

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

Stock Code: 01258

# 2021

## 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](http://www.cnmcl.net)

## STOCK CODE

01258

## DIRECTORS

### Executive Directors

Mr. Jinjun Zhang (*Chairman and President*) (appointed as the Chairman on 8 January 2021)  
Mr. Chunlai Wang (resigned as the Vice President on 30 July 2021)  
Mr. Xiaowei Wang (resigned on 27 May 2021)

### Non-Executive Director

Mr. Yaoyu Tan (appointed on 27 May 2021)

### Independent Non-executive Directors

Mr. Dingfan Qiu (appointed on 30 July 2021)  
Mr. Jingwei Liu  
Mr. Huanfei Guan  
Mr. Chuanyao Sun (resigned on 30 July 2021)

# CORPORATE INFORMATION (CONTINUED)

## THE COMMITTEES OF THE BOARD

### Audit Committee

Mr. Jingwei Liu (*Chairman*)  
Mr. Yaoyu Tan (appointed on 30 July 2021)  
Mr. Huanfei Guan  
Mr. Chuanyao Sun (resigned on 30 July 2021)

### Nomination Committee

Mr. Dingfan Qiu (*Chairman*) (appointed on 30 July 2021)  
Mr. Jinjun Zhang  
Mr. Jingwei Liu  
Mr. Chuanyao Sun (*Chairman*) (resigned on 30 July 2021)

### Remuneration Committee

Mr. Huanfei Guan (*Chairman*)  
Mr. Jinjun Zhang  
Mr. Dingfan Qiu (appointed on 30 July 2021)  
Mr. Chuanyao Sun (resigned on 30 July 2021)

### Compliance Committee

Mr. Jinjun Zhang (*Chairman*)  
Mr. Dingfan Qiu (appointed on 30 July 2021)  
Mr. Huanfei Guan  
Mr. Chuanyao Sun (resigned on 30 July 2021)

## JOINT COMPANY SECRETARIES

Mr. Dayong Yang  
Ms. Man Yi Wong

## LEGAL ADVISER

Baker & McKenzie  
14/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## CORPORATE INFORMATION (CONTINUED)

### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants and Registered Public Interest Entity Auditor*  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### HONG KONG SHARE REGISTRAR

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



CCS smelting system

# CHAIRMAN'S STATEMENT

Chairman of the Board  
and President  
**Mr. Jinjun Zhang**



## CHAIRMAN'S STATEMENT (CONTINUED)

Dear Shareholders,

China Nonferrous Mining Corporation Limited (hereinafter referred to as the “Group” or the “Company” or “we”, “us”, “our”) is an integral part of the core assets and a key business arm of China Nonferrous Metal Mining (Group) Co., Ltd. to implement the “Prioritising International Business Strategy”. In 2021, the holding group has comprehensively implemented the new development concept, built a new development pattern and unfolded the development blueprint of the “14th Five-Year Plan” based on the new development stage. The Group, as the copper and cobalt resources development platform of the holding group, has stepped into a new development stage under the guidance of the new strategy.

During the first half of the year, the global pandemic caused great difficulties to the construction and organization of projects, procurement of raw and auxiliary materials, sales of products, rotation of Chinese personnel, etc. of the Company. Under the correct leadership of the board of directors, with the joint efforts of investees in Zambia and the DRC and the strong support from all walks of life, all staff members of the Group were united to scientifically cope with the adverse impact caused by the pandemic. We focused on strategic leadership, optimization and enhancement, resource development and project construction, took advantage of the favorable opportunity of the rising prices of large non-ferrous metal products, and, with the main line of high-quality development in mind, gave full play to the leading role of innovation by continuously strengthening the technological innovation and management innovation. Thus, we achieved the best ever operating results and efficiency, and further improved our management level. The operation of projects put into production continued to improve and the capacity was effectively utilized. The NFCA Southeast Mine has recorded the targeted output and met the required standards for three consecutive months, and the production of leach companies, Luanshya and Hong Kong Holdings, etc. hit historical high; the copper hydrometallurgy project of Kambove Main Mine, a project under progress, was conducted smoothly and has achieved phased target, with pilot run with materials loaded in the process completed recently; new breakthrough has been achieved in the aspect of capital operation when the Company made more efforts to improve its communication with the market in the first half of the year, with share price of the Company increasing by 64% as compared with the beginning of the year; the Company successfully completed placement of H shares, whereby the Assets-capital Dual-wheel Drive was realized, thus laying a good foundation for the development of the mineral resources of next stage.

## CHAIRMAN'S STATEMENT (CONTINUED)

Under the background of the continuing downturn of global economic growth and the worldwide raging variations of the coronavirus, the Group is also faced with challenges in many aspects such as the changes in divergent policies for different countries, resources reserve and pandemic prevention and control. But in the long run, the global economy is expected to gradually recover, which will bring new opportunities to the Group. From the perspective of the industry, carbon emission peak and carbon neutrality have become hot spots causing great concern in the globe, the demand for non-ferrous metals such as copper and cobalt in emerging fields such as new energy, new materials and 5G has increased rapidly, and photovoltaic and chargeable vehicles have become new bright spots in the manufacturing industry, which will lead the nonferrous metals industry to trend up, as such the market maintains a positive expectation for the prices of copper and cobalt. From the perspective of the Group, by continuing to rely on the advantage in implementing “going-out” strategy of the holding group, the Company will seek opportunities globally while taking its root in Africa, and give play to the advantage in its specialized and internationalized talents. The Company will actively take world-class mining enterprises as the benchmark, stick to the central theme of quality development, and increase the efforts in copper and cobalt resources development, so as to continuously enhance the Group's overseas resource deployment and development capacity; the Company will strengthen the dual-wheel synergistic driving effects of technological innovation and management innovation, further enhancing technology level of mining, ore processing and smelting, and increasing research on resource comprehensive development and utilization, so as to provide technical support for the Group to be better, stronger and larger; the Company will improve the level of corporate governance and investment and financing management by comprehensively advancing the construction of compliance and risk management systems and mechanisms; the Company will provide capital support for mergers and acquisitions of material projects and reform and development by strengthening construction of its ability of financing in the capital market, and the Company will speed up the development of itself into a mining group with global competitiveness to continuously create value for shareholders.

The Group will continue to implement the development vision of “innovation, coordination, eco-friendliness, openness and sharing”. While exploiting resources, the Group will also pay high attention to environmental protection and the sustainable use of resources. Further, it will seek to ensure the safety and efficiency of production, strictly abide by employment regulations and governance practices, improve workplace conditions, and properly handle concerns of stakeholders such as suppliers and communities, so as to pursue win-win cooperation and harmonious development.

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

**Jinjun Zhang**

*Chairman of the Board and President*

**China Nonferrous Mining Corporation Limited**

Beijing, 30 August 2021

# RESULTS HIGHLIGHTS

## OPERATING RESULTS

- In the first half of 2021, China Nonferrous Mining Corporation Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded revenue of US\$2,109.6 million, representing a year-on-year increase of 123.8%.
- In the first half of 2021, the Group recorded profit attributable to owners of the Company of US\$238.5 million, representing a year-on-year increase of 914.9%.

## CHANGES IN PRODUCT OUTPUT

- In the first half of 2021, the Group accumulatively produced 172,515 tonnes of blister copper and copper anodes, representing an increase of 79.7 year-on-year.
- In the first half of 2021, the Group accumulatively produced 58,570 tonnes of copper cathodes, representing an increase of 7.7% year-on-year.
- In the first half of 2021, the Group produced 108 tonnes of cobalt contained in cobaltous hydroxide, representing an increase of 12.5% year-on-year.
- In the first half of 2021, the Group accumulatively produced 525,500 tonnes of sulfuric acid, representing an increase of 59.0% year-on-year.
- In the first half of 2021, the Group produced 11,977 tonnes of liquid sulfur dioxide, representing an increase of 152.0% year-on-year.
- In the first half of 2021, the Group processed and produced 19,204 tonnes of copper products as entrusted, representing an increase of 21.5% year-on-year.



Kambove Mining extraction electrowinning workshop

## RESULTS HIGHLIGHTS (CONTINUED)

### STEADY PROGRESS IN PROJECT DEVELOPMENT

The Kambove Main Mine Leach Copper Smelting Project (previously known as the Kambove Integrated Exploration and Construction Project) of Kambove Mining SAS (“Kambove Mining”) had a planned total investment of US\$238 million. As at 30 June 2021, the stripping volume of the infrastructure of completed strip mine amounted to 7.62 million m<sup>3</sup>, accounting for 88% of the total volume; civil engineering construction works, equipment installation, trial-testing of individual equipment and intra-system load-free test run (with water) of the ore main process system in the leach plant have been basically completed, and equipment installation and commissioning of the general step-down station and NRC station within the external power supply system have been basically completed. The tailings processing system and the cobalt sinking system were progressing smoothly, with 85% of the total volume being completed.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

In the first half of 2021, the operating results of the Group increased significantly year on year due to the year-on-year increase in sales of products of the Group and the impact of the year-on-year increase in global copper price.

During the reporting period, the revenue of the Group amounted to US\$2,109.6 million, representing an increase of 123.8% as compared with the same period last year. Profit attributable to owners of the Company amounted to US\$238.5 million, representing an increase of 914.9% over the same period last year, which was mainly attributable to the year-on-year increases in sales of products and global copper price.

With the Integrated Exploration and Construction Project of the Chambishi Southeast Mine, Lualaba copper smelting project, the reconstruction and expansion project of CNMC Huachin Mabende and other project put into production, and the remarkable progress made in the Kambove Main Mine Leach Copper Smelting Project (formerly known as: The Integrated Exploration and Construction Project of Kambove Main Mine), a solid foundation will be paved for the Group's further development of business.

## BUSINESS REVIEW

The Group is a leading, fast growing and vertically integrated copper producer, which focuses on operations based in Zambia and the 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 Group has amped up its efforts in the development of the cobalt business. Apart from Chambishi Copper Smelter Limited ("CCS"), which engages in the production of copper-cobalt alloy, and Huachin Leach copper-cobalt reconstruction and expansion project, which engages in the production of cobalt contained in cobaltous hydroxide, the Lualaba copper smelting project and Kambove Main Mine Leach Copper Smelting Project (formerly known as: The Integrated Exploration and Construction Project of Kambove Main Mine) are designed to produce cobalt products, and the Chambishi Southeast Mine project is conducting a feasibility study for the development of cobalt business.

The businesses of the Group are carried out mainly through the following companies: NFC Africa Mining PLC ("NFC"), CNMC Luanshya Copper Mines PLC ("Luanshya"), 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 2021, the Group accumulatively produced 172,515 tonnes of blister copper and copper anodes, representing an increase of 79.7% from the same period last year; copper cathodes of 58,570 tonnes, representing an increase of 7.7% from the same period last year; cobalt contained in cobaltous hydroxide of 108 tonnes, representing an increase of 12.5% from the same period last year; sulfuric acid of 525,500 tonnes, representing an increase of 59.0% from the same period last year; and liquid sulphur dioxide of 11,977 tonnes, representing an increase of 152.0% from the same period last year; the Group accumulatively processed copper products of 19,204 tonnes as entrusted by external enterprises, representing an increase of 21.5% 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 2021, Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine produced 37,091 tonnes of copper anodes, representing an increase of 215.3% from the same period last year, of which Southeast Mine produced 22,190 tonnes of copper anodes, which was primarily due to the fact that the Integrated Exploration and Construction Project of Chambishi Southeast Mine was put into operation officially on 1 July 2020, resulting in a significant increase in the production capacity.

#### **Luanshya**

Luanshya operates four copper mines, namely 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 22,118 tonnes of copper cathodes in the first half of 2021, representing an increase of 6.9% from the same period last year, and produced 6,857 tonnes of blister copper in the first half of 2021, representing an increase of 32.6% from the same period last year.

#### **CCS**

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2021, CCS accumulatively produced 131,653 tonnes of blister copper and copper anodes, representing an increase of 35.9% from the same period last year, which included copper products of 46,902 tonnes manufactured through outsourced processing; and 383,864 tonnes of sulphuric acid, representing an increase of 32.1% from the same period last year. The increase was mainly due to the shutdown and overhaul of Isa furnace in June 2020, during which no product was produced while it was in normal operation for the six months ended 30 June this year.

#### **SML**

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

Copper cathodes produced by SML in the first half of 2021 has increased by 9.5% to 4,627 tonnes as compared with the same period last year. SML produced 2,954 tonnes of blister copper, representing an increase of 116.7% from the same period last year, mainly attributable to the outsourced ore which facilitated the increase in the production volume of copper.

# 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 2021 increased by 9.6% to 18,105 tonnes as compared with the same period last year. Copper cathodes produced by Huachin Leach increased by 5.9% to 13,720 tonnes as compared with the same period last year.

#### Lualaba Copper Smelter

In the first half of 2021, Lualaba Copper Smelter produced 60,066 tonnes of blister copper, including the processed copper products of 19,204 tonnes, representing an increase of 216.5% from the same period last year; 141,636 tonnes of sulfuric acid, representing an increase of 255.5% from the same period last year; and 11,977 tonnes of liquid sulphur dioxide, representing an increase of 152.0% from the same period last year, which was mainly due to the fact that products produced from January to April 2020, the infrastructure trial production period, and that commercial production began in May 2020 and production was still ramping up in the initial production stage.

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

	<b>Production volume for the six months ended 30 June 2021 <sup>(1)</sup> (Tonnes)</b>	Production volume for the six months ended 30 June 2020 <sup>(1)</sup> (Tonnes)	Period-to-period increase (%)
Blister copper and copper anodes	<b>172,515</b>	96,023	79.7
Copper cathodes	<b>58,570</b>	54,381	7.7
Cobalt contained in cobaltous hydroxide	<b>108</b>	96	12.5
Sulfuric acid	<b>525,500</b>	330,407	59.0
Liquid sulphur dioxide	<b>11,977</b>	4,753	152.0
Copper products processing services <sup>(2)</sup>	<b>19,204</b>	15,810	21.5

#### 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 products 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:

	<b>Production volume for the six months ended 30 June 2021 (Tonnes)</b>	Production volume for the six months ended 30 June 2020 (Tonnes)
Blister copper and copper anodes produced by self-owned mine	<b>42,085</b>	17,486
Copper cathodes produced by self-owned mine	<b>22,941</b>	22,980
<b>Total</b>	<b>65,026</b>	40,466

# 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 2021 are set out below:

Unit: Million US dollars	NFC A		Luanshya			SML		Kambove Mining		Total
	Chambishi Main Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Baluba East Mine	Mwambashi Mine	Exploration right 27089	Main Mine	West Mine	
<b>Exploration activities</b>										
<i>Including:</i>										
– Drilling	0.79	0.80	0.24	0.02	-	-	0.04	-	2.02	<b>3.91</b>
– Analysis	0.09	0.10	-	-	-	-	-	-	0.05	<b>0.24</b>
– Others	-	-	-	-	-	-	0.02	-	0.05	<b>0.07</b>
<b>Sub-total</b>	<b>0.88</b>	<b>0.90</b>	<b>0.24</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>0.06</b>	<b>-</b>	<b>2.12</b>	<b>4.22</b>
<b>Development activities</b> (including mine construction)										
<i>Including:</i>										
– Purchases of assets and equipment	-	-	-	-	-	-	-	56.25	-	<b>56.25</b>
– Civil work for construction of tunnels and roads	-	-	-	-	-	-	-	2.51	-	<b>2.51</b>
– Staff cost	-	-	-	-	-	-	-	1.14	-	<b>1.14</b>
– Others	5.33	14.94	-	5.30	-	-	-	12.79	-	<b>38.36</b>
<b>Sub-total</b>	<b>5.33</b>	<b>14.94</b>	<b>-</b>	<b>5.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72.69</b>	<b>-</b>	<b>98.26</b>
<b>Mining activities (excluding ore processing)</b>										
<i>Including:</i>										
– Staff cost	1.34	3.18	0.88	0.07	-	-	-	-	-	<b>5.47</b>
– Consumables	4.69	15.42	1.12	0.29	0.13	-	-	-	-	<b>21.65</b>
– Fuel, electricity, water and other services	4.98	4.01	3.61	12.90	-	-	-	-	-	<b>25.50</b>
– On-site and remote system management	-	-	-	-	-	-	-	-	-	<b>-</b>
– Non-income taxes, royalties and other expenses	-	-	6.07	11.85	1.18	-	-	-	-	<b>19.10</b>
– Depreciation	3.61	21.4	1.19	6.53	0.12	-	-	-	-	<b>32.85</b>
– Sub-contracting charges	21.36	23.49	8.42	13.86	1.53	2.79	-	-	-	<b>71.45</b>
– Transportation charges	-	-	-	-	-	-	-	-	-	<b>-</b>
– Others	0.64	0.74	-	-	-	-	-	-	-	<b>1.38</b>
<b>Sub-total</b>	<b>36.62</b>	<b>68.24</b>	<b>21.29</b>	<b>45.50</b>	<b>2.96</b>	<b>2.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177.40</b>

# 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 Chambishi of NFCA, the completed drilling volume for exploration in the pit was 19,007m, the completed drilling volume for exploration in the pit at Chambishi Southeast Mine was 238m, the total completed mining volume was 964,600 tonnes at Chambishi Main West Mine, the total completed mining volume was 1,478,400 tonnes at Chambishi Southeast Mine, the completed drilling volume was 5,352m/102,091m<sup>3</sup> at Chambishi Main West Mine, and the completed drilling volume was 4,160m/90,411m<sup>3</sup> at Chambishi Southeast Mine.

At Luanshya, exploration, drilling and platform trial trenches were conducted. In particular, the drilling of 19 drilling holes with footage of 3,462.89m was completed for deeper side section exploration at Muliashi North Mine and No. 1 Pit Mining Exploration at Muliashi North Mine. At Muliashi North Strip Mine, Strip Mine at the Extended Section of Roan and Roan Basin, 16 platform trenches for production and exploration purposes were completed with a total length of 280m and a total capacity of 248m<sup>3</sup>.

Kambove Mining completed 7,057.83m of supplementary geological exploration drilling at its west mine.

#### *Mining Development*

For details of mining development, please refer to “Projects in Progress” on page 16.

#### *Ore Mining*

For details of ore mining activities, please refer to “Production Overview” on pages 11 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 Deep Exploration and Hydrologic Observation and Drilling Project at West Ore Body of Chambishi Copper Mine of NFCA
2. Construction Contract for Raiserockhole at West Ore Body of NFCA

For the six months ended 30 June 2021, the aggregate value of contracts newly entered into of the Group amounted to US\$3,900,000, of which the capital commitment was US\$3,200,000.

There was no subcontracting arrangement\* during the six months ended 30 June 2021.

- \* 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## BUSINESS REVIEW (CONTINUED)

### Projects in Progress

#### *Kambove Mining*

*Kambove Main Mine Leach Copper Smelting Project (formerly known as: the Integrated Exploration and Construction Project of Kambove Main Mine)*

The project, which is currently under construction, has a designed annual capacity of 990,000 tonnes of ores, 28,000 tonnes of copper cathodes and 978 tonnes of cobalt contained in cobaltous hydroxide, with a total of planned investment amount of US\$238 million. As at 30 June 2021, the stripping volume of the infrastructure of completed strip mine amounted to 7,620,000 m<sup>3</sup>, representing 88% of the total project area; civil engineering, equipment installation, single unit trial run and load-free (with water) linkage trial run for the main ore process system in the leach plant have been basically completed, and equipment installation and commissioning for the general step-down station and the NRC power station in the external power supply system have been basically completed. Work on the tailings treatment system and the cobalt precipitation system is progressing smoothly, and 85% of the total work has been completed. The first batch of ore was introduced into the Kambove Mining on 18 August 2021 to perform load commissioning tests on the ball mills and other processing equipment. The project is planned to be fully completed and put into operation on 30 September 2021.



Kambove Mining leach plant construction site

# 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							
	2021				2020			
	Sales Volume <sup>(1)</sup> (Tonnes)	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)	Sales Volume <sup>(1)</sup> (Tonnes)	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)
Blister Copper and copper anodes	182,970	8,496	1,554,500	73.7	121,396	5,062	614,514	65.2
Copper cathodes	56,790	8,245	468,213	22.1	53,689	5,046	270,934	28.7
Sulfuric acid	393,818	160	62,915	3.0	197,304	240	47,349	5.0
Liquid sulphur dioxide	11,998	804	9,652	0.5	4,698	980	4,603	0.5
Cobalt contained in cobaltous hydroxide	211	31,621	6,672	0.3	29	21,241	616	0.1
Copper products processing services <sup>(2)</sup>	14,982	508	7,605	0.4	15,810	300	4,746	0.5
<b>Total</b>	<b>660,769</b>		<b>2,109,557</b>	<b>100.0</b>	<b>392,926</b>		<b>942,762</b>	<b>100.0</b>

#### 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 products 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 123.8% from US\$942.8 million in the first half of 2020 to US\$2,109.6 million in the first half of 2021, primarily attributable to the year-on-year increase in sales and global copper price.

The revenue from sales of blister copper and copper anodes increased by 153.0% from US\$614.5 million in the first half of 2020 to US\$1,554.5 million in the first half of 2021, primarily attributable to the year-on-year increase in sales and global copper price.

The revenue from sales of copper cathodes increased by 72.8% from US\$270.9 million in the first half of 2020 to US\$468.2 million in the first half of 2021, primarily attributable to the year-on-year increase in sales and global copper price.

The revenue from sales of sulfuric acid increased by 33.0% from US\$47.3 million in the first half of 2020 to US\$62.9 million in first half of 2021, primarily attributable to the increase in sales volume 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							
	2021				2020			
	Cost of Sales (US\$'000)	Unit Cost of Sales (US\$ per tonne)	Gross Profit (US\$'000)	Gross Profit Margin (%)	Cost of Sales (US\$'000)	Unit Cost of Sales (US\$ per tonne)	Gross Profit (US\$'000)	Gross Profit Margin (%)
Blister copper and copper anodes	1,234,072	6,745	320,428	20.6	570,265	4,697	44,249	7.2
Copper cathodes	223,217	3,931	244,996	52.3	165,809	3,088	105,125	38.8
Sulfuric acid	18,824	48	44,091	70.1	9,171	46	38,178	80.6
Liquid sulphur dioxide	2,320	193	7,332	76.0	188	40	4,415	95.9
Cobalt contained in cobaltous hydroxide	3,392	16,076	3,280	49.2	482	16,621	134	21.8
Copper products processing services <sup>(1), (2)</sup>	9,170	612	(1,565)	-20.6	1,267	80	3,479	73.3
<b>Total</b>	<b>1,490,995</b>		<b>618,562</b>	<b>29.3</b>	<b>747,182</b>		<b>195,580</b>	<b>20.7</b>

#### Notes:

- (1) The copper products 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.
- (2) The Group also receives sulfuric acid as a by-product of copper products while providing copper products processing services, which generates a gross profit of US\$5,706,000. In total, the consolidated gross profit for the copper products processing services was US\$4,141,000.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW (CONTINUED)

### Cost of sales

The cost of sales of the Group increased by 99.5% to US\$1,491.0 million in the first half of 2021 from US\$747.2 million in the first half of 2020, primarily due to the increase in raw material cost of copper concentrates and oxide ore resulting from the year-on-year increase in the sales volume of products and the increase of the global copper price.

The cost of sales of blister copper and copper anodes increased by 116.4% from US\$570.3 million in the first half of 2020 to US\$1,234.1 million in the first half of 2021, primarily due to the increase in raw material cost of copper concentrates resulting from the year-on-year increase in the sales volume of blister copper and copper anodes and the increase in global copper price.

The cost of sales of copper cathodes increased by 34.6% from US\$165.8 million in the first half of 2020 to US\$223.2 million in the first half of 2021, primarily due to the increase in raw material cost of oxide ore resulting from the increase in global copper price and the year-on-year increase in the sales volume of copper cathodes.

The cost of sales of sulfuric acid increased by 104.3% from US\$9.2 million in the first half of 2020 to US\$18.8 million in the first half of 2021 primarily due to the significant year-on-year increase in the sales volume of sulfuric acid.

### Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US\$618.6 million in the first half of 2021, representing an increase of 216.3% from US\$195.6 million in the same period of 2020. The gross profit margin increased from 20.7% in the first half of 2020 to 29.3% in the first half of 2021, which was mainly attributable to the increase of global copper price as compared with the same period last year.

### Distribution and selling expenses

The distribution and selling expenses of the Group increased by 65.2% from US\$26.4 million in the first half of 2020 to US\$43.6 million in the first half of 2021, primarily due to the increase in transportation charges resulting from the year-on-year increase in sales of products.

### Finance costs

The finance costs of the Group increased by 30.4% from US\$13.8 million in the first half of 2020 to US\$18.0 million in the first half of 2021, primarily due to part of interest expenses are no longer capitalised as some projects were put into production.

### Other gains and losses

In terms of other gains and losses, the Group recorded a net gain of US\$18.0 million in the first half of 2021, increased by US\$78.2 million from the net loss of US\$60.2 million in the first half of 2020, which was primarily due to the year-on-year substantial decrease in the exchange loss on input VAT receivable and the gain, which was loss in the same period last year, derived from change in fair value of financial instruments.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW (CONTINUED)

### **Income tax expense**

The income tax expense of the Group increased by 705.8% from US\$22.6 million in the corresponding period of 2020 to US\$182.1 million in the first half of 2021, primarily due to the significant year-on-year increase in profit.

### **Profit attributable to owners of the Company**

Due to the aforementioned factors, profit attributable to owners of the Company increased by 914.9% from US\$23.5 million in the first half of 2020 to US\$238.5 million in the first half of 2021.

### **Liquidity and capital resources**

#### ***Cash flows***

##### *Net cash generated from operating activities*

Net cash generated from the operating activities of the Group was US\$369.7 million in the first half of 2021, which increased by US\$300 million from US\$69.7 million in the first half of 2020, mainly attributable to the increase in profit as a result of the increase in copper prices and sales volume of products during the reporting period.

##### *Net cash used in investing activities*

The net cash used in investing activities of the Group was US\$82.9 million in the first half of 2021, which increased by US\$15.7 million from US\$67.2 million in the first half of 2020, mainly attributable to the increase in investment in fixed assets during the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW (CONTINUED)

### Liquidity and capital resources (Continued)

#### *Cash flows (Continued)*

##### *Net cash generated from financing activities*

The net cash generated from financing activities of the Group was US\$56.6 million in the first half of 2021, which decreased by US\$39.8 million from US\$96.4 million in the first half of 2020, mainly attributable to the increase in the repayments of bank and other borrowings during the period.

##### *Bank balances and cash*

The Group's bank balances and cash (including cash and demand deposits) increased by US\$343.4 million from US\$497.8 million as at 31 December 2020 to US\$841.2 million as at 30 June 2021.

##### *Trade receivables at amortised cost/trade receivables at FVTPL*

As at 30 June 2021, the Group recorded trade receivables at amortised cost of US\$22.1 million and trade receivables at FVTPL of US\$691.3 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\$713.4 million, which increased by US\$465.0 million from US\$248.4 million as at 31 December 2020, primarily attributable to the increase in sales volume of unsettled copper products and the increase of the global copper price.

##### *Inventories*

Inventories held by the Group decreased by 64.5 million from US\$671.4 million as at 31 December 2020 to US\$606.9 million as at 30 June 2021, primarily due to the decrease in stocks of raw materials.

##### *Trade payables/trade payables designated at FVTPL*

As at 30 June 2021, the Group recorded trade payables of US\$260.4 million and trade payables designated at FVTPL of US\$401.9 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\$662.3 million, which increased by US\$237.4 million from US\$424.9 million as at 31 December 2020, primarily due to the increase in purchase volume of unsettled copper concentrates and the increase of copper price.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW (CONTINUED)

### Liquidity and Capital Resources (Continued)

#### *Bank loans and other borrowings*

As of 30 June 2021, the Group's balance of bank loans and other borrowings amounted to US\$1,026.9 million, among which:

- (1) Balance of bank loans and other borrowings due within one year amounted to US\$101.9 million;
- (2) Balance of bank borrowings due more than one year but not exceeding two years amounted to US\$170.0 million;
- (3) Balance of bank loans and other borrowings due more than two years but not exceeding five years amounted to US\$666.0 million;
- (4) Balance of bank borrowings due more than five years amounted to US\$89.0 million.

As of 30 June 2021, the Group's bank loans 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	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Mining and ore processing facilities at Chambishi Southeast Mine of NFCA	22,416	29,355
Other mining and ore processing facilities at NFCA	2,825	1,850
Mining and ore processing facilities at Luanshya (Baluba East Mine)	–	7,114
Mining and ore processing facilities at Luanshya (Roan Mine)	1,481	–
Mining and leaching facilities at Luanshya (Muliashi Project)	3,928	–
Other facilities at Luanshya	135	434
Smelting facilities at CCS	1,356	6,149
Leaching facilities at Chambishi Leach Plant	677	533
Leaching facilities at CNMC Huachin Leach Project	1,928	11,104
Leaching facilities at Mabende Project	804	4,025
Smelting facilities at Lualaba Copper Smelter	2,565	1,267
Mining and ore processing facilities at Kambove Mining	83,169	37,617
Other facilities at Luano Project	110	920
<b>Total</b>	<b>121,394</b>	<b>100,368</b>

The total capital expenditure of the Group increased by US\$21.0 million from US\$100.4 million in the first half of 2020 to US\$121.4 million in the first half of 2021, primarily due to the increase in the investment in Mining and ore processing facilities at Kambove Mining.

### Financial Policies

As of 30 June 2021, 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 price arrangement 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.

## 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 2021. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CHARGES ON ASSETS

As at 30 June 2021, no assets of the Group were being charged (as at 31 December 2020: Nil).

### GEARING RATIO

As at 30 June 2021, the gearing ratio was 12.8% (as at 31 December 2020: 50.4%) 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 2021, saved as disclosed in this interim report, there was no other material contingent liabilities (as at 31 December 2020: Nil).

### NO MATERIAL CHANGES

Saved as disclosed in this interim report, for the period from 1 January 2021 to 30 June 2021, 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 the Group after the reporting period.

# USE OF PROCEEDS FROM THE GLOBAL OFFERING

As at 30 June 2021, all the net proceeds from the Global Offering, being US\$247.77 million, had been utilized by the Company. A detailed analysis of the use of proceeds from the Global Offering is set out as follows:

Item	Intended use of net proceeds <i>US\$'000</i>	Utilised amount as at 30 June 2021 <i>US\$'000</i>	Utilised amount during the six months ended 30 June 2021 <i>US\$'000</i>	Unutilised amount as at 30 June 2021 <i>US\$'000</i>	Expected timetable for use of unutilised amount
Exploration and development of the Chambishi Southeast Mine	72,000	72,000	–	–	N/A
Expansion of the Chambishi Copper Smelter	48,000	48,000	–	–	N/A
The Muliashi Project	12,000	12,000	–	–	N/A
Development of the Mwambashi Project	12,000	12,000	–	–	N/A
Kambove Main Mine Leach Copper Smelting Project (formerly known as: The Integrated Exploration and Construction Project of Kambove Main Mine)	37,000	37,000	5,000	–	N/A
Repayment of certain existing loans	36,000	36,000	–	–	N/A
Working capital and other general corporate purposes	30,770	30,770	–	–	N/A
<b>Total</b>	<b>247,770</b>	<b>247,770</b>	<b>5,000</b>	<b>–</b>	<b>N/A</b>

# USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 6 May 2021, the Company, China Nonferrous Mining Development Limited (the “Placing Shareholder”) and CLSA Limited (the “Placing Agent”) entered into a placing and subscription agreement (the “Placing and Subscription Agreement”), pursuant to which (i) the Placing Shareholder has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent for the Placing Shareholder, to use its best efforts, to procure placees to purchase 250,000,000 Shares held by the Placing Shareholder and to be placed pursuant to the Placing and Subscription Agreement (the “Placing Shares”) at HK\$3.96 per share (the “Placing”); and (ii) the Placing Shareholder has agreed to subscribe for, and the Company has agreed to issue to the Placing Shareholder, the Subscription Shares (being equivalent to the number of Placing Shares sold by the Placing Shareholder pursuant to the Placing) (the “Subscription”). Completion of the Placing and the Subscription took place on 11 May 2021 and 14 May 2021, respectively. Details of the Placing and the Subscription were set out in the announcements of the Company dated 6 May 2021 and 14 May 2021 (the “Announcements”).

As disclosed in the Announcements, the Company received total net proceeds (the “Proceeds”) from the Subscription and intends to use the same for (i) project construction and development works; (ii) acquisitions of mineral resources; and (iii) replenishing part of the working capital of the Group. As at 30 June 2021, details of the use of the Proceeds are as follows:

*Unit: US\$'000*

Net proceeds from the Placing	Planned usage	Amount utilized	Actual usage	Unutilized amount	Timeline for the planned use
126,886	Project construction and development	36,000 <i>(note)</i>	Project construction and development works	90,886	Before 31 December 2024
	Acquisitions of resources				
	Replenishing part of the working capital				

*Note:* In April 2021, the Company entered into a loan agreement with a bank (the “Bank”) in respect of a term loan of US\$150 million for the designated purpose of the Kambove Main Mine Leach Copper Smelting Project. After the completion of the Placing and Subscription, through communication with the Bank, the Bank agreed that the Company could pay Kambove Mining with the Proceeds in advance and then withdraw from the Bank to replace the Proceeds. In May and June 2021, the Company successively paid Kambove Mining with the Proceeds of US\$126,886,000. As at 30 June 2021, Kambove Mining had used US\$36,000,000 cumulatively for the Kambove Main Mine Leach Copper Smelting Project. In late July 2021, the Company withdrew a loan of US\$80,000,000 from the Bank to replace the Proceeds of the same amount.

# NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS

## NUMBER OF SHARES

As at 30 June 2021, 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 2021, 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 2021, 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 term 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 2021, 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	38%
Kingsail Limited	Yunnan & Hongkong Metal Company Limited	40%

Save as disclosed above, as at 30 June 2021, 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 term 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 A.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 2021, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("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 A.2.1 of the CG Code is appropriate in such circumstance. As to the deviation from code provision A.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.

# HUMAN RESOURCES

## EMPLOYEE INFORMATION

As at 30 June 2021, the Group employed a total of 8,553 employees, which comprised 880 Chinese employees and 7,673 local employees in Zambia and the DRC. The total cost of employees incurred by the Group for the six months ended 30 June 2021 was approximately US\$54.75 million (for the six months ended 30 June 2020: US\$54.4 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 2021, 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 2021, 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

The impact of the COVID-19 pandemic on global economic development is far-reaching, the instabilities and imbalance of the recovery of the world economy significantly increase, and the level of inflation in major economies remains high. Although the situation is still complicated and severe, international agencies tend to be optimistic towards the prospect of global economy. From the perspective of the world, the international community is strengthening cooperation, cementing confidence and striving to respond to the normalization of the COVID-19 pandemic prevention and control, to promote the continuous recovery of the global economy. From the perspective of the industry, in order to cope with the global climate change and protect the ecological environment, the new energy industry develops rapidly, which will stimulate the demand for non-ferrous metals, and bring in new development opportunities for the mining industry. Copper and cobalt, as the basic metals widely used in the new energy sector, will inevitably obtain long-term development prospects with the development of green, low-carbon and recycling economy, as well as the continuous implementation of “Dual Carbon” strategy.

Under the guidance of the development concept of “Innovation, Coordination, Green, Opening-up and Sharing”, the Group will continue to do well in resource development and various production and operation. On the basis of continuously satisfying targets and standards, the NFCA Southeast Mine is conducting feasibility study on the recycling of cobalt; subsequently, it will promote the infrastructure stripping for Mashiba Mine of Luanshya, the infrastructure stripping for Roan Ext. Mine (including Roan Ext. East Mine, Roan Ext. West Mine) and the infrastructure stripping for Baluba Center Strip Mine. Kambove Main Mine Leach Copper Smelting Project (formerly known as: The Integrated Exploration and Construction Project of Kambove Main Mine) has basically achieved the target of trial run, and the trial production is expected to be conducted in the second half of 2021. Lualaba Copper Smelter has entered into long-term contracts with Kamo Copper S.A., to ensure the supply of raw materials for copper concentrate in the future; accelerates the trial production of copper and cobalt alloy production system, improves the comprehensive capacity for recycling of valuable metals, and maximizes the recycling of cobalt alloy, a by-product in copper concentrate. The promotion and implementation of above projects will further release the production capacity of the Group and create a new profit growth point. At the same time, the Group attaches high importance to environmental protection and the sustainable utilization of the resources, strictly abides by the employment and governance practices, strives to improve the service conditions for employees, ensures the safety and efficiency of production, and meanwhile gives consideration to the interests of suppliers and the community and other stakeholders, to achieve win-win cooperation and harmonious development.



Copper return site at LCS 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 and sale of copper cathodes, blister copper and copper anodes, cobalt contained in cobaltous hydroxide, sulfuric acid and liquid sulfur dioxide. The condensed consolidated financial statements 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 2021, 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 2021, 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 during the six months ended 30 June 2021.

### CHANGES IN THE INFORMATION OF THE DIRECTORS

Since 28 April 2021 (the date of publication of the 2020 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 C3 of Corporate Governance Code and Corporate Governance Report 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 condensed financial statements for the six months ended 30 June 2021 and was of the opinion that such unaudited condensed financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"). The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code during the six months ended 30 June 2021.

### 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 during the six months ended 30 June 2021.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**

德勤

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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Nonferrous Mining Corporation Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 38 to 64, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company (the “Directors”) are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
30 August 2021

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>	3,4	<b>2,109,557</b>	942,762
Cost of sales		<b>(1,490,995)</b>	(747,182)
Gross profit		<b>618,562</b>	195,580
Other income		<b>3,442</b>	4,359
Other gains and losses	5	<b>18,021</b>	(60,197)
Distribution and selling expenses		<b>(43,616)</b>	(26,413)
Administrative expenses		<b>(46,743)</b>	(29,377)
Other expenses		<b>(1,326)</b>	(2,960)
Finance costs	6	<b>(18,018)</b>	(13,845)
<b>Profit before tax</b>		<b>530,322</b>	67,147
Income tax expense	7	<b>(182,102)</b>	(22,624)
<b>Profit and total comprehensive income for the period</b>	8	<b>348,220</b>	44,523
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>238,543</b>	23,466
Non-controlling interests		<b>109,677</b>	21,057
		<b>348,220</b>	44,523
<b>Earnings per share</b>	10		
– Basic and diluted ( <i>US cents per share</i> )		<b>6.70</b>	0.67
– Basic and diluted ( <i>equivalent to approximately HK\$ per share</i> )		<b>0.52</b>	0.05

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	<i>Notes</i>	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	11	1,716,384	1,719,997
Right-of-use assets		12,413	14,895
Mining rights		136,117	136,187
Restricted bank balances		1,505	1,505
Deferred tax assets		6,976	20,588
Prepayments and other receivables	14	86,576	34,508
		<b>1,959,971</b>	1,927,680
<b>Current Assets</b>			
Inventories	12	606,874	671,427
Trade receivables at amortised cost	13	22,086	20,666
Trade receivables at fair value through profit or loss ("FVTPL")	13	691,319	227,740
Prepayments and other receivables	14	175,944	185,728
Financial assets at FVTPL		10,936	–
Restricted bank balances		1,776	2,289
Bank balances and cash		841,202	497,829
		<b>2,350,137</b>	1,605,679
<b>Total Assets</b>		<b>4,310,108</b>	3,533,359

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 30 JUNE 2021

	<i>Notes</i>	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	18	740,119	613,233
Retained profits		683,505	498,531
Equity attributable to owners of the Company		1,423,624	1,111,764
Non-controlling interests		656,855	547,178
<b>Total Equity</b>		<b>2,080,479</b>	<b>1,658,942</b>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		126,838	63,233
Bank and other borrowings			
– due after one year	17	925,000	464,000
Lease liabilities		10,380	13,424
Deferred income		15,160	16,345
Provision for restoration, rehabilitation and environmental costs		28,663	28,272
		<b>1,106,041</b>	<b>585,274</b>
<b>Current Liabilities</b>			
Trade payables	15	260,387	219,728
Trade payables designated at FVTPL	15	401,927	205,178
Other payables and accrued expenses	16	166,698	114,417
Income tax payable		184,028	123,525
Bank and other borrowings			
– due within one year	17	101,912	597,442
Lease liabilities		6,615	6,770
Contract liabilities		2,021	11,141
Financial liabilities designated at FVTPL		–	10,942
		<b>1,123,588</b>	<b>1,289,143</b>
<b>Total Liabilities</b>		<b>2,229,629</b>	<b>1,874,417</b>
<b>Total Equity and Liabilities</b>		<b>4,310,108</b>	<b>3,533,359</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	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		
<b>Six months ended 30 June 2021</b>					
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	-	(53,569)	(53,569)	-	(53,569)
<b>At 30 June 2021 (unaudited)</b>	<b>740,119</b>	<b>683,505</b>	<b>1,423,624</b>	<b>656,855</b>	<b>2,080,479</b>
<b>Six months ended 30 June 2020</b>					
At 31 December 2019 (audited)	613,233	400,571	1,013,804	522,272	1,536,076
Profit and total comprehensive income for the period	-	23,466	23,466	21,057	44,523
Dividends declared by a subsidiary	-	-	-	(33,684)	(33,684)
Dividends declared by the Company	-	(27,005)	(27,005)	-	(27,005)
<b>At 30 June 2020 (unaudited)</b>	<b>613,233</b>	<b>397,032</b>	<b>1,010,265</b>	<b>509,645</b>	<b>1,519,910</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>369,660</b>	<b>69,675</b>
<b>NET CASH USED IN INVESTING ACTIVITIES:</b>		
Interest received	426	772
Purchase of property, plant and equipment	(83,831)	(66,785)
Placement of restricted bank balances	(849)	(1,344)
Release of restricted bank balances	1,362	162
Repayment of finance lease receivables from fellow subsidiaries	–	28
Finance income under finance leases to a fellow subsidiary received	–	2
	<b>(82,892)</b>	<b>(67,165)</b>
<b>NET CASH FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	126,886	–
Dividends paid to shareholders of the Company	(14,723)	–
Dividend paid to a non-controlling shareholder of a subsidiary	–	(32,000)
Interest paid	(17,538)	(29,038)
Repayments of bank and other borrowings	(460,486)	(64,803)
New bank and other borrowings raised	426,000	225,000
Repayments of leases liabilities	(3,516)	(2,770)
	<b>56,623</b>	<b>96,389</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>343,391</b>	<b>98,899</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>497,829</b>	<b>481,210</b>
Effect of foreign exchange rate changes	(18)	(856)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by</b>		
Bank balances and cash	<b>841,202</b>	<b>579,253</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Except as described below, 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 condensed consolidated financial statements.

### 2.1 *Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"*

#### 2.1.1 *Accounting policies*

Financial instruments

#### **Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform**

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group will apply the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

#### 2.1.2 *Transition and summary of effects*

As at 1 January 2021, the Group has several financial liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts as at 1 January 2021. The amount of financial liabilities is shown at their carrying amounts.

	<b>US\$ London Interbank Offered Rate ("LIBOR") US\$'000</b>
<b>Financial liabilities</b>	
Bank and other borrowings	1,061,442

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans and lease liabilities measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of revenue from contracts with customers

	For the 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 products processing service	–	7,605
<b>Total</b>	<b>474,885</b>	<b>1,634,672</b>
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
<b>Total</b>	<b>474,885</b>	<b>1,634,672</b>
Timing of revenue recognition		
A point in time	474,885	1,634,672

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

### Disaggregation of revenue from contracts with customers (Continued)

	For the six months ended 30 June 2020	
	Leaching <i>US\$'000</i> (Unaudited)	Smelting <i>US\$'000</i> (Unaudited)
Sales of goods to external customers		
Copper cathodes	270,934	–
Blister copper and copper anodes	–	614,514
Sulfuric acid	–	47,349
Liquid sulphur dioxide	–	4,603
Cobalt contained in cobaltous hydroxide	616	–
	271,550	666,466
Copper products processing service	–	4,746
<b>Total</b>	<b>271,550</b>	<b>671,212</b>
Geographical markets		
Mainland China	199,569	367,024
Hong Kong	–	144,383
Switzerland	43,383	87,142
Singapore	16,832	16,400
Africa	6,353	56,263
Luxemburg	5,413	–
<b>Total</b>	<b>271,550</b>	<b>671,212</b>
Timing of revenue recognition		
A point in time	271,550	671,212

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 4. 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 2021

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

#### Six months ended 30 June 2020

	Leaching <i>US\$'000</i> (Unaudited)	Smelting <i>US\$'000</i> (Unaudited)	Consolidated <i>US\$'000</i> (Unaudited)
Revenue from external sales	271,550	671,212	942,762
Inter-segment sales	–	18,216	18,216
<b>Total segment revenue</b>	<b>271,550</b>	<b>689,428</b>	<b>960,978</b>
Elimination			(18,216)
<b>Revenue for the period</b>			<b>942,762</b>
<b>Segment profit</b>	<b>35,618</b>	<b>11,350</b>	<b>46,968</b>
Unallocated income*			580
Unallocated expenses#			(3,025)
<b>Profit for the period</b>			<b>44,523</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 4. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

\* 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 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.

### Segment assets and liabilities

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

	At 30 June 2021 US\$'000 (Unaudited)	At 31 December 2020 US\$'000 (Audited)
<b>Segment assets</b>		
– Leaching	1,307,852	1,005,540
– Smelting	2,939,553	2,509,331
Total segment assets	4,247,405	3,514,871
Unallocated assets*	68,263	29,178
Elimination	(5,560)	(10,690)
Consolidated total assets	4,310,108	3,533,359
<b>Segment liabilities</b>		
– Leaching	369,790	401,246
– Smelting	1,763,556	1,427,834
Total segment liabilities	2,133,346	1,829,080
Unallocated liabilities*	101,843	56,027
Elimination	(5,560)	(10,690)
Consolidated total liabilities	2,229,629	1,874,417

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Impairment loss recognised (reversed) in respect of		
– input value added tax (“VAT”) receivables	19,775	1,420
– financial assets under expected credit loss model	–	(80)
Loss on disposal of property, plant and equipment, net	–	394
Loss (gain) from changes in fair value of financial assets/ liabilities at FVTPL		
– financial assets/liabilities at FVTPL	40,484	4,156
– trade receivables at FVTPL	(163,632)	12,853
– trade payables designated at FVTPL	82,970	37
Foreign exchange loss, net ( <i>note</i> )	2,382	41,417
	<b>(18,021)</b>	<b>60,197</b>

*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\$5,323,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: US\$41,215,000).

## 6. FINANCE COSTS

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Interest on bank and other borrowings	17,494	29,850
Interest on lease liabilities	317	–
Unwinding of the discount	207	555
	<b>18,018</b>	<b>30,405</b>
Less: Amount capitalised in construction in progress arose on the borrowings specifically for the purpose of qualifying assets	–	(16,560)
	<b>18,018</b>	<b>13,845</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Current tax:		
Income tax in Ireland	323	–
Income tax in DRC	33,657	11,010
Income tax in Zambia	70,905	17,985
	104,885	28,995
Deferred tax		
Current period	77,217	(6,371)
Total income tax expense	182,102	22,624
Effective tax rate	34.3%	33.7%

*Note:* Chambishi Copper Smelter Limited (“CCS”), a non-wholly owned subsidiary of the Company located in Zambia, is eligible for the tax exemption for the first five profitable years; 50% income tax relief for the next three years thereafter; and 25% of income tax relief for the next two years thereafter. The tax incentives are applicable to the assessable profit generated from the two different phases of production facilities of CCS with different dates of commencement of the tax incentives. One of the phases of production facilities of CCS is not eligible for income tax relief for both reporting periods. The remaining phase of production facilities of CCS is under the second year of 50% income tax relief during the six months ended 30 June 2021 (six months ended 30 June 2020: 50%).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 8. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Depreciation of property, plant and equipment	95,339	63,796
Depreciation of right-of-use assets	2,482	2,482
Amortisation of mining rights	70	70
Total depreciation and amortisation	97,891	66,348
Less: capitalised in inventories	(88,071)	(54,795)
capitalised in construction in progress	(2,636)	(5,815)
	7,184	5,738
Cost of inventories recognised as an expense	1,490,995	747,182

## 9. DIVIDENDS

During the six months ended 30 June 2021, a final dividend of US ¢ 1.4327 per share in respect of the year ended 31 December 2020 (six months ended 30 June 2020: US ¢ 0.7740 per share in respect of the year ended 31 December 2019) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2021 amounted to US\$53,569,169 (six months ended 30 June 2020: US\$27,005,200).

The directors of the Company ("Directors") do not recommend interim dividend for the current period (six months ended 30 June 2020: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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	
	2021 (Unaudited)	2020 (Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share ( <i>in US\$'000</i> )	238,543	23,466
Weighted average number of ordinary shares for the purpose of basic earnings per share ( <i>in '000</i> )	3,559,478	3,489,036
Earnings per share		
– Basic and diluted ( <i>US cents per share</i> )	6.70	0.67
– Basic and diluted ( <i>equivalent to approximately HK\$ per share</i> )	0.52	0.05

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for subscription of new shares which took place on 14 May 2021.

During the six months ended 30 June 2021 and 2020, there was no potential ordinary share outstanding with diluted impact.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US\$91,726,000 (six months ended 30 June 2020: US\$96,027,000).

## 12. INVENTORIES

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Raw materials	331,384	415,646
Spare parts and consumables	91,038	89,699
Work in progress	134,114	110,149
Finished goods	50,338	55,933
	606,874	671,427

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Trade receivables at amortised cost	23,883	22,463
Less: Allowance for credit losses	(1,797)	(1,797)
	<b>22,086</b>	20,666
Trade receivables at FVTPL	<b>691,319</b>	227,740

As at 30 June 2021 and 31 December 2020, all trade receivables at amortised cost/trade receivables at FVTPL are from contracts with customers.

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
0 to 30 days	19,157	13,625
31 to 90 days	2,451	7,041
91 to 180 days	478	-
	<b>22,086</b>	20,666

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
0 to 30 days	244,854	196,126
31 to 90 days	424,076	27,472
91 to 180 days	22,389	4,142
	<b>691,319</b>	<b>227,740</b>

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 receivable vary depending on the market price at the date of final settlement, and do not represent solely payments of principal and interests on the principal amount outstanding. Consequently, these trade receivables resulted from provisionally priced contracts are measured at FVTPL.

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Trade receivables at amortised cost:		
Fellow subsidiaries	4,929	2,999
Trade receivables at FVTPL:		
Fellow subsidiaries	419,147	120,313
Subsidiaries of a non-controlling shareholder of a subsidiary	111,354	60,675
	<b>530,501</b>	<b>180,988</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 14. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Non-current:		
Deposits for property, plant and equipment	–	670
Deposits in connection with the restoration and rehabilitation obligations	2,616	2,378
Premium for electricity supply ( <i>note a</i> )	43,109	14,128
Loan receivable from a non-controlling shareholder of a subsidiary	7,887	7,626
Input VAT receivables, net ( <i>note b</i> )	32,964	9,706
	<b>86,576</b>	34,508
Current:		
Prepayments for inventories and others	24,053	22,764
Input VAT receivables, net ( <i>note b</i> )	89,815	110,901
Deposits in futures margin accounts	50,511	43,874
Other receivables	24,137	20,761
Less: allowance for credit losses	(12,572)	(12,572)
	<b>175,944</b>	185,728

*Notes:*

- a. Pursuant to a project agreement (the “LCS Project Agreement”) entered into between Lualaba Copper Smelter SAS (“LCS”) and Societe Nationale D’electricite (the “SND”), LCS undertook to construct certain power supply network assets (the “LCS Network Assets”) to enable SND to supply the electricity to the smelting project of LCS in Kolwezi, Lualaba Province of DRC. According to the LCS Project Agreement, LCS shall transfer the LCS Network Assets to SND on the date which SND issues a taking-over certificate, and LCS has the right to recover the construction cost in cash installments from SND carrying an interest rate of 6% upon completion of LCS Network Assets. The construction of LCS Network Assets was completed on 2 February 2021 and is in progress of transferring to SND.

As at 30 June 2021, the total construction cost of the LCS Network Assets is US\$29,668,000, and LCS is negotiating the construction amount to be recovered with SND.

The Directors consider that the total construction cost of the LCS Network Assets can be recovered, and if not, the difference between the construction costs for the LCS Network Assets and the consideration received from SND is, in substance, premium for electricity supply that will be amortised over the estimated useful life of the LCS Network Assets upon the commencement of electricity consumption by LCS.

- b. The gross carrying amount of input VAT receivables is US\$158,453,000 (31 December 2020: US\$136,506,000). 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 provisions amounting to US\$35,674,000 (31 December 2020: US\$15,899,000) in aggregate have been made on input VAT receivables.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 14. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Fellow subsidiaries	3,163	7,409
A non-controlling shareholder of a subsidiary	7,887	7,627
	<b>11,050</b>	15,036

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 2021 was as follows:

	Six months ended 30 June 2021 <i>US\$'000</i> (Unaudited)	2020 <i>US\$'000</i> (Unaudited)
Balance at 1 January (Audited)	15,899	23,765
Impairment losses recognised ( <i>Note 5</i> )	19,775	1,420
Balance at 30 June (Unaudited)	<b>35,674</b>	25,185

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 15. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Trade payables	260,387	219,728
Trade payables designated at FVTPL	401,927	205,178

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
0 to 30 days	111,718	101,332
31 to 90 days	56,453	34,435
91 to 180 days	38,796	19,207
181 to 365 days	6,919	17,135
1–2 years	2,172	3,290
Over 2 years	44,329	44,329
	260,387	219,728

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

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
0 to 30 days	212,861	169,845
31 to 90 days	189,066	26,230
91 to 180 days	–	7,715
181 to 365 days	–	1,388
	401,927	205,178

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

The trade payables arising from provisional pricing arrangements of copper concentrates purchases 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 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/trade payables designated at FVTPL are balances with the following related parties:

	At 30 June 2021 <i>US\$'000</i> (Unaudited)	At 31 December 2020 <i>US\$'000</i> (Audited)
Trade payables:		
Fellow subsidiaries	72,530	81,468
CNMC	154	154
A subsidiary of a non-controlling shareholder of a subsidiary	27,458	–
	<b>100,142</b>	<b>81,622</b>
Trade payables designated at FVTPL:		
Fellow subsidiaries	<b>3,241</b>	15,076

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 16. OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2021 US\$'000 (Unaudited)	At 31 December 2020 US\$'000 (Audited)
Payables for property, plant and equipment	69,030	63,285
Dividend payable to the shareholders of the Company (Note 9)	53,569	14,723
Dividends payable to non-controlling shareholders of subsidiaries	2,295	2,295
Other tax payables	21,554	10,955
Payroll payables	12,162	9,698
Accrued expenses	8,088	10,307
Provision for compensation	–	3,154
	<b>166,698</b>	<b>114,417</b>

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

	At 30 June 2021 US\$'000 (Unaudited)	At 31 December 2020 US\$'000 (Audited)
CNMC	38,123	16,154
Fellow subsidiaries	58,198	49,878
Non-controlling shareholders of subsidiaries	2,295	2,604
	<b>98,616</b>	<b>68,636</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 17. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2021, the Group obtained new bank and other borrowings amounting to US\$426,000,000 in total carrying a variable interest rate of 3-months LIBOR plus 1.45% to 2.3% (six months ended 30 June 2020: US\$225,000,000 carrying a variable interest rate of 3-months LIBOR plus 2.3%) per annum, and repaid bank and other borrowings amounting to US\$460,486,000 (six months ended 30 June 2020: US\$64,803,000).

The Group's borrowings included a loan of US\$125,000,000 (31 December 2020: US\$130,000,000) from a fellow subsidiary, which is unsecured and bears interest at rate varies based on 6 months LIBOR plus 3.7% (year ended 31 December 2020: 6 months LIBOR plus 3.7%) per annum and is due in July 2022.

## 18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000	Share capital US\$'000
Issued and fully paid			
At 1 January 2020, 30 June 2020, 1 January 2021	3,489,036	4,775,319	613,233
Issue of shares on 14 May 2021 ( <i>note</i> )	250,000	990,000	127,482
Transaction costs attributable to issue of shares	–	(4,630)	(596)
At 30 June 2021	3,739,036	5,760,689	740,119

*Note:* Upon the completion of all conditions as stated in a placing and subscription agreement entered into by the Company, China Nonferrous Mining Development Limited ("CNMD"), the Company's immediate holding company, and a placing agent dated 6 May 2021, (1) a total of 250,000,000 shares of the Company held by CNMD were placed at HK\$3.96 per share to not less than six placees on 11 May 2021; and (2) a total of 250,000,000 new shares of the Company were subscribed by CNMD at HK\$3.96 per share on 14 May 2021. Net proceeds of approximately HK\$985,370,000 (equivalent to approximately US\$126,886,000) were received by the Company. Details of the placing and subscription are set out in the announcements published by the Company dated 6 May 2021 and 14 May 2021.

## 19. CAPITAL COMMITMENTS

	At 30 June 2021 US\$'000 (Unaudited)	At 31 December 2020 US\$'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	55,373	234,603

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>30 June 2021</b>				
Financial assets at FVTPL				
– Copper future contracts (note a)	–	10,936	–	10,936
Trade receivables at FVTPL (note b)	–	691,319	–	691,319
Trade payables designated at FVTPL (note b)	–	(401,927)	–	(401,927)
<b>31 December 2020</b>				
Financial liabilities designated at FVTPL				
– Copper future contracts (note a)	–	(10,942)	–	(10,942)
Trade receivables at FVTPL (note b)	–	227,740	–	227,740
Trade payables designated at FVTPL (note b)	–	(205,178)	–	(205,178)

Notes:

- Calculated based on the initial transaction prices and quoted prices in an active market.
- Calculated based on the quoted prices in an active market and the estimated grades 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 2021 and 2020.

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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 statements, 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	
			2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Fellow subsidiaries	(i) (iii)	Sales of blister copper and copper anodes	671,011	316,273
	(i) (iii)	Sales of copper cathodes	301,912	194,740
	(i)	Sales of sulfuric acid	23,032	30,099
	(i)	Sales of other materials	6,755	7,476
	(i)	Services income	46	–
	(i) (ii)	Finance income earned under finance leases	–	2
	(i)	Purchases of plant and equipment	(46,390)	(36,610)
	(i) (iv)	Purchases of copper concentrates	(604)	(3,173)
	(i)	Purchases of materials	(39,306)	(37,846)
	(i)	Purchases of electricity	(19,050)	(13,661)
	(i)	Purchases of services	(51,146)	(25,978)
	(i)	Purchases of freight and transportation	(6,769)	–
	(i)	Interest expenses on borrowings	(3,751)	(3,842)
	(i)	Interest expenses on lease liabilities	(317)	(470)
	(i)	Expenses relating to leases	(2,482)	(2,482)
Ultimate holding company	(i)	Interest expenses on borrowings	–	(5,950)
	(i)	Expenses relating to short-term leases	(78)	(61)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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) The finance income earned under finance leases arose from the finance leases to a fellow subsidiary.
- (iii) Included in the sales amount of blister copper and copper anodes, gains arising from provisional pricing arrangement are US\$42,810,000 (six months ended 30 June 2020: losses of US\$3,769,000).  
  
Included in the sales amount of copper cathodes, gains arising from provisional pricing arrangement are US\$11,524,000 (six months ended 30 June 2020: losses of US\$4,314,000).
- (iv) Included in the purchase amount of copper concentrates, losses arising from provisional pricing arrangement are US\$373,000 (six months ended 30 June 2020: gains of US\$67,000).

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, Chambishi Copper Smelter Limited (“CCS”), entered into an agreement with Fifteen MCC Africa Construction & Trade Ltd. (“Fifteen MCC Africa”), a fellow subsidiary, (the “Fifteen MCC Africa Agreement”) pursuant to which 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 and any applicable tax in Zambia. The Fifteen MCC Africa Agreement shall remain for as long as CCS is in existence. As Fifteen MCC Africa provides construction as well as equipment repair and maintenance services to CCS on an ongoing basis, it requires accommodation for its staff based in Zambia.
- On 1 July 2017, CCS entered into a rental agreement with Zambia-China Economic & Trade Cooperation Zone Development Co., Ltd (“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 2021, the related right-of-use assets and lease liabilities are US\$12,413,000 (31 December 2020: US\$14,895,000) and US\$16,995,000 (31 December 2020: US\$20,194,000), respectively.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 21. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Relationships	Notes	Nature of transactions	Six months ended 30 June	
			2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Subsidiaries of non-controlling shareholders of subsidiaries	(i) (ii)	Sales of blister copper and copper anodes	375,348	143,282
	(i) (ii)	Sales of copper cathodes	55,936	4,965
Subsidiaries of a non-controlling shareholder of a subsidiary	(i)	Purchases of materials	(15,985)	(10,787)
	(i)	Interest expense on borrowings	-	(603)

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, gains arising from provisional pricing arrangement are US\$40,269,000 (six months ended 30 June 2020: losses of US\$1,101,000), and included in the sales amount of copper cathodes, gains arising from provisional pricing arrangement are US\$4,298,000 (six months ended 30 June 2020: Nil).

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

### (3) 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	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Short-term benefits	540	729
Post-employment benefits	92	45
	632	774

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



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