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

(Incorporated in Bermuda with limited liability)
(Stock Code: 00661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of China Daye Non-Ferrous Metals Mining Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the audited consolidated annual results of the Group for the year ended 31 December 2022 (the "**year**") prepared in accordance with Hong Kong Financial Reporting Standards as follows (together with the comparative figures for the corresponding period of the previous year):

HIGHLIGHTS

	2022	2021
	RMB'000	*RMB'000*
Revenue	**33,658,516**	35,677,656
Gross profit	**1,165,785**	1,270,548
(Loss) Profit for the year	**(6,416)**	336,576
Profit for the year attributable to owners of the Company	**110,910**	286,436
Basic earnings per share	**RMB0.62 fen**	RMB1.60 fen

During the year, revenue decreased by approximately 5.66% to approximately RMB33,658,516,000 compared with approximately RMB35,677,656,000 in the same period of 2021. Gross profit decreased by approximately 8.25% to approximately RMB1,165,785,000, compared with approximately RMB1,270,548,000 in the same period of 2021.

Loss for the year was approximately RMB6,416,000 compared with the profit of approximately RMB336,576,000 in the same period of 2021 representing a decrease in profit of approximately RMB342,992,000.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	3, 4	**33,658,516**	35,677,656
Cost of sales and services rendered		**(32,492,731)**	(34,407,108)
Gross profit		**1,165,785**	1,270,548
Other income	5	**71,320**	66,472
Selling expenses		**(38,754)**	(50,077)
Administrative expenses		**(414,995)**	(394,121)
Other operating expenses		**(382,650)**	(17,610)
Impairment losses of financial assets reversed (recognised) under expected credit loss model, net	6	**56,310**	(50,363)
Other gains and losses	7	**(66,530)**	(38,965)
Finance costs	8	**(327,134)**	(314,366)
Profit before tax		**63,352**	471,518
Income tax expenses	9	**(69,768)**	(134,942)
(Loss) profit for the year	10	**(6,416)**	336,576
Profit (loss) attributable to:			
Owners of the Company		**110,910**	286,436
Non-controlling interests		**(117,326)**	50,140
		(6,416)	336,576
Earnings per share			
Basic and diluted	12	**RMB0.62 fen**	RMB1.60 fen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,131,706**	7,401,211
Right-of-use assets		**933,766**	952,556
Exploration and evaluation assets		**8,198**	5,179
Intangible assets		**651,234**	716,140
Investments in joint ventures		**–**	–
Deferred tax assets		**99,970**	60,638
Other deposits		**156,808**	317,610
		10,981,682	9,453,334
CURRENT ASSETS			
Inventories		**10,026,776**	5,825,229
Trade and bills receivables	*13*	**56,759**	83,447
Other deposits		**687,156**	299,096
Prepayments and other receivables		**527,197**	212,445
Derivative financial instruments		**100,139**	46,559
Structured bank deposits		**–**	400,000
Pledged deposits		**24,000**	195
Cash, deposits and bank balances		**820,040**	814,802
		12,242,067	7,681,773
CURRENT LIABILITIES			
Trade payables	*14*	**3,590,256**	1,812,904
Other payables and accrued expenses		**1,397,421**	717,679
Contract liabilities		**50,461**	231,703
Bank and other borrowings		**6,695,567**	2,999,443
Lease liabilities		**6,037**	4,946
Promissory note		**–**	1,095,852
Derivative financial instruments		**113,616**	43,818
Early retirement obligations		**18,010**	21,530
Current income tax liabilities		**76,808**	110,662
		11,948,176	7,038,537
NET CURRENT ASSETS		**293,891**	643,236
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,275,573**	10,096,570

	2022	2021
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**727,893**	727,893
Share premium and reserves	**2,369,200**	2,258,618
Equity attributable to owners of the Company	**3,097,093**	2,986,511
Non-controlling interests	**1,176,515**	1,170,863
TOTAL EQUITY	**4,273,608**	4,157,374
NON-CURRENT LIABILITIES		
Other payables	**373,138**	390,818
Bank and other borrowings	**5,114,459**	5,152,158
Lease liabilities	**128,610**	132,909
Promissory note	**1,138,200**	–
Provision for mine rehabilitation, restoration and dismantling	**73,656**	54,344
Deferred income	**129,702**	146,557
Early retirement obligations	**44,200**	62,410
	7,001,965	5,939,196
	11,275,573	10,096,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

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

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

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

During the year ended 31 December 2022, the Group recorded a loss for the year of approximately RMB6,416,000. As at 31 December 2022, the Group had cash, deposits and bank balances, current portion of bank and other borrowings of approximately RMB820,040,000 and RMB6,695,567,000 respectively. Based on the estimation of the future cash flows of the Group, after taking into account of (i) the unutilised bank facilities of not less than RMB15,960,738,000 and (ii) bank borrowings of RMB2,195,743,000 subsequently raised which fall due after 31 December 2023, the directors are of the opinion that the Group will have sufficient working capital to finance its normal operation for the twelve months from the end of the reporting period of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 January 2022:

Amendment to HKFRS 16	*Covid-19-Related Rent Concessions 30 June 2021*
Amendment to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKAS 16	*Property, plant and Equipment: Proceeds before Intended Use*
Amendment to HKAS 37	*Onerous Contracts-Cost of Fulfilling a Contract*
Amendment to HKFRSs	*Annual Improvements to HKFRSs 2018-2020 cycle*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	*Insurance Contracts*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the "**2020 Amendments**") clarify the requirements for classifying liabilities as current or non-current. Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the "**2022 Amendments**") further clarify the requirements for classification of non-current liabilities with covenants. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered as settlement of a liability.

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples were provided to explain and demonstrate the application of the "four-step materiality process" described in HKFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

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, with earlier application permitted.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with (i) the right-of-use assets and the lease liabilities and (ii) the provision for decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB124,219,000 and RMB134,647,000 respectively. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements as the net temporary differences relating to relevant assets and liabilities are insignificant.

3. REVENUE

Revenue represents the net amounts received and receivable for sales of goods and services rendered net of sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
Sales of goods	**33,620,958**	35,642,388
Rendering of services	**37,558**	35,268
	33,658,516	35,677,656

Disaggregation of revenue by timing of recognition

	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**33,620,958**	35,642,388
Over time	**37,558**	35,268
Total revenue from contracts with customers	**33,658,516**	35,677,656

Performance obligations for contracts with customers

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

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

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

4. SEGMENT INFORMATION

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

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

	2022	2021
	RMB'000	*RMB'000*
Sales of goods:		
Copper cathodes	**27,258,231**	27,900,873
Other copper products	**864,381**	1,527,289
Gold and other gold products	**1,754,037**	1,671,004
Silver and other silver products	**3,007,489**	3,657,798
Sulphuric acid and sulphuric concentrate	**480,877**	451,792
Iron ores	**89,814**	133,716
Others	**166,129**	299,916
	33,620,958	35,642,388
Rendering of services:		
Copper processing	**19,409**	20,322
Others	**18,149**	14,946
	37,558	35,268
Total revenue	**33,658,516**	35,677,656

Geographical information

The Group operates in three principal geographical areas – the PRC, Hong Kong and The Republic of Mongolia ("**Mongolia**"). The Group's information about its non-current assets (excluding deferred tax assets) by location of assets are detailed below:

	Non-current assets	
	2022	2021
	RMB'000	*RMB'000*
PRC	**10,881,712**	9,392,617
Hong Kong	**–**	65
Mongolia	**–**	14
	10,881,712	9,392,696

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

	2022	2021
	RMB'000	*RMB'000*
PRC	**33,150,438**	35,189,803
Hong Kong	**265,931**	23,644
Others	**242,147**	464,209
	33,658,516	35,677,656

Information about major customers

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

	2022	2021
	RMB'000	*RMB'000*
Company A	**5,628,543**	4,974,800
Company B	**4,703,096**	N/A[1]

[1] The revenue from that customer was less than 10% of the total revenue of the Group during the reporting period.

5. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Interest income from banks	**17,669**	21,615
Interest income from Nonferrous Mining Group Finance Co., Ltd ("**Finance Company**")	**7,219**	9,265
Government grants *(note)*	**12,462**	3,106
Deferred income recognised	**27,302**	23,111
Others	**6,668**	9,375
	71,320	66,472

Note: The government grants for the years ended 31 December 2022 and 2021 mainly represented subsidies for employment support and incentive fund for foreign trade of which the relevant expenses had been previously charged to profit or loss. There are no conditions and other contingencies attached to the receipts of those subsidies.

6. IMPAIRMENT LOSSES OF FINANCIAL ASSETS (REVERSED) RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	2022	2021
	RMB'000	*RMB'000*
Impairment losses (reversed) recognised, net, on:		
Trade receivables – goods and services	**(31,520)**	25,685
Loans to and amounts due from a joint venture	**(25,533)**	24,609
Other receivables	**743**	69
	(56,310)	50,363

7. OTHER GAINS AND LOSSES

	2022	2021
	RMB'000	*RMB'000*
Gain (loss) on disposal of property, plant and equipment	**3,525**	(4,666)
Gain on disposal of right-of-use assets	**144**	9,703
Write-off of property, plant and equipment	**(47,762)**	(76,524)
Write-off of trade payable	**12,845**	–
Write-off of trade receivables	**(38,945)**	–
Write-off of other receivables	**(4,095)**	–
Fair value changes from:		
Currency exchange swap contracts	**–**	2,382
Gold forward contracts	**75,991**	(59,210)
Gold loans designated as financial liabilities at fair value through profit or loss	**(73,105)**	59,218
Exchange gains, net	**47,712**	31,294
Impairment loss of property, plant and equipment	**(13,051)**	(1,162)
Impairment loss of intangible assets	**(5,228)**	–
Loss on deregistration of subsidiaries	**(24,561)**	–
	(66,530)	(38,965)

8. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**318,203**	241,668
Interest on loans from Daye Nonferrous Metals Group Holdings Company ("**Daye Group**")	**15,025**	18,344
Interest on loans from Finance Company	**6,839**	14,063
Interest on loans from a fellow subsidiary	**270**	376
Interest on lease liabilities	**6,880**	6,986
Interest on promissory note	**42,348**	42,349
Unwind interest of provision for mine rehabilitation, restoration and dismantling	**1,574**	1,528
Unwind interest of early retirement obligations	**1,830**	2,690
Total finance costs	**392,969**	328,004
Less: Borrowing costs capitalised in the cost of qualifying assets	**(65,835)**	(13,638)
	327,134	314,366

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

9. INCOME TAX EXPENSES

	2022 *RMB'000*	2021 *RMB'000*
Hong Kong Profits Tax		
– current year	**–**	295
PRC Enterprise Income Tax		
– current year	**111,740**	140,516
– (over) under-provision in prior years	**(2,640)**	2,756
Deferred tax	**(39,332)**	(8,625)
	69,768	134,942

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

Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits. No provision for taxation has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the year ended 31 December 2022.

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

10. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2022 *RMB'000*	2021 *RMB'000*
Depreciation of property, plant and equipment *(note i)*	**565,240**	615,824
Depreciation of right-of-use assets *(note i)*	**32,738**	32,626
Amortisation of intangible assets *(note i)*	**74,459**	62,042
	672,437	710,492
Impairment loss of intangible assets	**5,228**	–
Impairment loss of property, plant and equipment	**13,051**	1,162
Auditor's remuneration	**3,285**	1,887
Employee benefits expense (including directors' remuneration) *(note (ii))*:		
Salaries, wages and welfare	**799,433**	651,778
Retirement benefits scheme contributions	**105,992**	127,442
Total staff costs	**905,425**	779,220
Cost of sales and services rendered:		
Cost of inventories recognised as an expense *(note (iii))*	**32,460,356**	34,377,352
Direct operating expense arising from services provided	**32,375**	29,756
	32,492,731	34,407,108
Research and development costs *(note iv)*	**20,584**	16,873

Notes:

(i) During the year ended 31 December 2022, depreciation of property, plant and equipment of approximately RMB461,481,000 (2021: RMB596,782,000) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB62,347,000 (2021: RMB59,987,000) were capitalised to inventories respectively. During the year ended 31 December 2022, depreciation of property, plant and equipment of approximately RMB80,532,000 (2021: nil) and depreciation of right-of-use assets and amortisation of intangible assets of totalling approximately RMB20,840,000 (2021: nil) in relation to production were recognised as expenses and included in other operating expenses due to temporary shutdown of a mining site.

(ii) During the year ended 31 December 2022, employee benefits expense of approximately RMB586,542,000 (2021: RMB598,700,000) were capitalised to inventories. During the year ended 31 December 2022, employee benefits expense in relation to production approximately RMB151,773,000 (2021: nil) was recognised as expenses and included in other operating expenses due to temporary shutdown of a mining site.

(iii) During the year ended 31 December 2022, a write-down of raw material of approximately RMB6,390,000 (2021: RMB2,784,000) has been recognised and included in cost of inventories.

(iv) Included in research and development costs were staff costs of approximately RMB4,903,000 (2021: RMB3,589,000) which has been included in staff costs disclosure above and cost of materials.

11. DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

12. EARNINGS PER SHARE

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

Earnings

	2022	2021
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**110,910**	286,436

Number of shares

	2022	2021
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**17,895,580**	17,895,580

The computation of diluted earnings per share for both years did not assume the conversion of the promissory note as the issue price is determined by reference to the market price of the shares of the Company.

13. TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**101,494**	159,042
Less: Allowance for credit losses	**(44,735)**	(76,255)
	56,759	82,787
Bills receivables:		
On hand	**–**	660
Total trade and bills receivables	**56,759**	83,447

As at 31 December 2022, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB101,494,000 (2021: RMB159,042,000).

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

As at 31 December 2022 and 2021, no bills receivables are discounted to banks due to improvement in debt collection.

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

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**38,082**	75,814
More than 1 year, but less than 2 years	**18,274**	521
More than 2 years, but less than 3 years	**2**	5,158
Over 3 years	**401**	1,294
	56,759	82,787

14. TRADE PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**3,590,256**	1,812,904

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

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**3,576,635**	1,781,586
More than 1 year, but less than 2 years	**8,890**	23,814
More than 2 years, but less than 3 years	**665**	1,685
Over 3 years	**4,066**	5,819
	3,590,256	1,812,904

The average credit period on purchases of goods is ranging from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the year ended 31 December 2022 amounted to approximately RMB33,658,516,000 (2021: RMB35,677,656,000), representing a year-on-year decrease of approximately 5.66%. Loss for the year was approximately RMB6,416,000 (2021: profit of RMB336,576,000), representing a year-on-year decrease of profit approximately RMB342,992,000. The decrease was primarily attributable to the fact that under the influence of environmental inspections, the subsidiaries of the Company, Fengshan Copper Mine, temporarily suspended production for rectification and low-load production such as Sareke Copper Mine, resulting in a decline in the output of self-owned mines and a decline in profitability.

In 2022, the Group produced a total of approximately 10,700.00 tonnes of mined copper, a decrease of approximately 51.14% over the same period last year; approximately 481,700.00 tonnes of copper cathode, an increase of approximately 0.31% over the same period last year; approximately 633.60 tonnes of precious metals (including approximately 4.43 tonnes of gold, approximately 598.66 tonnes of silver, approximately 15.00 kg of platinum, approximately 120.00 kg of palladium and approximately 30.37 tonnes of tellurium), a decrease of approximately 4.61% over the same period last year; approximately 1,223,300.00 tonnes of chemical products such as sulphuric acid (including approximately 1,216,400.00 tonnes of sulphuric acid, approximately 315.15 tonnes of nickel sulphate, approximately 6,449.10 tonnes of copper sulfate and approximately 126.86 tonnes of crude selenium), an increase of approximately 15.85% over the same period last year; approximately 90,300.00 tonnes of iron concentrate, a decrease of approximately 14.33% over the same period last year; and approximately 0 tonnes of molybdenum concentrate, a decrease of approximately 100% over the same period last year.

IN SUMMING UP AND LOOKING BACK, WE GAINED A DEEP UNDERSTANDING OF THE WORK ACHIEVED IN THE PAST YEAR

This year, adhering to the development concept of "clear waters and green mountains are as good as mountains of gold and silver", we pushed forward rectification for the Central Environmental Protection Inspectorate aiming at a high standing, high standards and high quality. Fengshan Copper Mine promoted the upgrading and transformation of production wastewater, implemented the warehouse closure project in advance, and discharged wastewater upon advanced treatment, stably reaching the first-class A standard. With improving the process flow and optimizing the production organizational model as the main direction, the smelter implemented whole-process management and control and phenomena such as flue gas escape from the converter were effectively curbed, as a result the average rate of reaching the set targets for waste gas and wastewater was close to 100%. The closure project of Chimashan Mine has been completed ahead of schedule, and all other projects chronologically advanced have been completed. The phased results of the rectification have been fully affirmed by the higher authorities. Keeping a foothold on the new development stage and implementing the new development concept, we organized the compilation of the Company's "14th Five-Year" green development plan and the White Paper on Environmental Protection (《環保白皮書》). Insisting on coordinating development and stability, and combining the completion of tasks for stable growth with the promotion of high-quality development, we took development as the top priority, the Annual Task Priorities Report (《年度重點工作任務書》) as an opportunity, and important "science and technology projects and technological research projects" as the key, sparing no effort in implementing the Company's various tasks and objectives concerning reform and development, and production and operation.

On 24 August 2019, the 400,000-tonne project was formally approved. In the past three years, we experienced city-wide lockdown due to the COVID-19 pandemic, the failure of picking up equipment arrived at the port, the hardships of eating and living in the factory day and night, and the delay of projects. Yet finally, we were able to allow the smart chemical factory of Hongsheng Copper Industry to rise from the ground. We went through the whole process of the main techniques in only 33 days, creating many "firsts" in the copper smelting industry, such as the shortest time to open the furnace, the fastest increase in production capacity load, the best year-on-year product quality, and the most distinguished green development, thus building a modern green, smart and efficient factory.

In recent years, we have been driven by the two wheels of technology and talents, insisting on strategizing, deploying and promoting the work on technology and talents in the overall enterprise situation of accelerating green and high-quality development, introducing new mechanisms for technological innovation, drawing new plans for human resources, and constructing new patterns of the talent system, so the path for the Company to lead through innovation and to strengthen with talents has become clearer. Focusing on the rectification of safety and environmental protection, the improvement of production technology and the upgrading of technical equipment in mines and smelters, a number of key project technological breakthroughs have been implemented, a joint research team has been formed, a critical issues research program has been formulated, and scientific and technological breakthroughs have been commenced. Efforts have been made to overcome problems that restrict the enterprise in the course of production, construction and development. By comparing results, highlighting difficulties, and proposing measures, we have achieved good effects in key breakthroughs, and have made positive results in terms of technical smelting indicators, digital mine construction, etc. We have vigorously introduced professional talents with an undergraduate degree or above, focusing on smoothing the development channels of talents and fully implementing the "horse racing" type of job competition, company-wide personnel exchange and other mechanisms to gradually improve job and rank promotion, thus the Company's mechanisms for pooling, training, selecting and employing talents has become more scientific, fairer and more effective.

In the past year, we thoroughly implemented the requirements of the "Year of Strengthening Compliance Management". To address the Company's shortcomings in areas such as basic management and risk prevention, we issued the Compliance Proposal (《合規倡議書》), signed the Compliance Commitment (《合規承諾書》), formulated the Compliance Management Measures (《合規管理辦法》), compiled the Manual for the Integration of Compliance and Internal Risk Control (《合規內控風險一體化手冊》), and carried out all-level and all-field business compliance risk and non-compliance investigations to create the Company's Compliance Risk Database and Compliance List (《合規風險信息庫及合規清單》) and List of Compliance Responsibilities for Key Posts (《重點崗位合規職責清單》). At the same time, we continuously improved the safety and environmental protection management system, solidify the core position of financial management and control, constantly standardized corporate sunshine procurement, strengthened the management and control of brand quality, and focused on improving on-site lean management. The foundation for the sustainable and steady development of the enterprise has thus become more solid.

In the past year, we carried out special research on the futures business to systematically study and judge the value preservation work along the upstream and downstream of the copper processing industry chain. We carried out futures trade, strengthened the QP management and control of the prices of imported ore and increased the hedging volume for the average price of spot purchases and sales. We revised and released relevant management systems and improved the organizational system for purchasing copper raw materials to strictly control the admission of suppliers and customers. We continuously established and improved on-site product quality supervision and inspection mechanisms to regularly supervise and inspect the quality of the Company's main products. We carried out special research and on-site office work to solve quality problems in a timely manner. We carried out customer loyalty activities and gathered market feedback to further enhance corporate quality awareness and brand awareness. We promoted "6S+" on-site lean management through independent innovation. By promoting the establishment of benchmark areas and reaching the standards of demonstration areas in a hierarchical manner, we continued on-site supervision and promoted management experience in multiple forms, as a result, the production and office environment has been greatly enhanced, basic management has been continuously strengthened, work efficiency has been improved, and the quality of employees has been constantly improved.

OBJECTIVE SITUATION ANALYSIS

Only by being prepared for danger in times of peace and unruffled in times of danger can we turn crises into opportunities more quickly. Only by accurately recognizing changes and responding scientifically can we better actively seek changes. In the face of the complex situation of a century of changes and a century of epidemics, we must comprehensively analyze the internal and external situations the Company confronted with, clearly understand the risks and challenges on the way forward, and accurately grasp the favorable opportunities in reform and development, so that we can seize the opportunity and win the initiative in the journey of green and high-quality corporate development.

FROM THE PERSPECTIVE OF BEING PREPARED FOR DANGER IN TIMES OF PEACE, WE MUST BE FULLY AND MENTALLY PREPARED TO DEAL WITH RISKS AND CHALLENGES

From the macroeconomic point of view, with the Ukrainian crisis abroad having been prolonged and the global trade situation being not optimistic with commodity prices fluctuating at high levels, the world economy may face stagflation. Affected by various factors such as the external environment and the COVID-19 pandemic in China, the foundation for economic recovery is not yet solid, and the triple pressure of demand contraction, supply shocks and weakening expectations is still relatively large. From the perspective of industry development, under the alternate influence of heightened risks of supply concerns and a recession in demand, base metal prices will undergo increasing fluctuations and is expected to experience a more complicated market environment. According to comprehensive research and judgment, copper prices will fall first and then rise throughout the year, showing a trend of high volatility and a downward displacement as a whole. In addition, domestic investment in copper metallurgy has risen again in recent years. With the launch of copper metallurgical projects such as the Tongling 500,000-tonne project, the competition for copper raw materials in the copper metallurgical industry will become more intense, which in turn will have an adverse impact on copper concentrate processing fees. From the perspective of our own situation, there is a lot of key works to be done including coordinating the technical transformation and upgrading of smelters and their production organization, achieving the production and standard targets of Hongsheng Copper Industry as scheduled, and fully completing the planned output of mined copper. In short, the current coexistence of various risks and challenges requires us to effectively increase our awareness of urgency, plan our work more comprehensively, and be fully prepared to deal with it.

FROM THE PERSPECTIVE THAT IN THE MIDDLE OF CRISIS LIES OPPORTUNITY, WE NEED TO LIFT UP OUR SPIRITS, BOOST OUR MORALE, AND STRENGTHEN OUR CONFIDENCE IN MOVING FORWARD

While seeing the difficulties and challenges clearly, we must also be aware that, at the national level, the central government will successively roll out relevant supporting policies to support the development of the real economy. China's economy has strong resilience, great potential and abundant vitality, and its long-term positive fundamentals remain unchanged. It is necessary to implement a proactive fiscal policy and a prudent monetary policy, which will create a better economic environment for the high-quality development of enterprises. At the industry level, with the rapid development of new energy vehicles and energy storage industries, the demand for items such as copper foil for lithium batteries has expanded rapidly, effectively driving the upstream copper metallurgical industry and the supporting sulfuric acid industry, which will provide a broader room for the market development of main products such as electrolytic copper and sulfuric acid.

FROM THE PERSPECTIVE OF THE FUTURE ENTERPRISE DEVELOPMENT TREND, WE MUST TAKE A LEAP FORWARD TO COMPREHENSIVELY PROMOTE GREEN AND HIGH-QUALITY CORPORATE DEVELOPMENT

Combining the problems existing in the Company at that time and the situation it was facing, we have put forward the "Five Major Transformations" development concept. Over the past year, taking the study and discussion of "summarizing the past, creating the future, and realizing green and high-quality development" as the starting point, we have broken through our inertial thinking and path dependence. With the hard work of management staff and employees, we have promoted obvious changes in terms of the enterprise's development mode, efficiency and effectiveness, asset quality, management philosophy and ideological outlook, and that the enterprise has gradually embarked on a new path of green and high-quality development. We must plan what kind of development the Company will achieve with a more open mind and a more aggressive attitude. After the political tempering of the Central Environmental Protection Inspectorate and with the profound accumulation of the "four mines and two factories" coupled with the basic support formed by the "Five Major Transformations", the time has come and the momentum has formed to promote the Company to leap forward and develop on the basis of the new starting point. Accelerating the Company's green and high-quality development is the working concept to lay a solid foundation for the Company to establish a framework and accumulate energy in opening the road for take-off in the later period of the "14th Five-Year Plan". This is not only based on the summary of historical experience, but also an analysis of the current situation and expectations for the future. We have every reason to believe that as long as we make sufficient preparations, strengthen our determination and confidence, and take definite practical actions and effective measures to deal with uncertain risks and challenges, we will certainly be able to overcome difficulties, achieve the set goals, and the Company's development path will be become wider and wider.

OPERATING OBJECTIVES AND STRATEGIES IN 2023

The production volume targets of the Group for 2023 include producing 21,400.00 tonnes of mined coppers, 713,000.00 tonnes of copper cathode, 7.21 tonnes of gold, 687.00 tonnes of silver, 2,072,000.00 tonnes of sulphuric acid, 167,000.00 tonnes of iron concentrate, 16.50 kg of platinum, 257.30 kg of palladium, 253.00 tonnes of nickel sulfate (containing metal), 233.30 tonnes of crude selenium, 28.20 tonnes of tellurium, 6,590.00 tonnes of copper sulfate and 43.00 tonnes of molybdenum concentrate.

The Group would satisfactorily fulfill all objectives including the following:

Maintain concentration and accurately grasp the direction to ensure that the enterprise is always on the right path

We will unswervingly stick to the direction of green and high-quality development, focus on the building of digital mines and smart factories, and continue to excel in the construction of ERP information systems to foster the Company to become an important force in implementing new development concepts and establishing new development patterns so that the Company will always move forward along the correct course.

Seize the key, capture talents, and pool powerful forces for leapfrog development

For the enterprise, talents are the core element and the key for us to promote enterprise development and win the initiative in market competition. Firmly upholding the concept of “talent is the first resource”, we always adhere to the key to building a high-quality talent team, enriching the methods of attracting and training talents as well as strictly enforcing the standards for selecting and employing talents, and innovating to gather and stimulate all kinds of talents. Firstly, we will strengthen the building of the leadership team, highlight strategic guidance, make overall planning and arrangement, scientifically and rationally select management personnel of various professions and ages, and timely re-employ enterprise leaders who are brave in taking responsibility, good at deeds, and outstanding in performance. Secondly, we will innovate the talent introduction and training mechanism, continuously increase efforts on introducing mid-to-high-end talents, and focus on giving full play to the advantages of the talents introduced in terms of thinking horizon, professional ability, management concept, market resources, etc. We will broaden the selection channels for management personnel, and strengthen the recommendation, inspection and use of outstanding young management personnel. We will further deepen strategic cooperation with colleges and universities to promote the joint training of high-tech talents. Thirdly, we will stimulate the vitality of talents to create and innovate. On the basis of the current job and rank evaluation, promotion and demotion, we will further improve the talent appraisal system so as to make it clearer that it is oriented toward actual performance and hard work. We will actively and steadily implement various medium and long-term incentive mechanisms, so as to make better use of the baton role of assessment, and lay a solid foundation for the Company to promote a wider and deeper medium and long-term incentive mechanism going forward. Fourthly, we will create a strong atmosphere of caring and respecting talents. We will further establish the Company’s clear orientation of paying attention to and longing for talents, and the Company will also increase positive incentives for all kinds of talents in material and spiritual terms, so that those who have the intention, ability and track record will have the courage, motivation and incentive to perform, thus converging into pools, condensing into momentum, and promoting the prosperity of Company with the thriving of talents.

Develop strengths, make up for weaknesses and master management to constantly lay a solid foundation for enterprise development

Taking into account the feedback from environmental protection inspectors and superior inspections in recent years, we must correctly understand the problems existing in the Company, and effectively enhance the sense of urgency and initiative to master management. We need to fully implement the Group's work plan for building a world-class enterprise, continue to carry out special actions to improve basic management at the primary level, and constantly check loopholes, make up for shortcomings and strengthen weaknesses with rectification and other means as the specific starting point to promote the continuous improvement of the enterprise management system. We need to strengthen the integrated construction of compliance and internal risk control, continue to consolidate the achievements of establishing the Year of Strengthening Compliance management, comprehensively promote compliance management, and enhance the pertinence, immediacy and effectiveness of internal control management, to continuously improve the enterprise's operation and management levels in terms of legal and compliance. We need to further strengthen financial management, and continue to promote the integration of business and finance with focus on budgeting and cost control to improve the ability of lean financial management and control. We will refine and improve cost budget control standards and responsibilities to keep cost and expenses in strict control. We need to strictly control safety and environmental protection risks, integrate safety and environmental protection into the whole process of reform and development, improve the safety and environmental protection management system, put into practice safety and environmental protection responsibilities among all employees, and strengthen intelligent safety and environmental protection construction and operation to continuously improve the level of intrinsic safety and intrinsic environmental protection.

Lead by innovation with focus on science and technology to fully stimulate the endogenous motivation of the enterprise

Capturing innovation is capturing development, and seeking innovation is seeking the future. We must adhere to the use of science and technology throughout the Company to strengthen new growth drivers and enhance the driving force in order to promote the "comprehensive breakthrough" in green and high-quality development with the "first breakthrough" in technological innovation. Firstly, we need to improve the scientific and technological innovation system, conscientiously implement the spirit of the Company's scientific and technological conference, and promptly promote the revision of the scientific and technological system, the construction of scientific research platforms, the training of scientific and technological talents, the transformation of scientific research achievements and other work, so as to constantly improve and perfect the Company's scientific and technological innovation system. Secondly, we need to vigorously carry out breakthroughs in scientific research and technology, keep an eye on critical core technical issues and technical bottlenecks that restrict quality and efficiency improvement, and make good use of resource platforms such as nationally accredited laboratories through incentive and restraint mechanisms to vigorously promote research on new technologies and new processes, thus boosting the enterprise's high-quality development with breakthroughs in key technologies. Thirdly, we need to increase the industrial application of our scientific and technological achievements. For an achievement that can be directly transformed on the spot, it should be promoted and applied in a timely manner to create benefits. For an achievement with promotional value that need to be tested and developed, a special project for transformation of the achievement or for investment in the technological transformation should be established to promote transformation and create benefits.

Create a good atmosphere for founding and doing businesses with unremitting efforts and a strict working style

The specific actions to promote enterprise development will be reflected in the actual effect of performing duties responsibly and doing the jobs well. We will lead management personnel and employees to participate in specific practices for the green and high-quality development of the enterprise. We need to carry forward the fine tradition of hard work, and in the face of the Company's current arduous tasks in environmental protection rectification, reform intensification, technological innovation, and talent building, we will improve our fighting skills in coping with major challenges, resisting major risks and overcoming major obstacles, continuously creating a new situation for corporate reform and development.

Actively and steadily promote carbon peaking

We will fully implement the carbon peaking action plan, establish energy-saving and carbon-reduction organizations and institutions, concentrate effort on carbon reduction, pollution reduction, green expansion and growth, and focus on the implementation of major projects such as the upgrading and transformation of energy conservation. We need to focus on key technical indicators such as energy consumption, carbon reduction and pollution reduction, and benchmark those of the top class in the industry, so as to promote the Company's green, low-carbon and high-quality development.

Make every effort to promote stable production, increase production, improve quality and enhance efficiency

"Development without benefit is no development of high quality". The Company will be required to, with focus on improving operational quality and operational efficiency, maintain operation through stable production, tap potential and reduce costs by benchmarking, and strive to improve extraction rate, recovery rate, operation rate and load rate to ensure stable production and an increase in production.

Hongsheng Copper Industry will be required to, with the aim of building a "green, smart and efficient" benchmark factory, make further efforts in areas including cost, effectiveness, efficiency and environmental protection, in benchmarking the world's advanced enterprises and creating an industry benchmark so as to ensure that it will reach production in the second quarter ahead of schedule, and achieve the production and standard targets by the end of the year, thus contributing to the Company's annual production and business plan with practical actions.

The **smelters** will be required to make every effort to advance the smelting environmental protection upgrade and system transformation projects so as to ensure that the projects are smoothly completed and put into production, and that the production and standard targets are achieved.

For **mines**, we will be required to give full play to the advantages of mechanization and digitalization centering on "full load, high efficiency, safety and environmental protection" to realize production safety under full load, striving to attain the most remarkable level. At the same time, we will be required to **strengthen the acquisition of resources**. On the one hand, we will **tap the potential inward**, vigorously carrying out the production and prospecting of self-owned mines to strengthen the secondary delineation of ore bodies. We will concentrate effort on marginal and in-depth ore prospecting and exploitation with focus on supplementary in-depth exploitation of Fengshan Copper Mine Line 7-17 and peripheral prospecting and exploitation of the detailed investigation area of Sareke Copper Mine so as to extend the length of service of mines. On the other hand, **looking outward**, we will strengthen cooperation with the government in the Huangshi region to explore venture prospecting opportunities. We will utilize the platform of overseas engineering technology companies to focus on the preliminary preparations for the development of overseas resources. The departments for raw materials supply and production scheduling will be required to make reasonable arrangement for the ordering, shipment, and arrival time of imported ores, as well as the distribution of ore volumes between the "two smelters" and the balance of entries into the factory. We will be required to do a good job in the supply of anode plates for Hongsheng Copper Industry and smelters, and break down and refine the procurement plan taking into account the market, to ensure that the marketing goals of rare and precious products such as gold and silver are achieved. We will be required to actively explore the market and work earnestly for the sales of sulfuric acid.

Strengthen scientific and technological breakthroughs

With focus on projects such as "Critical Technological Breakthroughs in the Production of Oxygen-enriched and High-grade Matte in the Ausmelt Furnace", the **smelters** will be required to step up investment in technical personnel, resource equipment and scientific research funds, striving to achieve as soon as possible greater breakthroughs in indicators such as the comprehensive energy consumption of the Ausmelt furnace's smelting system and the SO_2 conversion rate of its sulfuric acid system. **Tonglvshan Mine** and **Fengshan Copper Mine** will be required to speed up the upgrading and transformation of the paste filling system, the optimization and application of mining methods, etc., and intensely carry out industrial testing of the full tailings paste filling process, the mechanized, safe and efficient panel mining technology and other applications, striving to realize the on-site industrial application of the above technical achievements as quickly as possible. **Tongshankou Mine** will be required to promptly promote the rectification of on-site techniques and processes and the industrial testing of applications of critical research results centering on the goal of "increasing the copper sorting recovery rate by more than 2.5 percentage points" so as to realize the transformation of breakthrough results and create benefits as early as possible.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the Group recorded revenue of approximately RMB33,658,516,000 (2021: RMB35,677,656,000), representing a decrease of approximately 5.66% from the previous year, attributable to the decrease in the selling price and the slight decrease in the sales volume of the principal products of the Company.

Cost of sales and services rendered

For the year ended 31 December 2022, the cost of sales and services rendered of the Group amounted to approximately RMB32,492,731,000 (2021: RMB34,407,108,000), representing a decrease of approximately 5.56% from the previous year, which was attributable to the decrease in the purchase price of the principal raw materials the Company and the slight decrease in the sales volume of the principal products of the Company.

Gross profit

For the year ended 31 December 2022, gross profit decreased by approximately 8.25% to approximately RMB1,165,785,000, compared with approximately RMB1,270,548,000 in the same period of 2021. The decrease in gross profit was mainly attributable to the decline in the output of self-owned mines and the decrease in the price of sulfuric acid, resulting in decline in the profitability.

Other income

Other income for the year ended 31 December 2022 amounted to approximately RMB71,320,000 (2021: RMB66,472,000), representing an increase of approximately 7.29% from the previous year, which was primarily attributable to the increase in receipt of government grants of the year compared with last year.

Other operating expenses

For the year ended 31 December 2022, other operating expenses increased by approximately 2,072.91% to approximately RMB382,650,000, compared with approximately RMB17,610,000 in the same period of 2021. The increase was primarily due to inclusion of the loss during the shutdown period of the self-owned mines in other operating expenses.

Other gains and losses

Other gains and losses for the year ended 31 December 2022 amounted to a net loss of approximately RMB66,530,000 (2021: net loss of RMB38,965,000), representing an increase of approximately 70.74% from the previous year. The increase was primarily due to the losses from bankruptcy and liquidation of subsidiaries in the year.

Income tax expenses

Income tax expense for the year ended 31 December 2022 amounted to approximately RMB69,768,000 (2021: RMB134,942,000), representing a decrease of approximately 48.30% from the previous year, which was primarily due to the decrease in profit for the year compared with the previous year.

Earnings per share

For the year ended 31 December 2022, basic earnings per share amounted to RMB0.62 fen (2021: RMB1.60 fen).

EQUITY

The Company's issued and fully paid share capital as at 31 December 2022 amounted to approximately RMB727,893,000 divided into 17,895,579,706 ordinary shares of HK$0.05 each.

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

During the year ended 31 December 2022, the Group's receipts and payments were mainly denominated in RMB.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group had pledged deposits, and cash and bank balances of approximately RMB844,040,000 (2021: RMB814,997,000), the majority of which were denominated in Renminbi. The Group's current ratio was approximately 1.02 (2021: 1.09), based on current assets of approximately RMB12,242,067,000 (2021: RMB7,681,773,000) divided by current liabilities of approximately RMB11,948,176,000 (2021: RMB7,038,537,000). The Group's gearing ratio as at 31 December 2022 was approximately 395.17% (2021: 286.97%), based on net debts (which included bank and other borrowings, lease liabilities and promissory note less pledged deposits, and cash and bank balances) of approximately RMB12,238,833,000 (2021: RMB8,570,311,000) divided by equity attributable to owners of the Company of approximately RMB3,097,093,000 (2021: RMB2,986,511,000). The increase in gearing ratio was attributable to the increase in net debts and the effect of the profit for the year.

As at 31 December 2022, the Group had sufficient funding to pay off all its outstanding liabilities and meet its working capital requirement.

BORROWINGS

As at 31 December 2022, the Group's total debts (which comprised non-current and current bank and other borrowings and promissory note) amounted to approximately RMB12,948,226,000 (2021: RMB9,247,453,0000).

As at 31 December 2022, the Group had bank and other borrowings of approximately RMB6,695,567,000 (2021: RMB2,999,443,000) and approximately RMB5,114,459,000 (2021: RMB5,152,158,000) which was due within one year and after one year respectively. The majority of the Group's bank and other borrowings were denominated in Renminbi. The majority of the Group's bank and other borrowings were at fixed interest rate.

FOREIGN EXCHANGE RISK

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

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

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The core and the source of growth of the Company's future business lie in the fields such as the development of non-ferrous metal mineral resources, the smelting of non-ferrous metal, and the research and development of precious metal materials. The Company's project on the clean production of 400,000 tonnes of high-purity copper cathodes has been successfully completed and put into production, representing a solid step towards its goal. Going forward, the Company will continue to adhere to the strategy of "developing mines and consolidating smelting". On the current basis of "mining and smelting as the principal business featuring comprehensive complementarity", the Company will improve its competitive copper cathode production capacity, carry out overall transformation and upgrading of the existing outdated smelting system, optimise economic indicators of technology, reduce production costs, and improve production environment to enhance operational efficiency and benefits. The Company will promote the expansion and upgrading of the rare and precious metal system and the extension of the rare and precious metal industry chain to improve the smelting equipment level and profitability in an all-round way.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2022.

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

2023 is a key year for the Company's 14th Five-Year Plan. In accordance with the principle of "focus on the industry, commitment to the principal business and dedication to expertise", the Company will mainly make arrangements for the implementation of key projects in the Company's "14th Five-Year Plan", rectification projects of the Central Environmental Protection Inspectorate as well as energy conservation, safety, and technological innovation projects. The Company plans to invest RMB1,356.48 million in fixed assets in 2023.

PROSPECTS OF THE COMPANY

During the 14th Five-Year Plan period, the Group will highlight and develop a grasp of industrial optimisation, adjustment and upgrading. Under the new development pattern in which the domestic cycle is the mainstay and the domestic and international cycles reinforce each other, the Group will deepen the supply-side structural reform, focus on the main responsibility and main business to develop the concrete economy, and continue to promote downsizing and Company's health and improve quality and efficiency around the corporate strategy of the Group and the implementation of the Company's three major tasks to adjust and optimise the industrial layout and structure. Strive to be a specialised mining company, the Group will promote the optimisation and upgrading of the smelting industry chain, improve and solidify the trade business segment, completely withdraw from non-principal business, establish an industrial coordinated development mechanism, improve the efficiency of resource allocation, and improve the level of modernisation of the industrial chain and supply chain to continuously enhance the vitality and profitability of the enterprise. A major breakthrough was made in the development of non-ferrous metal resources in domestic and oversea markets, striving to achieve a controlled volume of 3 million tonnes of copper resources, 40,000 tonnes of copper output from self-owned mines, 1 million tonnes of copper cathodes, 12 tonnes of gold, 850 tonnes of silver, 2.45 million tonnes of sulfuric acid and over. The Group will strive to become a major domestic copper producer and copper raw materials supplier, and make significant progress in business such as the comprehensive development of rare and precious metals, initially achieving the goal of building a modern copper enterprise.

CHARGES ON ASSETS

As at 31 December 2022, other deposits which amounted to approximately RMB687,156,000 (2021: RMB299,096,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative and gold forward contracts, and other financing were secured by bank deposits and balances amounting to approximately RMB24,000,000 (2021: RMB195,000).

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 5,434 employees (2021: 5,023). The Group's total staff costs for the year was approximately RMB905,425,000 (2021: RMB779,220,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to the market, individual performance and their respective contribution to the Group. The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with specific written terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee (comprising three independent non-executive Directors namely Mr. Wang Qihong. Mr. Wang Guoqi and Mr. Liu Jishun) has reviewed the final results for the year ended 31 December 2022. Following the resignation of Mr. Wang Guoqi and the appointment of Ms. Liu Fang as an independent non-executive Director and the chairman of the Audit Committee with effect on 31 March 2023 upon the conclusion of the meeting of the Board, the Audit Committee comprises three independent non-executive Directors, namely, Ms. Liu Fang, Mr. Wang Qihong and Mr. Liu Jishun.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2022.

CORPORATE GOVERNANCE CODE COMPLIANCE

For the year ended 31 December 2022, the Company had complied with the code provisions of the CG Code except for deviation from code provision A.1.1 of the CG Code as summarized below:

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2022, only two regular board meetings were held to review and discuss the annual results and interim results. The financial and operational data for the first and the third quarter has been given to the Directors 14 days before the meeting. All the Directors did not have opinion after reviewing and considered the holding of quarterly meetings not necessary.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.hk661.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2022 annual report and the notice of the annual general meeting will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 31 March 2023

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