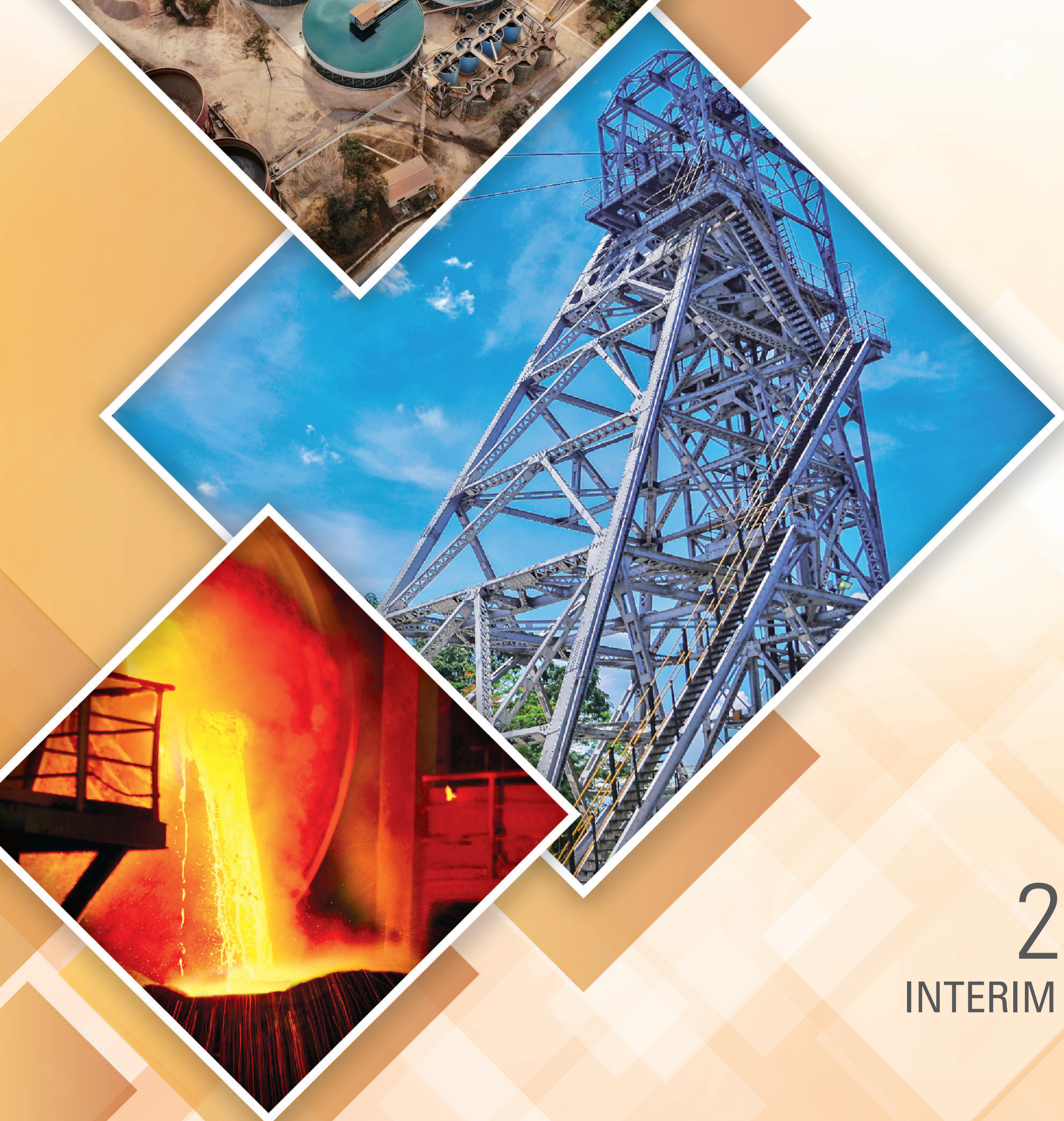
中國有色礦業有限公司
China Nonferrous Mining Corporation Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

Stock Code: 01258



2018
INTERIM REPORT

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CORPORATE INFORMATION

REGISTERED OFFICE
Room 1201, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA
32 Enos Chomba Road
Kitwe, Zambia

PRINCIPAL PLACE OF BUSINESS IN DRC
Lubumbashi
Katanga Province
Congo (DRC)

COMPANY'S WEBSITE
www.cnmcl.net

STOCK CODE
1258

DIRECTORS

Executive Directors
Mr. Tongzhou Wang *(Chairman) (appointed on 30 August 2018)*
Mr. Xiaowei Wang *(appointed on 30 August 2018)*
Mr. Lin Zhang *(President)*
Mr. Chunlai Wang *(Vice President)*
Mr. Kaishou Xie *(Vice President)*
Mr. Xinghu Tao *(Chairman) (resigned on 30 August 2018)*
Mr. Wei Fan *(Vice President) (resigned on 30 August 2018)*

Non-Executive Director
Mr. Diyong Yan *(Vice Chairman)*

Independent Non-Executive Directors
Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan

THE COMMITTEES OF THE BOARD

Audit Committee
Mr. Jingwei Liu *(Chairman)*
Mr. Diyong Yan
Mr. Huanfei Guan

Nomination Committee
Mr. Chuanyao Sun *(Chairman)*
Mr. Diyong Yan
Mr. Jingwei Liu

Remuneration Committee
Mr. Huanfei Guan *(Chairman)*
Mr. Diyong Yan
Mr. Chuanyao Sun

Compliance Committee
Mr. Tongzhou Wang *(Chairman)*
(appointed on 30 August 2018)
Mr. Chuanyao Sun
Mr. Huanfei Guan
Mr. Xinghu Tao *(Chairman)*
(resigned on 30 August 2018)

JOINT COMPANY SECRETARIES
Mr. Aibin Hu
Ms. Man Yi Wong

LEGAL ADVISER
Baker & McKenzie
14/F, Hutchison House
10 Harcourt Road
Hong Kong

ISA furnace of copper smelting company

CORPORATE INFORMATION (CONTINUED)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Central auxiliary shaft of Chambishi West Mine

CHAIRMAN'S STATEMENT

Chairman of the Board
Tongzhou Wang

Dear Shareholders,

I would like to take this opportunity to extend my heartfelt gratitude to the Shareholders and all sectors of the society for their care, support and help to China Nonferrous Mining Corporation Limited, and to thank the management and staff for their contributions to the operation and management of the Group.

Two decades of cultivation and devoted efforts have paid off for the present. The year 2018 witnessed the 20th anniversary of CNMC's development in Africa and its sixth year of being listed in Hong Kong. Leveraging the sound resource reserves, advanced processing technology, well-established industrial chain and capable overseas teams, in the first half of 2018, CNMC succeeded in fulfilling the designed capacity and goal for all its projects put into operation in Zambia and the DRC, of which, some even excelled their designed capacity. The Group accumulatively produced 114,691 tonnes of blister copper and anode plates, representing an increase of 0.6% year-on-year; 50,079 tonnes of copper cathodes, presenting an increase of

14.2% year-on-year; 306,512 tonnes of sulfuric acid, basically at the same level as that of last year; and 825 tonnes of copper-cobalt alloy, a new product of the Group. Thanks to the increase in market prices of copper and sulfuric acid and the effective control of production cost, the Group achieved a revenue of US$1,127.9 million, representing an increase of 29.1% year-on-year; profit attributable to the owners of US$98.9 million; and consolidated basic earnings per share of US$2.83 cents, representing an increase of 50.5% year-on-year, being the highest level ever recorded.

Solidarity and cooperation bring about the shared aspiration of development. The Beijing Summit of the Forum on China-Africa Cooperation will be inaugurated on 3 and 4 September 2018. Heads of states, government leaders and delegation chiefs from over 50 African countries will attend the summit to confer on the keynote of "Work Together for Common Development and a Shared Future". During the summit, CNMC and Embassy of the Republic of Zambia in China will jointly host the "Zambia- China Business Forum", at which Mr. Edgar Lungu, President of Zambia will be present and deliver an important speech. On 22 August 2018, Mr. Edgar Lungu, President of Zambia, attended the ceremony for trial production inception of the Chambishi Southeast Mine in which the Company invested US$830 million. At the end of August, when I was working in Zambia and the DRC, I had rounds of talks with the central and local governmental leaders of both countries and conducted thorough communications with the employees. The local governments and communities spoke highly of CNMC for our contributions to the local society and voiced that they would continue to support us steadfastly.

All are set for the strengthening of the cobalt segment. Looking ahead, the Company, under the guidance of the "cooper-oriented and overseas market-prioritized" development strategy of CNMC, the parent company of the Company, will make great efforts on key projects including the expansion of Huachin Leach, construction of Lualaba Copper Smelter and the exploration and development of Kambove Mining following the development idea of rapid construction of vertically integrated producer integrating exploration, processing and smelting of copper and cobalt and the strategy of integrated development of Zambia and DRC on the basis of consolidating the copper business. Capitalizing on the great demands of new energy and new economy for cobalt metal, the Company will actively promote the development of cobalt metal to significantly drive up the contribution of cobalt segment to the profit of the Company. Consistent efforts will be further exerted on compliance operation of the Company to constantly enhance the management efficiency and standard of the Company. In addition, the Company will seize market opportunities to strengthen its resources exploration and acquisition and continuously improve the Company's profitability and sustainable development. Meanwhile, it will seek to maintain and manage its market capitalization to achieve two wheel drive by industry and capital with a view to building a worldwide top-notch mining company and repaying shareholders and benefiting the society with excellent performance.

China Nonferrous Mining Corporation Limited
Chairman of the Board
Tongzhou Wang

Hong Kong, 30 August 2018

RESULTS HIGHLIGHTS

OPERATING RESULTS

- In the first half of 2018 (the "reporting period"), China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") recorded revenue of US$1,127.9 million, representing a year-on-year increase of 29.1%.

- In the first half of 2018, the Group recorded profit attributable to owners of US$98.9 million, representing a year-on-year increase of 50.5%.

CHANGES IN PRODUCT OUTPUT

- In the first half of 2018, the Group accumulatively produced 16,334 tonnes of copper concentrate, representing an increase of 5.2% year-on-year.

- In the first half of 2018, the Group accumulatively produced 104,878 tonnes of blister copper, representing a decrease of 8.0% year-on-year.

- In the first half of 2018, the Group accumulatively produced 50,079 tonnes of copper cathodes, representing an increase of 14.2% year-on-year.

- In the first half of 2018, the Group accumulatively produced 9,813 tonnes of copper anode, a new product of the Group.

- In the first half of 2018, the Group accumulatively produced copper-cobalt alloy of 825 tonnes as compared with nil for the same period last year.

- In the first half of 2018, the Group accumulatively produced sulfuric acid of 306,512 tonnes, representing a decrease of 1.0% year-on-year.

STEADY PROGRESS IN PROJECT DEVELOPMENT

The integrating exploration and construction project of the Chambishi Southeast Mine of NFC Africa Mining PLC ("NFCA") is one of the key development mine projects of NFCA. As at 30 June 2018, the cumulative investment accounted for 77.1% of the total project investment. The project started trial production on 22 August 2018.

The tailings pond project phase II of Chambishi Copper Smelter Limited ("CCS") is a project under the Expansion Construction Phase II of CCS. The total project investment amounted to US$10 million with a construction period of two years, and the construction commenced in May 2017. As at 30 June 2018, a total amount of US$5,842,000 had been invested in the project.

RESULTS HIGHLIGHTS (CONTINUED)

Mwambashi strip mine project of Sino-Metals Leach Zambia Limited ("SML") was put into formal operation at the end of June 2016. As at 30 June 2018, a total amount of US$5,960,000 had been invested for the expansion of the processing system. And the project proceeded as scheduled.

Baluba east strip mine project of CNMC Luanshya Copper Mines PLC ("Luanshya") completed developmental stripping in May 2018. As at 30 June 2018, a total amount of US$6,528,000 had been accumulatively invested during the development period.

Huachin Leach copper-cobalt reconstruction and expansion project of Huachin Metals Leach SA ("Huachin Leach") had a total planned investment of US$52,412,000. As at 30 June 2018, a cumulative investment of US$4,618,000 had been made, representing 8.2% of the total investment.

Lualaba copper concentrate smelting project of Lualaba Copper Smelter SAS ("Lualaba Copper Smelter") commenced construction in March 2018. As at 30 June 2018, the land levelling for the plant yard and the living quarters had been completed and various civil works progressed smoothly.

Kambove integrated exploration and construction project of Kambove Mining SAS ("Kambove Mining") had a planned total investment of US$250 million. As at 30 June 2018, the feasibility report in respect of the main ore body exploration had been prepared and approved by relevant experts upon assessment.

Electrode workshop of Muliashi Project

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2018, faced with the ongoing oscillation and adjustment of the world economy, the Group, by adhering to the principle of "standardized management and innovative operation", rose to the challenges and adapted itself to the new circumstances. As a result, the operating results improved substantially and various tasks progressed smoothly.

During the reporting period, the revenue increased by 29.1% to US$1,127.9 million as compared with the same period last year. Profit attributable to owners of the Company amounted to US$98.9 million, representing an increase of 50.5% over the same period last year, which was mainly attributable to the increase in global copper price, the selling price of sulfuric acid and the sales volume of copper cathode as compared with the same period last year, as well as the revenue generated from the new products including copper anode and copper-cobalt alloy products.

At the same time, with the rapid development of the integrating exploration and construction project of the Chambishi Southeast Mine and Lualaba copper smelting project, in particular, the development of the cobalt business, a solid foundation will be laid for the Group's further development of business.

BUSINESS REVIEW

The Group is a leading, fast growing and vertically integrated copper producer, focusing on mining, ore processing, leaching, smelting and sales of copper, based in Zambia and DRC. The Group also produces sulfuric acid, a by-product generated during the smelting process.

Since 2018, the Group has intensified its efforts in the development of the cobalt business. Apart from CCS which engages in the production of copper-cobalt alloy, the Lualaba copper smelting project, Southeast Mine project, Huachin Leach upgrading and expansion project and Kambove exploration and development project, which are currently under development, also involve the production of cobalt products.

The businesses of the Group are carried out mainly through the following companies: NFCA, Luanshya, CCS and SML located in Zambia, as well as through Huachin Leach, CNMC Huachin Mabende Mining SA ("CNMC Huachin Mabende"), Lualaba Copper Smelter and Kambove Mining located in DRC.

From January to June 2018, the Group accumulatively produced blister copper of 104,878 tonnes, representing a decrease of 8.0% from the same period last year (the total volume has increased, but certain production capacity has been revamped for the production of copper anode); copper cathode of 50,079 tonnes, representing an increase of 14.2% over the same period last year; sulfuric acid of 306,512 tonnes, representing a decrease of 1.0% from the same period last year; copper-cobalt alloy of 825 tonnes as compared with nil for the same period last year. Meanwhile, the Group produced 9,813 tonnes of copper anode, a new product of the Group, in the first half of 2018. Revenue of the Group increased by 29.1% from US$873.7 million for the first half of 2017 to US$1,127.9 million for the first half of 2018.

BUSINESS REVIEW (CONTINUED)

Production overview

NFCA

NFCA mainly operates two mines, namely the Chambishi Main Mine and Chambishi West Mine, as well as the ancillary processing plant.

In the first half of 2018, copper contained in concentrate accumulatively produced amounted to 14,905 tonnes, representing an increase of 5.8% from the same period last year. This was primarily due to the fact that the ore output (copper-contained basis) of another subsidiary of the Company increased by 1,629 tonnes to 2,213 tonnes as compared with the same period last year.

Luanshya

Luanshya operates three copper mines, which are Baluba Center Mine, Muliashi North Mine and Muliashi South Mine, respectively, as well as the Muliashi Leach Plant.

Baluba Center Mine suspended production in September 2015 due to the prevailing low copper price and inadequate electricity supply and continued to be under maintenance with production suspended in the first half of 2018. It officially resumed production on 1 July 2018.

The Muliashi Project produced 21,269 tonnes of copper cathode in the first half of 2018, representing an increase of 6.0% over the same period last year. The increase was mainly attributable to the increasing scale of heap leaching, and continuous improvement in the output capacity of the system. The slag copper recovery project accumulatively produced 1,754 tonnes of copper concentrate, representing an increase of 239.3% as compared with the same period last year, mainly due to in the same period last year slag copper recovery project was in the early stage of production resumption, therefore the production volume was comparatively low.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2018, blister copper and sulfuric acid accumulatively produced by CCS amounted to 104,878 tonnes and 306,512 tonnes, respectively, representing a decrease of 8.0% (the total volume has increased, but certain production capacity has been revamped for the production of copper anode) and 1.0% from the same period last year, respectively. In the first half of 2018, the Group produced 9,813 tonnes of copper anode and 825 tonnes of copper-cobalt alloy, both being new products of the Group.

SML

SML mainly operates the Mwambashi Mine and the Chambishi Leach Plant.

Copper cathode accumulatively produced by SML in the first half of 2018 increased by 8.3% to 2,740 tonnes as compared with the same period last year. Processing plants of SML produced 1,888 tonnes of copper contained in copper concentrate in the first half of 2018, representing an increase of 103.4% over the same period last year, mainly attributable to the abundant supply of raw materials as a result of the sustained supply of ores by Mwambashi Mine.

BUSINESS REVIEW (CONTINUED)

Production overview (Continued)

CNMC Huachin Mabende and Huachin Leach

Copper cathode accumulatively produced by CNMC Huachin Mabende in the first half of 2018 increased by 24.7% to 18,489 tonnes as compared with the same period last year. Copper cathode produced by Huachin Leach increased by 17.6% to 7,581 tonnes as compared with the same period last year. In particular, the increase in production of CNMC Huachin Mabende was due to the sustained release of production capacity as a result of the stable supply of electricity and the increase in production of Huachin Leach was mainly due to the increase in the volume of ores processed and the higher ore grade this year.

The table below sets forth the production volume of the products of the Group and the period-to-period change for the periods indicated.

	Production volume for the six months ended 30 June 2018*(note)* ***(Tonnes)***	Production volume for the six months ended 30 June 2017*(note)* *(Tonnes)*	Period-to-period increase/(decrease) *(%)*
Copper concentrate	**16,334**	15,524	5.2
Blister copper	**104,878**	114,012	(8.0)
Copper cathode	**50,079**	43,870	14.2
Copper anode	**9,813**	–	–
Copper-cobalt alloy	**825**	–	–
Sulfuric acid	**306,512**	309,618	(1.0)

Note: The production volumes of all the products are on a contained-copper basis, except for sulfuric acid and copper-cobalt alloy.


Smelting


Leaching

BUSINESS REVIEW (CONTINUED)

Exploration, development and mining cost of the Group

Expenses of exploration, development and mining activities of the Group for the six months ended 30 June 2018 are set out below:

		NFCA			Luanshya			SML	CNMHK		Kambove Mining		
Unit: Million US dollars	Chambishi Main Mine	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Muliashi South Mine	Baluba East Mine	Mwambashi Mine	Huachin Leach PE6307 Mine	Huachin Mabende PE5276-B5 Mine	Main Orebody	KIBINDJI	Total
Exploration activities													
Including:													
– Drilling	–	–	–	–	0.49	–	–	0.09	0.22	0.43	0.42	–	**1.65**
– Analysis	–	0.54	0.68	–	–	–	–	–	–	–	0.03	0.05	**1.30**
– Others	–	–	–	–	–	–	–	–	–	–	–	0.07	**0.07**
Sub-total	**-**	**0.54**	**0.68**	**-**	**0.49**	**-**	**-**	**0.09**	**0.22**	**0.43**	**0.45**	**0.12**	**3.02**
Development activities (including mine construction)													
Including:													
– Purchases of assets and equipment	0.86	2.59	3.34	–	0.35	–	–	0.79	–	–	–	–	**7.93**
– Civil work for construction of tunnels and roads	–	–	55.91	–	–	–	–	0.64	–	–	–	–	**56.55**
– Staff cost	–	–	0.58	–	–	–	–	–	–	–	–	–	**0.58**
– Others	1.25	3.74	20.98	–	–	–	0.86	0.03	–	–	0.16	–	**27.02**
Sub-total	**2.11**	**6.33**	**80.81**	**-**	**0.35**	**-**	**0.86**	**1.46**	**-**	**-**	**0.16**	**-**	**92.08**
Mining activities (excluding ore processing)													
Including:													
– Staff cost	0.59	1.76	–	–	0.1	–	–	0.11	–	–	–	–	**2.56**
– Consumables	–	–	–	–	0.56	0.01	–	–	–	–	–	–	**0.57**
– Fuel, electricity, water and other services	0.66	1.98	–	–	–	–	–	0.22	–	–	–	–	**2.86**
– On-site and remote system management	–	–	–	–	–	–	–	–	–	–	–	–	**-**
– Non-income taxes, royalties and other expenses	–	–	–	–	8.27	0.17	0.07	–	–	–	–	–	**8.51**
– Depreciation	0.45	1.36	–	–	18.48	0.52	0.18	1.36	0.02	–	–	–	**22.37**
– Sub-contracting charges	5.77	17.30	–	–	9.88	0.46	–	1.78	–	–	–	–	**35.19**
– Transportation charges	–	–	–	–	–	–	–	0.68	–	–	–	–	**0.68**
– Others	1.09	3.27	–	–	–	–	–	0.15	–	–	–	–	**4.51**
Sub-total	**8.56**	**25.67**	**-**	**-**	**37.29**	**1.16**	**0.25**	**4.30**	**0.02**	**-**	**-**	**-**	**77.25**

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities

Mining Exploration

During the reporting period, NFCA, Luanshya, SML, CNMC Huachin Mabende and Kambove Mining, subsidiaries of the Company, conducted mining exploration for production and exploration purposes, respectively. In particular:

In the Chambishi West Mine of NFCA, 20 exploratory drilling holes (with a 75mm-diameter end-hole) for production purposes were completed with 3,115.6 m drilled. In the Chambishi Southeast Mine, 54 exploratory drilling holes (with a 75mm-diameter end-hole) for production purposes were completed with 2,146.31 m drilled, and 48 drilling holes (with a 75mm-diameter end-hole) for infrastructure and exploration purposes with 4,446.76 m drilled.

Luanshya conducted trenches in Muliashi North Strip Mine (North Mine), Muliashi South Strip Mine (South Mine) and Baluba East Strip Mine (East Mine) for production purposes. In particular, at Muliashi North Strip Mine, 10 platform trenches for production and exploration purposes were completed with a total length of 748 m; at Muliashi South Strip Mine, 7 platform trenches for production and exploration purposes were completed with a total length of 346 m. At Baluba East Strip Mine, 15 platform trenches for production and exploration purposes were completed with a total length of 965 m. Exploration and mining of oxide copper mine projected to surface between SS19 line and SS35 line in Roan Basin was conducted and 7 drilling holes (with a 75mm-diameter end-hole) were completed with 607.15 meters drilled.

In southeast part of region B of SML Mwambashi Mine, 3 deep drilling holes (with a 75 mm-diameter end-hole) were designed with 266.4 meters drilled.

CNMC Huachin Mabende completed the exploration in RE section of PE5276 tenement. A total of 13 drilling projects were completed with a total of 1,118.83m drilled. 7 trenching projects were completed for a total length of 347.8 m, thus ascertaining new metal copper resources of 3,534.71 tonnes.

No exploration activities were carried out by the Huachin Leach in the first half of 2018.

In Kambove Mining Main mineral deposit, 10 drilling holes (with a 75 mm-diameter end-hole) were completed with 1,786.5 meters drilled. Drill hole cataloguing and sampling for the KIBINDJI deposit with the drill hole core was conducted, the cataloguing for drilling depth of 10,500 m was completed and the report on mineral resources of the KIBINDJI deposit was issued.

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities (Continued)

Mining Development

The drilling in the shaft, the auxiliary shaft, the south wind shaft and the vertical shaft of north wind shaft of the Chambishi Southeast Mine were completed. The ground surface projects completed and put into service include: the permanent power supply system of the Southeast Mine, the supply warehouse, the core library, the pool with the volume of 10,000 tonnes, the comprehensive office building and the staff office building. And the mining office building was basically completed. The tailings impoundment warehouse has been completed and accepted and not yet put into use. Ground surface projects in progress include: ore dressing project, tailing pipeline transport project, filling station project, surface oil storage system project, surface plant road and the living quarters.

The foundation excavation of the leaching workshop, duty room, locker room, tool room and chemical room of the Huachin Leach Reconstruction and Expansion Project was completed; 60% of the main part of the power distribution room was completed; and the thickener No. 3 and 35% of the equipment installation were completed.

Groundwork for the general depot No. 1, general depot No. 2, spare parts store and the cement bunker in the warehousing system of the smelting plant area of Lualaba Copper Smelter was completed. The blinding layer construction of the refractory warehouse was completed. 93% of the pile foundation of the smelting system was completed. The steel structure of the main factory building will be capped by the end of 2018, basically ready for equipment installation. The construction of the blinding layer of the office building was completed.

Mining Development

For details of ore mining activities, please refer to”Production overview”on pages 10 to 11.

Infrastructure projects, subcontracting arrangements and procurement of equipment

The major contracts entered into during the reporting period are as follows:

- Contracts on equipment purchase of vibratory ore-drawing machines, mining truck with a capacity of 30 tonnes, crushing jumbos, gate valves and other spare parts, water supply pumps, thickeners, SAG spare parts, water treatment and Southeast Mine device simulators of NFCA.

- Baluba Copper Mine mullock transshipment contracts, mining engineering contracting agreement of Baluba Copper Mine, contracts on survey and construction of Baluba West Mine, Muliashi Southwest Mines and the north side of extended section of Roan, as well as the mining engineering contracting agreement of Baluba Copper Mine of Luanshya.

- Technological transformation of electric settling furnace and reduction furnace, and installation and commissioning technical services for disc casting machine system of CCS.

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities (Continued)

Infrastructure projects, subcontracting arrangements and procurement of equipment (Continued)

- Equipment installation and construction contracts concerning technological transformation of ore dressing with a capacity of 1,000 tonnes, equipment updating in the old crushing station and construction of an additional 39-meter-long belt veranda, renewal of the Mwambashi mine contracting agreement, contracts on purchase of pick-up trucks and watering carts, and contracts on shipping and lease of mining trucks of SML.

- Geological technology services for the copper-cobalt project of CNMHK in the DRC.

- Contract on sulfuric acid purifying system, oxygen station system, residual heat boiler, electric precipitator system and high temperature exhaust fan of Lualaba Copper Smelter.

- Contract on verification and exploration of the main orebody of Kambove Mining and contract on preparation of feasibility study report for the Kambove project.

For the six months ended 30 June 2018, the aggregate value of contracts newly entered into relating to infrastructure construction and procurement of the Group amounted to US$185,417,000, of which the capital commitment was US$144,715,000.

There was no subcontracting arrangement* during the period.

* Subcontracting arrangement refers to an arrangement made between one party to a contract and a third party, pursuant to which the third party shall fulfill all or part of the obligation of that party under the said contract. For example, it refers to the circumstance where the Group wins a project as a contractor and then transfers the entire project or subcontracts part of the project to a third party.

Panorama of the ore processing plant of Chambishi Copper Mine

BUSINESS REVIEW (CONTINUED)

Projects in Progress

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project under development is one of the key development mine projects of the company with a designed ore processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in copper concentrate of approximately 63,000 tonnes per annum. The total investment of the project is US$830 million. As at 30 June 2018, the aggregate shaft work of 33,833 m/709,543 m^3 with underground drilling depth of 31,320 m was completed and a total amount of US$640 million had been invested in the project, representing 77.1% of the total project investment. The project started trial production on 22 August 2018.

CCS

Tailings Pond Project Phase II

It is a project under the Expansion Construction Phase II of the company. The tailings pond is a compacted earth-rock dam with three sides of dam being constructed at the same time. The highest elevation of the dam is 1,250 m, the height of the largest dam is 20 m with a site area of approximately 350,000 m^2. The foundation cleaning and excavated volume amounts to 35,000 m^3, the work of dam construction is 540,000 m^3, and the storage capacity is approximately 3 million m^3, which can satisfy the storage requirement of tailing for ten years. The total project investment amounts to US$10 million with a construction period of two years, and the construction commenced in May 2017.

As at 31 December 2017, the main work of the project was completed. As at 30 June 2018, a total amount of US$5,842,000 had been invested in the project.

SML

Mwambashi Strip Mine project

The project comprises a strip mine with a designed capacity of 600,000 tonnes of ores per annum and a processing plant with a capacity of 2,000 tonnes per day. The construction commenced in September 2013 with a total investment of US$71.57 million. Since May 2015, production of the strip mine was transformed to parallel arrangement of stripping and mining which was completed at the end of June 2016 and the formal production of the strip mine commenced thereon. The total stripping capacity amounted to 5,473,600 m^3 as at the end of June 2017. Upon approval by the Board in April 2016, the proposal for construction of a processing plant with a capacity of 2,000 tonnes per day was changed to the expansion of the current processing plant from the then capacity of 1,000 tonnes per day to a capacity of 2,000 tonnes per day, and the total investment was adjusted to US$57.39 million accordingly. As at 30 June 2018, for the Mwambashi Strip Mine with a designed capacity of 600,000 tonnes of ores per annum, the stripping volume accumulatively completed amounted to 6,626,000 m^3 and the total investment amount of the project amounted to US$28,809,000. The expansion of the 1,000 tonnes processing system was an auxiliary project of the Mwambashi project, with a total amount of US$5,960,000 had been invested. The project proceeded as scheduled.

BUSINESS REVIEW (CONTINUED)

Projects in Progress (Continued)

Luanshya

Baluba East Strip Mine project

Baluba East Strip Mine has a designed capacity of 900,000 tonnes of quality oxide ore per annum and output of 10,000 tonnes of copper cathode. The developmental stripping for the project commenced in April 2017 and was completed in May 2018, a total amount of US$6,528,000 had been accumulatively invested in the development period. As at 30 June 2018, the aggregate stripping volume was 4,531,300 tonnes.

Huachin Leach

Huachin Leach copper-cobalt reconstruction and expansion project

Huachin Leach copper-cobalt reconstruction and expansion project has a designed annual production capacity of 20,000 tonnes of copper cathode and 2,000 tonnes of cobalt, with a total planned investment of US$52,412,000. As at 30 June 2018, an accumulative investment of US$4,618,000 had been made, representing 8.2% of the total investment.

Lualaba Copper Smelter

Lualaba copper concentrate smelting project

Lualaba copper concentrate smelting project is designed with an annual capacity of 400,000 tonnes of copper concentrates to produce approximately 120,000 tonnes of blister copper per annum. A copper-cobalt alloy project with an annual capacity of 10,000 tonnes will be constructed in the same period. The construction of the project was commenced in March 2018. As at 30 June 2018, the land levelling for the plant and the living quarters had been completed and various civil works progressed smoothly, and a total amount of US$16,452,000 had been invested in the project accumulatively.

Kambove Mining

Kambove integrated exploration and construction project

The Kambove integrated exploration and construction project comprises a strip mine with a designed capacity of 958,000 tonnes of ores per annum, a heap leaching stockpile with an annual processing capacity of 1,000,000 tonnes of low-grade ores, a leach smelting plant with a capacity of 30,000 tonnes of copper cathode and 1,000 tonnes of blister cobaltous hydroxide per annum, and a sulphuric acid plant with a capacity of 40,000 tonnes. The planned total investment for the project is US$250 million. As at 30 June 2018, the feasibility report in respect of the main ore body exploration had been prepared and approved by relevant experts upon assessment.

FINANCIAL REVIEW

Results of Operations

The following table sets forth sales volume, average selling price, revenue and percentage contribution to total revenue of the Group's products for the periods indicated.

	For the six months ended 30 June							
	2018				2017			
	Sales Volume (Note) *(Tonnes)*	Average Selling Price *(US$ per tonne)*	Revenue *(US$'000)*	% of Total Revenue *(%)*	Sales Volume (Note) *(Tonnes)*	Average Selling Price *(US$ per tonne)*	Revenue *(US$'000)*	% of Total Revenue *(%)*
Blister copper	**103,423**	**6,690**	**691,915**	**61.4**	113,991	5,433	619,325	70.9
Copper cathode	**51,042**	**6,421**	**327,747**	**29.1**	43,316	5,250	227,407	26.0
Copper anode	**8,670**	**6,533**	**56,642**	**5.0**	–	–	–	–
Copper-cobalt alloy	**706**	**8,591**	**6,065**	**0.5**	–	–	–	–
Sulfuric acid	**197,767**	**230**	**45,545**	**4.0**	221,135	122	26,955	3.1
Total	**361,608**		**1,127,914**	**100.0**	378,442		873,687	100.0

Note: The sales volumes of all the products are on a contained-copper basis, except for sulfuric acid and copper-cobalt alloy.

Panorama of the plant of copper smelting company

FINANCIAL REVIEW (CONTINUED)

Revenue

The revenue of the Group increased by 29.1% from US$873.7 million in the first half of 2017 to US$1,127.9 million in the first half of 2018, primarily attributable to the increase in global copper price, the selling price of sulfuric acid and the sales volume of copper cathode as compared with the same period last year, as well as the revenue generated from the new products including copper anode and copper-cobalt alloy products.

The revenue of blister copper increased by 11.7% from US$619.3 million in the first half of 2017 to US$691.9 million in the first half of 2018, primarily due to the increase in copper price.

The revenue of copper cathode increased by 44.1% from US$227.4 million in the first half of 2017 to US$327.7 million in the first half of 2018, mainly attributable to the substantial increase in copper price and sales volume as compared with the same period last year.

The revenue of sulfuric acid increased by 68.5% from US$27.0 million in the first half of 2017 to US$45.5 million in first half of 2018, primarily attributable to the increase in the price of sulfuric acid.

The following table sets forth the cost of sales, unit cost of sales, gross profit and gross profit margin of the products of the Group for the periods indicated.

	For the six months ended 30 June							
	2018				2017			
	Cost of Sales (US$'000)	Unit Cost of Sales (US$ per tonne)	Gross Profit (US$'000)	Gross Profit Margin (%)	Cost of Sales (US$'000)	Unit Cost of Sales (US$ per tonne)	Gross Profit (US$'000)	Gross Profit Margin (%)
Blister copper	**587,815**	**5,684**	**104,100**	**15.0**	538,493	4,724	80,832	13.1
Copper cathode	**167,001**	**3,272**	**160,746**	**49.0**	127,788	2,950	99,619	43.8
Copper anode	**50,749**	**5,853**	**5,893**	**10.4**	–	–	–	–
Copper-cobalt alloy	**1,815**	**2,571**	**4,250**	**70.1**	–	–	–	–
Sulfuric acid	**6,738**	**34**	**38,807**	**85.2**	5,673	26	21,282	79.0
Total	**814,118**		**313,796**	**27.8**	671,954		201,733	23.1

FINANCIAL REVIEW (CONTINUED)

Cost of sales

The cost of sales of the Group in the first half of 2018 increased by 21.1% to US$814.1 million from US$672.0 million in the first half of 2017, primarily due to the increase in global copper prices and sales volume of copper cathode products.

The cost of sales of blister copper increased by 9.2% from US$538.5 million in the first half of 2017 to US$587.8 million in the first half of 2018, primarily due to the increase in the costs of copper concentrates resulting from the increase in global copper prices.

The cost of sales of copper cathode increased by 30.7% from US$127.8 million in the first half of 2017 to US$167.0 million in the first half of 2018, primarily due to the increase in sales volume of copper cathode and the increase in the purchasing cost of oxide ore as a result of the increase in the international copper price.

The cost of sales of sulfuric acid increased by 17.5% from US$5.7 million in the first half of 2017 to US$6.7 million in the first half of 2018, primarily due to the increase in unit production cost of sulfuric acid.

Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US$313.8 million in the first half of 2018, representing an increase of 55.6% from US$201.7 million in the same period of 2017. The gross profit margin increased from 23.1% in the first half of 2017 to 27.8% in the first half of 2018.

Distribution and selling expenses

The distribution and selling expenses of the Group increased by 15.3% from US$22.9 million in the first half of 2017 to US$26.4 million in the first half of 2018, primarily due to the substantial increase in transportation costs as a result of growth in unit freight of sulfuric acid in the current period.

Finance costs

The finance costs of the Group decreased by 9.8% from US$12.2 million in the first half of 2017 to US$11.0 million in the first half of 2018, primarily due to the decrease in the financing scale of general-purpose borrowings.

Other gains and losses

Other gains and losses of the Group changed from net gains of US$8.1 million in the first half of 2017 to net gains of US$4.8 million in the first half of 2018, primarily due to the exchange rate changes of Zambia Kwacha ("ZMK").

FINANCIAL REVIEW (CONTINUED)

Income tax expense

The income tax expense of the Group increased by 88.5% from US$35.8 million in the corresponding period of 2017 to US$67.5 million in the first half of 2018. Effective tax rate increased from 24.6% in the first half of 2017 to 28.9% in the first half of 2018, primarily due to the increase in the effective tax rate of the Group caused by the increase of composite tax rate of CCS from 9.6% to 14.4% resulting from the reduction of tax preference entitled to CCS in the current period as compared with the same period last year.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company significantly increased by 50.5% from US$65.7 million in the first half of 2017 to US$98.9 million in the first half of 2018.

Liquidity and Capital Resources

Cash flows

Net cash flows generated from operating activities

Net cash flows generated from the operating activities of the Group decreased by US$43.8 million from US$210.8 million in the first half of 2017 to US$167.0 million in the first half of 2018, primarily due to the increase in value-added tax not rebated and the increase in payment of enterprise income tax.

Net cash flows used in investing activities

The net cash flows used in investing activities of the Group was US$137.6 million in the first half of 2018, which increased by US$87.3 million from US$50.3 million in the first half of 2017, mainly attributable to the increase in investment in fixed assets.

Net cash flows generated from financing activities

The net cash flow generated from financing activities of the Group was US$20.4 million in the first half of 2018, which decreased by US$9.1 million from US$29.5 million in the first half of 2017, mainly attributable to the increase in interest expense for the current period.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US$49.8 million from US$855.0 million as at 31 December 2017 to US$904.8 million as at 30 June 2018.

FINANCIAL REVIEW (CONTINUED)

Liquidity and Capital Resources (Continued)

Trade receivables/Trade receivables at amortised cost /Trade receivables at FVTPL

As at 30 June 2018, the Group recorded trade receivables at amortised cost of US$7.1 million and trade receivables at FVTPL of US$207.6 million. The trade receivables at FVTPL were the trade receivables arising from the sales of copper products under provisional pricing arrangements. The aggregate trade receivables amounted to US$214.7 million, which decreased by US$20.2 million from US$234.9 million as at 31 December 2017, primarily attributable to the decrease in sales volume of copper products at the end of June this year as compared with the end of last year.

Inventories

Inventories held by the Group decreased by US$22.3 million from US$383.6 million as at 31 December 2017 to US$361.3 million as at 30 June 2018, primarily due to the decrease in stocks of copper concentrate.

A bird view of heap leaching at Luanshya

FINANCIAL REVIEW (CONTINUED)

Liquidity and Capital Resources (Continued)

Trade payables/Trade payables designated at FVTPL

As at 30 June 2018, the Group recorded trade payables of US$112.6 million and trade payables designated at FVTPL of US$147.0 million. The trade payables designated at FVTPL were the trade payables arising from the purchase of copper concentrate under provisional pricing arrangements. The aggregate trade payables amounted to US$259.5 million, which decreased by US$6.2 million from US$265.7 million as at 31 December 2017, primarily due to the decrease in balance of the copper concentrates purchase payables.

Bank loans and other borrowings

As of 30 June 2018, the Group's balance of bank loans and other borrowings amounted to US$1,280.2 million.

Among which:

(1) Balance of bank loans due within one year amounted to US$481.5 million.

(2) Balance of bank loans and other borrowings due more than one year but not exceeding two years amounted to US$328.8 million.

(3) Balance of bank loans due more than two years but not exceeding five years amounted to US$469.9 million.

As of 30 June 2018, the borrowings with fixed interest rate amounted to US$240.0 million.

As of 30 June 2018, the Group's bank loans and other borrowings were denominated in US$ and RMB and had no seasonal features.

FINANCIAL REVIEW (CONTINUED)

Market Risk Disclosure

Capital expenditure

	For the six months ended 30 June	
	2018	2017
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Southeast Mine of NFCA	**80,155**	68,824
Other mining and ore processing facilities at NFCA	**35,489**	10,387
Mining and ore processing facilities at Luanshya (Baluba East Mine)	**125**	1,390
Mining and leaching facilities at Luanshya (Muliashi Project)	**–**	1,931
Smelting facilities at CCS	**3,667**	7,277
Leaching facilities at Chambishi Leach Plant	**2,013**	2,069
Leaching facilities at CNMC Huachin Leach Project	**9,060**	933
Leaching facilities at Mabende Project	**3,598**	1,512
Smelting facilities at Lualaba Copper Smelter	**22,755**	–
Mining and the processing facilities at Kambove Mining	**618**	–
Total	**157,480**	94,323

The total capital expenditure of the Group increased by US$63.2 million from US$94.3 million in the first half of 2017 to US$157.5 million in the first half of 2018, primarily due to the increase in investments in the mining and ore processing facilities at the Southeast Mine of NFCA and the smelting facilities at Lualaba Copper Smelter.

Financial Policies

As of 30 June 2018, the Group formulated the Financial Budget Management System, the Funds Management System, the Inventories Management System, the Fixed Assets Management System, the Financial Information Disclosure Management System, Management Measures on Approval Procedures and Permissions of Financial Income and Expenses of the Central Office and other financial policies, which aim to regulate and enhance internal control of relevant activities of the Group to ensure the safety of the Group's assets, protect investors' interests and improve operation and management level for compliance with relevant laws and regulations of Hong Kong as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In the ordinary course of business, the Group's market risks mainly comprise commodity price risk, foreign exchange risk and interest rate risk.

FINANCIAL REVIEW (CONTINUED)

Financial Policies (Continued)

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the market price of copper which affect the prices of the major commodities purchased, produced and sold by the Group. To mitigate this risk, the Group has entered into copper futures contracts and provisional price arrangement to manage its exposure in relation to forecasted sales of copper products, forecasted purchase of copper concentrate, inventories and the Group's commitment to sell its copper products.

Foreign currency exchange risk

The Group operates its business in Zambia and the DRC and most of its businesses in the past were settled in US dollar, its functional currency, while certain businesses were settled in currencies other than its functional currency (mainly Zambia Kwacha, or ZMK, CDF, currency of the DRC and Renminbi, or RMB), which exposed the Group to foreign currency risk. To mitigate such risk, the Group engaged in foreign currency exchange hedging activities through various methods including locking the signing and settlement currency and speeding up tax rebates.

Interest rate risk

The Group is exposed to interest rate risk of cash flow under the impact of interest rates changes of interest-bearing financial assets and liabilities which mainly include interest-bearing restricted bank balances, bank deposits, bank balances, bank and other borrowings at variable interest rates. The Group currently does not have any interest rate hedging policy. However, the Directors of the Company will consider hedging significant interest rate risk should the need arise.

Changes in the Group's performance

In the first half of 2018, save as disclosed in this interim report, there are no material changes which will result in any conflict with the Group's performance as disclosed in the annual report for 2017.

EMPLOYEE AND REMUNERATION POLICIES

Remuneration of employees (including the Directors) was determined based on their work nature, experience and contributions to the Group. Employees were also entitled to bonus as an incentive subject to their performance.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

Save for those disclosed in this interim report, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the period for the six months ended 30 June 2018. Apart from those disclosed in this interim report, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this interim report.

CHARGES ON ASSETS

As at 30 June 2018, no assets of the Group was being charged (as at 31 December 2017: Nil).

GEARING RATIO

As at 30 June 2018, the gearing ratio was 35.6% (as at 31 December 2017: 45.9%) which is calculated by the net debts (being bank and other borrowings minus bank balances and cash, and restricted bank balances) divided by the total equity attributable to owners of the Company.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group was the defendant for various claims involving alleged unfair/unlawful termination or breach of employment contracts, wrongful calculation of wages/benefits and compensation for injuries.

As at 30 June 2018, the Group has made relevant provision for the potential liabilities of US$300,000 (as at 31 December 2017: US$300,000) which the Directors opined is adequate based on the present assessments by the Group's legal advisers.

NO MATERIAL CHANGES

Saved as disclosed in this interim report, for the period from 1 January 2018 to 30 June 2018, there are no material changes affecting the Company's performance that needs to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 30 August 2018, Mr. Xinghu Tao resigned as the Chairman of the Board, executive Director, chairman of the Compliance Committee and the authorized representative of the Company under the Listing Rules (the "Authorized Representative"); and Mr. Wei Fan resigned as an executive Director but remained as the vice president of the Company. In the meantime, Mr. Tongzhou Wang was appointed as the Chairman of the Board, an executive Director, chairman of the Compliance Committee and the Authorized Representative; and Mr. Xiaowei Wang was appointed as an executive Director.

Save as disclosed in this interim results report, there were no other significant events in relation the Group after the reporting period.

Water from the well drilled for the villagers, free of charge

Singing and dancing villagers

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 June 2012. Net proceeds from the Global Offering have been and will continue to be used by the Group for the operations in Zambia, such as exploration and development of mines, construction of smelting plants, repayment of bank loans and replenishment of working capital, which are in compliance with the intended use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 20 June 2012 (the "Prospectus").

According to the intended use as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the application of such proceeds up to 30 June 2018 was as follows:

	Net Proceeds *(US$'000)*		
Items	**Available**	**Utilised**	**Unutilised**
Exploration and development of the Chambishi Southeast Mine	72,000	72,000	–
Expansion of the Chambishi Copper Smelter	48,000	48,000	–
The Muliashi Project	12,000	12,000	–
Development of the Mwambashi Project	12,000	12,000	–
Acquisitions of companies with existing exploration rights and additional mining assets	37,000	–	37,000
Repayment of certain existing loans	36,000	36,000	–
Working capital and other general corporate purposes	30,770	30,770	–
Total	247,770	210,770	37,000

The remaining balance of the net proceeds has been placed in interest-bearing deposit accounts with banks.

Muliashi Strip Mine

NUMBER OF SHARES

For the six months ended 30 June 2018, the Company has issued 3,489,036,000 ordinary shares (the "Shares").

PARTICULARS OF SHAREHOLDERS

Substantial Shareholders and Other Persons' Interest and Short Positions in the Shares and Underlying Shares

As at 30 June 2018, to the best knowledge of the Directors and chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Section 336 of the Securities and Futures Ordinance (the "SFO"):

Substantial Shareholder	Capacity/ nature of interest	Long/short position	Number of Shares	Approximate percentage of shareholdings
CNMD *(Note)*	Registered owner	Long position	2,600,000,000	74.52%
CNMC	Interest in a controlled corporation	Long position	2,600,000,000	74.52%

Note: China Nonferrous Mining Development Limited ("CNMD") is a wholly-owned subsidiary of China Nonferrous Metal Mining (Group) Co., Ltd* ("CNMC") and therefore, according to the SFO, CNMC is deemed or taken to be interested in all the Shares which are owned by CNMD.

Save as disclosed above, as at 30 June 2018, no other person had any interests or short positions in the Shares or underlying Shares of the Company which was required to be recorded in the register pursuant to Section 336 of the SFO.

* *Translation of English terms for reference purposes only*

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

As at 30 June 2018, each of the following entities was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of the Group	Entity with 10% or more interest (other than member of the Group)	Percentage of that entity's interest
NFCA	Zambia Consolidated Copper Mines Investments Holdings Plc ("ZCCM-IH")	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司)	40%
SML	Hong Kong Zhongfei Mining Investment Limited ("Hong Kong Zhongfei")	30%
Huachin Leach	Huachin SARL	32.5%
CNMC Huachin Mabende	Huachin SARL	35%
CNMHK	Hong Kong Zhongfei	30%
Kambove Mining	La Generale Des Carrieres Et Des Mines SA	45%
Lualaba Copper Smelter	Yunnan & Hongkong Metal Company Limited	40%

Save as disclosed above, as at 30 June 2018, no other entities were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

* *Translation of English terms for reference purposes only*

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company.

During the reporting period, in order to further optimise and strengthen better corporate governance practices and procedures, the Group further optimised the internal control system and made full use of monthly compliance report to effectively monitor on significant issues including legal cases, connected transactions and inside information, etc.

During the reporting period, the Board and the committees of the Board of the Company complied with laws in performing their duties and operated in accordance with standards. The Group fulfilled relevant procedures and made disclosure in respect of the use of raised proceeds, material investment and connected transactions and so forth.

To provide further understanding of operation mode, business activities and development conditions for independent Directors, the management provided the Directors with a monthly summary of the major information about the operational development and compliance of the Company.

The Company had been complying with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018.

Special training seminars

HUMAN RESOURCES

EMPLOYEE INFORMATION

As at 30 June 2018, the Group employed a total of 6,181 employees (30 June 2017: 5,598), which comprised 651 foreign employees and 5,530 local employees in Zambia and the DRC. The total cost of employees reflected in the condensed consolidated statement of profit or loss and other comprehensive income amounted to approximately US$44.7 million (30 June 2017: US$37.3 million). The year-on-year increase in the total cost of employees was primarily attributable to the construction of new projects and the increase of production volume, which led to the increase of headcount and performance-based salaries of employees.

NFCA office area

Mines Rescue Team

CORPORATE SOCIAL RESPONSIBILITY

The Group always adheres to its the operating mission of "delivering returns to Shareholders, employees and the society through corporate development", and seriously performs environmental and social responsibility in accordance with the industry that the enterprise belongs to as well as operational features.

WORKING ENVIRONMENT

The Group highly embraces the corporate governance concept of being "people oriented", upholds a fair and normative labour policy, pays great respect to the cultural background of employees, protects employees' interests and strictly implements labour policies in relation to social security, working hours and holidays where the enterprises are located. By regularly organizing collective negotiations to determine welfare including remuneration, transportation, housing and medical allowance, and striving to offer a market-competitive remuneration system, the Group provides employees with a healthy and harmonious working and living environment; for the employment and promotion of employees, the Group handles the business in strict compliance with employment management system. Discriminations based on race, religion, skin colour and gender are prohibited; breach of rules will be handled by the commission comprising representatives of human resources and labour union in accordance with the employees' rules on penalty; and procedures for complaints are set up. The Group attaches great importance to enhancing quality and ability of staff. Every subsidiary has its special training institution and staff, which carries out comprehensive and multi-level trainings for our employees such as vocational skills training and health and safety training, and provides quality environment for their growth, thus achieving a joint development of employees and enterprise.

HEALTH AND SAFETY

The Group strictly complies with relevant laws and regulations concerning safety production and labour protection where the enterprises are located, and always adheres to the safety production principle of "safety first, prevention foremost". The safety production concept of "respect for life, prevention first" was upheld from the Group to all the subsidiaries. The standards for safety production management have been effectively improved through the implementation of an accountability mechanism of the entities responsible for safety production, specification of the scope of safety production responsibility, enhancement of education of safety production and risk prevention and control, development of overall safety inspection and latent defect investigation and governance, constant improvement and optimisation of the contingency plan and reinforcement of emergency rescue team building. The Group has attached great importance to the investment and construction of safety environmental facilities as well as the equipment and the management regarding the use of labour protection equipment for staff. In every mine and factory, fully-equipped first aid team was developed, and first aid stations were also established. In the first half of 2018, the Group maintained the stable situation of safety production.

Donation of food to the infants of the local area by Luanshya

Voluntary Chinese teaching in Luanshya trust school

ENVIRONMENTAL PROTECTION

The Group aims at establishing an environmentally friendly enterprise, actively carries out energy conservation and emission reduction and strengthens the testing and monitoring of pollutants emission to ensure clean production. The Group attaches great importance to the recycling and sustainable use of resources. The Group pays attention to using environmental-friendly equipment and advanced technology for production, endeavors to promote the establishment of an environmental management system, so as to improve the resources recycling and reuse as well as environmental protection level. Currently, the Group has basically achieved the selection of mines and reuse of industrial water under the wells.

COMMUNITY PARTICIPATION AND OPERATING PRACTICE

Based on copper and cobalt resources development, with the self-development and growth of the Group, it follows the cooperation concept of “mutual benefit and win-win”, attaches great importance to the concern of the Company’s shareholders (“Shareholders”), employees, suppliers and communities, actively cultivates the local market, supports local enterprises, shares benefits with suppliers, contributes to the local economy and social development and progress where the enterprises are located through the creation of taxation income, provision of jobs and development of related industries, and provides employees with vocational development and protection to create value for Shareholders.

In the first half of 2018, the Group continued to actively participate in local social welfare undertakings where the enterprises were located in cash and in kind. It supported social welfare undertakings including urban construction, AIDS and malaria prevention and cure and public sports facilities construction, which were highly appreciated by the local government and local residents and further established a good corporate-citizenship image as a listed company.

Tongzhou Wang, Chairman of the Board, made donation to livelihood project of Kalulushi, Zambia

FUTURE PROSPECTS

In the second half of 2018, despite a plenty of challenges faced by the global economy, the prices of copper, cobalt and other base metals remain positive in the long run with an upward trend in the economy and a more balanced supply-demand, in particular, the demand for the copper and cobalt as driven by the new economy and new energy.

The Group will continue to follow its own development strategy. It will keep increasing investments in geological exploration and development, pay high attention to and take more efforts in expanding the exploration areas, as well as exploring the surrounding areas and in the depth of the existing mines, especially in the region of Kambove, DRC. Meanwhile, the Group will continue to identify suitable acquisition targets in regions with rich copper and cobalt resources such as Zambia and the DRC, with an aim to increase the Group's resources.

The Group will continue to improve the operation efficiency of its existing mines and smelters through optimizing the internal value chain management, boosting the integration construction of production-supply-marketing in the same region, intensifying cost control and other modern management methods, so as to continuously enhance its profitability. The Group will continue to pay due efforts in its mining activities in underground mines (including Chambishi Main Mine and Chambishi West Mine) and the Muliashi Strip Mine and Mwambashi Strip Mine Project in Zambia, so as to increase the production volume of copper concentrate and oxide ore from its own mines. Great efforts will be put into the technology management of CCS, Muliashi Leaching and Smelting and SML in Zambia and Huachin Leach and CNMC Huachin Mabende in DRC so as to promote the standardised production and improve the output and quality of blister copper, copper cathode and sulphuric acid, with a view to further increasing the operating efficiency and profit from existing production capacity.

The Group will keep its emphasis on the construction of key projects. It will focus on the trial production of Chambishi Southeast Mine with a view to expediting the fulfilment of the capacity and quality of the project as soon as possible. The Group will also concentrate on the construction and development of the copper and cobalt projects such as Lualaba Copper Smelter, the reconstruction and expansion of Huachin Leach as well as the exploration and development of mines in Kambove, DRC, to enhance efficiency and provide new production sources for the Company.

FUTURE PROSPECTS (CONTINUED)

In an effort to consistently follow the development philosophy of “innovative, coordinated, green, open and shared”, the Group will constantly improve the working environment, ensure production safety and efficiency, and fulfill its corporate social responsibility while commit itself to bringing good returns to the shareholders, according to the requirements of the Environmental, Social and Governance Reporting Guide.

Zambian President Lungu cut the ribbon for the trial production ceremony of Chambishi Southeast Mine

OTHER INFORMATION

GENERAL INFORMATION

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company's parent and ultimate holding company are China Nonferrous Mining Development Limited, incorporated in the British Virgin Islands, and CNMC, which is wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council and is incorporated in the People's Republic of China, respectively.

The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal places of business are located at 32 Enos Chomba Road, Kitwe, Zambia and Lubumbashi, Katanga Province, Congo (DRC), respectively.

The principal activity of the Company is investment holding. The Group's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, copper anodes, blister copper, copper-cobalt alloy, cobaltous hydroxide and sulfuric acid. The condensed consolidated financial statements are presented in United States dollars ("US$"), which is also the functional currency of the Company and the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interests and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as stipulated in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the reporting period, the Company or any of its subsidiaries did not make any arrangements to enable any Directors or their respective spouse or minor children to obtain benefits by means of the acquisition of shares of the Company or other body corporates.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had engaged in any business which competes or may compete directly or indirectly with the business of the Group for the six months ended 30 June 2018.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Changes in the information of the Directors since 27 April 2018 (the date of publication of the 2017 Annual Report of the Company) are set out below:

Mr. Huanfei Guan (independent non-executive Director)

- had resigned as a non-executive director of Ping An Securities Group (Holdings) Limited since 22 June 2018; and

- was appointed as an independent non-executive director of HongDa Financial Holding Limited (listed on the main board of the Hong Kong Stock Exchange (01822.HK)) on 22 June 2018.

Since 30 August 2018, Mr. Xinghu Tao resigned as the Chairman of the Board, executive Director, chairman of the Compliance Committee and the Authorized Representative; and Mr. Wei Fan resigned as an executive Director but remained as the vice president of the Company. In the meantime, Mr. Tongzhou Wang was appointed as the Chairman of the Board, an executive Director, chairman of the Compliance Committee and the Authorized Representative; and Mr. Xiaowei Wang was appointed as an executive Director. For details, please refer to the announcement of the Company dated 30 August 2018.

Save as disclosed above, there were no other changes in the information of the Directors to be disclosed pursuant to Rule 13.51B of the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph C3 of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. Members of the Audit Committee are Mr. Diyong Yan, a non-executive Director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non-executive Directors. The Group's unaudited condensed financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee, and were of the opinion that such unaudited condensed financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"). The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code throughout the six months ended 30 June 2018.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of its listed securities throughout the six months ended 30 June 2018.

Monument for the discovery of the copper mine at Luanshya

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CHINA NONFERROUS MINING CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 76, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company (the "Directors") are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	NOTES	Six months ended 30 June 2018 US$'000 (Unaudited)	2017 US$'000 (Unaudited)
Revenue from goods	3,4	**1,127,914**	873,687
Cost of sales		**(814,118)**	(671,954)
Gross profit		**313,796**	201,733
Other income		**5,555**	3,665
Other gains and losses	5	**4,835**	8,140
Impairment losses	9	**(10,917)**	–
Distribution and selling expenses		**(26,401)**	(22,874)
Administrative expenses		**(30,092)**	(23,016)
Other expenses		**(12,739)**	(10,202)
Finance costs	6	**(10,956)**	(12,229)
Profit before tax		**233,081**	145,217
Income tax expense	7	**(67,453)**	(35,760)
Profit and total comprehensive income for the period	8	**165,628**	109,457
Profit and total comprehensive income attributable to:			
Owners of the Company		**98,875**	65,658
Non-controlling interests		**66,753**	43,799
		165,628	109,457
Earnings per share	10		
– Basic *(US cents per share)*		**2.83**	1.88
– Basic *(equivalent to approximately HK$ per share)*		**0.22**	0.15
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	At 30 June 2018 US$'000 (Unaudited)	At 31 December 2017 US$'000 (Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment	11	**1,107,439**	1,021,166
Interest in an associate		**2,143**	2,143
Finance lease receivables		**143**	319
Restricted bank balances		**6,027**	6,027
Deferred tax assets		**45,670**	52,456
Other assets		**34,044**	20,082
		1,195,466	1,102,193
Current Assets			
Inventories	12	**361,324**	383,580
Finance lease receivables		**544**	950
Trade receivables	13	**–**	234,924
Trade receivables at amortised cost	13	**7,072**	–
Trade receivables at fair value through profit or loss ("FVTPL")	13	**207,604**	–
Prepayments and other receivables	14	**290,180**	180,299
Restricted bank balances		**1,225**	1,267
Bank deposits		**60,000**	45,000
Bank balances and cash		**904,796**	854,984
		1,832,745	1,701,004
Total Assets		**3,028,211**	2,803,197

At 30 June 2018

	NOTES	At 30 June 2018 US$'000 (Unaudited)	At 31 December 2017 US$'000 (Audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**613,233**	613,233
Retained profits		**251,350**	173,842
Equity attributable to owners of the Company		**864,583**	787,075
Non-controlling interests		**353,622**	253,009
Total Equity		**1,218,205**	1,040,084
Non-current Liabilities			
Deferred tax liabilities		**59,945**	53,997
Bank and other borrowings			
– due after one year	17	**798,722**	813,512
Deferred income		**15,892**	16,199
Provision for restoration, rehabilitation and environmental costs		**18,312**	18,960
		892,871	902,668
Current Liabilities			
Trade payables	15	**112,550**	265,665
Trade payables designated at FVTPL	15	**146,998**	–
Other payables and accrued expenses	16	**75,282**	62,206
Income tax payable		**91,287**	72,930
Bank and other borrowings			
– due within one year	17	**481,510**	455,225
Contract liabilities		**9,508**	–
Derivative, at fair value		**–**	4,419
		917,135	860,445
Total Liabilities		**1,810,006**	1,763,113
Total Equity and Liabilities		**3,028,211**	2,803,197

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company				
	Share capital	Retained profits	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 June 2018					
At 31 December 2017 (Audited)	**613,233**	**173,842**	**787,075**	**253,009**	**1,040,084**
Profit and total comprehensive income for the period	**–**	**98,875**	**98,875**	**66,753**	**165,628**
Dividends declared by a subsidiary	**–**	**–**	**–**	**(4,000)**	**(4,000)**
Capital contribution by a non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**37,860**	**37,860**
Dividends declared by the Company	**–**	**(21,367)**	**(21,367)**	**–**	**(21,367)**
At 30 June 2018 (Unaudited)	**613,233**	**251,350**	**864,583**	**353,622**	**1,218,205**
Six months ended 30 June 2017					
At 1 January 2017 (Audited)	613,233	31,414	644,647	198,999	843,646
Profit and total comprehensive income for the period	–	65,658	65,658	43,799	109,457
Dividends declared by a subsidiary	–	–	–	(2,045)	(2,045)
At 30 June 2017 (Unaudited)	613,233	97,072	710,305	240,753	951,058

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**167,024**	210,758
NET CASH USED IN INVESTING ACTIVITIES:		
Interest received	**3,417**	2,302
Purchase of property, plant and equipment	**(127,035)**	(78,248)
Proceeds from disposal of property, plant and equipment	**323**	1,297
Placement of restricted bank balances	**(548)**	(16,095)
Proceeds from release of restricted bank balances	**590**	640
Repayment of finance lease receivables from fellow subsidiaries	**582**	1,709
Placement of bank deposits	**(60,000)**	–
Proceeds from release of bank deposits	**45,000**	38,000
Finance income under finance leases to a fellow subsidiary received	**47**	116
	(137,624)	(50,279)
NET CASH FROM FINANCING ACTIVITIES:		
Capital contribution by a non-controlling shareholder of a subsidiary	**37,860**	–
Dividend paid to a non-controlling shareholder	**(2,145)**	–
Repayments of bank and other borrowings	**(136,025)**	(50,000)
New bank and other borrowings raised	**147,520**	98,000
Interest paid	**(26,766)**	(18,495)
	20,444	29,505
Net increase in cash and cash equivalents	**49,844**	189,984
Cash and cash equivalents at 1 January	**854,984**	685,327
Effect of foreign exchange rate changes	**(32)**	789
Cash and cash equivalents at 30 June, represented by:		
Bank balances and cash	**904,796**	876,100

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*
Amendments to HKAS 40	*Transfers of Investment Property*

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs (Continued)

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognised revenue from selling copper products and sulfuric acid when the products are delivered to the destination specified by the customer.

The Group has applied HKFRS 15 retrospectively with cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identifying the contract(s) with a customer
- Step 2: Identifying the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an assets that the customer controls as the Group performs; or
- the Group's performance does not create an assets with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15

There is no impact of transition to HKFRS 15 on retained profits at 1 January 2018.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	**Carrying amounts under HKFRS 15 at 1 January 2018***
		US$'000	*US$'000*	***US$'000***
Current Liabilities				
Other payables and accrued expenses	(i)	62,206	(20,899)	**41,307**
Contract liabilities		–	20,899	**20,899**

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

(i) As at 1 January 2018, advances from customers of US$20,899,000 in respect of sale of goods contracts previously included in other payables and accrued expenses were reclassified to contract liabilities.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the condensed consolidated statement of financial position

	Note	As reported *US$'000*	Adjustments *US$'000*	Amounts without application of HKFRS 15 *US$'000*
Current Liabilities				
Other payables and accrued expenses	(i)	75,282	9,508	84,790
Contract liabilities	(i)	9,508	(9,508)	–

Note:

(i) As at 30 June 2018, advances from customers of US$9,508,000 in respect of sale of goods contracts were reclassified from other payables and accrued expenses to contract liabilities.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under *HKAS 39 Financial Instruments: Recognition and Measurement.*

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Financial assets at FVTPL

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

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

The Directors reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables at amortised cost, other receivables, finance lease receivables, restricted bank balances, bank deposits, and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables at amortised cost and finance lease receivables. The ECL on these assets are assessed individually.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk

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

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

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

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

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 *Leases*.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables at amortised cost where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. Based on the assessment by the Directors, no material additional credit loss allowance has been recognised against retained profits.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial liabilities

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss, instead, they are transferred to retained profits upon derecognition of the financial liability.

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Note	Trade receivables (previously classified as loans and receivables) *US$'000*	Trade receivables at amortised cost required by HKFRS 9 *US$'000*	Trade receivables at FVTPL required by HKFRS 9 *US$'000*
Closing balance at 31 December 2017 – HKAS 39		234,924	–	–
Effect arising from initial application of HKFRS 9: Reclassification From loans and receivables	(a)	(234,924)	11,965	222,959
Opening balance at 1 January 2018		–	11,965	222,959

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9 (Continued)

(a) Loans and receivables

Trade receivables arising from provisionally priced sales previously classified as loans and receivables and the embedded commodity derivative component (previously presented in the same line item as the host contract) were reclassified to trade receivables at FVTPL upon the application of HKFRS 9 because the cash flows of these receivables do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding.

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

2.3 Impacts on opening condensed consolidated statements of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table showed the adjustments recognised for each individual line item affected.

	31 December 2017 (Audited) *US$'000*	HKFRS 15 *US$'000*	HKFRS 9 *US$'000*	**1 January 2018 (Restated)** ***US$'000***
Current Assets				
Trade receivables	234,924		(234,924)	**–**
Trade receivables at amortised cost	–		11,965	**11,965**
Trade receivables at FVTPL	–		222,959	**222,959**
Current Liabilities				
Other payables and accrued expenses	62,206	(20,899)		**41,307**
Contract liabilities	–	20,899		**20,899**

3. REVENUE FROM GOODS

An analysis of the Group's revenue from sale of goods is as follows:

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Blister copper	**691,915**	619,325
Copper cathodes	**327,747**	227,407
Copper anode	**56,642**	–
Copper-cobalt alloy	**6,065**	–
Sulfuric acid	**45,545**	26,955
	1,127,914	873,687

Disaggregation of revenue

	Six months ended 30 June 2018	
	Leaching	**Smelting**
	US$'000	***US$'000***
	(Unaudited)	**(Unaudited)**
Sales of goods to external customers		
Copper cathodes	**327,747**	**–**
Blister copper	**–**	**691,915**
Copper anode	**–**	**56,642**
Copper-cobalt alloy	**–**	**6,065**
Sulfuric acid	**–**	**45,545**
Total	**327,747**	**800,167**
Geographical markets		
Mainland China	**152,195**	**293,517**
Hong Kong	**–**	**183,074**
Switzerland	**42,736**	**205,671**
Singapore	**85,063**	**72,274**
Africa	**1,297**	**45,631**
Luxemburg	**46,456**	**–**
Total	**327,747**	**800,167**
Timing of revenue recognition		
A point in time	**327,747**	**800,167**

4. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the Operating Management Committee, in order to allocate resources to the segments and to assess their performance.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods produced. The Group's operating and reportable segments in current period under HKFRS 8 *Operating Segments* are as follows:

- Leaching – Production and sale of copper cathodes (including exploration and mining of oxide copper mines) which are produced using the solvent extraction-electrowinning technology; and

- Smelting – Production and sale of blister copper, copper anode and copper-cobalt alloy (including exploration and mining of sulfuric copper mines), bismuth and sulfuric acid which are produced using ISA smelting technology. Sulfuric acid is a by-product in the production of blister copper, copper anode and copper-cobalt alloy.

No operating segments have been aggregated to be derived from the reportable segments of the Group.

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Leaching *US$'000* (Unaudited)	Smelting *US$'000* (Unaudited)	Consolidated *US$'000* (Unaudited)
Six months ended 30 June 2018			
Revenue from external sales	**327,747**	**800,167**	**1,127,914**
Inter-segment sales	**–**	**18,187**	**18,187**
Total segment revenue	**327,747**	**818,354**	**1,146,101**
Elimination			**(18,187)**
Revenue for the period			**1,127,914**
Segment profit	**90,390**	**84,051**	**174,441**
Unallocated income			**2,691**
Unallocated expenses			**(11,504)**
Profit for the period			**165,628**

	Leaching *US$'000* (Unaudited)	Smelting *US$'000* (Unaudited)	Consolidated *US$'000* (Unaudited)
Six months ended 30 June 2017			
Revenue from external customers	227,407	646,280	873,687
Inter-segment sales	3,179	9,206	12,385
Total segment revenue	230,586	655,486	886,072
Elimination			(12,385)
Revenue for the period			873,687
Segment profit	57,353	53,770	111,123
Unallocated income			1,517
Unallocated expenses			(3,183)
Profit for the period			109,457

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit for the period earned by each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	At 30 June 2018	At 31 December 2017
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Segment assets		
– Leaching	**712,379**	819,186
– Smelting	**1,965,788**	1,610,089
Total segment assets	**2,678,167**	2,429,275
Unallocated assets	**354,656**	385,095
Elimination	**(4,612)**	(11,173)
Consolidated total assets	**3,028,211**	2,803,197
Segment liabilities		
– Leaching	**520,690**	680,942
– Smelting	**1,145,334**	966,332
Total segment liabilities	**1,666,024**	1,647,274
Unallocated liabilities	**148,594**	127,012
Elimination	**(4,612)**	(11,173)
Consolidated total liabilities	**1,810,006**	1,763,113

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Foreign exchange (loss) gain, net	**(2,463)**	6,881
(Loss) gain on disposal of property, plant and equipment, net	**(90)**	192
Gain arising on change in fair value of financial assets and liabilities at FVTPL	**7,388**	1,067
	4,835	8,140

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**26,175**	22,109
Unwinding of the discount	**371**	166
	26,546	22,275
Less: Amount capitalised in construction in progress arose on the borrowings specifically for the purpose of qualifying assets	**(15,590)**	(10,046)
	10,956	12,229

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in DRC	**22,260**	12,899
Income tax in Zambia	**32,459**	14,943
	54,719	27,842
Deferred tax		
Current period	**12,734**	7,918
Total income tax expense	**67,453**	35,760
Effective tax rate *(Note)*	**28.9%**	24.6%

Note: Chambishi Copper Smelter Limited ("CCS"), a non-wholly owned subsidiary of the Company located in Zambia, is eligible for the tax exemption for the first five profitable years; 50% income tax relief for the next three years thereafter; and 25% of income tax relief for the next two years thereafter. The tax incentives are applicable to the assessable profit generated from the two different phases of production facilities of CCS with different dates of commencement of the tax incentives. One of the phases of production facilities of CCS is under the first year of 25% income tax relief during the current year (six months ended 30 June 2017: 50%). The remaining phase of production facilities of CCS is still under the tax holiday during the current year.

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**53,015**	45,326
Amortisation of mining right	**–**	3,699
Total depreciation and amortisation	**53,015**	49,025
Less: capitalised in inventories	**(46,175)**	(42,626)
capitalised in construction in progress	**(697)**	–
	6,143	6,399
Net loss arising on trade receivables measured at FVTPL	**(12,145)**	(10,930)
Net gain arising on trade payables measured at FVTPL	**15,805**	15,310
Net gain (loss) arising on financial liabilities measured at FVTPL	**3,728**	(3,313)
Impairment loss recognised in respect of input value added tax ("VAT") receivables	**(10,917)**	–
Cost of inventories recognised as an expense	**816,110**	671,954
Minimum lease payments in respect of land and buildings	**3,117**	3,030

9. DIVIDENDS

During the six months ended 30 June 2018, a final dividend of US¢0.6124 per share in respect of the year ended 31 December 2017 (six months ended 30 June 2017: nil) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2018 amounted to US$21,367,000 (six months ended 30 June 2017: nil) and was fully paid to the owners of the Company on 17 July 2018.

The Directors do not recommend interim dividend for the current period (six months ended 30 June 2017: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018 **(Unaudited)**	2017 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**98,875**	65,658
Number of ordinary shares for the purpose of basic earnings per share *(in '000)*	**3,489,036**	3,489,036
Earnings per share		
– Basic *(US cents per share)*	**2.83**	1.88
– Basic *(equivalent to approximately HK$ per share)*	**0.22**	0.15
– Diluted	**N/A**	N/A

During the six months ended 30 June 2018 and 2017, there was no potential ordinary share outstanding.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US$139,701,000 (six months ended 30 June 2017: US$78,519,000 (unaudited)).

12. INVENTORIES

	At 30 June 2018 ***US$'000*** **(Unaudited)**	At 31 December 2017 *US$'000* (Audited)
Raw materials	**199,465**	237,285
Spare parts and consumables	**90,086**	81,458
Work in progress	**44,687**	48,097
Finished goods	**27,086**	16,740
	361,324	383,580

13. TRADE RECEIVABLES/TRADE RECEIVABLES AT AMORTISED COST/ TRADE RECEIVABLES AT FVTPL

	At 30 June 2018 US$'000 (Unaudited)	At 31 December 2017 US$'000 (Audited)
Trade receivables	**–**	237,845
Trade receivables at amortised cost	**9,993**	–
Less: Allowance of doubtful debts	**(2,921)**	(2,921)
	7,072	234,924
Trade receivables at FVTPL	**207,604**	–

The following is an aging analysis of trade receivables/trade receivables at amortised cost, presented based on the invoice dates, net of allowance for doubtful debts:

	At 30 June 2018 US$'000 (Unaudited)	At 31 December 2017 US$'000 (Audited)
0 to 30 days	**3,426**	216,464
31 to 90 days	**75**	15,587
91 to 180 days	**1,735**	1,868
181 to 365 days	**1,321**	417
Over 1 year	**515**	588
	7,072	234,924

The following is an aging analysis of trade receivables at FVTPL, presented based on the invoice dates:

	At 30 June 2018 US$'000 (Unaudited)	At 31 December 2017 US$'000 (Audited)
0 to 30 days	**201,403**	–
31 to 90 days	**3,838**	–
91 to 180 days	**2,363**	–
	207,604	–

13. TRADE RECEIVABLES/TRADE RECEIVABLES AT AMORTISED COST/ TRADE RECEIVABLES AT FVTPL (CONTINUED)

The Group sells copper products under provisional pricing arrangements where final prices are set at a specified future date based on market prices. Revenues are recognised based on forward prices for the expected date of final settlement. The contractual cash flows of trade receivable vary depending on the market price at the date of final settlement, and do not give rise to cash flows that are solely payments of principal and interests on the principal amount outstanding. Consequently, these trade receivables are measured at FVTPL.

Included in the Group's trade receivables/trade receivables at amortised cost/trade receivables at FVTPL are balances with the following related parties:

	At 30 June 2018 *US$'000* (Unaudited)	At 31 December 2017 *US$'000* (Audited)
Trade receivables:		
Fellow subsidiaries	**–**	136,607
Subsidiaries of a non-controlling shareholder of a subsidiary	**–**	78,393
	–	215,000
Trade receivables at amortised cost:		
Fellow subsidiaries	**933**	–
Trade receivables at FVTPL:		
Fellow subsidiaries	**112,992**	–
Subsidiaries of a non-controlling shareholder of a subsidiary	**62,734**	–
	175,726	–

The above balances with related parties are unsecured, interest-free and are receivable according to the relevant sales contracts.

14. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2018	At 31 December 2017
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Prepayments for inventories and others	**42,265**	14,797
Input VAT receivables*	**245,656**	154,902
Deposits in futures margin accounts	**14,080**	14,220
Other receivables	**6,956**	4,240
Less: Allowance of input VAT receivables	**(18,777)**	(7,860)
	290,180	180,299

* The amount of the input VAT receivables included US$227,194,000 (31 December 2017: US$137,354,000) and US$18,462,000 (31 December 2017: US$17,548,000) generated in Zambia and DRC, respectively, as at 30 June 2018. The input VAT receivables were assessed individually and impairment allowance of US$10,917,000 (six months ended 30 June 2017: nil) were made for the current interim period.

Allowance of input VAT receivables

The movement in the allowance for input VAT receivables during the six months ended 30 June 2018 was as follows:

	US$'000
Balance at 31 December 2017	7,860
Recognised	10,917
Balance at 30 June 2018	**18,777**

14. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's prepayments and other receivables are balances with the following related parties:

	At 30 June 2018	At 31 December 2017
	US$'000	*US$'000*
	(Unaudited)	(Audited)
China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC")	**41**	41
Fellow subsidiaries	**13,832**	5,645
A subsidiary of a non-controlling shareholder of a subsidiary	**4,496**	4,856
	18,369	10,542

The balances of prepayments for inventories and others with related parties are unsecured, interest-free and are settled according to the relevant agreements, the remaining balances with related parties are unsecured, interest-free and are receivable on demand.

15. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

	At 30 June 2018	At 31 December 2017
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade payables	**112,550**	265,665
Trade payables designated at FVTPL	**146,998**	–

15. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL (CONTINUED)

The following is an aging analysis of trade payables, presented based on the invoice date:

	At 30 June 2018	At 31 December 2017
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**47,206**	141,273
31 to 90 days	**4,871**	20,166
91 to 180 days	**3,611**	34,689
181 to 365 days	**11,728**	15,548
1–2 years	**11,425**	25,187
Over 2 years	**33,709**	28,802
	112,550	265,665

The following is an aging analysis of trade payables designated at FVTPL, presented based on the invoice date:

	At 30 June 2018	At 31 December 2017
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**122,266**	–
31 to 90 days	**11,203**	–
91 to 180 days	**13,529**	–
	146,998	–

The Group purchases copper concentrates under provisional pricing arrangements where final prices are set at a specified future period after shipment by suppliers based on prevailing spot prices. These trade payables are designated as at FVTPL on contract by contract basis.

15. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL (CONTINUED)

Included in the Group's trade payables/trade payables designated at FVTPL are balances with the following related parties:

	At 30 June 2018 ***US$'000*** **(Unaudited)**	At 31 December 2017 *US$'000* (Audited)
Trade payables:		
Fellow subsidiaries	**26,653**	36,268
Trade payables designated at FVTPL:		
Fellow subsidiaries	**31,442**	–

The above balances with related parties are unsecured, interest-free and are repayable within three months.

16. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2018 ***US$'000*** **(Unaudited)**	At 31 December 2017 *US$'000* (Audited)
Receipts in advance from customers*	**–**	20,899
Payables for property, plant and equipment	**25,829**	14,361
Dividend payable to non-controlling shareholders of subsidiaries	**2,100**	245
Dividend payable to the shareholders of the Company	**21,367**	–
Other tax payables	**5,436**	3,692
Interest payables	**671**	1,262
Accrued and other payables	**19,879**	21,747
	75,282	62,206

* As at 1 January 2018, advances from customers of US$20,899,000 in respect of sale of goods contracts previously included in other payables and accrued expenses were reclassified to contract liabilities upon initial application of HKFRS 15.

16. OTHER PAYABLES AND ACCRUED EXPENSES (CONTINUED)

Included in the Group's other payables and accrued expenses are balances with the following related parties:

	At 30 June 2018 *US$'000* **(Unaudited)**	At 31 December 2017 *US$'000* (Audited)
CNMC	**23,246**	1,898
Fellow subsidiaries	**14,800**	3,653
Non-controlling shareholders of subsidiaries	**2,100**	301
An associate	**2,143**	2,143
	42,289	7,995

The above balances with related parties are unsecured, interest-free and are repayable on demand.

17. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2018, the Group obtained new bank and other borrowings amounting to US$147,520,000 (six months ended 30 June 2017: US$98,000,000), and repaid bank and other borrowings amounting to US$136,025,000 (six months ended 30 June 2017: US$50,000,000).

The Group's borrowings included a loan from CNMC of US$1,077,000 (31 December 2017: US$1,077,000), which is unsecured and bears interest at rate varies based on benchmark interest rate published by the People's Bank of China of 3.3% per annum (six months ended 30 June 2017: 3.3%), and loans of US$240,000,000 (31 December 2017: US$247,000,000) from a fellow subsidiary, which are unsecured and bear interest at a rate of 4.0% per annum (six months ended 30 June 2017: 4.0%).

18. OPERATING LEASE – THE GROUP AS LESSEE

At the end of the reporting period, the Group had commitments for future minimum lease payments under a non-cancellable operating lease in respect of buildings and properties of a fellow subsidiary in Zambia for general and ancillary purposes which fall due as follows:

	At 30 June 2018 **US$'000** **(Unaudited)**	At 31 December 2017 US$'000 (Audited)
Within one year	**5,755**	5,692
In the second to fifth years inclusive	**15,585**	17,849
	21,340	23,541

19. CAPITAL COMMITMENTS

	At 30 June 2018 **US$'000** **(Unaudited)**	At 31 December 2017 US$'000 (Audited)
Capital expenditure contracted for but not provided for in respect of acquisition of property, plant and equipment	**332,617**	214,455

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1 *US$'000*	Level 2 *US$'000*	Total *US$'000*
30 June 2018			
Trade receivables at FVTPL *(note a)*	**–**	**207,604**	**207,604**
Trade payables designated at FVTPL *(note a)*	**–**	**(146,998)**	**(146,998)**
31 December 2017			
Copper future contracts *(note b)*	(4,419)	–	(4,419)
Embedded derivatives arising from sales under provisional pricing arrangement *(note a)*	–	1,556	1,556
Embedded derivatives arising from purchases under provisional pricing arrangement *(note a)*	–	(647)	(647)

Notes:

a. Calculated based on the quoted prices in an active market and the estimated discount rate.

b. Derived from quoted prices in an active market.

There were no transfers between Level 1 and 2 during the six months ended 30 June 2018.

Except as detailed above, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the People's Republic of China (the "PRC") government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

Other than the transactions and balances with related parties disclosed elsewhere in these condensed consolidated financial statements, during the periods, the Group had the following significant transactions with related parties:

(1) Transactions with government-related entities

(a) Transactions with CNMC and its subsidiaries

			Six months ended 30 June	
			2018	2017
			US$'000	*US$'000*
	Notes	**Related parties**	**(Unaudited)**	(Unaudited)
Sales of:				
– Blister copper	(i)	Fellow subsidiaries	**248,357**	330,050
– Copper cathodes	(i)	Fellow subsidiaries	**149,510**	140,608
– Copper anode	(i)	A fellow subsidiary	**37,487**	–
– Other materials	(i)	Fellow subsidiaries	**4,538**	483
Loss arising on trade receivables measured at FVTPL	(i)	Fellow subsidiaries	**(322)**	(3,724)
Finance income earned under finance leases	(i)(ii)	A fellow subsidiary	**47**	116
Purchases of:				
– Plant and equipment	(i)	Fellow subsidiaries	**(47,629)**	(16,146)
– Materials	(i)	Fellow subsidiaries	**(145,153)**	(118,406)
– Services	(i)	Fellow subsidiaries	**(25,120)**	(29,356)
– Electricity	(i)	A fellow subsidiary	**(13,149)**	(8,617)
– Freight and transportation	(i)	A fellow subsidiary	**(10,081)**	(9,127)
Loss arising on trade payables measured at FVTPL	(i)	Fellow subsidiaries	**(860)**	(96)
Rental expenses	(i)	Fellow subsidiaries	**(2,854)**	(2,965)
Guarantee fees	(i)	CNMC	**(461)**	(928)
Interest expenses	(i)	CNMC and a fellow subsidiary	**(4,839)**	(5,914)

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Transactions with government-related entities (Continued)

(a) Transactions with CNMC and its subsidiaries (Continued)

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(ii) The finance income earned under finance leases arose from the finance leases to a fellow subsidiary.

In addition to the above, the Group also had the following transactions with CNMC and its subsidiaries:

- CNMC provided guarantees to banks for granting unsecured loans to the Group without charging any consideration.

(b) Transactions with other government-related entities

			Six months ended 30 June	
			2018	2017
			US$'000	*US$'000*
	Notes	**Related parties**	**(Unaudited)**	(Unaudited)
Sales of:				
– Blister copper	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**162,172**	151,119
– Copper Anode	(i)	A subsidiary of a non-controlling shareholder of a subsidiary	**20,113**	–
Loss arising on trade receivables measured at FVTPL	(i)	Subsidiaries of a non-controlling shareholder of a subsidiary	**(2,338)**	(2,581)

Note:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

In addition to the above, the Group has entered into various transactions, amongst others, including deposit placements, borrowings and other bank facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In view of the nature of these transactions, the Directors are of the opinion that separate disclosures would not be meaningful.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Transactions with a non-controlling shareholder of a subsidiary

			Six months ended 30 June	
			2018	2017
			US$'000	*US$'000*
	Note	**Related parties**	**(Unaudited)**	(Unaudited)
Purchases of:				
– Materials	(i)	A subsidiary of a non-controlling shareholder of a subsidiary	**(1,802)**	(10,665)

Note:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(3) The details of remuneration of key management personnel, including emoluments of the directors, paid during the periods are set out below:

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Salary, bonus and other allowance	**678**	477
Retirement benefit schemes contributions	**36**	24
	714	501

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