

JIANGXI COPPER (358.HK)

The work plan for stabilizing growth in key industries will be released soon, boosting market sentiment

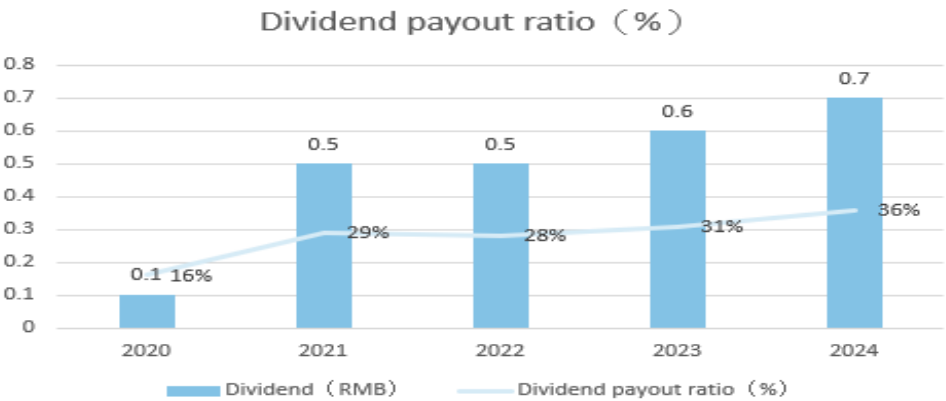
China | Basic Metal & Processing |

30 Jul 2025

Performance Highlights

In Q1 2025 (According to Chinese accounting standards), the company's revenue was RMB 111.61 billion, down 8.9% year-on-year; net profit attributable to shareholders after deducting non-recurring items was RMB 2.48 billion, up 37.08% year-on-year, mainly due to the fair value changes in financial assets and liabilities and related disposal gains and losses; EPS was RMB 0.57, up 14% year-on-year; net operating cash flow was RMB 558 million, up 109.2% year-on-year, mainly due to the increase in notes payable and accounts payable. In 2024, the company's revenue was RMB 519.25 billion, down 0.21% year-on-year; net profit attributable to shareholders was RMB 6.9 billion, up 2.3% year-on-year; EPS was RMB 2.00, up 2.56% year-on-year; dividend per share was RMB 0.7 in 2024, and the dividend payout ratio has increased for three consecutive years, indicating that the company attaches importance to shareholder returns.

Chart 1: Dividend payout ratio

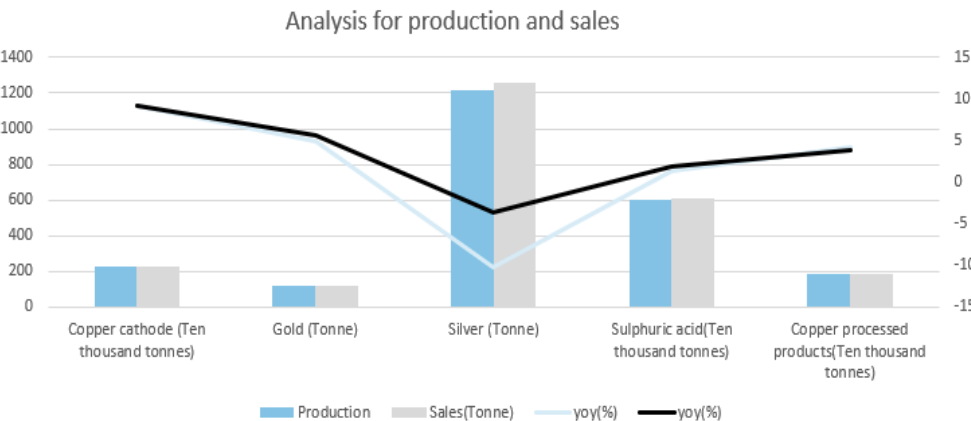


Resources : Annual Report · PSHK

Copper and gold production grew steadily

In 2024, the company's cathode copper production was 2.29 million tonnes with a year-on-year increase of 9.28%, and sales were 2.29 million tonnes with a year-on-year increase of 9.24%; gold production was 118.26 tonnes with a year-on-year increase of 4.99%, and sales were 119.09 tonnes with a year-on-year increase of 5.65%. The company gave guidance on the production and operation plan for 2025: production of 200,000 tonnes of copper concentrate, 2.37 million tonnes of copper cathode, 139 tonnes of gold, 1,243 tonnes of silver, 6.53 million tonnes of sulphuric acid and 2.01 million tonnes of copper processing materials.

Chart 2: Analysis for production and sales



Resources : Annual Report · PSHK

Accumulate

CMP HK\$16.8
(Closing price as of 29 Jul))
Target 18.22 HKD (+8.5%)

COMPANY DATA

O/S SHARES (MN) :	1387
MARKET CAP (HKD bn) :	58.17
52 - WK HI/LO (HKD):	17.2/9.96

SHARE HOLDING PATTERN, %

Jiangxi State-owned Capital	45.83%
Operation Holding Group Co., Ltd.	

PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

RMB mn	FY24	FY25E	FY26E	FY27E
Revenue	519248	516652	542484	558759
Net profit	6901	6697	7032	7243
Diluted EPS (RMB)	2.00	1.94	2.04	2.10
P/B ratio, x	0.7	0.6	0.6	0.6
Dividend Yield, %	4.6%	4.5%	4.8%	4.9%

Source: Company reports, Phillip Securities Est.

Analyst

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The Aynak copper mine project has been restarted, and the company's production capacity is expected to be further expanded

The Mes Aynak copper mine project in Afghanistan, in which the company participated, is a key part of China's overseas resource layout. However, due to factors such as safety and cultural protection, the project has gone through 16 years of twists and turns and was finally restarted in July 2024. The company holds a 25% stake in the project, with MCC Group as the lead party and both parties jointly operating. The Mes Aynak copper mine is the world's second largest undeveloped copper mine, with proven resources of 662 million tonnes, copper metal resources of approximately 11.08 million tonnes, and an average grade of 1.67%. After reaching full production, it is expected to produce 220,000 tonnes of refined copper annually, which is expected to further expand the company's production capacity and alleviate China's copper resource consumption gap.

Becoming the largest single shareholder of SolGold

In March 2025, Jiangxi Copper (Hong Kong) Investment Co., Ltd., a wholly-owned subsidiary of the Company, signed a share purchase agreement with SolGold Canada Inc. ("SolGold Canada"), whereby Jiangxi Copper Hong Kong Investment purchased 157 million shares (approximately 5.24% of its issued shares) of SolGold Plc (SolGold), a listed company in London and Toronto, held by SolGold Canada, for a total transaction price of US\$18.07 million. Prior to this transaction, Jiangxi Copper Hong Kong Investment already held 209 million shares of SolGold. After the completion of this transaction, Jiangxi Copper Hong Kong Investment will hold a total of 366 million shares of SolGold (approximately 12.19% of its issued shares). After this transaction, Jiangxi Copper will become the largest single shareholder of SolGold. SolGold is a mineral exploration and development company headquartered in Perth, Australia. The core asset is 100% equity of the Cascabel project in Ecuador. The Alpala mineral deposit, the main project, currently has the following proven, controlled and inferred resources: 12.2 million tonnes of copper, 30.5 million ounces of gold, and 102.3 million ounces of silver, of which the proven and probable reserves are: 3.2 million tonnes of copper, 9.4 million ounces of gold, and 28 million ounces of silver. The project has completed a pre-feasibility study. Sol Gold also has dozens of exploration projects at different stages in Ecuador and other places. Jiangxi Copper said that this transaction is in line with the company's development strategy, which will help enhance the company's industry status and help the two companies complement each other's strengths, develop synergistically and enhance their value.

Successful deployment in Kazakhstan

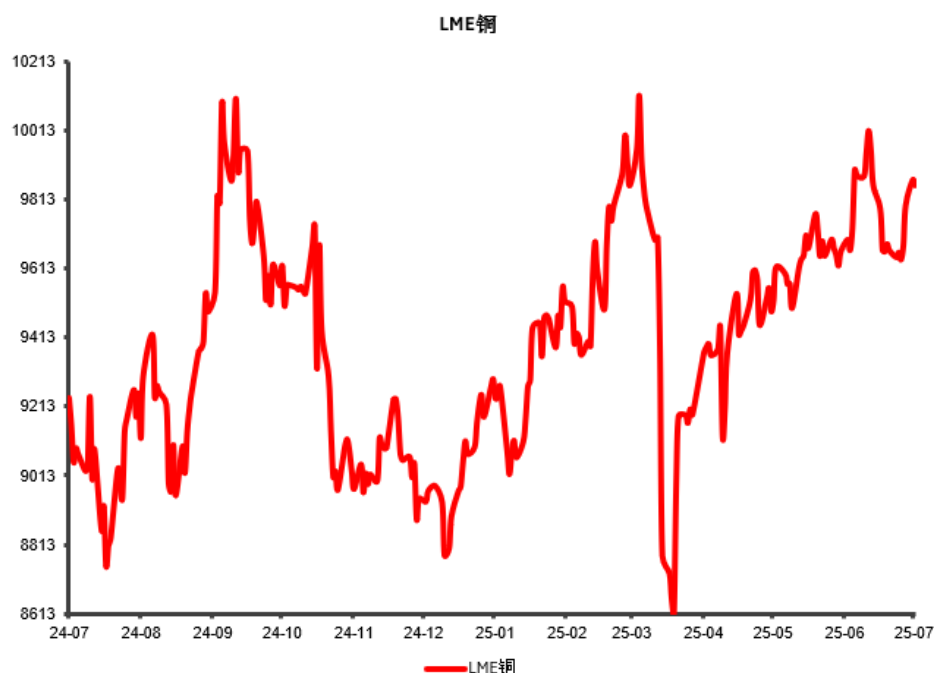
The Bakuta Tungsten Mine Project is one of the key projects in the capacity cooperation framework between China and Kazakhstan. The project is jointly funded by Jiangxi Copper Group Co., Ltd., Hengzhao International (Hong Kong) Co., Ltd., and China Railway Construction Corporation Limited. The project company in Kazakhstan is Jetsu Tungsten Industry Co., Ltd. The Bakuta Tungsten Mine has a tungsten ore reserve of about 120 million tonnes. It is designed to adopt open-pit mining with an annual mining scale of 3.3 million tonnes. Two years after it is put into production, the mining scale will be increased to 4.95 million tonnes per year through the use of waste disposal technology. The first phase of the Bakuta Tungsten Mine project is expected to achieve commercial production in Q3 2025, and the second phase of the expansion plan is expected to start in Q1 2027, indicating that the company has successfully laid out in Kazakhstan and has taken a further step in its international layout.

Investment Thesis

The International Copper Study Group (ICSG) released its monthly report on June 24th, showing that global copper mine production increased by approximately 2% year-over-year to 7.53 million tonnes in the first four months of 2025, with concentrate production increasing by 2.2%. Global refined copper production increased by approximately 3.2% year-over-year to 9.42 million tonnes, and global

apparent refined copper demand increased by approximately 3.3% year-over-year to 9.18 million tonnes, with supply slightly exceeding demand. The ICSG's Global Copper Mine and Refined Copper Market Outlook (2025–2026) report indicates that global refined copper production is projected to grow by 2.9% in 2025 and 1.5% in 2026. Global refined copper consumption is projected to grow by 2.4% in 2025, reaching 28 million tonnes. Global refined copper consumption is projected to reach 28.52 million tonnes in 2026. The global refined copper market is projected to have a surplus of 289,000 tonnes in 2025 and 209,000 tonnes in 2026. We believe that while the refined copper market may experience an oversupply by 2025, demand remains strong. New energy vehicles and home appliance consumption, benefiting from the trade-in policy, will become key growth drivers for global copper consumption. Due to the recent impact of the Sino-US trade war, China has reduced its imports of scrap copper from the United States, which is expected to further increase China's refined copper consumption. The Ministry of Industry and Information Technology recently held a press conference, announcing the implementation of a new round of work plans to stabilize growth in ten key industries, including steel, nonferrous metals, and petrochemicals. This plan aims to promote structural adjustments, optimize supply, and eliminate outdated production capacity in key sectors, boosting market sentiment and potentially supporting copper prices in the short term.

Chart 3: Price of LME Copper



Resources : WIND · PSHK

We forecast the company's operating revenue to reach 516.65 billion yuan, 542.48 billion yuan, and 558.76 billion yuan in 2025-2027 respectively. BVPS are 23.8, 25.1, and 26.5 yuan, corresponding to P/B of 0.65x, 0.61x, and 0.58x. We believe the company has medium-term growth potential and assign a target price of HK\$18.22 in 2025, corresponding to a P/B of 0.7x. We maintain the "Accumulate" rating. (Current price as of July 29)

Risk factors

Changes in the macroeconomic environment, market environment, product price fluctuations, impact of safety incidents, exchange rate fluctuations, product substitution risks, and environmental risks.

Financial

Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Total Revenue	520339	519248	516652	542484	558759
Cost of sales	-508322	-503203	-501405	-526476	-542270
Gross profit	12017	16045	15246	16009	16489
Operating expenses	-4184	-4662	-4554	-4782	-4925
Finance costs	-2324	-2518	-2325	-2441	-2514
Profit before tax	8633	9040	8367	8786	9049
Income tax expense	-1404	-1686	-1670	-1753	-1806
Profit for the year	7229	7354	6697	7032	7243
Profit for the year attributable to					
– Owners of the Company	6747	6901	6697	7032	7243
EPS(RMB)	1.95	2.00	1.94	2.04	2.10
DPS(HKD)	0.60	0.70	0.70	0.73	0.75
Dividend payout ratio	31%	36%	36%	36%	36%
Weighted shares outstanding	3463	3455	3455	3455	3455

Key Financial Data

Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
Valuation Ratio					
P/B ratio	0.79	0.68	0.65	0.61	0.58
Dividend Yield, %	3.9%	4.6%	4.5%	4.8%	4.9%
Per share data(RMB)					
EPS	1.95	2.00	1.94	2.04	2.10
BVPS	19.5	22.6	23.8	25.1	26.5
DPS(HKD)	0.60	0.70	0.70	0.73	0.75
Growth & Margin					
Growth					
Revenue Growth	8.8%	-0.2%	-0.5%	5.0%	3.0%
Gross Profit Growth	-0.3%	33.5%	-5.0%	5.0%	3.0%
Net Profit Growth	12.4%	2.3%	-2.9%	5.0%	3.0%
Margin					
Gross Profit Margin	2.3%	3.1%	3.0%	3.0%	3.0%
Net Profit Margin	1.3%	1.3%	1.3%	1.3%	1.3%
Key Ratios					
ROE	9.8%	9.5%	8.4%	8.3%	8.1%
ROA	4.1%	3.8%	3.4%	3.5%	3.5%

Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Current assets					
Inventories	40538	44853	35890	48890	38433
Accounts receivable	6192	8127	7245	7607	7835
Cash and cash equivalents	19485	15503	31685	22102	35318
Others	35801	46512	41061	41563	41880
Total current assets	102016	114995	115880	120162	123466
Non-current assets					
PPE	32821	37077	41153	45280	49332
Others	33313	41057	40723	40648	40344
Total current assets	66134	78134	81876	85928	89675
Total Assets	168150	193129	197757	206090	213141
Current liabilities					
Accounts and bills payables	14973	10915	13076	13729	14141
Short-term Bank and other loans	37453	47777	46068	48372	49823
Others	17869	27517	27483	27547	27587
Total current liabilities	70295	86209	86627	89648	91551
Non-current liabilities					
Long-term Bank& other loans	13589	13915	13845	14538	14974
Others	7517	5203	5203	5203	5203
Total non-current liabilities	21106	19118	19048	19741	20177
Total liabilities	91401	105327	105676	109389	111728
Equity attributable to equity holders of the Company	67422	77945	82224	86845	91557
Non-controlling interests	9327	9857	9857	9857	9857
Total equity	76749	87802	92081	96702	101414
Total liabilities and equity	168150	193129	197757	206090	213141

Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
CFO	9248	2508	29250	-614	23461
Profit before income tax expense	8633	9039	8367	8786	9049
Change in working capital	696	-21495	15754	-14901	8558
Depreciation and Amortization	2848	2996	2804	3061	3339
Others	-2928	11968	2325	2441	2514
CFI	-8228	-12303	-6546	-7113	-7087
Purchase of PP&E	-6578	-6452	-6546	-7113	-7087
Short term and long term investment,net	-1650	-5851	0	0	0
CFF	1933	5733	-6522	-1856	-3159
Dividends paid	-1731	-2071	-2419	-2411	-2532
Cash received from financing	3664	7804	-4103	555	-627
Net increase in cash and cash equivalents	2953	-4063	16182	-9583	13216
Cash and cash equivalents at 31 December	19485	15503	31685	22102	35318

Current Price as of: 29 Jul

Source : PSHK Est.

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Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm 5\%$ from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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