



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

2022 INTERIM REPORT



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CORPORATE INFORMATION

REGISTERED OFFICE

Unit 1303, 13/F, Austin Tower
22–26 Austin Avenue
Tsimshatsui, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

32 Enos Chomba Road
Kitwe, Zambia

PRINCIPAL PLACE OF BUSINESS IN THE DRC

Lubumbashi,
Katanga Province,
Congo (DRC)

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

01258

DIRECTORS

Executive Directors

Mr. Jinjun Zhang (*Chairman*) (resigned as the President on 4 August 2022)
Mr. Chunlai Wang (resigned on 11 April 2022)

Non-Executive Director

Mr. Yaoyu Tan

Independent Non-executive Directors

Mr. Dingfan Qiu
Mr. Jingwei Liu
Mr. Huanfei Guan

CORPORATE INFORMATION (CONTINUED)

THE COMMITTEES OF THE BOARD

Audit Committee

Mr. Jingwei Liu (*Chairman*)
Mr. Yaoyu Tan
Mr. Huanfei Guan

Nomination Committee

Mr. Dingfan Qiu (*Chairman*)
Mr. Jinjun Zhang
Mr. Jingwei Liu

Remuneration Committee

Mr. Huanfei Guan (*Chairman*)
Mr. Jinjun Zhang
Mr. Dingfan Qiu

Compliance Committee

Mr. Jinjun Zhang (*Chairman*)
Mr. Dingfan Qiu
Mr. Huanfei Guan

JOINT COMPANY SECRETARIES

Mr. Chaoran Zhu (appointed on 7 March 2022)
Mr. Dayong Yang (resigned on 7 March 2022)
Ms. Man Yi Wong

LEGAL ADVISER

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

CORPORATE INFORMATION (CONTINUED)

AUDITOR

Ernst & Young
Certified Public Accountants and Registered Public Interest Entity Auditor
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay,
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



CCS smelting system

CHAIRMAN'S STATEMENT

Chairman of the Board
Mr. Jinjun Zhang



CHAIRMAN'S STATEMENT (CONTINUED)

Dear investors,

In the first half of 2022, China Nonferrous Mining Corporation Limited (hereinafter referred to as the “Group” or the “Company”) continued the good development trend in 2021, adhered to the working ideas of “rising from high position and making steady progress” and adhered to the working principle of coordinating the pandemic prevention and control with production and operation. With the leadership of the Board of Directors and the support of shareholders, all staff overcame the adverse factors such as the COVID-19 pandemic, poor logistics, project overhaul and power shortage, and the production and operation realised good results amid stabilization. All reforms were gradually implemented, and the work goal of “completing half the task during half the time” was achieved.

From January to June 2022, the Group accumulatively produced 201,644 tonnes of blister copper and copper anodes (including copper products manufactured through outsourced processing), 71,932 tonnes of copper cathodes, 845 tonnes of cobalt contained in cobaltous hydroxide and 522,409 tonnes of sulfuric acid; The Group recorded revenue of USD2,206.9 million and net profit attributable to the parent of USD196.2 million. The project of comprehensive utilization of cobalt and copper resources in the southeast ore body of NFCA has determined the processing and smelting process of cobalt recovery through a large number of experiments in the early stage, and has entered the stage of project initiation; Luanshya kept stable production, and a supplementary feasibility study was conducted for the Mashiba ore body; The deep and peripheral prospecting geological exploration project of SML Samba Copper Mine was approved and implemented; The KAMBOVE MINING SAS has successfully reached the production capacity and standards with good benefits. The production of copper cathodes and cobaltous hydroxide both exceeded the production plan for the first half of the year. In the capital market, the Company's shares were included in the Southbound Trading and MSCI China Small Cap Index successively this year, further enhancing investors' attention and recognition of the Company. In the first half of the year, the daily average trading volume of the Company's shares was 11,528,800 shares, with a turnover rate of 0.31%, and the liquidity was significantly enhanced; At the same time, the Company's development and results have been reported by many media, the Company has been covered in the research reports of some securities institutions, and indicators such as investors' attention have improved significantly. The changes in capital market made us feel gratified, which will help the Company to strengthen the value transmission and realization, and lay a solid foundation for the Company's high-quality and sustainable development.

In the first half of the year, the production of copper mines in the world was generally stable, the copper inventory decreased year on year, and the international copper price fluctuated greatly. Since the start of a new round of easing economic cycle last year in the United States, copper prices have been high and reached a stage peak in the first quarter of this year. However, since the second quarter, the Federal Reserve has raised interest rates sharply in response to inflationary pressures, and concerns about a global economic recession have also led to pessimistic market sentiment. Various factors led to the continuous fall of the international copper prices, and this fluctuation also had a certain impact on the production and operation of the Group. In the second half of the year, the impact of the shrinking of US and European balance sheets on the prices of the non-ferrous industry may continue, but from the perspective of supply and demand, China, as the largest consumer of copper metal, has gradually implemented policies to stabilize economic growth, and the economic recovery after the epidemic has strong momentum; affected by the decline of copper prices, the output of refined copper was lower than expected, and the tight situation of blister copper reappeared; the global copper market inventories continued to deplete, resulting in the continuation of the tight supply in the market; the power and new energy industries continued to develop well, and the terminal demand rebounded, which played a supporting role in copper prices. The international copper price may return to the original principle of supply and demand, and fluctuate to stabilize in the second half of the year.

CHAIRMAN'S STATEMENT (CONTINUED)

The year 2022 coincides with the 25th anniversary of Hong Kong's return to the motherland. As a state-controlled listed company on the Stock Exchange, the Group will resolutely fulfill its corporate social responsibility and further strengthen its market operations and capital operations in Hong Kong. The Group will also continue to uphold the development concept of "innovation, synergy, green, openness and sharing", stick to bottom-line thinking, focus on epidemic prevention and control, compliant operation, safe production and green development, strictly implement the annual output guidelines, ensure the supply of raw materials at smelting end, and actively seek to obtain more resources to ensure the overall goal of stable growth throughout the year.

Finally, on behalf of the Company's Board of Directors and all employees, I would like to express my heartfelt thanks to all the shareholders and investors who extend their care, support and help to the Group. The achievements are not easily made, and the whole Company will work harder to accomplish.

Jinjun Zhang

Chairman of the Board

China Nonferrous Mining Corporation Limited

Beijing, 30 August 2022

RESULTS HIGHLIGHTS

OPERATING RESULTS

- In the first half of 2022, China Nonferrous Mining Corporation Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded revenue of US\$2,206.9 million, representing a year-on-year increase of 4.6%.
- In the first half of 2022, the Group recorded profit attributable to owners of the Company of US\$196.2 million, representing a year-on-year decrease of 17.7%.

CHANGES IN PRODUCT OUTPUT

- In the first half of 2022, the Group produced 165,042 tonnes of blister copper and copper anodes, representing a decrease of 4.3% year-on-year.
- In the first half of 2022, the Group produced 71,932 tonnes of copper cathodes, representing an increase of 22.8% year-on-year.
- In the first half of 2022, the Group produced 845 tonnes of cobalt contained in cobaltous hydroxide, representing an increase of 682.4% year-on-year.
- In the first half of 2022, the Group produced 522,409 tonnes of sulfuric acid, representing a decrease of 0.6% year-on-year.
- In the first half of 2022, the Group produced 13,655 tonnes of liquid sulfur dioxide, representing an increase of 14.0% year-on-year.
- In the first half of 2022, the Group processed and produced 36,602 tonnes of copper products as entrusted, representing an increase of 90.6% year-on-year.



Kambove Mining extraction electrowinning workshop

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2022, the Group's operating results declined year on year, which was attributable to the year-on-year decrease in the production volume of Chambishi Southeast Mine, a subsidiary of NFC Africa Mining PLC, and the significant fluctuation in global copper price.

During the reporting period, the revenue of the Group amounted to US\$2,206.9 million, representing an increase of 4.6% as compared with the same period last year. Profit attributable to owners of the Company amounted to US\$196.2 million, representing a decrease of 17.7% over the same period last year, which was mainly attributable to the year-on-year decrease in the production volume of Chambishi Southeast Mine, a subsidiary of NFC Africa Mining PLC, and the significant fluctuation in global copper price.

With the achievement in production capacity and quality of the Kambove Main Mine Leach Copper Smelting Project, a solid foundation will be paved for further development of the Group's business.

BUSINESS REVIEW

The Group is a leading, fast growing and vertically integrated copper producer, which focuses on operations based in the Republic of Zambia ("Zambia") and the Democratic Republic of the Congo ("DRC") concerning mining, ore processing, leaching, smelting and sales of copper and cobalt. The Group also produces sulfuric acid, a by-product generated during the smelting process.

The businesses of the Group are carried out mainly through the following companies: NFC Africa Mining PLC ("NFCA"), CNMC Luanshya Copper Mines PLC ("Luanshya"), Chambishi Copper Smelter Limited ("CCS") and Sino-Metals Leach Zambia Limited ("SML") located in Zambia, as well as Huachin Metal Leach SA ("Huachin Leach"), CNMC Huachin Mabende Mining SA ("CNMC Huachin Mabende"), Lualaba Copper Smelter SAS ("Lualaba Copper Smelter") and Kambove Mining SAS ("Kambove Mining") located in the DRC.

From January to June 2022, the Group accumulatively produced 165,042 tonnes of blister copper and copper anodes, representing a decrease of 4.3% from the same period last year; copper cathodes of 71,932 tonnes, representing an increase of 22.8% from the same period last year; cobalt contained in cobaltous hydroxide of 845 tonnes, representing an increase of 682.4% from the same period last year; sulfuric acid of 522,409 tonnes, representing a decrease of 0.6% from the same period last year; and liquid sulphur dioxide of 13,655 tonnes, representing an increase of 14.0% from the same period last year; the Group accumulatively processed copper products of 36,602 tonnes as entrusted by external enterprises, representing an increase of 90.6% from the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Production Overview

NFCA

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

In the first half of 2022, Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine produced 28,359 tonnes of copper anodes, representing a decrease of 23.5% from the same period last year, of which Southeast Mine produced 13,202 tonnes of copper anodes, which was primarily due to the shutdown and overhaul of Chambishi Main West Mine and Chambishi Southeast Mine as planned.

Luanshya

Luanshya operates five copper mines, namely Baluba Underground Mine, Baluba East Mine, Muliashi North Mine, Roan Ext. Mine (including Roan Ext. East Mine, Roan Ext. West Mine) and Roan Basin Mine, respectively, as well as the Muliashi Leach Plant.

The Luanshya produced 22,117 tonnes of copper cathodes in the first half of 2022, remained stable compared to the same period last year, and produced 5,857 tonnes of copper anodes, representing a decrease of 14.6% from the same period last year, mainly due to the decrease in grade of slag raw ores and the decrease in processing volume and selected average grade of raw ores in Baluba Mine.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2022, CCS accumulatively produced 126,772 tonnes of blister copper and copper anodes, including the processed copper products of 39,227 tonnes, representing a decrease of 3.7% from the same period last year, and 358,258 tonnes of sulphuric acid, representing a decrease of 6.7% from the same period last year. The decrease was mainly due to the insufficiency of raw materials when the main suppliers of copper concentrates started the annual overhaul in April 2022, resulting in relatively low production load from the same period last year.

SML

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

Copper cathodes produced by SML in the first half of 2022 has decreased by 19.2% to 3,737 tonnes as compared with the same period last year, mainly due to decrease in the processing volume of oxide ores purchased from external as compared with the corresponding period of the previous year. SML produced 5,011 tonnes of blister copper and copper anodes, representing an increase of 69.6% from the same period last year, mainly attributable to the purchase of outsourced copper concentrates in addition to exploration of its own mines, which increased the outsourced processing business volume.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Production Overview (Continued)

CNMC Huachin Mabende and Huachin Leach

Copper cathodes produced by CNMC Huachin Mabende in the first half of 2022 increased by 7.2% to 19,400 tonnes as compared with the same period last year, mainly due to the increase in the processing volume of ores purchased externally.

Copper cathodes produced by Huachin Leach in the first half of 2022 decreased by 12.8% to 11,968 tonnes as compared with the same period last year, mainly due to the increase in duration and frequency of limitation of power and blackout, which affected the operation time. Cobalt contained in cobaltous hydroxide produced increased by 69.4% to 183 tonnes as compared with the same period last year, mainly due to the improvement of the processing ability of cobalt system raffinate through technical reform.

Lualaba Copper Smelter

In the first half of 2022, Lualaba Copper Smelter produced 74,872 tonnes of blister copper, including the processed copper products of 36,602 tonnes, representing an increase of 24.6% from the same period last year; 164,151 tonnes of sulfuric acid, representing an increase of 15.9% from the same period last year; and 13,655 tonnes of liquid sulphur dioxide, representing an increase of 14.0% from the same period last year, which was mainly due to the fact that the production was still ramping up in the same period last year.

Kambove Mining

The Kambove Main Mine completed construction and commenced trial operation in the third quarter of 2021, and along with the achievement in production capacity and quality in the first half of 2022, the Kambove Main Mine produced 14,710 tonnes of copper cathodes and 662 tonnes of cobalt contained in cobaltous hydroxide.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Production Overview (Continued)

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 2022⁽¹⁾ (Tonnes)	Production volume for the six months ended 30 June 2021 ⁽¹⁾ (Tonnes)	Period-to-period increase/(decrease) (%)
Blister copper and copper anodes	165,042	172,515	(4.3)
Copper cathodes	71,932	58,570	22.8
Cobalt contained in cobaltous hydroxide	845	108	682.4
Sulfuric acid	522,409	525,500	(0.6)
Liquid sulphur dioxide	13,655	11,977	14.0
Copper product processing services ⁽²⁾	36,602	19,204	90.6

Notes:

- (1) The production volumes of all the products are on a contained-copper basis, except for cobalt contained in cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide.
- (2) The copper product processing services refer to the processing and production of copper products by the Group's smelters as entrusted by the external enterprises and the Group receives processing fees from these enterprises.
- (3) Among the above copper products, production volume of copper by self-owned mine are as follows:

	Production volume for the six months ended 30 June 2022 (Tonnes)	Production volume for the six months ended 30 June 2021 (Tonnes)
Blister copper and copper anodes produced by self-owned mine	32,115	42,085
Copper cathodes produced by self-owned mine	38,739	22,941
Total	70,854	65,026

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2022 are set out below:

	NFCA		Luanshya			SML	Kambove Mining		Total
	Chambishi Main Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Roan Basin Mine	Mwambashi Mine	Main Mine	MSESA Mine	
<i>Unit: Million US dollars</i>									
Exploration activities									
<i>Including:</i>									
- Drilling	0.49	1.07	-	-	0.88	-	0.15	0.28	2.87
- Analysis	-	0.02	-	-	-	-	-	-	0.02
- Others	-	-	-	-	-	-	-	0.32	0.32
Sub-total	0.49	1.09	-	-	0.88	-	0.15	0.60	3.21
Development activities (including mine construction)									
<i>Including:</i>									
- Purchases of assets and equipment	-	-	-	-	-	-	-	-	-
- Civil work for construction of tunnels and roads	-	-	-	-	-	-	-	-	-
- Staff cost	-	-	-	-	-	-	-	-	-
- Others	7.43	13.63	-	3.43	1.53	-	-	-	26.02
Sub-total	7.43	13.63	-	3.43	1.53	-	-	-	26.02
Mining activities (excluding ore processing)									
<i>Including:</i>									
- Staff cost	2.18	5.52	1.13	0.17	-	-	-	-	9.00
- Consumables	8.00	24.23	1.50	0.60	-	-	-	-	34.33
- Fuel, electricity, water and other services	8.93	8.23	3.82	13.81	-	0.03	-	-	34.82
- On-site and remote system management	-	-	-	-	-	-	-	-	-
- Non-income taxes, royalties and other expenses	-	-	4.08	9.87	0.53	-	-	-	14.48
- Depreciation	3.53	24.00	3.43	8.34	0.02	0.14	2.50	-	41.96
- Sub-contracting charges	17.47	22.43	8.38	14.19	1.03	2.19	8.16	-	73.85
- Transportation charges	5.74	7.32	-	-	-	-	-	-	13.06
- Others	1.01	1.66	-	-	-	-	-	-	2.67
Sub-total	46.86	93.39	22.34	46.98	1.58	2.36	10.66	-	224.17

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities

Mining Exploration

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

At NFCA, the completed drilling volume for exploration in the pit was 14,571.57 m, the completed drilling volume for exploration in the pit at Chambishi Southeast Mine was 200 m, the total completed mining volume was 692,200 tonnes at Chambishi Main West Mine, the total completed mining volume was 1,004,300 tonnes at Chambishi Southeast Mine, the completed drilling volume was 4,103 m/87,700 m³ at Chambishi Main West Mine, and the completed drilling volume was 5,552 m/118,029 m³ at Chambishi Southeast Mine.

At Luanshya, resource verification and exploration projects were conducted in the Extended Section of Roan to Muliashi South, and the drilling of 3 drilling holes with footage of 2,546.94 m was completed; the near-surface oxidation ore exploration project was conducted in the north wing of the Roan Basin SS19-SS35 line, and the drilling of 13 drilling holes with footage of 927.32 m was completed; the drilling of 14 surface production prospecting drilling holes with footage of 782.94 m was completed at the Strip Mine in the Extended Section of Roan East; and the drilling of 8 underground production prospecting drilling holes with footage of 549.45 m was completed in Baluba Center Sulphide Mine.

Kambove Mining completed 900 m of supplementary geological exploration drilling at its main mine, and MSEA completed 1,100 m of supplementary geological exploration drilling.

Mining Development

No mining development work which is required to be disclosed under the relevant requirements of the Stock Exchange has occurred during the reporting period.

Ore Mining

For details of ore mining activities, please refer to "Production Overview" on pages 10 to 12.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Infrastructure Projects, Subcontracting Arrangements and Procurement of Equipment

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

1. Construction Contract for Technical Transformation Project of Smelting Anode Furnace Fire Refining System at Chambishi Copper Mine
2. 2022-2024 Mining Contract Memorandum at Main and West Ore Body of NFCA

For the six months ended 30 June 2022, the aggregate value of contracts newly entered into of the Group amounted to US\$28,400,000, of which the capital commitment was US\$25,000,000.

There was no subcontracting arrangement* during the six months ended 30 June 2022.

* 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.

Projects in Progress

From the previous reporting period to the end of the reporting period, the Group has no newly approved projects or projects under construction.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 and service for the periods indicated.

	For the six months ended 30 June							
	2022		% of Total Revenue	2021		% of Total Revenue		
Sales Volume ⁽¹⁾	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)		Sales Volume ⁽¹⁾	Average Selling Price (US\$ per tonne)		Revenue (US\$'000)	Revenue
	(Tonnes)		(%)	(Tonnes)		(US\$'000)	(%)	
Blister copper and copper anodes	157,508	8,864	63.3	182,970	8,496	1,554,500	73.7	
Copper cathodes	71,821	8,910	29.0	56,790	8,245	468,213	22.1	
Sulfuric acid	356,761	266	4.3	393,818	160	62,915	3.0	
Liquid sulphur dioxide	13,803	1,174	0.7	11,998	804	9,652	0.5	
Cobalt contained in cobaltous hydroxide	685	59,961	1.9	211	31,621	6,672	0.3	
Copper product processing services ⁽²⁾	36,602	508	0.8	14,982	508	7,605	0.4	
Total	637,180		100.0	660,769		2,109,557	100.0	

Notes:

- (1) The sales volumes of the products of blister copper and copper anodes, copper cathodes are on a contained-copper basis.
- (2) The copper product processing services refer to the processing and production of copper products by the Group's smelters as entrusted by the external enterprises and the Group receives processing fees from these enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Revenue

The revenue of the Group increased by 4.6% from US\$2,109.6 million in the first half of 2021 to US\$2,206.9 million in the first half of 2022, primarily attributable to the increase in the sales volume of copper cathodes as Kambove Mine was put into operation and the increase in the average selling prices.

The revenue from sales of blister copper and copper anodes decreased by 10.2% from US\$1,554.5 million in the first half of 2021 to US\$1,396.2 million in the first half of 2022, primarily attributable to the year-on-year decrease in sales volume.

The revenue from sales of copper cathodes increased by 36.7% from US\$468.2 million in the first half of 2021 to US\$639.9 million in the first half of 2022, primarily attributable to the year-on-year increase in sales volume and average selling price.

The revenue from sales of sulfuric acid increased by 51.0% from US\$62.9 million in the first half of 2021 to US\$95.0 million in first half of 2022, primarily attributable to the increase in average selling price of sulfuric acid as compared with the same period last year.

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

	For the six months ended 30 June							
	2022				2021			
	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin
	(US\$'000)	(US\$ per tonne)	(US\$'000)	(%)	(US\$'000)	(US\$ per tonne)	(US\$'000)	(%)
Blister copper and copper anodes	1,273,252	8,084	122,959	8.8	1,234,072	6,745	320,428	20.6
Copper cathodes	340,390	4,739	299,536	46.8	223,217	3,931	244,996	52.3
Sulfuric acid	32,753	92	62,201	65.5	18,824	48	44,091	70.1
Liquid sulphur dioxide	3,214	233	12,993	80.2	2,320	193	7,332	76.0
Cobalt contained in cobaltous hydroxide	10,277	15,003	30,796	75.0	3,392	16,076	3,280	49.2
Copper product processing services ⁽¹⁾	16,086	439	2,491	13.4	9,170	612	(1,565)	(20.6)
Total	1,675,972		530,976	24.1	1,490,995		618,562	29.3

Note:

- (1) The copper product processing services refer to the processing and production of copper products by the Group's smelters as entrusted by the external enterprises and the Group receives processing fees from these enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Cost of sales

The cost of sales of the Group increased by 12.4% to US\$1,676.0 million in the first half of 2022 from US\$1,491.0 million in the first half of 2021, primarily due to the increase in raw material cost of copper concentrates and oxide ore resulting from the higher fluctuation of the global copper price and the increase in the sales volume of copper cathodes as Kambove Mine was put into operation.

The cost of sales of blister copper and copper anodes increased by 3.2% from US\$1,234.1 million in the first half of 2021 to US\$1,273.3 million in the first half of 2022, primarily due to the increase in raw material cost of copper concentrates resulting from the higher fluctuation in global copper price.

The cost of sales of copper cathodes increased by 52.5% from US\$223.2 million in the first half of 2021 to US\$340.4 million in the first half of 2022, primarily due to the increase in raw material cost of outsourced oxide ore resulting from the year-on-year increase in the sales volume of copper cathodes and the significant fluctuation in global copper price.

The cost of sales of sulfuric acid increased by 74.5% from US\$18.8 million in the first half of 2021 to US\$32.8 million in the first half of 2022, primarily due to the inclusion of shipping cost from the cost of customer contract performance into the cost of sales for the current period.

Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US\$531.0 million in the first half of 2022, representing a decrease of 14.2% from US\$618.6 million in the same period of 2021. The gross profit margin decreased from 29.3% in the first half of 2021 to 24.1% in the first half of 2022, which was mainly attributable to the increase in raw material cost of outsourced copper concentrates and oxide ore resulting from the increase of the global copper price.

Distribution and selling expenses

The distribution and selling expenses of the Group decreased by US\$40.3 million from US\$43.6 million in the first half of 2021 to US\$3.3 million in the first half of 2022, primarily due to the decrease in selling expenses for the current period resulting from the inclusion of shipping cost and customs clearance fees mainly from the cost of customer contract performance into the cost of sales.

Finance costs

The finance costs of the Group decreased by 22.2% from US\$18.0 million in the first half of 2021 to US\$14.0 million in the first half of 2022, primarily due to the year-on-year decrease in interest-bearing liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Other gains and losses

In terms of other gains and losses, the Group recorded a net loss of US\$3.3 million in the first half of 2022, decreased by US\$21.3 million from the net gain of US\$18.0 million in the first half of 2021, which was primarily due to the year-on-year decrease in the gain derived from changes in fair value of financial instruments.

Income tax expense

The income tax expense of the Group decreased by 24.1% from US\$182.1 million in the corresponding period of 2021 to US\$138.2 million in the first half of 2022, primarily due to the year-on-year decrease in profit before tax.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company decreased by 17.7% from US\$238.5 million in the first half of 2021 to US\$196.2 million in the first half of 2022.

Liquidity and capital resources

Cash flows

Net cash generated from operating activities

Net cash generated from the operating activities of the Group was US\$276.9 million in the first half of 2022, which decreased by US\$92.8 million from US\$369.7 million in the first half of 2021, mainly attributable to the year-on-year decrease in operating profit during the reporting period.

Net cash used in investing activities

The net cash used in investing activities of the Group was US\$14.2 million in the first half of 2022, which decreased by US\$68.7 million from US\$82.9 million in the first half of 2021, mainly attributable to the decrease in investment in fixed assets during the reporting period as the Kambove Main Mine Leach Copper Smelting Project put into operation.

Net cash (used in)/generated from financing activities

The net cash used in financing activities of the Group was US\$61.3 million in the first half of 2022, which decreased by US\$117.9 million from the net cash inflow of US\$56.6 million in the first half of 2021, mainly attributable to the issuance of additional shares in the same period last year to raise funds compared to the absence of such financing in the same period of this year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Liquidity and capital resources (Continued)

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US\$201.5 million from US\$606.7 million as at 31 December 2021 to US\$808.2 million as at 30 June 2022.

Trade receivables at amortised cost/trade receivables at FVTPL

As at 30 June 2022, the Group recorded trade receivables at amortised cost of US\$33.2 million and trade receivables at FVTPL of US\$512.0 million. The trade receivables at FVTPL were the trade receivables arising from the sale of copper products under provisional pricing arrangements. The aggregate trade receivables amounted to US\$545.2 million, which decreased by US\$10.6 million from US\$555.8 million as at 31 December 2021, primarily attributable to the decrease in sales volume of unsettled copper products.

Inventories

Inventories held by the Group increased by US\$10.5 million from US\$848.3 million as at 31 December 2021 to US\$858.8 million as at 30 June 2022, primarily due to the increase in stocks of finished goods.

Trade payables at amortised cost/trade payables designated at FVTPL

As at 30 June 2022, the Group recorded trade payables at amortised cost of US\$286.4 million and trade payables designated at FVTPL of US\$192.3 million. The trade payables designated at FVTPL were the trade payables arising from the purchase of copper concentrates under provisional pricing arrangements. The aggregate trade payables amounted to US\$478.7 million, which decreased by US\$112.4 million from US\$591.1 million as at 31 December 2021, primarily due to the year-on-year decrease in payables for auxiliary materials, spare parts, etc., as well as the decrease in purchase volume of unsettled copper concentrates.

Bank and other borrowings

As of 30 June 2022, the Group's balance of bank and other borrowings amounted to US\$842.7 million, among which:

- (1) Balance of bank and other borrowings due within one year amounted to US\$47.1 million;
- (2) Balance of bank and other borrowings due more than one year but not exceeding two years amounted to US\$125.0 million;
- (3) Balance of bank and other borrowings due more than two years but not exceeding five years amounted to US\$586.6 million;
- (4) Balance of bank and other borrowings due more than five years amounted to US\$84.0 million.

As of 30 June 2022, the Group's bank and other borrowings were denominated in US dollar and had no seasonal features.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Capital Expenditure

	For the six months ended 30 June	
	2022 (US\$'000)	2021 (US\$'000)
Mining and ore processing facilities at Chambishi Southeast		
Mine of NFCA	13,419	22,416
Other mining and ore processing facilities at NFCA	8,798	2,825
Mining and ore processing facilities at Luanshya (Roan Mine)	–	1,481
Mining and leaching facilities at Luanshya (Muliashi Project)	424	3,928
Other facilities at Luanshya	453	135
Smelting facilities at CCS	2,048	1,356
Leaching facilities at Chambishi Leach Plant	499	677
Leaching facilities at CNMC Huachin Leach Project	1,016	1,928
Leaching facilities at Mabende Project	308	804
Smelting facilities at Lualaba Copper Smelter	2,879	2,565
Mining and ore processing facilities at Kambove Mining	4,551	83,169
Other facilities at Luano Project	41	110
Total	34,436	121,394

The total capital expenditure of the Group decreased by US\$87.0 million from US\$121.4 million in the first half of 2021 to US\$34.4 million in the first half of 2022, primarily due to the decrease in the investment in mining and ore processing facilities at Kambove Mining.

Financial Policies

As of 30 June 2022, 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").

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Market Risk Disclosure

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

Commodity price risk

The Group's commodity price risk mainly represents 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 pricing arrangements to manage and forecast its sales of copper products, and to forecast purchase of copper concentrates, inventories and the risk relating to 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 will consider hedging significant interest rate risk should the need arise.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 six months ended 30 June 2022. Apart from those disclosed in this interim report, there was no plan approved by the board of directors of the Company (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 2022, no assets of the Group were being charged (as at 31 December 2021: Nil).

GEARING RATIO

As at 30 June 2022, the gearing ratio was 1.8% (as at 31 December 2021: 16.9%) as 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 2022, saved as disclosed in this interim report, there was no other material contingent liabilities (as at 31 December 2021: Nil).

NO MATERIAL CHANGES

Saved as disclosed in this interim report, for the period from 1 January 2022 to 30 June 2022, there were no material changes affecting the Company’s performance that need to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this interim report, there were no significant events in relation to the Group after the reporting period.

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS

NUMBER OF SHARES

As at 30 June 2022, the Company had issued 3,739,036,000 ordinary shares (the “Shares”).

PARTICULARS OF SHAREHOLDERS

Substantial Shareholders and Other Persons’ Interest and Short Positions in Shares and Underlying Shares

As at 30 June 2022, so far as it is known to the Directors and the chief executive of the Company, interests or short positions which shall be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions in Shares:

Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholdings
CNMD	Registered owner	2,600,000,000	69.54%
CNMC	Interest in a controlled corporation	2,600,000,000	69.54%

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 2022, 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 name for reference purposes only

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

PARTICULARS OF SHAREHOLDERS (CONTINUED)

Substantial Shareholders and Other Persons' Interest and Short Positions in Shares and Underlying Shares (Continued)

As at 30 June 2022, 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 ("YH Metal")	38%
Kingsail Limited	YH Metal	40%

Save as disclosed above, as at 30 June 2022, no other persons 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 name for reference purposes only

CORPORATE GOVERNANCE

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, internal control of risk 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.

Mr. Jinjun Zhang was appointed as the Chairman of the Board on 8 January 2021, and continued to serve as the President of the Company. Save as that Mr. Jinjun Zhang serves as the Chairman and President of the Company with effect from 8 January 2021 which is at variance with code provision C.2.1 of the CG Code (as defined below), none of the Directors is aware of any information which would reasonably indicate that the Company has not, for the six months ended 30 June 2022, complied with the code provisions as set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules.

The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced talents with a sufficient number of Directors being independent non-executive Directors, and therefore, the performance of the roles of the Chairman of the Board and the President of the Company concurrently by Mr. Jinjun Zhang will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. As to the deviation from code provision C.2.1 of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

The Board had been identifying a suitable candidate to act as the President of the Company. Subsequent to the period under review, on 4 August 2022, due to personal work adjustment, Mr. Jinjun Zhang ceased to be the President of the Company. Since that day, Mr. Jinping Ma, the Vice President of the Company, has temporarily performed the duties of the President. Since then, the roles of the Chairman and the President of the Company are performed by different persons.

HUMAN RESOURCES

EMPLOYEE INFORMATION

As at 30 June 2022, the Group employed a total of 8,874 employees, which comprised 905 Chinese employees and 7,969 local employees in Zambia and the DRC. The total cost of employees incurred by the Group for the six months ended 30 June 2022 was approximately US\$65.5 million (for the six months ended 30 June 2021: US\$54.8 million).

CORPORATE SOCIAL RESPONSIBILITY

The Group always adheres to its 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; 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 subject trainings for our employees such as vocational skills training and health and safety training, and provides quality environment for their growth, thus achieving common growth 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 safe production education 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 2022, the Group maintained the stable situation of safety production.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

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.

COMMUNITY PARTICIPATION AND OPERATING PRACTICE

Based on copper and cobalt resources development, with the self-development and growth of the Group, it follows the “mutual benefit and win-win” cooperation concept, 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 2022, 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, active development of vocational education 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.

FUTURE PROSPECTS

In the first half of 2022, the Company has continued the good development trend as last year. Under the overall guidance of Covid-19 pandemic prevention and control and production and operation, the investees seized the opportunity of high copper price at the beginning of the year, stabilized production and raised efficiency, and all production and operation data has reached the expected goal and achieved “more than half of the output when reaching mid-year”. Meanwhile, after being included into the Stock Connect in March this year, the Company was included into the MSCI China Small Cap Index in May, which signifies that the Company is further recognized in the capital market and laid a foundation for capital operation in the next stage and sustainable high-quality development.

Since two quarters this year, influenced by factors such as the tightening of the US Federal Reserve, geopolitical conflicts and Covid-19 pandemic, the market sentiment has been generally pessimistic, plus a gloomy market outlook and liquidity strain, leading to a collective pullback on the prices of the nonferrous metals. Meanwhile, according to ICSG, the global refined copper production is expected to grow by approximately 4.3%, faster supply growth than the demand growth eases the supply constraints, which lowers the copper price to some extent. In the second half of the year, it is expected that the balance sheet reduction by the US and European countries will become significant financial events, which may continue to inflict impacts on the price of the nonferrous industry. However, we also noticed that as the largest copper consumer, China is gradually implementing its steady growth policy, and with the eased Covid-19 pandemic, there is a higher market expectation. The new energy and power industry continue to grow fast, which supports the copper demand to some extent. With the gradual release of the negative sentiment, the international copper price may fluctuate at the current level.

Despite the fact that the large swings of the copper price have made certain impact on the Company, all production and operation tasks are progressing as planned. In the second half of the year, the management will firmly implement the working method of “seeking higher results with stead pace” of the controlling shareholders under the leadership of the Board, stabilize the production and secure profits, attach great importance on safety and environmental protection, compliant operation and sustainable development, and accelerate the implementation of various reforms, ensure the completion of the annual production and operation task indicators, to realize the overall goal of stabilizing the growth in 2022.



Copper return site at Lualaba Copper Smelter and KAMOA

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 CNMD, 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 Unit 1303, 13/F., Austin Tower, 22–26 Austin Avenue, Tsimshatsui, 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 Company's subsidiaries are principally engaged in exploration of copper and cobalt, mining, ore processing, leaching, smelting, sale of copper cathodes, blister copper and copper anodes, cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide, and rendering copper product processing services. The interim condensed consolidated financial information are presented in United States dollars, 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 2022, 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 Securities and Futures Ordinance (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 six months ended 30 June 2022, 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.

OTHER INFORMATION (CONTINUED)

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 2022.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Mr. Huanfei Guan, an independent non-executive Director of the Company, has been appointed as an independent non-executive director of Guangdong – Hong Kong Greater Bay Area Holdings Limited (stock code: 01396) since 27 June 2022, shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Save as mentioned above, since 27 April 2022 (the date of publication of the 2021 Annual Report), there has been no change in the information of the Directors as required 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 D.3 of Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "Audit Committee"). 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. Yaoyu Tan, a non-executive Director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non-executive Directors. The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 and the Interim Report, and was of the opinion that such unaudited interim condensed consolidated financial information 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 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the six months ended 30 June 2022.

INDEPENDENT REVIEW REPORT



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

INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 64, which comprises the interim condensed consolidated statement of financial position of China Nonferrous Mining Corporation Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
30 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Revenue from contracts with customers	3, 4	2,206,948	2,109,557
Cost of sales		(1,675,972)	(1,490,995)
Gross profit		530,976	618,562
Other income		4,476	3,442
Other gains and losses	5	(3,332)	18,021
Distribution and selling expenses		(3,308)	(43,616)
Administrative expenses		(76,359)	(46,743)
Other expenses		(6,940)	(1,326)
Finance costs	6	(13,992)	(18,018)
Profit before tax	7	431,521	530,322
Income tax expense	8	(138,163)	(182,102)
Profit and total comprehensive income for the period		293,358	348,220
Profit and total comprehensive income attributable to:			
Owners of the Company		196,173	238,543
Non-controlling interests		97,185	109,677
		293,358	348,220
Earnings per share			
– Basic and diluted (<i>US cents per share</i>)	10	5.25	6.70
– Basic and diluted (<i>equivalent to approximately HK\$ per share</i>)		0.41	0.52

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>NOTES</i>	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment	11	1,617,679	1,697,104
Right-of-use assets		7,448	9,930
Mining rights		128,748	130,216
Restricted bank balances		1,505	1,505
Deferred tax assets		7,789	13,102
Prepayments and other receivables	14	60,478	68,283
		1,823,647	1,920,140
Current Assets			
Inventories	12	858,818	848,301
Trade receivables at amortised cost	13	33,200	25,863
Trade receivables at fair value through profit or loss ("FVTPL")	13	512,014	529,904
Prepayments and other receivables	14	257,923	229,784
Financial assets at FVTPL		30,548	–
Restricted bank balances		3,748	3,246
Bank balances and cash		808,151	606,746
		2,504,402	2,243,844
Total Assets		4,328,049	4,163,984

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

	NOTES	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	18	740,119	740,119
Retained profits		855,406	802,083
Equity attributable to owners of the Company		1,595,525	1,542,202
Non-controlling interests		694,869	629,682
Total Equity		2,290,394	2,171,884
Non-current Liabilities			
Deferred tax liabilities		162,586	141,373
Bank and other borrowings – due after one year	17	795,633	848,133
Lease liabilities		3,048	6,411
Deferred income		13,275	13,940
Provision for restoration, rehabilitation and environmental costs		38,952	37,400
		1,013,494	1,047,257
Current Liabilities			
Trade payables at amortised cost	15	286,435	359,327
Trade payables designated at FVTPL	15	192,315	231,803
Other payables and accrued expenses	16	299,041	112,507
Income tax payable		167,205	196,669
Bank and other borrowings – due within one year	17	47,128	24,225
Lease liabilities		7,638	7,472
Contract liabilities		24,399	9,069
Financial liabilities designated at FVTPL		–	3,771
		1,024,161	944,843
Total Liabilities		2,037,655	1,992,100
Total Equity and Liabilities		4,328,049	4,163,984

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company			Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Retained profits US\$'000	Total US\$'000		
Six months ended 30 June 2022					
At 31 December 2021 (audited)	740,119	802,083	1,542,202	629,682	2,171,884
Profit and total comprehensive income for the period	-	196,173	196,173	97,185	293,358
Dividends declared by subsidiaries	-	-	-	(31,998)	(31,998)
Dividends declared by the Company (Note 9)	-	(142,850)	(142,850)	-	(142,850)
At 30 June 2022 (unaudited)	740,119	855,406	1,595,525	694,869	2,290,394
Six months ended 30 June 2021					
At 31 December 2020 (audited)	613,233	498,531	1,111,764	547,178	1,658,942
Issue of shares (Note 18)	127,482	-	127,482	-	127,482
Share issuance cost (Note 18)	(596)	-	(596)	-	(596)
Profit and total comprehensive income for the period	-	238,543	238,543	109,677	348,220
Dividends declared by the Company (Note 9)	-	(53,569)	(53,569)	-	(53,569)
At 30 June 2021 (unaudited)	740,119	683,505	1,423,624	656,855	2,080,479

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	276,858	369,660
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	200	426
Purchase of property, plant and equipment	(13,887)	(83,831)
Placement of restricted bank balances	(502)	(849)
Release of restricted bank balances	-	1,362
	(14,189)	(82,892)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	126,886
Dividends paid to shareholders of the Company	-	(14,723)
Dividends paid to non-controlling interests of the subsidiaries	(14,478)	-
Interest paid	(13,423)	(17,538)
Repayments of bank and other borrowings	(150,000)	(460,486)
New bank and other borrowings raised	120,000	426,000
Repayments of lease liabilities	(3,363)	(3,516)
	(61,264)	56,623
NET INCREASE IN CASH AND CASH EQUIVALENTS	201,405	343,391
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	606,746	497,829
Effect of foreign exchange rate changes	-	(18)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by:		
Bank balances and cash	808,151	841,202

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The financial information relating to the year ended 31 December 2021 that is included in the interim condensed consolidated statement of financial position 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 those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 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 then auditors have reported on the financial statements for the year ended 31 December 2021. The Company's then auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

3. SEGMENT INFORMATION

Segment revenue and results

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

Six months ended 30 June 2022

	Leaching <i>US\$'000</i> (Unaudited)	Smelting <i>US\$'000</i> (Unaudited)	Consolidated <i>US\$'000</i> (Unaudited)
Revenue from external sales	680,999	1,525,949	2,206,948
Inter-segment sales	–	30,518	30,518
Total segment revenue	680,999	1,556,467	2,237,466
Elimination			(30,518)
Revenue for the period			2,206,948
Segment profit	172,712	136,280	308,992
Unallocated income*			200
Unallocated expenses [#]			(15,834)
Profit for the period			293,358

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Six months ended 30 June 2021

	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)	Consolidated US\$'000 (Unaudited)
Revenue from external sales	474,885	1,634,672	2,109,557
Inter-segment sales	–	23,224	23,224
Total segment revenue	474,885	1,657,896	2,132,781
Elimination			(23,224)
Revenue for the period			2,109,557
Segment profit	187,853	169,095	356,948
Unallocated income*			426
Unallocated expenses#			(9,154)
Profit for the period			348,220

* The unallocated income mainly represents the interest income arising from the bank deposits and bank balances of the Company, China Nonferrous Mining Holdings Limited (“CNMH”), a directly wholly-owned subsidiary of the Company which directly holds the Group’s shareholdings in the subsidiaries in the Republic of Zambia (“Zambia”), China Nonferrous Mining Hong Kong Holdings Limited (“CNMHK”), a directly non-wholly-owned subsidiary of the Company which directly holds the Group’s shareholdings in three subsidiaries in Democratic Republic of Congo (“DRC”), and China Nonferrous Mining Hong Kong Investment Limited (“CNMHKI”), a directly wholly-owned subsidiary of the Company which directly holds the Group’s shareholdings in the other three subsidiaries in DRC (collectively referred to as the “Holding Companies”).

The unallocated expenses mainly represent the administrative expenses, interest expenses and income tax expenses of the Holding Companies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Segment assets		
– Leaching	1,326,549	1,348,698
– Smelting	2,814,470	2,746,800
Total segment assets	4,141,019	4,095,498
Unallocated assets*	188,326	73,319
Elimination	(1,296)	(4,833)
Consolidated total assets	4,328,049	4,163,984
Segment liabilities		
– Leaching	469,757	517,953
– Smelting	1,219,011	1,432,463
Total segment liabilities	1,688,768	1,950,416
Unallocated liabilities*	350,183	46,517
Elimination	(1,296)	(4,833)
Consolidated total liabilities	2,037,655	1,992,100

* The unallocated assets and liabilities mainly represent those of the Holding Companies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June 2022	
	Leaching <i>US\$'000</i> (Unaudited)	Smelting <i>US\$'000</i> (Unaudited)
Sales of goods to external customers		
Copper cathodes	639,926	–
Blister copper and copper anodes	–	1,396,211
Sulfuric acid	–	94,954
Liquid sulphur dioxide	–	16,207
Cobalt contained in cobaltous hydroxide	41,073	–
	680,999	1,507,372
Copper products processing service	–	18,577
Total	680,999	1,525,949
Geographical markets		
Mainland China	537,509	1,012,421
Hong Kong	–	104,807
Switzerland	106,291	166,026
Singapore	37,199	66,380
Africa	–	174,207
Luxemburg	–	2,108
Total	680,999	1,525,949
Timing of revenue recognition		
A point in time	680,999	1,525,949

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of revenue from contracts with customers (Continued)

	Six months ended 30 June 2021	
	Leaching <i>US\$'000</i> (Unaudited)	Smelting <i>US\$'000</i> (Unaudited)
Sales of goods to external customers		
Copper cathodes	468,213	–
Blister copper and copper anodes	–	1,554,500
Sulfuric acid	–	62,915
Liquid sulphur dioxide	–	9,652
Cobalt contained in cobaltous hydroxide	6,672	–
	474,885	1,627,067
Copper product processing services	–	7,605
Total	474,885	1,634,672
Geographical markets		
Mainland China	336,018	685,456
Hong Kong	–	419,902
Switzerland	99,391	125,865
Singapore	23,682	171,532
Africa	4,531	79,412
Luxemburg	11,263	152,505
Total	474,885	1,634,672
Timing of revenue recognition		
A point in time	474,885	1,634,672

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Impairment loss recognised in respect of input value added tax ("VAT") receivables	(7,979)	(19,775)
Gains/(losses) from changes in fair value of financial assets/liabilities at FVTPL		
– financial assets/liabilities at FVTPL	31,349	(40,484)
– trade receivables at FVTPL	(47,666)	163,632
– trade payables designated at FVTPL	26,249	(82,970)
Foreign exchange loss, net (<i>Note</i>)	(5,285)	(2,382)
	(3,332)	18,021

Note: The amount included exchange losses arising from the retranslation of input VAT receivables denominated in Zambia Kwacha ("ZMK") to United States Dollars ("US\$") amounting to US\$1,666,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: US\$5,323,000).

6. FINANCE COSTS

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Interest on bank and other borrowings	13,623	17,494
Interest on lease liabilities	166	317
Unwinding of the discount	203	207
	13,992	18,018

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following items:

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Depreciation of property, plant and equipment	108,177	95,339
Depreciation of right-of-use assets	2,482	2,482
Amortisation of mining rights	1,468	70
Total depreciation and amortisation	112,127	97,891
Less: capitalised in inventories	(101,826)	(88,071)
capitalised in construction in progress	-	(2,636)
	10,301	7,184
Cost of inventories recognised as an expense	1,675,972	1,490,995

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Current tax:		
Income tax in China	2	–
Income tax in Ireland	378	323
Income tax in DRC	45,280	33,657
Income tax in Zambia	65,977	70,905
	111,637	104,885
Deferred tax		
Current period	26,526	77,217
Total income tax expense	138,163	182,102
Effective tax rate	32.0%	34.3%

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% income tax relief for the next two years thereafter. The tax incentives are applicable to the assessable profits generated from 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 not eligible for income tax relief for both reporting periods. The remaining phase of production facilities of CCS is under the third year of 50% income tax relief during the six months ended 30 June 2022 (six months ended 30 June 2021: 50%).

Lualaba Copper Smelter SAS (“Lualaba Copper Smelter”), a non-wholly-owned subsidiary of the Company located in DRC, is eligible for the 68.29% income tax relief for the five years starting from July 2021. The calculation of income tax relief rate is based on the current production volume proportion of sulfuric acid, which also depends on the remaining investments in blister copper and sulfuric acid.

9. DIVIDENDS

During the six months ended 30 June 2022, a final dividend of US\$ 3.8205 per share in respect of the year ended 31 December 2021 (six months ended 30 June 2021: US\$ 1.4327 per share in respect of the year ended 31 December 2020) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2022 amounted to US\$142,849,870 (six months ended 30 June 2021: US\$53,569,169).

The directors of the Company (“Directors”) do not recommend interim dividend for the current period (six months ended 30 June 2021: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

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	
	2022 (Unaudited)	2021 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation <i>(in US\$'000)</i>	196,173	238,543
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation <i>(in '000)</i>	3,739,036	3,559,478
Earnings per share		
– Basic and diluted <i>(US cents per share)</i>	5.25	6.70
– Basic and diluted <i>(equivalent to approximately HK\$ per share)</i>	0.41	0.52

During the six months ended 30 June 2021, the weighted average number of ordinary shares for the purpose of basic earnings per share calculation has been adjusted due to the subscription of new shares which took place at 14 May 2021 (During the six months ended 30 June 2022: Nil).

During the six months ended 30 June 2022 and 2021, there was no potential ordinary share outstanding with diluted impact.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US\$28,848,000 (31 December 2021: US\$91,726,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

12. INVENTORIES

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Raw materials	447,852	490,952
Spare parts and consumables	88,908	90,829
Work in progress	143,915	150,286
Finished goods	178,143	116,234
	858,818	848,301

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

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Trade receivables at amortised cost	35,775	28,438
Less: Allowance for credit losses	(2,575)	(2,575)
	33,200	25,863
Trade receivables at FVTPL	512,014	529,904

As at 30 June 2022 and 31 December 2021, all trade receivables at amortised cost/trade receivables at FVTPL were from contracts with customers.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

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

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

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
0 to 30 days	16,525	22,245
31 to 90 days	16,075	3,618
91 to 180 days	90	–
181 to 365 days	510	–
	33,200	25,863

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

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
0 to 30 days	318,118	370,242
31 to 90 days	184,948	139,626
91 to 180 days	8,948	15,338
181 to 365 days	–	4,698
	512,014	529,904

The Group sells copper products under provisional pricing arrangements where final prices are set at a specified date based on market prices. Revenues are recognised using forward prices for the expected date of final settlement. The contractual cash flows of trade receivables vary depending on the market price at the date of final settlement, and do not represent solely payments of principal and interest on the principal amount outstanding. Consequently, these trade receivables resulted from provisionally priced contracts are measured at FVTPL.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

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

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

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Trade receivables at amortised cost:		
Fellow subsidiaries	2,252	8,565
Trade receivables at FVTPL:		
Fellow subsidiaries	405,272	294,027
Subsidiaries of a non-controlling shareholder of a subsidiary	10,355	131,544
A non-controlling shareholder of a subsidiary	432	–
	416,059	425,571

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

14. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Non-current:		
Deposits for property, plant and equipment	1,913	2,491
Deposits in connection with the restoration and rehabilitation obligations	2,699	2,616
Long-term receivables (<i>Note a</i>)	27,879	28,426
Input VAT receivables, net (<i>Note b</i>)	15,354	21,896
Others (<i>Note c</i>)	12,633	12,854
	60,478	68,283
Current:		
Prepayments for inventories and others	44,662	23,644
Input VAT receivables, net (<i>Note b</i>)	106,587	121,660
Deposits in futures margin accounts	89,485	77,456
Other receivables	31,456	21,291
Less: Allowance for credit losses	(14,267)	(14,267)
	257,923	229,784

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

14. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- a. Pursuant to a financing agreement (the “LCS Project Agreement”) entered into between Lualaba Copper Smelter and Societe Nationale D’electricite (the “SND”), a state-owned power supplier in DRC, in July 2018, Lualaba Copper Smelter should provide finance to construct certain power supply network assets (the “LCS Network Assets”). SND should repay the finance amount agreed to construction cost by installments with an interest rate of 6% per annum.

The construction of LCS Network Assets was completed on 2 February 2021. The finance amount agreed to construction cost was US\$29,300,000. The finance amount together with the interest will be received from SND starting from 1 March 2021.

- b. The gross carrying amount of input VAT receivables is US\$174,796,000 (31 December 2021: US\$188,432,000). Impairment provision is estimated based on the present value of the estimated future cash flows, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the input VAT receivables for which the estimates of future cash flows have not been adjusted. An impairment provision amounting to US\$52,855,000 (31 December 2021: US\$44,876,000) in aggregate has been made on input VAT receivables.

- c. Pursuant to a connection agreement (the “NFCA Connection Agreement”) entered into between NFCA and Copperbelt Energy, NFCA construct certain power supply network assets (the “NFCA Network Assets”) to enable Copperbelt Energy to supply electricity to the Chambishi Southeast Mine Project of NFCA at Chambishi, Copperbelt Province of Zambia. According to the NFCA Connection Agreement, NFCA shall transfer the NFCA Network Assets to Copperbelt Energy on the date which Copperbelt Energy issues a Taking-Over Certificate.

As at 30 June 2022, the balance of the construction of NFCA Network Assets was US\$11,314,000 (31 December 2021: US\$11,314,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

14. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

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

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Fellow subsidiaries	1,059	485
A non-controlling shareholder of a subsidiary	4,991	69
	6,050	554

Except for the loan receivable from a non-controlling shareholder of a subsidiary which is unsecured and carries a fixed interest rate of 7% with a loan term of 3 years, the remaining balances with related parties are unsecured, interest-free and are receivable on demand.

Allowance for input VAT receivables

The movement in the allowance for input VAT receivables during the six months ended 30 June 2022 was as follows:

	Six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Balance at 1 January	44,876	15,899
Impairment losses recognised (<i>Note 5</i>)	7,979	19,775
Balance at 30 June	52,855	35,674

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

15. TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES DESIGNATED AT FVTPL

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Trade payables at amortised cost	286,435	359,327
Trade payables designated at FVTPL	192,315	231,803

The following is an aging analysis of trade payables at amortised cost, presented based on the invoice dates:

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
0 to 30 days	109,720	160,051
31 to 90 days	79,539	96,299
91 to 180 days	21,380	44,208
181 to 365 days	31,467	13,385
1 to 2 years	–	1,055
Over 2 years	44,329	44,329
	286,435	359,327

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

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
0 to 30 days	140,090	209,919
31 to 90 days	52,225	9,166
91 to 180 days	–	12,718
	192,315	231,803

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

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

The trade payables arising from provisional pricing arrangements of purchases of copper concentrates are settled at final prices set at a specified future period after shipment by suppliers based on prevailing spot prices. These trade payables are designated at FVTPL on a contract-by-contract basis.

The average credit period on purchases of certain goods is within three months and most payables are paid within the credit time frame.

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

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Trade payables at amortised cost:		
Fellow subsidiaries	69,663	62,989
China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC")	–	154
A non-controlling shareholder of a subsidiary	3,780	–
Subsidiaries of a non-controlling shareholder of subsidiaries	54,122	92,507
	127,565	155,650
Trade payables designated at FVTPL:		
Fellow subsidiaries	5,806	9,216

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

16. OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
Payables for property, plant and equipment	50,203	37,372
Dividend payable to shareholders of the Company	142,872	22
Dividends payable to non-controlling shareholders of subsidiaries	42,316	24,796
Other tax payables	27,158	17,819
Payroll payables	14,471	13,151
Accrued expenses	22,021	19,347
	299,041	112,507

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

	30 June 2022 <i>US\$'000</i> (Unaudited)	31 December 2021 <i>US\$'000</i> (Audited)
China Nonferrous Mining Development Limited ("CNMD")	99,333	–
CNMC	–	1,170
Fellow subsidiaries	1,057	37,710
Non-controlling shareholders of the Company	43,539	–
Non-controlling shareholders of subsidiaries	42,655	29,796
	186,584	68,676

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

17. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2022, the Group obtained new bank and other borrowings amounting to US\$120,000,000 in total carrying a floating interest rate of 3-month LIBOR plus 4% (six months ended 30 June 2021: US\$426,000,000 carrying a floating interest rate of 3-month LIBOR plus 1.45% to 2.3%) per annum, and repaid bank and other borrowings amounting to US\$150,000,000 (six months ended 30 June 2021: US\$460,486,000).

18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000	Share capital US\$'000
Issued and fully paid			
At 31 December 2020 (audited)	3,489,036	4,775,319	613,233
Issue of shares at 14 May 2021	250,000	990,000	127,482
Transaction costs attributable to issue of shares	–	(4,630)	(596)
At 30 June 2021 (unaudited), 31 December 2021 (audited), 30 June 2022 (unaudited)	3,739,036	5,760,689	740,119

19. CAPITAL COMMITMENTS

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the interim condensed consolidated financial information	49,722	36,135

On 1 June 2022, Sino-Metals Leach Zambia Limited and the Zambia China Economic and Trade Cooperation Zone Development Co., Ltd. ("ZCCZ") signed an acquisition agreement. According to the agreement, Sino-Metals Leach Zambia Limited has agreed to purchase land assets from ZCCZ for a consideration of US\$2,240,900.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair values 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 based on 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).

	Level 1 <i>US\$'000</i> (Unaudited)	Level 2 <i>US\$'000</i> (Unaudited)	Level 3 <i>US\$'000</i> (Unaudited)	Total <i>US\$'000</i> (Unaudited)
30 June 2022				
Financial assets at FVTPL				
– Copper future contracts (Note a)	30,548	–	–	30,548
Trade receivables at FVTPL (Note b)	–	512,014	–	512,014
Trade payables designated at FVTPL (Note b)	–	(192,315)	–	(192,315)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1 US\$'000 (Audited)	Level 2 US\$'000 (Audited)	Level 3 US\$'000 (Audited)	Total US\$'000 (Audited)
<u>31 December 2021</u>				
Financial liabilities designated at FVTPL				
– Copper future contracts (Note a)	(3,771)	–	–	(3,771)
Trade receivables at FVTPL (Note b)	–	529,904	–	529,904
Trade payables designated at FVTPL (Note b)	–	(231,803)	–	(231,803)

Notes:

- Calculated based on the quoted prices in an active market.
- Calculated based on the quoted prices in an active market of copper, gold and silver in the Group's copper products.

There were no transfers between Level 1 and 2 nor transfer to level 3 during the six months ended 30 June 2022 and 2021.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

21. RELATED PARTY TRANSACTIONS

The Company is controlled by CNMC through CNMD, which is a subsidiary of CNMC. The Directors considered the ultimate holding company is CNMC, a state-owned company established in the People's Republic of China (the "PRC"), of which the Company is a subsidiary.

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

(1) Transactions with CNMC and its subsidiaries

Relationships	Notes	Nature of transactions	Six months ended 30 June	
			2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Fellow subsidiaries	(i) (ii)	Sales of blister copper and copper anodes	635,494	671,011
	(i) (ii)	Sales of copper cathodes	487,929	301,912
	(i)	Sales of sulfuric acid	26,348	23,032
	(i)	Sales of other materials	15,129	6,755
	(i)	Services income	–	46
	(i)	Purchases of plant and equipment	(3,673)	(46,390)
	(i) (iii)	Purchases of copper concentrates	(82,060)	(604)
	(i)	Purchases of materials	(29,744)	(39,306)
	(i)	Purchases of electricity	(20,240)	(19,050)
	(i)	Purchases of services	(51,259)	(51,146)
	(i)	Purchases of freight and transportation	(11,046)	(6,769)
	(i)	Interest expenses on borrowings	–	(3,751)
	(i)	Interest expenses on lease liabilities	(166)	(317)
(i)	Expenses relating to leases	(2,483)	(2,482)	
Ultimate holding company	(i)	Expenses relating to short-term leases	–	(78)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

21. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes:

- (i) These transactions were conducted in accordance with terms of the relevant agreements.
- (ii) Included in the sales amount of blister copper and copper anodes, losses arising from provisional pricing arrangements are US\$20,013,000 (six months ended 30 June 2021: gains of US\$42,810,000).

Included in the sales amount of copper cathodes, losses arising from provisional pricing arrangements are US\$7,672,000 (six months ended 30 June 2021: gains of US\$11,524,000).
- (iii) Included in the purchase amount of copper concentrates, gains arising from provisional pricing arrangements are US\$1,517,000 (six months ended 30 June 2021: losses of US\$373,000).

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.
- On 1 July 2009, a subsidiary of the Company, CCS, entered into an agreement with Fifteen MCC Africa Construction & Trade Ltd. ("Fifteen MCC Africa"), a fellow subsidiary, (the "Fifteen MCC Africa Agreement"). According to Fifteen MCC Africa Agreement, Fifteen MCC Africa provides construction as well as equipment repair and maintenance services to CCS on an ongoing basis which were included in the purchase of services as stated in Note (i). In addition, pursuant to Fifteen MCC Africa Agreement, it requires accommodation for its staff based in Zambia, and that subsidiary agreed to provide certain living quarters to Fifteen MCC Africa on a free-of-charge basis. Fifteen MCC Africa shall pay for the use of water and electricity and other expenses such as repair expense and any applicable tax in Zambia.
- On 1 July 2017, CCS entered into a rental agreement with ZCCZ, a fellow subsidiary, (the "ZCCZ Agreement"), pursuant to which, ZCCZ rented related properties to CCS. On 31 December 2019, the Group entered into a lease modification agreement for the use of properties with ZCCZ for 4 years. As at 30 June 2022, the related right-of-use assets and lease liabilities were US\$7,448,000 (31 December 2021: US\$9,930,000) and US\$10,686,000 (31 December 2021: US\$13,883,000), respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Transactions with subsidiaries of non-controlling shareholders of subsidiaries

Notes	Nature of transactions	Six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
(i) (ii)	Sales of blister copper and copper anodes	452,148	375,348
(i) (ii)	Sales of copper cathodes	7,390	55,936
(i)	Purchases of materials	(25,826)	(15,985)

Notes:

- (i) These transactions were conducted in accordance with terms of the relevant agreements.
- (ii) Included in the sales amount of blister copper and copper anodes, losses arising from provisional pricing arrangements are US\$15,569,000 (six months ended 30 June 2021: gains of US\$40,269,000), and included in the sales amount of copper cathodes, losses arising from provisional pricing arrangements are US\$391,000 (six months ended 30 June 2021: gains of US\$4,298,000).

(3) Transactions with non-controlling shareholders of subsidiaries

Note	Nature of transactions	Six months ended 30 June	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
(i)	Purchases of services	2,000	–

Note:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2022 <i>US\$'000</i> (Unaudited)	2021 <i>US\$'000</i> (Unaudited)
Short-term benefits	462	540
Post-employment benefits	37	92
	499	632

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

22. EVENTS AFTER THE REPORTING PERIOD

Until the approval date of these interim condensed consolidated financial information, there is no significant event after the reporting period that needs to be disclosed.

23. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information were approved and authorised for issue by the board of directors of the Company on 30 August 2022.



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

