	2,051,801
Provision on collective basis				
Aged less than 1 year	0.73%	2,334,631	(17,000)	2,317,631
Aged 1 to 2 years	17.74%	2,632	(467)	2,165
Aged 2 to 3 years	49.70%	2,600	(1,292)	1,308
Aged over 3 years	100.00%	226,203	(226,203)	–
	57.66%	10,328,264	(5,955,359)	4,372,905

Notes to Financial Statements

31 DECEMBER 2021

30. FACTORING RECEIVABLES

	2021 RMB'000	2020 <i>RMB'000</i>
Factoring receivables	1,757,398	1,745,120
Less: Impairment allowance	1,195,905	1,028,546
	561,493	716,574

As of 31 December 2021, factoring receivables were repayable within one year at interest rates ranging from 4.12% to 11.00% per annum (2020: 5.50% to 11.00% per annum).

The movements in the loss allowance for impairment of factoring receivables are as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
At beginning of year	1,028,546	781,821
Impairment losses, net (<i>note 9</i>)	167,359	246,725
Amounts written off as uncollectible	–	–
At end of year	1,195,905	1,028,546

Impairment on factoring receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Notes to Financial Statements

31 DECEMBER 2021

31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Prepayments	2,353,460	2,167,993
Deposits and other receivables	5,100,872	4,258,748
Prepaid value-added tax	759,443	1,120,245
Inter-bank loans (a)	97,431	97,431
Treasury bonds (b)	920,048	600,000
Deposits for prepaid lease payments	598,742	598,791
Dividend receivables	–	450
	9,829,996	8,843,658
Less: Impairment allowance on		
– Other receivables	1,387,816	1,198,487
– Inter-bank loans (a)	97,431	97,431
– Prepaid value added tax	10,632	10,632
– Treasury bonds (b)	2,048	–
	1,497,927	1,306,550
	8,332,069	7,537,108
Less: Non-current portion		
Prepayments	498,105	837,873
Deposits and other receivables	82,298	66,464
Deposits for prepaid lease payments	598,742	598,791
Current portion	7,152,924	6,033,980

- a) As of 31 December 2021, an interbank loan was provided by a subsidiary of the Group, Finance Company, to other financial institutions, which matured on 31 May 2019, with an annual interest rate of 4.5%. An impairment of RMB97,431,000 was fully provided as at 31 December 2021, which is measured as lifetime expected credit losses (2020: RMB97,431,000).
- b) As of 31 December 2021, the treasury bonds would mature within three months, with an annual interest ranging from 3.75% to 6.06%.

Notes to Financial Statements

31 DECEMBER 2021

31. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

As at 31 December 2021, certain of the Group's deposits and other receivables of RMB1,385,927,000 (2020: RMB973,152,000) were placed as deposits for commodity derivative contracts.

Prepayments, other receivables and other assets due from related parties included above are disclosed in note 52 to the financial statements.

Movements in the provision for impairment of other receivables are as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
At beginning of year	1,198,487	956,789
Impairment losses, net (<i>note 9</i>)	193,117	242,464
Amounts written off as uncollectible	(3,788)	(766)
At end of year	1,387,816	1,198,487

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

32. LOANS TO RELATED PARTIES

	2021 RMB'000	2020 <i>RMB'000</i>
Loans to related parties	1,789,334	1,786,410
Less: Impairment allowance	53,025	83,347
	1,736,309	1,703,063
Less: Non-current portion	141,120	–
Current portion	1,595,189	1,703,063

Loans to related parties are all guaranteed by JCC. The interest rate of the short-term loans was 3.50% to 4.35% per annum (2020: 3.50% to 4.61% per annum).

The impairment on loans to related parties is measured as 12-month expected credit losses with a balance of RMB53,025,000 as at 31 December 2021 (31 December 2020: RMB83,347,000).

Notes to Financial Statements

31 DECEMBER 2021

33. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cash and bank balances	31,724,503	19,405,424
Time deposits	7,359,106	8,718,148
	39,083,609	28,123,572
Less: Restricted bank deposits (a)	17,489,498	13,571,683
– Current portion	13,535,689	10,574,092
– Non-current portion	3,953,809	2,997,591
Time deposits		
– non-current portion	298,821	100,113
Cash and cash equivalents	21,295,290	14,451,776

- a) As at 31 December 2021, the restricted bank deposits included the following:
- Deposits amounting to RMB3,467,584,000 (2020: RMB2,610,637,000) and cash in banks amounting to RMB6,786,000 (2020: RMB50,028,000) which were pledged to secure bank borrowings;
 - Deposits amounting to RMB2,178,346,000 (2020: RMB2,207,837,000) which were pledged for letters of credit;
 - Deposits amounting to RMB42,815,000 (2020: RMB449,135,000) which were pledged for letters of guarantee;
 - Deposits amounting to RMB10,451,322,000 (2020: RMB7,127,296,000) which were pledged for issuing bank acceptance notes;
 - Deposits amounting to RMB272,574,000 (2020: RMB166,892,000) which were placed as environmental recovery deposits whose usage is restricted;
 - Cash in banks amounting to RMB77,132,000 (2020: RMB117,763,000) which was restricted due to litigation (note 50);
 - Required mandatory reserve deposits and other restricted deposits amounting to RMB874,098,000 (2020: RMB738,792,000) which were placed by Finance Company, a subsidiary of the Group, in the People's Bank of China ("PBC") and are not available for use in the Group's daily operations; and
 - Interests amounting to RMB118,841,000 (2020: RMB103,588,000) which was accrued on deposits with banks.

Notes to Financial Statements

31 DECEMBER 2021

33. CASH, CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (CONTINUED)

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB30,561,601,000 (2020: RMB19,342,618,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2021, cash and bank balances of RMB1,649,068,000 (2020: RMB3,610,240,000) were placed in banks outside of Mainland of China.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

34. ASSETS CLASSIFIED AS HELD FOR SALE

On 6 December 2016, Kangtong received a notification from the local government to cease production and relocate to another location due to environment protection policies. Immovable building infrastructure amounting to RMB150,488,000 and immovable machinery amounting to RMB39,404,000 were transferred to assets classified as held for sale during the year ended 31 December 2017. In May 2018, the Group ceased the relocation plan and further transferred building infrastructure amounting to RMB11,300,000, machinery amounting to RMB134,754,000, motor vehicles amounting to RMB848,000, office equipment amounting to RMB554,000 and prepaid land lease payment amounting to RMB8,734,000 to assets classified as held for sale. As at 31 December 2018, the Group provided an impairment loss amounting to RMB262,421,000 in view of the residual value of the related assets.

During the year ended 31 December 2019 and 2021, the Group disposed of assets classified as held for sale with a net carrying amount of RMB51,619,000 and RMB2,203,000, respectively. As at 31 December 2021, the remaining assets classified as held for sale of Kangtong were machines amounting to RMB29,839,000 (2020: RMB32,042,000).

Notes to Financial Statements

31 DECEMBER 2021

35. TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	7,829,772	6,283,727
Bills payable	3,338,155	3,831,364
	11,167,927	10,115,091

The trade payables are non-interest-bearing and are normally settled within 30 to 90 days. As at 31 December 2021, the Group had no material balance of accounts payable aged over one year (31 December 2020: Nil).

Trade payables due to related parties included in trade and bills payables are disclosed in note 52.

Notes to Financial Statements

31 DECEMBER 2021

36. OTHER PAYABLES AND ACCRUALS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Payroll and welfare	1,703,442	1,278,750
Current portion of employee benefit liabilities (note 42)	944	5,121
Other tax payables	1,377,558	398,706
Other payables	3,322,345	2,530,415
Payables for construction, equipment and spare parts	1,088,566	1,076,883
Contract liabilities (a)	2,192,495	1,484,500
Financial guarantee contracts (b)	36,129	36,870
Other non-current liabilities due within one year (note 43)	369,399	399,498
	10,090,878	7,210,743

(a) Details of contract liabilities are as follows:

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>	1 January 2020 <i>RMB'000</i>
Short-term advances received from customers			
Sale of goods	2,192,495	1,484,500	2,357,189
Total contract liabilities	2,192,495	1,484,500	2,357,189

Contract liabilities include short-term advances received to deliver products and render construction and other services.

(b) As at 31 December 2021, the Group has provided financial guarantees to banks in respect of bank facilities granted to non-controlling interests of a subsidiary to the extent of approximately RMB1,410,430,000 (2020: RMB1,344,605,000), and recorded a financial guarantee contract liability of RMB36,129,000 (2020: RMB36,870,000) accordingly.

Other payables and accruals are non-interest-bearing and have no significant balance aged more than one year.

Other payables and accruals due to related parties included above are disclosed in note 52 to the financial statements.

Notes to Financial Statements

31 DECEMBER 2021

37. DEPOSITS FROM HOLDING COMPANY AND FELLOW SUBSIDIARIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Deposits from a holding company and fellow subsidiaries	5,452,401	3,109,693
Less: Current portion	5,348,717	3,021,693
Non-current portion	103,684	88,000

As at 31 December 2021, the deposits from a holding company and fellow subsidiaries represented the deposits placed by JCC and its subsidiaries in Finance Company, a subsidiary of the Company. The deposits carry interest at rates ranging from 0.35% to 3.85% per annum (2020: 0.35% to 3.85% per annum) and will be repaid upon demand of the JCC and its subsidiaries.

38. DEFERRED REVENUE

	Government grants <i>RMB'000</i>
Cost	
As at 1 January 2020	637,093
Additions	19,644
Recognised in profit or loss	(74,340)
As at 31 December 2020	582,397
Less: Current portion included in current liabilities	56,954
Non-current portion as at 31 December 2020	525,443
As at 1 January 2021	582,397
Additions	18,555
Recognised in profit or loss	(81,456)
As at 31 December 2021	519,496
Less: Current portion included in current liabilities	60,849
Non-current portion as at 31 December 2021	458,647

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. The deferred revenue is released to the statement of profit or loss over the expected useful lives of the respective facilities by equal annual instalments.

Notes to Financial Statements

31 DECEMBER 2021

39. INTEREST-BEARING BANK BORROWINGS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Bank borrowings – secured	19,563,257	19,546,890
Bank borrowings – unsecured	30,520,589	28,146,725
Interest payable	104,135	222,336
	50,187,981	47,915,951
On demand or within one year	38,331,946	33,839,234
More than one years, but not exceeding five years	11,856,035	14,076,717
	50,187,981	47,915,951
Current	38,331,946	33,839,234
Non-current	11,856,035	14,076,717

The bank borrowings carry interest at rates ranging from 1.12% to 5.50% (2020: 1.45% to 5.30%) per annum.

Certain of the Group's bank loans are secured by the following:

- (a) Mortgaged borrowings amounting to RMB17,407,582,000 (2020: RMB16,336,019,000) were secured by:
- (i) deposits with a carrying value of RMB3,467,584,000 (2020: RMB2,610,637,000);
 - (ii) cash in banks with a carrying value of RMB6,786,000 (2020: RMB50,028,000);
 - (iii) nil (2020: RMB271,150,000) of bills receivable;
 - (iv) nil (2020: RMB206,274,000) of bank financial products;
 - (v) nil (2020: RMB448,850,000) of letters of guarantee; and
 - (vi) discounted bill receivables between inter companies amounting to RMB8,819,963,000 (2020: RMB8,663,012,000).

Notes to Financial Statements

31 DECEMBER 2021

39. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

- (b) Pledged borrowing amounting to RMB198,641,000 (2020: RMB384,612,000) which was secured by:
- (i) inventories with a carrying value of RMB31,928,000 (2020: RMB148,354,000);
 - (ii) buildings with a carrying value of RMB453,313,000 (2020: RMB228,055,000);
 - (iii) machines with a carrying value of RMB246,850,000 (2020: RMB290,113,000); and
 - (iv) leasehold land with a carrying value of RMB216,932,000 (2020: RMB103,299,000).
- (c) Guaranteed borrowing amounting to RMB1,957,034,000 (2020: RMB2,826,259,000) was guaranteed by the non-controlling interests of the Group's subsidiaries and was secured by:
- (i) buildings with a carrying value of RMB90,858,000 (2020: RMB96,347,000);
 - (ii) machines with a carrying value of RMB92,526,000 (2020: RMB99,595,000); and
 - (iii) leasehold land with a carrying value of RMB33,112,000 (2020: RMB33,837,000).

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

40. CORPORATE BONDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Corporate bonds	2,000,000	500,000
Interest payable	13,316	5,991
	2,013,316	505,991
The amounts are repayable as follows:		
On demand or within one year	513,316	5,991
More than one year, but not exceeding five years	1,500,000	500,000
	2,013,316	505,991
Current portion (a)	513,316	5,991
Non-current portion (b)	1,500,000	500,000

Notes to Financial Statements

31 DECEMBER 2021

40. CORPORATE BONDS (CONTINUED)

- (a) Pursuant to the approval of the China Securities Regulatory Commission (No. [2016] 2745), the Company issued 5,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB500,000,000 on 20 September 2017. The bonds have a life of five years from the date of issuance and bear interest at a rate of 4.74% per annum which is payable in arrears on 21 September of each year, and with principal repaid on maturity.

The Company has an option to adjust the interest rate and the investors are entitled to request the Company to repurchase the corporate bonds after the end of the third year from the date of the issuance. The corporate bonds are listed on the Shanghai Stock Exchange. The options of the corporate bonds entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.

- (b) Pursuant to the approval of the China Securities Regulatory Commission (No. [2021] 2131), the Company issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 5 December 2021. The bonds have a life of two years from the date of issuance and bear interest at a rate of 2.83% per annum which is payable in arrears on 6 December of each year, and with principal repaid on maturity. The investors are entitled to request the Company to repurchase the corporate bonds. The options of the corporate bonds entitled to the investors are regarded as embedded derivatives closely related to the host contract.

Shangdong Humon, a subsidiary of the Group, issued 5,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB500,000,000 on 26 September 2021. The bonds have a life of three years from the date of issuance and bear interest at a rate of 4.00% per annum which is payable in arrears on 27 September of each year, and with principal repaid on maturity.

41. PROVISION FOR REHABILITATION

	2021	2020
	RMB'000	RMB'000
Balance at 1 January	264,287	252,452
Unwinding of discount	11,478	11,835
Balance at 31 December	275,765	264,287

The Group makes provision for rehabilitation costs expected to arise on closure of mines. The provision is based on assessments of the cost per square metre to rehabilitate the underground workings, waste dumps, mine site infrastructure and vegetation zones. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

Notes to Financial Statements

31 DECEMBER 2021

42. EMPLOYEE BENEFIT LIABILITIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Employee benefit liabilities	17,024	24,775
Less: Amount due within one year included in other payables and accruals	944	5,121
	<hr/>	<hr/>
Non-current portion	16,080	19,654
	<hr/> <hr/>	<hr/> <hr/>

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes.

43. OTHER NON-CURRENT LIABILITIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mining rights (a)	1,391,889	1,532,558
Financing lease payable (b)	168,955	390,011
Payable to JCC (c)	5,687	6,876
Others	49,216	3,013
	<hr/>	<hr/>
	1,615,747	1,932,458
	<hr/> <hr/>	<hr/> <hr/>

The amounts are repayable as follows:

On demand or within one year	369,399	399,498
More than one year, but not exceeding two years	206,309	392,035
More than two years, but not exceeding five years	698,074	693,970
More than five years	341,965	446,955
	<hr/>	<hr/>
	1,615,747	1,932,458
	<hr/> <hr/>	<hr/> <hr/>
Less: Current included in other payables and accruals	369,399	399,498
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Non-current portion	1,246,348	1,532,960
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Notes to Financial Statements

31 DECEMBER 2021

43. OTHER NON-CURRENT LIABILITIES (CONTINUED)

- (a) The balance amount is resulted from the purchase of several mining rights with instalments starting from 2020 to 2034. The effective interest rate for the year ended 31 December 2021 was 4.35%.
- (b) The balance amounting to RMB168,955,000 (2020: RMB390,011,000) is resulted from several sale and leaseback contracts in terms of certain assets held by the Group with a 15-quarter instalment starting from 31 May 2019 to 20 December 2022 (2020: a 15-quarter instalment starting from 31 May 2019 to 20 December 2022). The effective interest rate for the year ended 31 December 2021 was from 4.75% to 10%.
- (c) The amount represents the balance due to JCC as the consideration for the transfer of mining rights from JCC to the Company. The amount is repayable in 30 annual instalments of RMB2,010,000 each and subject to payment of interest at a rate equal to the State lending rate for a one-year fixed term loan up to a maximum of 15% on each annual instalment starting from 1 January 1998. The interest paid during the year amounted to approximately RMB163,000 (2020: RMB163,000). The effective interest rate for the year ended 31 December 2021 was 4.35% (2020: 4.35%).

The directors have estimated that there was no significant difference between the carrying amounts of other non-current liabilities and their fair values, based on the amounts due after one year discounted with the market average yield.

44. SHARE CAPITAL

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Balance at 31 December 2021 and 2020		
– H shares	1,387,482	1,387,482
– A shares	2,075,247	2,075,247
	3,462,729	3,462,729

Except for the currency in which dividends are paid and the restrictions regarding the shareholders being PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

45. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2021 and 2020 are presented in the consolidated statement of changes in equity on pages 193 to 194 of the financial statements.

Notes to Financial Statements

31 DECEMBER 2021

46. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Shandong Humon

	2021	2020
Percentage of equity interest held by non-controlling interests:		
Shandong Humon	55.52%	55.52%
	2021	2020
	RMB'000	RMB'000
Profit for the year allocated to non-controlling interests:		
Shandong Humon	178,264	192,569
Accumulated balances of non-controlling interests at the reporting date		
Shandong Humon	4,925,971	4,795,884
	2021	2020
	RMB'000	RMB'000
Non-current assets	6,777,533	7,037,043
Current assets	13,910,527	12,148,438
Total assets	20,688,060	19,185,481
Non-current liabilities	1,717,916	1,089,607
Current liabilities	10,185,325	9,537,194
Total liabilities	11,903,241	10,626,801
Revenue	41,377,267	36,053,110
Profit for the year	344,442	296,528
Other comprehensive income for the year	426,140	351,657
Net cash inflows from operating activities	473,588	194,209

Notes to Financial Statements

31 DECEMBER 2021

47. DISPOSAL OF A SUBSIDIARY

On 31 December 2021, Chengdu Jinhao, a subsidiary of the Group issued new shares to a minority shareholder, resulting in a dilution of the Group's interest in the subsidiary from 51% to 49%. Consequently, the Group deconsolidated the subsidiary and accounted for the investment as an investment in an associate (note 24) using equity method, and recognised a gain on disposal of a subsidiary of RMB26,479,000 (note 8) in the consolidated financial statement for the year ended 31 December 2021.

48. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB19,397,000 and RMB19,397,000, respectively, in respect of lease arrangements for plant and equipment (2020: RMB517,335,000 and RMB517,335,000).

(b) Changes in liabilities arising from financing activities

	Corporate bonds RMB'000	Interest- bearing bank borrowings RMB'000	Dividend RMB'000	Lease liabilities RMB'000	Sales and leaseback RMB'000	Total RMB'000
At 1 January 2020	608,272	50,391,482	-	336,549	653,651	51,989,954
Financing cash flows	(131,281)	(3,659,302)	(528,560)	(323,793)	(296,041)	(4,938,977)
Non-cash changes:						
Interests on borrowings	29,000	1,543,513	-	6,644	32,401	1,611,558
Addition of principal of a lease payment	-	-	-	517,335	-	517,335
Dividend declared	-	-	528,560	-	-	528,560
Foreign exchange translation	-	(359,742)	-	-	-	(359,742)
At 31 December 2020	505,991	47,915,951	-	536,735	390,011	49,348,688
Financing cash flows	1,476,300	1,149,947	(454,076)	(202,278)	(239,968)	1,729,925
Non-cash changes:	-	-	-	-	-	-
Effect of a business combination not under common control	-	32,017	-	329	-	32,346
Interests on borrowings	31,025	1,373,628	-	18,091	18,912	1,441,656
Addition of principal of a lease payment	-	-	-	19,397	-	19,397
Dividend declared	-	-	454,076	-	-	454,076
Foreign exchange translation	-	(283,562)	-	-	-	(283,562)
At 31 December 2021	2,013,316	50,187,981	-	372,274	168,955	52,742,526

Notes to Financial Statements

31 DECEMBER 2021

48. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash flow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within operating activities	(18,091)	(6,644)
Within investing activities	(119,174)	(77,999)
Within financing activities	(202,288)	(323,793)
	(339,553)	(408,436)

49. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 17, 28, 29, 33 and 39, respectively, to the financial statements.

50. CONTINGENT LIABILITIES

A subsidiary of the Company, Shenzhen Jiangxi Copper Marketing Company Limited, is currently a defendant in a lawsuit filed by Bangdi Auto Technology Company Limited ("Bangdi Auto") alleging that the subsidiary has breached a sales contract to deliver certain goods to another party, Hengbaochang Company (Shanghai) Copper Company Limited ("Hengbaochang") without receiving Bangdi Auto's delivery instructions during 2011 to 2015 (the "Litigation"). Compensation amounting to RMB1,081,872,000 is claimed by Bangdi Auto. As the actual controller of Hengbaochang was suspected of some economic crimes in the transactions involved and has been investigated by the relevant judicial institutions, the facts of the case have become extremely complicated. Therefore, the directors, based on the advice from the Group's legal counsel, are not yet able to make a reliable estimate of the outcome of the Litigation as well as the resulting loss or gain.

Notes to Financial Statements

31 DECEMBER 2021

51. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021	2020
	RMB'000	RMB'000
Contracted, but not provided for		
Acquisition of property, plant and equipment and exploration and evaluation rights	698,030	681,113
Investments in associates (<i>i, ii</i>)	1,442,673	1,557,718
	2,140,703	2,238,831

- i. The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL Aynak Minerals Company Limited ("MCC-JCL"), an associate of the Group, in September 2008. Prior to the introduction of other independent investors, the initial shareholdings of the Company and CMCC in MCC-JCL were 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by capital injection from shareholders and by project loan financing in the proportions of 30% and 70%, respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

- ii. Jiangxi Copper (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of the Group, and CCB International Asset Management Limited ("CCB") established Valuestone Global Resources Fund I LP ("Fund I"), in August 2016. Fund I was registered in the Cayman Islands. Prior to the introduction of other independent investors, the initial proportion of voting power held by the Group in Fund I is 40%. The principal business of Fund I is to invest in natural resources.

Fund I shall initially raise USD150,000,000, of which the Group has undertaken to contribute USD100,000,000. The Group shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing. As at 31 December 2021, the Group has invested USD102,583,000 (31 December 2020: USD89,517,000).

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) Related party transactions with JCC and its affiliates:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales to JCC:		
Sales of auxiliary industrial products	641	242
Sales to JCC's affiliates:		
Sales of copper rods	734,603	503,888
Sales of copper cathodes	931,796	445,192
Sales of auxiliary industrial products	131,031	100,322
Sales of lead materials	64,718	86,544
Sales of zinc concentrates	47,315	38,168
Sales of auxiliary materials	13,606	9,736
Sales of sulphuric acid	509	4,630
Sales of blister copper	1,836	3,839
	1,925,414	1,192,319
Purchases from JCC's affiliates:		
Purchases of rare metals and auxiliary industrial products	1,053,544	150,187
Purchases of copper concentrates	117,534	11,362
Purchases of sulfuric and sulfuric concentrates	32,319	6,677
Purchase of blister copper	632	-
	1,204,029	168,226
Service fees charged to JCC:		
Supply of electricity	557	1,718
Construction services	-	566
Vehicle transportation services	183	394
Supply of water	-	72
Repair and maintenance services	1,114	12
Other management service	5,168	16,737
	7,022	19,499
Service fees charged to JCC's affiliates:		
Construction services	158,953	126,598
Supply of electricity	33,674	28,328
Vehicle transportation services	29,824	18,810
Repair and maintenance services	15,197	8,185
Rentals for public facilities and other services	11,623	7,907
Supply of water	141	106
Other management service	1,082	3,171
	250,494	193,105

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (continued)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Service fees charged by JCC:		
Rental fee for public facilities	–	3,181
Sanitation and greening service	–	2,997
Transfer of land use right	38,672	–
	38,672	6,178
Service fees charged by JCC's affiliates:		
Repair and maintenance services	225,339	167,287
Construction services	173,461	62,475
Labour service	76,764	64,003
Brokerage agency services for commodity derivative contracts	8,811	5,511
	484,375	299,276
Loans provided to JCC's affiliates	1,937,000	1,793,650
Finance leasing provided by JCC's affiliates	–	266,249
Interest received from JCC's affiliates:		
Interest received for loans provided	68,568	56,503
Interest paid to JCC's affiliates:		
Interest paid for deposits made	7,848	15,696
Interest paid to JCC:		
Interest paid for deposits made	21,863	99,889
Loans provided by JCC	–	7,900,000
Loans returned to JCC	1,717,945	–
Interest paid to JCC		
Interest paid for loans provided	105,551	169,405

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions with JCC and its affiliates: (continued)

In 2020, the Group entered into rental agreements to rent certain land use rights in Jiangxi Province from JCC at an annual rental fee of RMB196,971,000 with a lease period from 1 January 2021 to 31 December 2023. The total rental fee amounted to RMB196,971,000 for the year ended 31 December 2021 (2020: RMB157,522,000).

The daily credit balance offered by Finance Company, a subsidiary of the Group, to JCC and its affiliates will neither exceed the deposits from JCC and its affiliates nor exceed the total amount of credit facilities regulated by the financial service agreement entered into by the two parties.

Transactions with related parties are negotiated and agreed by both parties with reference to market prices.

(b) Related party transactions with Company's jointly controlled entities and associates:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales to a related party:		
Sales of auxiliary industrial products	21,546	802
Purchases from a related party:		
Purchases of copper concentrate	79,964	55,114
Loans provided to a related party:	22,967	50,352
Service fees charged to a related party:		
Supply of electricity	905	1,325
Interest received from a related party	137,287	–
Loans received from a related party	5,000	–

Transactions with related parties are negotiated and agreed by both parties with reference to market prices.

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party transactions with Company's non-controlling interest holders and its subsidiaries:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales to related parties:		
Sales of auxiliary industrial products	814,076	1,405,207
Sales of copper cathodes	2,822,034	537,535
	3,636,110	1,942,742
Purchases from related parties:		
Purchases of copper concentrates and blister copper	4,726,603	4,071,030
Purchases of copper cathodes	–	844,604
Purchases of auxiliary industrial products	36,494	127,342
Purchases of other products	–	78,011
	4,763,097	5,120,987
Loans provided to a related party:	–	522,000
Interest received for loans provided	–	9,736

Transactions with related parties are negotiated and agreed by both parties with reference to market prices.

In 2018, the Group's subsidiary, Fuye Heding entered into a Mutual Guarantees Agreement with Fuye Group (the non-controlling shareholder of Heding Copper). Further details are included in note 36.

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties:

At the end of the reporting period, the Group had the following balances with related parties:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Bills receivable:		
JCC's affiliates	18,602	15,583
Trade receivables:		
JCC	–	143
JCC's affiliates	560,256	488,398
The jointly-controlled entities	10,685	412
	570,941	488,953
Prepayments:		
JCC's affiliates	4,778	13,040
Non-controlling interest holder and its subsidiary	–	4,003
	4,778	17,044
Other receivables:		
JCC	–	78
JCC's affiliates	1,797,256	966,138
Non-controlling interest holder and its subsidiary	–	7,893
The jointly-controlled entities	74,938	47,632
	1,872,194	1,021,741
Loans to related parties:		
JCC's affiliates	1,736,309	1,703,063

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties: (continued)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade and bills payables:		
JCC's affiliates	99,082	91,089
The jointly-controlled entities	34,968	–
Non-controlling interest holder and its subsidiary	929,724	194,307
	1,063,774	285,396
Contract liabilities:		
JCC's affiliates	3,094	215
Non-controlling interest holder and its subsidiary	6,042	–
	9,136	215
Other payables:		
JCC	886,841	479,210
JCC's affiliates	344,387	75,036
Non-controlling interest holder and its subsidiary	–	73,988
The jointly-controlled entities	–	138,664
	1,231,228	766,898
Deposits from customers:		
JCC	3,257,901	1,593,250
JCC's affiliates	2,194,500	1,516,443
	5,452,401	3,109,693
Lease liabilities:		
JCC's affiliates	355,802	515,142
Other non-current liabilities		
JCC	5,687	7,980
JCC's affiliates	–	120,810
	5,687	128,790
Loans from JCC	1,319,830	2,932,224

Notes to Financial Statements

31 DECEMBER 2021

52. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties: (continued)

The above balances arose from the aforementioned transactions, deposits and advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances were unsecured, interest-free and had no fixed repayment terms except for loans, deposits from customers, and other non-current liabilities, the terms of which have not changed from the terms of which were in accordance with that set out in the respective agreements or mutually agreed between the parties concerned.

(e) Compensation of key management personnel of the Group:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Short-term employee benefits	15,304	12,502
Post-employment benefits	742	484
	16,046	12,986

Further details of directors and executive's remuneration are included in note 12 to the consolidation financial statements.

The related party transactions except for transactions with associates and joint ventures above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed, and the Group has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

The Group itself is part of a larger group of companies under the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangxi Province, which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of copper and other related products.

Notes to Financial Statements

31 DECEMBER 2021

53. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit and loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Designated as such upon initial recognition	Mandatorily designated as such	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial instruments						
other than derivatives	1,480,227	3,806,471	-	19,260,620	-	24,547,318
Derivative financial instruments	-	379,098	-	-	-	379,098
Trade and bills receivables	-	-	2,535,148	-	5,160,352	7,695,500
Factoring receivables	-	-	-	-	561,493	561,493
Loans to related parties	-	-	-	-	1,736,309	1,736,309
Financial assets included in prepayments, other receivables and other assets	-	-	-	-	4,595,064	4,595,064
Time deposits	-	-	-	-	298,821	298,821
Restricted bank deposits	-	-	-	-	17,489,498	17,489,498
Cash and cash equivalents	-	-	-	-	21,295,290	21,295,290
	1,480,227	4,185,569	2,535,148	19,260,620	51,136,827	78,598,391

Notes to Financial Statements

31 DECEMBER 2021

53. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial assets at fair value through profit and loss		
	Held for trading	Financial liabilities at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	–	11,167,927	11,167,927
Financial liabilities included in other payables and accruals	36,129	3,773,258	3,809,387
Derivative financial instruments	290,969	–	290,969
Deposits from holding company and fellow subsidiaries	–	5,452,401	5,452,401
Interest-bearing bank borrowings	–	50,187,981	50,187,981
Corporate bonds	–	2,013,316	2,013,316
Lease liabilities	–	372,274	372,274
Other non-current liabilities	–	1,246,348	1,246,348
	327,098	74,213,505	74,540,603

Notes to Financial Statements

31 DECEMBER 2021

53. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 31 December 2020

Financial assets

	Financial assets at fair value through profit and loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Designated as such upon initial recognition	Mandatorily designated as such	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial instruments other than derivatives	1,756,210	4,350,462	-	14,864,405	-	20,971,077
Derivative financial instruments	-	451,513	-	-	-	451,513
Trade and bills receivables	-	-	2,595,046	-	4,406,355	7,001,401
Factoring receivables	-	-	-	-	716,574	716,574
Loans to related parties	-	-	-	-	1,703,063	1,703,063
Financial assets included in prepayments, other receivables and other assets	-	-	-	-	3,660,261	3,660,261
Time deposits	-	-	-	-	100,113	100,113
Restricted bank deposits	-	-	-	-	13,571,683	13,571,683
Cash and cash equivalents	-	-	-	-	14,451,776	14,451,776
	1,756,210	4,801,975	2,595,046	14,864,405	38,609,825	62,627,461

Notes to Financial Statements

31 DECEMBER 2021

53. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial assets at fair value through profit and loss		
	Held for trading	Financial liabilities at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	–	10,115,091	10,115,091
Financial liabilities included in other payables and accruals	–	4,043,666	4,043,666
Derivative financial instruments	1,031,399	–	1,031,399
Deposits from holding company and fellow subsidiaries	–	3,109,693	3,109,693
Interest-bearing bank borrowings	–	47,915,951	47,915,951
Corporate bonds	–	505,991	505,991
Lease liabilities	–	536,735	536,735
Other non-current liabilities	–	1,532,960	1,532,960
	1,031,399	67,760,087	68,791,486

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, loans to related parties, financial liabilities included in other payables and accruals, interest-bearing bank and deposits from a holding company and fellow subsidiaries approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of deposits, interest-bearing bank borrowings, corporate bonds and other non-current liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings and corporate bonds as at 31 December 2021 were assessed to be insignificant.

Notes to Financial Statements

31 DECEMBER 2021

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, Management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of listed debentures and listed equity securities are based on quoted market prices.

The fair values of investments in financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of a bond investment has been estimated based on its expected cash flows discounted by the quoted annual return rate of a similar bond investment. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of unlisted equity investments and income right attached to a target equity interest have been estimated based on the comparable companies analysis in terms of a series key ratios. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values as at 31 December 2021.

Notes to Financial Statements

31 DECEMBER 2021

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with good credit ratings. Derivative financial instruments includes commodity derivative contracts, provisional price arrangements, forward currency contracts, foreign currency swaps and interest rate swaps:

- The fair value of the commodity derivative contracts represents the difference between the quoted market price of commodity derivative contracts at the year end and the quoted price at inception of the contracts;
- The fair value of the provisional price arrangement is estimated by reference to the quoted market price at the year end of commodity derivative contracts with similar maturity as the provisional price arrangement compared to the quoted market prices of commodity derivative contracts on the dates of delivery of the purchased material;
- The fair values of forward currency contracts and interest rate swaps are measured using valuation techniques similar to the discounted cash flow model. The models incorporate various market observable inputs including foreign exchange spot, forward rates, risk-free interest rate curves and implied volatility of the foreign exchange rate. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Notes to Financial Statements

31 DECEMBER 2021

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

31 December 2021:

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Financial assets:				
Listed equity securities	19,428,819	260,749	–	19,689,568
Listed debentures	973,593	–	–	973,593
Investments in financial products	1,613,709	–	1,219,170	2,832,879
Unlisted equity investments	–	–	605,729	605,729
Income right attached to a target equity interest	–	–	445,550	445,550
Derivative financial instruments:				
– Commodity option contracts	–	3,865	–	3,865
– Commodity derivative contracts	297,097	–	–	297,097
– Foreign currency forward contracts and interest rate swaps	–	78,135	–	78,135
Bills receivable	–	2,535,148	–	2,535,148
Inventories designated as hedged items	6,311,663	–	–	6,311,663
	28,624,881	2,877,897	2,270,449	33,773,227
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts	234,064	–	–	234,064
– Commodity option contracts	–	12,720	–	12,720
– Provisional price arrangements	–	11,442	–	11,442
– Foreign currency forward contracts and interest rate swaps	–	32,743	–	32,743
	234,064	56,905	–	290,969

Notes to Financial Statements

31 DECEMBER 2021

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

31 December 2020:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets:				
Listed equity securities	14,981,820	399,444	–	15,381,264
Investments in financial products	289,609	–	4,060,853	4,350,462
Unlisted equity investments	–	–	714,953	714,953
Income right attached to a target equity interest	–	–	524,398	524,398
Derivative financial instruments:				
– Commodity derivative contracts	401,120	–	–	401,120
– Foreign currency forward contracts and interest rate swaps	–	50,393	–	50,393
Bills receivable	–	2,595,046	–	2,595,046
Inventories designated as hedged items	6,159,716	–	–	6,159,716
	21,832,265	3,044,883	5,300,204	30,177,352
Financial liabilities:				
Derivative financial instruments:				
– Commodity derivative contracts	553,941	–	–	553,941
– Commodity option contracts	–	369	–	369
– Provisional price arrangements	–	426,979	–	426,979
– Foreign currency forward contracts and interest rate swaps	–	50,110	–	50,110
	553,941	477,458	–	1,031,399

Notes to Financial Statements

31 DECEMBER 2021

54. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	5,300,204	11,533,226
Purchase	13,502,720	26,253,422
Total gains recognised in the statement of profit or loss	(38,052)	1,079,251
Total gains recognised in other comprehensive income	(305)	–
Disposals	(16,494,118)	(33,565,695)
At 31 December	2,270,449	5,300,204

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2020: Nil).

55. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents, corporate bonds and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables, and financial liabilities in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to financial instruments are set out in note 2.4 to the financial statements.

Notes to Financial Statements

31 DECEMBER 2021

55. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances and bank borrowings with floating interest rates. Management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. Management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest-bearing bank balances are within a short maturity period.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest-bearing bank borrowings at the end of the reporting period assuming the stipulated changes had taken place at the beginning of the reporting period and were held constant throughout the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	(Decrease)/increase in profit after tax		(Decrease)/increase in equity	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
If interest rate increases	100	(108,619)	(110,646)	(108,619)	(110,646)
If interest rate decreases	(100)	108,619	110,646	108,619	110,646

Notes to Financial Statements

31 DECEMBER 2021

55. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currencies other than the functional currency of the respective group entities, which are mainly trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings and derivative financial instruments, at the end of the reporting period are as follows:

	Fluctuation in foreign exchange Rate%	(Decrease)/increase in profit after tax		(Decrease)/increase in equity	
		2021	2020	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
If RMB strengthens against USD	(5)	57,594	168,380	57,594	168,380
If RMB weakens against USD	5	(57,594)	(168,380)	(57,594)	(168,380)
If RMB strengthens against HKD	(5)	(11,571)	(40,745)	(14,269)	(42,634)
If RMB weakens against HKD	5	11,571	40,745	14,269	42,634

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Notes to Financial Statements

31 DECEMBER 2021

55. FAIR VALUE RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are net carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2021

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	2,736,772	–	–	4,958,728	7,695,500
Factoring receivables	72,180	–	489,313	–	561,493
Financial assets included in prepayments, other receivables and other assets	2,971,740	241,561	345,436	–	3,558,737
Loans to related parties	1,736,309	–	–	–	1,736,309
Time deposits					
– Not yet past due	298,821	–	–	–	298,821
Restrict bank deposits					
– Not yet past due	17,489,498	–	–	–	17,489,498
Cash and cash equivalents					
– Not yet past due	21,295,290	–	–	–	21,295,290
	46,600,610	241,561	834,749	4,958,728	52,635,648

Notes to Financial Statements

31 DECEMBER 2021

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

As at 31 December 2020

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	33,450	–	–	4,372,905	4,406,355
Factoring receivables	–	–	716,574	–	716,574
Financial assets included in prepayments, other receivables and other assets	3,032,412	–	627,849	–	3,660,261
Loans to related parties	1,703,063	–	–	–	1,703,063
Time deposits					
– Not yet past due	100,113	–	–	–	100,113
Restrict bank deposits					
– Not yet past due	13,571,683	–	–	–	13,571,683
Cash and cash equivalents					
– Not yet past due	14,451,776	–	–	–	14,451,776
	32,892,497	–	1,344,423	4,372,905	38,609,825

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the individual basis and collective basis is disclosed in note 29 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 29 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institutions and borrowing loans from banks.

Notes to Financial Statements

31 DECEMBER 2021

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2021			
	On demand and less than 12 months <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
Corporate bonds	513,316	1,609,511	–	2,122,827
Interest-bearing bank borrowings	38,917,772	13,041,639	–	51,959,411
Trade and bills payables	11,167,927	–	–	11,167,927
Financial liabilities in other payables and accruals	3,439,988	–	–	3,439,988
Deposits from a holding company and fellow subsidiaries	5,348,718	109,069	–	5,457,787
Derivative financial instruments	290,969	–	–	290,969
Lease liabilities	173,124	209,106	–	382,230
Other non-current liability	369,399	1,433,300	–	1,802,699
	60,221,213	16,402,625	–	76,623,838

	31 December 2020			
	On demand and less than 12 months <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
Corporate bonds	5,991	547,400	–	553,391
Interest-bearing bank borrowings	35,021,238	15,484,388	–	50,505,626
Trade and bills payables	10,115,091	–	–	10,115,091
Financial liabilities in other payables and accruals	4,043,666	–	–	4,043,666
Deposits from a holding company and fellow subsidiaries	3,021,693	91,388	–	3,113,081
Derivative financial instruments	1,031,399	–	–	1,031,399
Lease liabilities	167,175	388,038	–	555,213
Other non-current liability	399,498	1,762,904	–	2,162,402
	53,805,751	18,274,118	–	72,079,869

Notes to Financial Statements

31 DECEMBER 2021

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts and provisional price arrangements to manage the Group's exposure in relation to forecasted sales of copper products, forecasted sales of gold products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires and gold lease contracts.

Financial assets and liabilities of the Group whose fair value changes are in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts and provisional price arrangements.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in prevailing market price of copper cathodes, gold and silver with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of commodity derivative contracts and the provisional price arrangements) after the impact of hedge accounting.

	(Decrease)/increase in profit before tax	
	2021	2020
	RMB'000	RMB'000
If market price increases 5% in copper	(208,477)	(379,308)
If market price decreases 5% in copper	208,477	379,308
If market price increases 5% in gold	(208,248)	(180,636)
If market price decreases 5% in gold	208,248	180,636
If market price increases 5% in silver	(26,916)	(8,597)
If market price decreases 5% in silver	26,916	8,597

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 25) and equity investments at fair value through other comprehensive income (note 25) as at 31 December 2021. The Group's listed investments are listed on the Shanghai, Hong Kong and Toronto stock exchanges and are valued at quoted market prices at the end of the reporting period.

Notes to Financial Statements

31 DECEMBER 2021

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Equity price risk (continued)

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2021	High/low 2021	31 December 2020	High/low 2020
Shanghai – A share index	3,640	3,732/3,313	3,473	3,475/2,647
Hong Kong – Hang Seng index	23,398	31,183/22,665	27,231	29,175/21,139
Toronto – Composite index	21,223	21,796/17,298	17,433	17,971/11,172

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments with all other variables held constant and after impact on tax, based on their carrying amounts at the end of the reporting period.

31 December 2021	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
Shanghai – FVPL	17,364	651	651
Hong Kong – FVPL	456,906	19,271	19,271
Toronto – FVOCI	19,215,298	–	960,765
31 December 2020	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
Shanghai – FVPL	19,721	740	740
Hong Kong – FVPL	399,442	16,976	16,976
Toronto – FVOCI	14,828,281	–	741,414

Notes to Financial Statements

31 DECEMBER 2021

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate benchmark reform

As at 31 December 2021, the Group had certain interest-bearing bank borrowings in United States dollars. The interest rates of these instruments are based on the LIBOR with a tenor of six months or twelve months, which will cease to be published after 30 June 2023. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract
- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the bank borrowings due to changes in credit risk of the Group)
- The existing fallback clause included in the instruments may not be adequate to facilitate a transition to a suitable RFR

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

As at 31 December 2021

The information about financial instruments based on an interbank offered rate that has yet to transition to an alternative benchmark rate is as follows:

	Non-derivative financial assets – carrying value RMB'000	Non-derivative financial liabilities – carrying value RMB'000
Interest-bearing bank borrowings – United States dollar LIBOR	–	5,205,437

Notes to Financial Statements

31 DECEMBER 2021

55. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Total capital of the Group is the total equity in the consolidated financial position. The Group is not subject to any externally imposed capital requirements. The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets.

The Group's debt-to-asset ratio as at the end of the reporting period was as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Total assets	161,034,643	140,881,553
Total liabilities	83,224,717	74,022,248
Debt-to-asset ratio	52%	53%

56. EVENTS AFTER THE REPORTING PERIOD

On February 22, 2022, the board and supervisory committee of the Company approved the Proposed Spin-off and Listing of a Controlled Subsidiary of Jiangxi Copper Company Limited (《江西銅業股份有限公司關於籌劃控股子公司分拆上市的議案》) and unanimously agreed with the proposed spin-off and listing of Jiangxi Copper Yates Copper Foil Company Limited ("JCC Copper Foil") (the "Proposed Spin-off and Listing"). After the Proposed Spin-off and Listing, the Company will still maintain control over JCC Copper Foil, and will not constitute actual impact on the continuous operations of other business segments of the Company, and will not prejudice the independent listing status and continuous profitability of the Company. The Proposed Spin-off and Listing may only be implemented after meeting a number of conditions, including but not limited to the uncertainties of performing corresponding procedures of the stock exchanges where the Company is listed and the stock exchange where JCC Copper Foil is proposed to be listed and the China Securities Regulatory Commission.

Notes to Financial Statements

31 DECEMBER 2021

57. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	12,643,190	13,188,548
Investment properties	167,549	171,543
Right-of-use assets	2,919,109	1,208,073
Other intangible assets	1,306,595	3,498,337
Exploration and evaluation assets	507,908	546,338
Investments in subsidiaries	26,315,601	26,066,830
Investments in joint ventures	36,788	26,755
Investments in associates	3,373,094	3,242,009
Financial instruments other than derivatives	2,514,190	2,209,477
Prepayments, other receivables and other assets	3,946,044	4,919,439
Deferred tax assets	501,949	306,488
Total non-current assets	54,232,017	55,383,837
Current assets		
Inventories	13,094,027	11,911,503
Trade and bills receivables	3,170,857	4,476,783
Prepayments, other receivables and other assets	1,296,740	1,447,567
Derivative financial instruments	3,865	9,798
Restricted bank deposits	206,283	113,914
Cash and cash equivalents	14,535,643	10,107,445
Total current assets	32,307,415	28,067,010
Total assets	86,539,432	83,450,847

Notes to Financial Statements

31 DECEMBER 2021

57. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current liabilities		
Trade and bills payables	2,166,499	3,024,595
Other payables and accruals	10,523,157	5,008,259
Derivative financial instruments	25,013	313,349
Interest-bearing bank borrowings	3,103,066	5,046,133
Lease liabilities	162,842	154,134
Income tax payable	806,837	600,043
Total current liabilities	16,787,414	14,146,513
Net current assets	15,520,001	13,920,497
Total assets less current liabilities	69,752,018	69,304,334
Non-current liabilities		
Interest-bearing bank borrowings	9,516,091	12,154,575
Lease liabilities	172,087	334,966
Corporate bonds	1,000,000	500,000
Provision for rehabilitation	197,429	188,978
Employee benefit liabilities	290	1,654
Deferred revenue	196,823	229,163
Other non-current liabilities	407,319	497,385
Total non-current liabilities	11,490,039	13,906,721
Net assets	58,261,979	55,397,613
Equity		
Equity attributable to owners of the parent		
Capital and reserves		
Share capital	3,462,729	3,462,729
Reserves	54,799,250	51,934,884
Total equity	58,261,979	55,397,613

Notes to Financial Statements

31 DECEMBER 2021

57. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Other reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Discretionary surplus reserve <i>RMB'000</i>	Safety fund surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020	12,900,879	5,545,146	9,644,881	229,197	22,755,875	51,075,978
Total comprehensive income for the year	(200,928)	-	-	-	1,406,107	1,205,179
Dividend declared	-	-	-	-	(346,273)	(346,273)
Transfer between categories	-	-	-	(118,359)	118,359	-
At 31 December 2020	12,699,951	5,545,146	9,644,881	110,838	23,934,068	51,934,884
Total comprehensive income for the year	(10,228)	-	-	-	3,220,867	3,210,639
Dividend declared	-	-	-	-	(346,273)	(346,273)
Transfer between categories	-	308,747	-	133,397	(442,144)	-
At 31 December 2021	12,689,723	5,853,893	9,644,881	244,235	26,366,518	54,799,250

58. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2022.

Financial Summary

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
REVENUE	441,614,438	317,756,486	239,585,489	214,395,309	204,241,187
Cost of sales	-425,422,857	-307,687,117	-231,172,158	-207,552,232	-195,642,937
Gross profit	16,191,581	10,069,369	8,413,331	6,843,077	8,598,250
Other income, other gains and losses	-2,035,951	-707,074	1,202,536	1,658,711	-2,422,198
Selling and distribution costs	-367,464	-269,427	-683,412	-569,029	-533,434
Administrative expenses	-3,714,620	-2,726,043	-2,417,503	-1,787,275	-1,851,515
Impairment losses on financial assets, net	-480,019	-1,264,064	-1,475,161	-1,369,111	-
Finance costs	-2,018,808	-1,950,099	-1,883,826	-1,409,007	-917,961
Share of profits and losses of: Joint ventures	-15,272	-17,600	-48,336	-30,243	-36,963
Associates	-142,559	117,009	27,164	-74,998	70,056
PROFIT BEFORE TAX	7,416,888	3,252,071	3,134,793	3,262,125	2,906,235
Income tax	-1,387,449	-892,594	-982,425	-839,539	-1,146,051
PROFIT FOR THE YEAR	6,029,439	2,359,477	2,152,368	2,422,586	1,760,184
Attributable to :					
Owners of the Company	5,772,525	2,227,704	2,437,988	2,415,017	1,651,113
Non-controlling interests	256,914	131,773	-285,620	7,569	109,071
	6,029,439	2,359,477	2,152,368	2,422,586	1,760,184
Total assets	161,034,643	140,881,553	134,913,915	102,865,824	97,469,819
Total liabilities	-83,224,717	-74,022,249	-75,881,314	-50,839,134	-47,468,135
Non-controlling interests	-8,011,074	-6,948,911	-6,286,983	-2,260,379	-2,450,803
Equity attributable to owners of the parent	-69,798,852	-59,910,393	-52,745,618	-49,766,311	-47,550,881



Jiangxi Copper Company Limited