



中國有色礦業有限公司

China Nonferrous Mining Corporation Limited

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

Stock Code: 01258



INTERIM REPORT 2024



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CORPORATE INFORMATION

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

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PRINCIPAL PLACE OF BUSINESS IN THE DRC

Lubumbashi
Katanga Province
Congo (DRC)

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

01258

DIRECTORS

Executive Director

Mr. He YANG (*Chairman*)

Non-executive Director

Mr. Yaoyu TAN
Ms. Yani GONG

Independent Non-executive Directors

Mr. Dingfan QIU
Mr. Guangfu GAO
Mr. Huanfei GUAN

CORPORATE INFORMATION (CONTINUED)

THE COMMITTEES OF THE BOARD

Audit Committee

Mr. Guangfu GAO (*Chairman*)
Mr. Yaoyu TAN
Mr. Huanfei GUAN

Nomination Committee

Mr. Dingfan QIU (*Chairman*)
Mr. He YANG
Mr. Guangfu GAO

Remuneration Committee

Mr. Huanfei GUAN (*Chairman*)
Mr. He YANG
Mr. Dingfan QIU

Compliance Committee

Mr. He YANG (*Chairman*)
Mr. Dingfan QIU
Mr. Huanfei GUAN

JOINT COMPANY SECRETARIES

Mr. Chaoran ZHU
Ms. Man Yi WONG

LEGAL ADVISER

King & Wood Mallesons
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Central
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CORPORATE INFORMATION (CONTINUED)

AUDITOR

KPMG

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

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HONG KONG SHARE REGISTRAR

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A bird's eye view of the leach plant in Luanshya

CHAIRMAN'S STATEMENT

Chairman of the Board
He YANG



CHAIRMAN'S STATEMENT (CONTINUED)

Dear investors,

Since the beginning of the year, all employees of China Nonferrous Mining Corporation Limited (hereinafter referred to as the "Group" or the "Company"), under the leadership of the Board of Directors, have made concerted efforts to secure a leading position, enhance the competitiveness of our core business, firmly establish a path to high-quality development, and make every effort to cultivate innovation in quality and productivity. Various reform measures such as "Six Efficiency Enhancements" have been fully implemented, achieving positive operating results despite facing operational challenges such as the power crunch in South and Central Africa, the drop in the price of sulphuric acid commodities, and the change of mining service provider, while coping with the uncertainties arising from the changing external environment with consistent efforts.

In the first half of 2024, the Company achieved operating income of US\$2.010 billion, total profit of US\$432 million, and net profit attributable to the parent company of US\$219 million, representing an 18% increase year-on-year. Consolidated copper production reached 263,000 tonnes, with approximately 80,000 tonnes from self-owned mines, while sulphuric acid production was approximately 550,000 tonnes. We successfully achieved "over half of our annual production in half a year's time". The new addition of copper metal resources from Luanshya amounted to approximately 1.2 million tonnes, and both NFCA and Kambove Mining have commenced resource evaluation in their expanded production areas. The Company has significantly increased the non-ferrous metal resources under its control, and clearly strengthened its secured resource capacity. Lean management practices across production enterprises have notably improved, contributing to the maintenance of copper production costs of the Company's mines at levels comparable to previous years, despite the increase in the costs of energy and power. Expansion projects including the No. 28 shaft at Luanshya and the Mensaisa mine at Kambove Mining, have commenced pumping, drainage and dredging work successively, progressing according to the plan. The projects have received substantial attention and strong support from the local government, and are expected to significantly boost the copper production of the Company's self-owned mine in the next few years. In the capital market, the Company's shares have been included in the Hang Seng Composite Mid Cap Index, indicating the increase of its recognition from investors. The Company's value management initiatives are reaching a record high and liquidity significantly improved. The Company timely carried out a lightning placement of new shares to raise approximately HK\$1 billion in Hong Kong, laying a solid foundation for the Company's up-coming work.

CHAIRMAN'S STATEMENT (CONTINUED)

Currently, major economies around the world are slowly recovering, but at an unstable pace. The geopolitical situation remains tense, with continuous impacts on the global economy. Instability and uncertainty are exacerbated by factor such as rising trade protectionism, increasing inflationary pressures, and price fluctuations in energy resources. The power supply in South and Central Africa continues to deteriorate, and the business environment in certain regions remains unstable. We are well aware that in the second half of the year and even for a longer period of time, the Company may face an even more challenging external environment, leading to greater difficulties and challenges in production and operations.

Relying on the recovery of major global economies and the demand from the development of new energy, new economy, and emerging markets, the international copper prices are expected to remain high, albeit with fluctuations. Over the long term, limited incremental supply and slow de-stocking suggest that copper price may rise to a new level. The recently concluded Forum on China-Africa Cooperation (FOCAC) has elevated bilateral relations between China and Africa to a strategic level, marking a new chapter in the China-Africa community of shared destiny. In particular, the "Ten Partnership Programmes" which include trade prosperity and industrial chain cooperation, provide a clear direction for future development. As the first Chinese-funded mining enterprise to enter Africa, the Company has been deeply committed to the region for over 20 years, and has been a practitioner in promoting sharing and cooperation between China and Africa. We firmly believe that as China and African countries embark on a new journey of bilateral relations, the Company will see brand-new development opportunities in South and Central Africa.

In the second half of the year, the Company will finalise its annual targets, firmly implement various reform measures, and accelerate the development of innovation in quality and productivity. We will enhance our overseas resource layout and development capability, accelerate the construction of production expansion projects, and strive for breakthroughs in outreach mergers and acquisitions. We will actively promote high-end, intelligent and green development, improve the level of refined management, and inject new vitality into traditional industries. We are committed to strengthening compliance management and control, to effectively mitigate major business risks, and strictly control financial risks including risks associated with tax and foreign exchange. We will continue to strengthen our value management efforts to attract greater attention and recognition from investors.

With faith in our hearts, we will be able to travel far. Under the leadership of the Board of Directors, the Company is committed to delivering excellent performance to its investors. Together with all shareholders and friends from different sectors, we welcome the opportunities for new and greater development.

He YANG

Chairman of the Board

China Nonferrous Mining Corporation Limited

29 August 2024

RESULTS HIGHLIGHTS

OPERATING RESULTS

- In the first half of 2024, China Nonferrous Mining Corporation Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded revenue of US\$2,009.8 million, representing a period-over-period increase of 9.0%.
- In the first half of 2024, the Group recorded profit attributable to owners of the Company of US\$219.1 million, representing a period-over-period increase of 18.0%.

CHANGES IN PRODUCT OUTPUT

- In the first half of 2024, the Group produced 159,971 tonnes of blister copper and copper anodes, representing a period-over-period increase of 10.5%.
- In the first half of 2024, the Group produced 62,450 tonnes of copper cathodes, representing a period-over-period decrease of 12.8%.
- In the first half of 2024, the Group produced 473 tonnes of cobalt contained in cobaltous hydroxide, representing a period-over-period decrease of 36.5%.
- In the first half of 2024, the Group produced 548,699 tonnes of sulfuric acid, representing a period-over-period increase of 12.5%.
- In the first half of 2024, the Group produced 10,115 tonnes of liquid sulphur dioxide, representing a period-over-period increase of 53.5%.
- In the first half of 2024, the Group processed and produced 40,615 tonnes of copper products as entrusted, representing a period-over-period decrease of 12.4%.



Part of CCS plant site

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2024, the Group's operating results increased year on year, which was attributable to the increase in the sales volume of blister copper and copper anodes and the increase in global copper price.

During the period from 1 January 2024 to 30 June 2024 (the "reporting period"), the revenue of the Group amounted to US\$2,009.8 million, representing an increase of 9.0% as compared with the same period last year. Profit attributable to owners of the Company amounted to US\$219.1 million, representing an increase of 18.0% as compared with the same period last year, which was mainly attributable to the increase in the sales volume of blister copper and copper anodes and the increase in global copper price.

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 businesses of the Group are carried out mainly through the following companies:

NFC Africa Mining PLC ("NFCA"), CNMC Luanshya Copper Mines PLC ("Luanshya"), Chambishi Copper Smelter Limited ("CCS") and Sino-Metals Leach Zambia Limited ("SML") located in Zambia, as well as Huachin Metal Leach SA ("Huachin Leach"), CNMC Huachin Mabende Mining SA ("CNMC Huachin Mabende"), Lualaba Copper Smelter and Kambove Mining SAS ("Kambove Mining") located in the DRC.

From January to June 2024, the Group accumulatively produced 159,971 tonnes of blister copper and copper anodes, representing an increase of 10.5% from the same period last year; copper cathodes of 62,450 tonnes, representing a decrease of 12.8% from the same period last year; cobalt contained in cobaltous hydroxide of 473 tonnes, representing a decrease of 36.5% from the same period last year; sulfuric acid of 548,699 tonnes, representing an increase of 12.5% from the same period last year; and liquid sulphur dioxide of 10,115 tonnes, representing an increase of 53.5% from the same period last year; and the processed copper products by the Group for enterprises outside of the Group amounted to 40,615 tonnes in total, representing a decrease of 12.4% 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 2024, Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine produced 32,019 tonnes of copper anodes, representing a decrease of 22.3% from the same period last year, of which: Chambishi Main and West Mine produced 11,095 tonnes of copper anodes and Chambishi Southeast Mine produced 20,924 tonnes of copper anodes, which was primarily due to the decline in copper concentrate production at the end of the year 2023, resulting in a decrease in copper return from CCS for entrusted processing in early 2024 and a decrease in copper output in the first half of 2024.

Luanshya

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

The Luanshya produced 23,469 tonnes of copper cathodes in the first half of 2024, representing an increase of 7.0% from the same period last year, and produced 1,813 tonnes of copper anodes, representing a decrease of 57.0% from the same period last year, mainly due to the decrease in grade of slag raw ores and the shutdown of the underground mine in Baluba.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2024, CCS produced 133,943 tonnes of blister copper and copper anodes, including the processed copper products of 36,507 tonnes for enterprises within the Group, representing an increase of 25.7% from the same period last year, and 369,137 tonnes of sulfuric acid, representing an increase of 29.2% from the same period last year. The high increase in the output of copper products and sulfuric acid compared to the same period last year in 2023 was mainly due to relatively low output of copper products and sulfuric acid in the first half of the year 2023 as a result of insufficient supply from the major copper concentrate supplier of CCS due to force majeure in the first half of the year 2023, which resulted in long-term low-load production of the smelting facilities.

SML

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

In the first half of 2024, SML produced 2,826 tonnes of copper cathodes, representing a decrease of 24.0% from the same period last year, mainly due to the decrease in the grade of the ores of the Mwambashi Mine, and the decrease in ore grade for the purchased oxidized ore; SML produced 2,675 tonnes of blister copper and copper anodes, representing a decrease of 16.6% from the same period last year, mainly due to the decrease in external purchased copper concentrate.

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 2024 decreased by 54.8% to 8,435 tonnes as compared with the same period last year, mainly due to the increase in duration and frequency of limitation of power and blackout, which affected the operation time.

Copper cathodes produced by Huachin Leach in the first half of 2024 decreased by 15.3% to 10,313 tonnes, including the processed copper products of 1,107 tonnes for enterprises outside the Group, as compared with the same period last year, mainly due to the increase in duration and frequency of limitation of power and blackout, which affected the operation time. Cobalt contained in cobaltous hydroxide produced decreased by 7.4% to 75 tonnes as compared with the same period last year, mainly due to the current oversupply of cobalt in the market, in order to ensure copper production, the main source of electricity was used for copper production, resulting in a reduction in the raffinate treatment capacity.

Lualaba Copper Smelter

In the first half of 2024, Lualaba Copper Smelter produced 65,536 tonnes of blister copper, including the processed copper products of 39,508 tonnes for enterprises outside the Group, representing a decrease of 21.0% from the same period last year; 178,170 tonnes of sulfuric acid, representing a decrease of 5.5% from the same period last year; and 10,115 tonnes of liquid sulphur dioxide, representing an increase of 53.5% from the same period last year. The main reasons for the decrease in blister copper and sulfuric acid products were: the company had to run in low-load operation due to the insufficient supply of high-iron sulfur copper concentrate; the lack of electricity and the annual overhaul in May 2024 affected the production operation rate. The increase in liquid sulfur dioxide output was mainly attributable to increased production to meet sales demand through market development.

Kambove Mining

In the first half of 2024, Kambove Mining produced 18,515 tonnes of copper cathodes, representing an increase of 10.7%, mainly attributable to the operation of diesel generator units during local power outages and restrictions to compensate for the power gap and ensure normal production; as well as the technical upgrade of the tailing system which increased the ore processing capacity, resulting in increased output of cathode copper. The production of cobalt contained in cobaltous hydroxide was 398 tonnes, representing a decrease of 40.1%, mainly attributable to the decrease in cobalt grade of raw ores. The concentration of cobalt ions leached from the system decreased, resulting in a reduction in cobalt output.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Production Overview (Continued)

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

	Production volume for the six months ended 30 June 2024⁽¹⁾ (Tonnes)	Production volume for the six months ended 30 June 2023⁽¹⁾ (Tonnes)	Period-over period increase/ (decrease) (%)
Blister copper and copper anodes	159,971	144,833	10.5
Copper cathodes	62,450	71,648	(12.8)
Cobalt contained in cobaltous hydroxide	473	745	(36.5)
Sulfuric acid	548,699	487,670	12.5
Liquid sulphur dioxide	10,115	6,591	53.5
Copper product processing services ⁽²⁾	40,615	46,347	(12.4)

Notes:

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

	Production volume for the six months ended 30 June 2024 (Tonnes)	Production volume for the six months ended 30 June 2023 (Tonnes)
Blister copper and copper anodes produced by self-owned mine	35,977	46,412
Copper cathodes produced by self-owned mine	43,518	40,980
Total	79,495	87,392

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Exploration, Development and Mining Cost of the Group

Cost of exploration, development and mining activities of the Group for the six months ended 30 June 2024 is set out below:

	NFCA		Luanshya			SML		Kambove Mining		
	Chambishi Main and West Mine	Chambishi Southeast Mine	Southern Superficial Part of Muliashi Sulphide Mine	Roan Extended to the Southern Deep Part of Muliashi Sulphide Mine	Muliashi Strip Mine Oxidised Mine	Mwambashi Mine	Samba Mine	Main Mine	MSESA Mine	Total
Unit: Million US dollars										
Exploration activities										
Including:										
– Drilling	0.38	0.64	0.17	0.29	–	0.37	0.27	0.09	0.73	2.94
– Analysis	0.02	0.12	–	–	–	–	–	–	–	0.14
– Others	0.10	–	–	0.35	–	–	–	–	–	0.45
Sub-total	0.50	0.76	0.17	0.64	–	0.37	0.27	0.09	0.73	3.53
Development activities										
(including mine construction)										
Including:										
– Purchases of assets and equipment	1.35	1.01	–	7.33	–	–	–	–	–	9.69
– Civil work for construction of tunnels and roads	1.74	3.26	–	–	–	–	–	–	–	5.00
– Others	2.02	2.45	–	3.67	0.46	–	–	–	–	8.60
Sub-total	5.11	6.72	–	11.00	0.46	–	–	–	–	23.29

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Exploration, Development and Mining Cost of the Group (Continued)

	NFCA		Luanshya			SML		Kambove Mining		
				Roan Extended Southern Superficial Part of Deep Part of Muliashi Sulphide Mine	Muliashi Strip Mine Oxidised Mine					
Unit: Million US dollars	Chambishi Main and West Mine	Chambishi Southeast Mine	Muliashi Sulphide Mine			Mwambashi Mine	Samba Mine	Main Mine	MSESA Mine	Total
Mining activities (excluding ore processing)										
Including:										
- Staff cost	2.02	6.69	-	-	-	-	-	-	-	8.71
- Consumables	5.82	22.42	-	-	-	-	-	-	-	28.24
- Fuel, electricity, water and other services	8.33	7.39	-	-	-	0.65	-	0.35	-	16.72
- Depreciation	3.32	21.29	-	-	-	0.33	-	-	-	24.94
- Sub-contracting charges	14.01	18.96	-	-	35.60	3.81	-	24.76	-	97.14
- Transportation charges	-	-	-	-	1.15	-	-	-	-	1.15
- Others	0.55	1.29	-	-	-	-	-	-	-	1.84
Sub-total	34.05	78.04	-	-	36.75	4.79	-	25.11	-	178.74

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Mining Exploration, Mining Development and Ore Mining Activities

Mining Exploration

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

At NFCA, the completed drilling volume for exploration in the pit was 14,534.78 m, and the completed drilling volume for exploration in the pit at Chambishi Southeast Mine was 165 m.

At Luanshya, the drilling of 1 drilling holes with footage of 1,251.21 m was completed in the Extended Section of Roan to the deep section of Muliashi South; the drilling of 4 hydrological observation wells with footage of 1,020.92 m was completed in the Extended Section of Roan to Muliashi; and the drilling of 18 drilling holes with footage of 3,092.19 m was completed in the shallow section of Muliashi South.

The drilling of 2 drilling holes with footage of 919.58 m was completed in the deep and peripheral prospecting geological exploration project of Samba Copper Mine of SML.

Kambove Mining completed 790.34 m of production prospecting drilling at its main mine, and completed 2,234.21 m of supplemental exploration drilling at MSEA mine.

Mining Development

Luanshya

The new mine in Luanshya (formerly known as 28# Well Project) is expected to have a total project investment of approximately US\$513.0 million, including investment in pumping and drainage of approximately US\$100.0 million and restoration construction of approximately US\$413 million. Its product is copper concentrate, with an estimated designed mining and processing production scale of 2.2 million tonnes/year, which contains 43,500 tonnes of copper per year. It has an infrastructure construction period of 4 years and a production period of 18 years. The budgeted amount for the whole year of 2024 is approximately US\$67.2 million, with contracts signed in the first half of the year amounting to approximately US\$14.5 million, and it is expected that the amount of contracts to be signed in the second half of the year will exceed US\$30.0 million.

The pumping and drainage test was conducted smoothly. 6 sets of water pumps planned for installation were all put into operation on July 1, having a drainage capacity of 240,000 m³ per day. Subsequently, it is planned to install additional 7 sets of water pumps to have a drainage capacity of 400,000 m³ per day finally. The hydrology, geology and feasibility study of the project are progressing steadily.

Kambove Mining

The total planned investment of Phase I of the MSEA Ore Body Development Project is US\$22.0 million. In 2024, it is planned to invest US\$7.1 million in pumping, drainage and dredging and related research work for the MSEA pit to provide technical guidance for the preparation of feasibility study reports.

The total planned investment of Phase I of Kambove West Mine Development Project is US\$85.8 million. In 2024, it is planned to invest US\$1.0 million in the resource verification and development stability assessment for Kambove West Mine, and in updating the pre-feasibility study.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

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

Ore Mining

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

Infrastructure Projects, Subcontracting Arrangements and Procurement of Equipment

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

1. TBM Construction Contract for Slope Ramp from Surface to 680mL Middle Section at Southeast Mine, and Contract for Water Control by Grouting Cut-off Wall Project of Main and Auxiliary Shafts at Southeast Mine
2. EPC Contract for Pumping of Water and Dredging in the Open Pit at MESA Ore Body of Kambove Mining SAS

For the six months ended 30 June 2024, the aggregate value of contracts newly entered into by the Group amounted to US\$104.91 million, of which the capital commitment was US\$50.93 million. There was no subcontracting arrangement* during the six months ended 30 June 2024.

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

Projects in Progress

NFCA

The full-section hard rock tunnel boring machine (TBM) project of the L-slope of the Southeast Mine from the surface to the middle section at depths up to 680 meters- Firstly, the geotechnical survey has been entrusted to the Zambia-China Economic and Trade Cooperation Zone for public bidding. The project contract was signed in the end of July 2024 and it was planned to complete the geotechnical survey and submit the results in mid-October 2024. Secondly, the final TBM plan of the slope will be determined based on the survey results and the relevant investment estimation work plan is scheduled to be completed by the end of October 2024. Thirdly, TBM equipment selection, equipment procurement and transportation are expected to commence in March 2025 and be completed in mid-June 2026.

The curtain grouting water control project for the main and auxiliary shafts of the Southeast Mine – On 9 July 2024, the signing of the “Curtain Grouting Water Control Contract for the Main and Auxiliary Shafts of the Southeast Mine” with Sino-Zambia Mine Water Damage Prevention and Control Co., Ltd was considered and approved at the general manager’s office meeting. The design plan and the review of construction organization design of the project were finished, and project approval and contract signing were completed in mid-July 2024. Secondly, water control in the upper aquifer was completed by the end of July 2024 and the second and third aquifers are expected to be completed by the end of the year 2024 and a summary report will be prepared by the end of March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Projects in Progress (Continued)

CCS

The waterproof shed expansion project of the slag concentrate warehouse – In order to avoid the loss of metal from the slag concentrates in the slag separation plant due to wind and rain and to meet the needs of storage and drying of the slag concentrates, a new concentrate warehouse will be built at the existing open-air yard of the slag separation plant, covering an area of 2,153.25m² (49.5x43.5m) with an auxiliary sedimentation tank (5x5x5m). The project commenced on 20 May 2024, with 45% of the civil engineering works and 20% of the steel structure works completed. The project is scheduled to be completed on 30 November 2024 with a total planned investment of US\$0.9 million.

The upgrading and transformation project on energy conservation and consumption reduction of phase I of the 4,000Nm³/h oxygen production system – For phase I of the 4,000Nm³/h oxygen production system of the oxygen station which was completed and put into operation in early 2009, the oxygen production volume and oxygen concentration decreased and the energy consumption increased. The transformation project plans to restore the production level to the original designed oxygen concentration of 90% and output of 4000Nm³/h and reduce energy consumption. The main focus of the transformation project is to rectify the internal structure of the adsorption tower and replace the molecular sieves. The molecular sieves for the project were purchased in April 2024, delivered to the port in June 2024, and are expected to arrive in mid-September 2024. The project is scheduled to be completed on 30 October 2024 with a total planned investment of US\$2.6 million.

The renovation project of the 3# heat exchanger for the conversion of sulfuric acid in phase I – The 3# heat exchanger for sulfuric acid in phase I has been in use for 13 years since it was put into operation in 2009. The heat exchanger pipes were broken and gas leaked, with the number of broken pipes reaching 23%, which affected the operation efficiency of the equipment, resulting in the sulfur dioxide content in the exhaust gas exceeding the standard (>1,000mg/Nm³) and a decrease in the strength of the internal structure of the heat exchanger, and thus a need to rebuild the 3# heat exchanger. The installation of the new heat exchanger, and some of the pipe racks, pipes and insulation has been in place. The project is scheduled to be completed on 30 September 2024 with a total planned investment of US\$1.4 million.

Luanshya

A new mine project – The project is a key project for Luanshya to achieve sustainable and high-quality development in the future, with a total investment of approximately US\$513.0 million (including approximately US\$100.0 million for pumping and drainage and approximately US\$413.0 million for restoration construction). The product is copper concentrate, with a designed mining and beneficiation capacity of 2.2 million tonnes/year and contained copper in copper concentrate of 43,500 tonnes/year. The infrastructure construction period is 4 years and the production period is 18 years. Pumping and drainage test went smoothly, and all 6 sets of water pumps were put into operation on 1 July 2024 with a drainage capacity of 240,000 m³/day. Furthermore, 7 more sets of water pumps are planned to be installed, providing a total drainage capacity of 400,000 m³/day. Meanwhile, the hydrological, geological and feasibility studies of the project are progressing steadily.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Projects in Progress (Continued)

SML

The renovation project of the 2# ball mill in the ore processing workshop – The construction of the entire project commenced on 22 February 2024 and lasted 34 days until its completion on 26 March 2024, with a total investment of US\$0.6 million. Operating for over a decade, all components of the original equipment have obvious wear and aging, causing a high failure rate and frequent shutdowns for maintenance. The condition of the equipment can no longer meet the needs of normal continuous production. With the completion of the overall renovation under the project, the equipment was successfully put into production after one load testing and running in good condition.

Lualaba Copper Smelter

The slag flotation project – This project has a total of 14 sub-projects, among which, the constructions of 9 sub-projects including coarse crushing, fine ore bin, grinding, flotation, dehydration, thickener, power distribution room for ore grinding and processing, power distribution room for ore crushing and public toilets have commenced. The project is scheduled to be put into production at the end of the year 2024 and is currently progressing smoothly. The investment completion rate according to the physical progress is 38.9%. The total planned investment of the project is US\$19.3 million.

Kambove Mining

The preliminary work for the resource development projects of Kambove West Mine and the MSES Mine – This project is to promote the works prior to the preparation of the feasibility studies on the pumping and drainage of Kambove West Mine, the supplemental exploration of the MSES Mine, the drainage and dredging of the MSES Mine, the necessary technical conditions for mining, and the metallurgical study of the ore, etc.

The feasibility study report on the overall optimization of the leach plant and the renovation and expansion project of the tailings system have been prepared and submitted to the Group for approval.

For Phase I of the development project of Kambove West Mine with a total planned investment of US\$85.8 million, the planned investment of US\$1.0 million in 2024 will be used for resource verification, development stability assessment of the Kambove West Mine and the completion of updating of the pre-feasibility study. Phase I of the development project of MSES Mine with a total planned investment of US\$22.0 million. The planned investment of US\$7.1 million in 2024 will be used for the pumping, drainage and dredging and the related research work of the MSES Mine to provide technical guidance for the preparation of feasibility study report. The technical renovation project of the three-phase centrifuge plant with a planned total investment of US\$0.7 million, which is scheduled to be completed in October 2024. The system renovation project for the use of sulfur dioxide instead of sodium metabisulfite with a planned total investment of US\$2.0 million, which is scheduled to be completed in March 2025. The overall optimization of the leach plant and the renovation and expansion project of the tailings system with a total planned investment of US\$42.1 million, which is scheduled to be completed in December 2025.

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.

	Six months ended 30 June							
	2024				2023			
	Sales Volume ⁽¹⁾ (Tonnes)	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)	Sales Volume ⁽¹⁾ (Tonnes)	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)
Blister copper and copper anodes	159,611	8,530	1,361,485	67.7	138,474	8,028	1,111,628	60.3
Copper cathodes	63,324	8,168	517,213	25.7	72,811	7,833	570,350	30.9
Sulfuric acid	404,786	206	83,354	4.2	362,026	317	114,764	6.3
Liquid sulphur dioxide	10,144	793	8,046	0.4	6,757	1,008	6,812	0.4
Cobalt contained in cobaltous hydroxide	526	8,391	4,414	0.2	188	14,324	2,693	0.1
Copper product processing services ⁽²⁾	39,992	882	35,256	1.8	46,379	809	37,531	2.0
Total	678,383		2,009,768	100.0	626,635		1,843,778	100.0

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Revenue

The revenue of the Group increased by 9.0% from US\$1,843.8 million in the first half of 2023 to US\$2,009.8 million in the first half of 2024, primarily attributable to the increase in the sales volume of blister copper and copper anodes and the increase in the average selling prices of copper products.

The revenue from sales of blister copper and copper anodes rose by 22.5% from US\$1,111.6 million in the first half of 2023 to US\$1,361.5 million in the first half of 2024, primarily attributable to increase in the sales volume of blister copper and copper anodes and the increase in average selling prices.

The revenue from sales of copper cathodes decreased by 9.3% from US\$570.4 million in the first half of 2023 to US\$517.2 million in the first half of 2024, primarily attributable to the decrease in the sales volume of copper cathodes.

The revenue from sales of sulfuric acid decreased by 27.4% from US\$114.8 million in the first half of 2023 to US\$83.4 million in first half of 2024, primarily attributable to the decrease in average selling price of sulfuric acid.

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

	Six months ended 30 June							
	2024				2023			
	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin
	(US\$'000)	(US\$ per tonne)	(US\$'000)	(%)	(US\$'000)	(US\$ per tonne)	(US\$'000)	(%)
Blister copper and copper anodes	1,147,639	7,190	213,846	15.7	934,598	6,749	177,030	15.9
Copper cathodes	282,704	4,464	234,509	45.3	306,840	4,214	263,510	46.2
Sulfuric acid	34,431	85	48,923	58.7	39,057	108	75,707	66.0
Liquid sulphur dioxide	3,598	355	4,448	55.3	2,921	432	3,891	57.1
Cobalt contained in cobaltous hydroxide	8,185	15,561	(3,771)	(85.5)	15,333	81,559	(12,640)	(469.4)
Copper product processing services ⁽¹⁾	21,251	531	14,005	39.7	23,645	510	13,886	37.0
Total	1,497,808		511,960	25.5	1,322,394		521,384	28.3

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Revenue (Continued)

Notes:

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

Cost of sales

The cost of sales of the Group increased by 13.3% to US\$1,497.8 million in the first half of 2024 from US\$1,322.4 million in the first half of 2023, primarily due to the increase in the sales volume of blister copper and copper anodes, and the increase of the global copper price resulting in the increase in raw material cost of the purchased copper concentrates and oxide ore.

The cost of sales of blister copper and copper anodes increased by 22.8% from US\$934.6 million in the first half of 2023 to US\$1,147.6 million in the first half of 2024, primarily due to the increase in the sales volume of blister copper and copper anodes, and the increase of the global copper price resulting in the increase in raw material cost of the purchased copper concentrates.

The cost of sales of copper cathodes decreased by 7.9% from US\$306.8 million in the first half of 2023 to US\$282.7 million in the first half of 2024, primarily due to the decrease in the sales volume of copper cathodes.

The cost of sales of sulfuric acid decreased by 12.0% from US\$39.1 million in the first half of 2023 to US\$34.4 million in the first half of 2024, primarily due to the decrease in unit production costs of sulfuric acid.

Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US\$512.0 million in the first half of 2024, representing a decrease of 1.8% from US\$521.4 million in the same period of 2023. The gross profit margin decreased from 28.3% in the first half of 2023 to 25.5% in the first half of 2024, which was mainly attributable to the increase in the output of blister copper and copper anodes from purchased copper concentrates and the increase in the unit cost of purchased copper concentrate due to the increase in copper prices.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Distribution and selling expenses

The distribution and selling expenses of the Group decreased by US\$18.2 million from US\$21.7 million in the first half of 2023 to US\$3.5 million in the first half of 2024, primarily due to the inclusion of customs clearance fees in the performance costs of customer contracts which were charged in the costs of sales in the first half of 2024.

Finance costs

The finance costs of the Group decreased by 67.2% from US\$19.2 million in the first half of 2023 to US\$6.3 million in the first half of 2024, primarily due to a significant decrease in external borrowings compared with the same period last year.

Other gains and losses

In terms of other gains and losses, the Group recorded a net gain of US\$3.4 million in the first half of 2024, increased by US\$17.6 million from the loss of US\$14.2 million in the first half of 2023, which was primarily due to the increase in the gain derived from changes in fair value of financial instruments.

Income tax expense

The income tax expense of the Group increased by 9.6% from US\$117.9 million in the corresponding period of 2023 to US\$129.2 million in the first half of 2024, primarily due to the increase in profit before tax.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company increased by 18.0% from US\$185.7 million in the first half of 2023 to US\$219.1 million in the first half of 2024.

Liquidity and Financial Resources

Cash Flows

Net cash generated from operating activities

Cash flow generated from the operating activities of the Group was a net inflow of US\$413.1 million in the first half of 2024, which decreased by US\$50.8 million from the net inflow of US\$463.9 million in the first half of 2023, mainly attributable to the decrease in the balance of trade payables during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Liquidity and Financial Resources (Continued)

Cash Flows (Continued)

Net cash generated from/(used in) investing activities

The cash flow generated from investing activities of the Group was a net inflow of US\$26.8 million in the first half of 2024, which increased by US\$199.6 million from the net outflow of US\$172.8 million used in investing activities in the first half of 2023, mainly attributable to the decrease in time deposits.

Net cash generated from/(used in) financing activities

The cash flow generated from financing activities of the Group was a net inflow of US\$94.9 million in the first half of 2024, which increased by US\$215.3 million from the net outflow of US\$120.4 million used in financing activities in the first half of 2023, mainly attributable to the proceeds from top-up subscription of new shares, the lower dividend paid to non-controlling shareholders of subsidiaries compared to the same period last year, as well as a decrease in the repayment of external borrowings.

Bank balances and cash

The Group's bank balances and cash (including cash, time deposits and demand deposits) increased by US\$435.4 million from US\$602.4 million as at 31 December 2023 to US\$1,037.8 million as at 30 June 2024.

Trade receivables at amortised cost/trade receivables at FVTPL

As at 30 June 2024, the Group recorded trade receivables at amortised cost of US\$57.3 million and trade receivables at FVTPL of US\$342.9 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\$400.2 million, which decreased by US\$17.4 million from US\$417.6 million as at 31 December 2023, mainly attributable to the decrease in the receivables in relation to sales of copper products.

Inventories

Inventories held by the Group decreased by US\$123.6 million from US\$861.3 million as at 31 December 2023 to US\$737.7 million as at 30 June 2024, primarily due to the decrease in inventories of raw materials.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Liquidity and Financial Resources (Continued)

Trade payables at amortised cost/trade payables designated at FVTPL

As at 30 June 2024, the Group recorded trade payables at amortised cost of US\$239.3 million and trade payables designated at FVTPL of US\$219.2 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\$458.5 million, which decreased by US\$73.4 million from US\$531.9 million as at 31 December 2023, primarily due to the significant amount of outstanding trade payables arising from the stockpiling for the rainy season at the end of last year.

Bank and other borrowings

As of 30 June 2024, the Group's balance of bank and other borrowings amounted to US\$160.7 million which were due within one year.

As of 30 June 2024, the Group's bank and other borrowings were denominated in US dollar and had no seasonal features. All of the loans of the Group have floating interest rate.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Capital expenditure

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Mining and ore processing facilities at Chambishi Southeast Mine of NFCA	6,264	13,497
Other mining and ore processing facilities at NFCA	5,976	2,571
Pumping and drainage pilot project of the No. 28 shaft at Luanshya	8,036	–
Mining and leaching facilities at Luanshya (Muliashi Project)	3,896	12,486
Other facilities at Luanshya	5,606	1,074
Smelting facilities at CCS	3,065	7,505
Leaching facilities at Chambishi Leach Plant	3,104	2,325
Leaching facilities at CNMC Huachin Leach Project	1,628	1,165
Leaching facilities at Mabende Project	3,253	271
Smelting facilities at Lualaba Copper Smelter	1,342	481
Mining and ore processing facilities at Kambove Mining	3,839	4,580
Other facilities at Luano Project	–	2
Total	46,009	45,957

The total capital expenditure of the Group was US\$46.0 million in the first half of 2024, which remained stable compared with the first half of 2023.

Treasury Policies

As of 30 June 2024, 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 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 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 Group 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. Other employee benefits include insurance, medical cover and subsidised educational and training programmes. The Company does not operate any share scheme.

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

There were no significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2024. As at 30 June 2024, the Group had no future plans to make significant investments or to acquire capital assets, and did not anticipate to make any arrangement to finance such plans in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CHARGES ON ASSETS

As at 30 June 2024, the net carrying amount of the Group's property, plant and equipment secured for the self-guaranteed environmental protection funds amounted to US\$9,390,000 (as at 31 December 2023: US\$9,619,000). As at 30 June 2024, the restricted bank balances of the Group amounted to US\$3,802,000 (as at 31 December 2023: US\$4,549,000) mainly applied to the guarantee of environmental protection funds and the issuance of letters of credit.

GEARING RATIO

As at 30 June 2024, the Group had a net cash position* of approximately US\$879.4 million (as at 31 December 2023: US\$427.9 million). Therefore the Group was not considered to have any net gearing as at 30 June 2024 and 31 December 2023.

* Net cash position is defined as bank balances and cash, time deposits, and short-term restricted bank balances less bank and other borrowings.

Net gearing ratio is defined as bank and other borrowings minus bank balances and cash, time deposits, and short-term restricted bank balances, divided by the total equity attribute to owners of the Company.

CONTINGENT LIABILITIES

As at 30 June 2024, there was no material contingent liabilities (as at 31 December 2023: Nil).

NO MATERIAL CHANGES

Saved as disclosed in this interim report, for the period from 1 January 2024 to 30 June 2024, there were no material changes affecting the Company's performance that need to be disclosed under paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this interim report, there were no important events affecting the Group which have occurred after the reporting period.

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

On 9 April 2024, the Company, China Nonferrous Mining Development Limited (the “Placing Shareholder”) and China International Capital Corporation Hong Kong Securities Limited (the “Placing Agent”) entered into a placing and subscription agreement (the “Placing and Subscription Agreement”), pursuant to which: (a) the Seller has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent of the Seller and to procure purchasers to purchase on a best effort basis, an aggregate of up to 163,000,000 existing Shares at the price of HK\$6.0 per Sale Share (the “Placing Price”) (representing a discount of approximately 13.54% to the closing price of HK\$6.94 per Share as quoted on the Hong Kong Stock Exchange on 8 April 2024, being the trading day immediately prior to the date of the Placing and Subscription Agreement); and (b) the Seller has agreed to subscribe for, and the Company has agreed to issue to the Seller, an aggregate of up to 163,000,000 new Shares at the subscription price (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement. Completion of the Placing and the Subscription took place on 10 April 2024 and 15 April 2024, respectively. A total of 163,000,000 Sale Shares have been successfully placed at the Placing Price to not less than six Placees, all of whom/which are professional, institutional and/or individual investors. The net price for each Subscription Share is US\$0.76. Details of the Placing and the Subscription were set out in the announcements of the Company dated 9 April 2024 and 15 April 2024 (the “Announcements”).

The Directors are of the view that the Placing and the Subscription will benefit the Group’s long-term development and broaden the shareholder base and capital base of the Group to facilitate future growth and development of its business, as well as to increase the liquidity of the Shares. The Directors (including the independent non-executive Directors) are also of the view that the Placing and the Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the Placing and Subscription Agreement, which were arrived at after arm’s length negotiations between the Company, the Seller and the Placing Agent, are fair and reasonable so far as the Shareholders are concerned.

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 works to increase the production capacity of copper concentrate of mines which is located in Luanshya, Kambove and Chambishi, etc; (ii) acquisition of potential mineral resources; and (iii) replenish and supplement the general working capital of the Group. As at 30 June 2024, 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
124,080	Project construction works to increase the production capacity of copper concentrate of mines which is located in Luanshya, Kambove and Chambishi, etc	–	–	124,080	Before 31 December 2027
	Acquisition of potential mineral resources	–	–		
	Replenish and supplement the general working capital of the Group	–	–		

Note:

The net proceeds have been applied in the manner consistent with the use of proceeds as disclosed in the announcement of the Company dated 9 April 2024. The expected timeline for utilising all unutilised net proceeds is subject to change based on the current and future development of market conditions and market opportunities made available to the Group.

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS

NUMBER OF SHARES

As at 30 June 2024, the Company had issued 3,902,036,000 ordinary shares (the “Shares”).

PARTICULARS OF SHAREHOLDERS

Substantial shareholders’ and other persons’ interests and short positions in shares and underlying shares

As at 30 June 2024, 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	66.63%
CNMC	Interest in a controlled corporation	2,600,000,000	66.63%

Note: CNMD is a wholly-owned subsidiary of 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 2024, 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.

NUMBER OF SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

PARTICULARS OF SHAREHOLDERS (CONTINUED)

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares (Continued)

As at 30 June 2024, 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	33.25%
China Nonferrous Mining Hong Kong Holdings Limited	Hong Kong Zhongfei	30%
Kambove Mining	La Generale des Carrieres et des Mines SA	45%
Lualaba Copper Smelter	Yunnan & Hongkong Metal Company Limited ("YH Metal")	38%
Kingsail Limited	YH Metal	40%

Save as disclosed above, as at 30 June 2024, 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 or Chinese terms 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 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.

For the six months ended 30 June 2024, the Company had complied with the code provisions as set out in Appendix C1 to the Listing Rules (the "CG Code").

HUMAN RESOURCES

EMPLOYEE INFORMATION

As at 30 June 2024, the Group had 8,477 employees, which comprised 882 Chinese employees and 7,595 local employees in Zambia and the DRC. The total cost of employees incurred by the Group for the six months ended 30 June 2024 was approximately US\$52.3 million (for the six months ended 30 June 2023: US\$58.6 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 2024, 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, the Group 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 2024, 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, the community environment improvement, servicing the local residents, which were highly appreciated by the local government and local residents and further established a good corporate-citizenship image as a listed company.

FUTURE PROSPECTS

In the first half of 2024, the Company's production and operation were generally stable. The investees seized the opportunity of high copper price at the second quarter, overcame the unfavourable factors such as the adverse impacts of local power supply shortage, and stabilised production, controlled costs, and raised efficiency, basically achieved the expected objectives of production and operation, with a year-on-year increase in key economic indicators. In the capital market, the Company further strengthened the maintenance of investor relations, maintained positive interactions with domestic and overseas investors, and actively gave back to shareholders by maintaining a high dividend payout ratio. This year, the Company's shares were included in the Hang Seng Composite MidCap Index and received further recognition from the market, and the Company's value management efforts have shown initial results, with its market capitalisation hitting a record high and its liquidity significantly improved. The Company completed the placing of existing shares and top-up subscription of new shares in the Hong Kong market in a timely manner and raised nearly HK\$1 billion, laying a solid foundation for the Company's construction of the expansion project and mergers and acquisitions.

Currently, the world economy is still in recovery. The fiscal policies of major economies remain uncertain, and the risk of geopolitical conflicts still exists. The demand of traditional industries such as real estate remains sluggish, and the international copper price has dropped by nearly 20% from the peak in the second quarter. Various uncertainties and unstable factors will bring various risks to the Company's production and operation in the second half of the year. The demand for new energy, new economy and emerging markets will certainly support the copper prices to fluctuate at high levels, and China's comprehensive deepening reform measures after the Third Plenary Session of the CPC Central Committee will definitely give new impetus to the Chinese and global economy.

In the second half of the year 2024, under the leadership of the Board, the management will continue to stabilise production and maintain profit, attach great importance to safety and environmental protection, compliance operation and sustainable development, accelerate the implementation of various reforms, ensure the completion of annual production and operation targets, and achieve the overall goal of stable growth in the year 2024.



Kambove Mining conducted fire emergency evacuation and escape drill

OTHER INFORMATION

GENERAL INFORMATION

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on the Stock Exchange. The Company's parent and ultimate holding company are China Nonferrous Mining Development Limited ("CNMD"), incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd.* ("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 metal, mining, ore processing, leaching, smelting, sale of copper cathodes, blister copper and copper anodes, cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide, and rendering copper product processing services. The 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 2024, 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 (the "Model Code") as stipulated in Appendix C3 of The Rules Governing the Listing of Securities on the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

* Translation of English or Chinese terms for reference purposes only

OTHER INFORMATION (CONTINUED)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had engaged in any business which competes or may compete directly or indirectly with the business of the Group for the six months ended 30 June 2024.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Since 29 April 2024 (the date of publication of the 2023 Annual Report), there is no update on 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 (the "Audit Committee") which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph D.3 of Part 2 of the CG Code. 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. Guangfu GAO and Mr. Huanfei GUAN, independent non-executive Directors. The Audit Committee has reviewed the Group's interim financial results and interim report for the six months ended 30 June 2024 and was of the opinion that such interim financial results and interim report complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

The interim financial report for the six months ended 30 June 2024 have been reviewed by the Group's auditor, KPMG, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code in Appendix C3 to the Listing Rules. The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code throughout the six months ended 30 June 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the six months ended 30 June 2024.

INDEPENDENT REVIEW REPORT



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

INTRODUCTION

We have reviewed the interim financial report set out on pages 39 to 68 which comprises the consolidated statement of financial position of China Nonferrous Mining Corporation Limited (the “Company”) as of 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

29 August 2024

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited
(Expressed in US dollars (“US\$”))

	Notes	Six months ended 30 June	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue	3	2,009,768	1,843,778
Cost of sales		(1,497,808)	(1,322,394)
Gross profit		511,960	521,384
Other income		16,102	8,225
Other gains and losses	4	3,430	(14,212)
Distribution and selling expenses		(3,519)	(21,680)
Administrative expenses		(83,615)	(89,254)
Other expenses		(5,697)	(3,395)
Profit from operations		438,661	401,068
Finance costs	5	(6,253)	(19,249)
Profit before taxation	6	432,408	381,819
Income tax	7	(129,180)	(117,856)
Profit and total comprehensive income for the period		303,228	263,963
Profit and total comprehensive income attributable to:			
Owners of the Company		219,109	185,701
Non-controlling interests		84,119	78,262
		303,228	263,963
Earnings per share	8		
– Basic and diluted (<i>US cents per share</i>)		5.75	4.97
– Basic and diluted (<i>equivalent to approximately HK\$ per share</i>)		0.45	0.39

The notes on pages 44 to 68 form part of this interim financial report. Details of dividends payable to owners of the Company are set out in Note 17(a).

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 – unaudited
(Expressed in US\$)

	Notes	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	1,467,710	1,518,121
Right-of-use assets		196	189
Mining rights		93,166	99,481
Restricted bank balances	13	1,505	1,505
Deferred tax assets		22,586	27,651
Prepayments and other receivables	12	197,083	44,784
		1,782,246	1,691,731
Current assets			
Inventories	10	737,651	861,271
Trade receivables at amortised cost	11	57,336	50,012
Trade receivables at fair value through profit or loss ("FVTPL")	11	342,922	367,565
Prepayments and other receivables	12	216,843	243,526
Financial assets at FVTPL		9,251	–
Restricted bank balances	13	2,297	3,044
Time deposits	13	10,000	110,000
Cash and cash equivalents	13	1,027,787	492,364
		2,404,087	2,127,782
Total assets		4,186,333	3,819,513
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17(b)	864,199	740,119
Reserves		1,205,478	1,102,267
Total equity attributable to owners of the Company		2,069,677	1,842,386
Non-controlling interests		720,836	644,217
Total equity		2,790,513	2,486,603

The notes on pages 44 to 68 form part of these financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 – unaudited
(Expressed in US\$)

		At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
	Notes		
Non-current liabilities			
Deferred tax liabilities		156,715	130,518
Deferred income		11,120	11,672
Provision for restoration, rehabilitation and environmental costs		52,113	50,679
		219,948	192,869
Current liabilities			
Trade and bills payables	14	239,277	233,306
Trade payables designated at FVTPL	14	219,214	298,553
Other payables and accrued expenses	15	357,313	270,687
Income tax payable		197,986	151,652
Bank and other borrowings	16	160,669	177,486
Lease liabilities		177	191
Contract liabilities		1,236	2,854
Financial liabilities		–	5,312
		1,175,872	1,140,041
Total liabilities		1,395,820	1,332,910
Total equity and liabilities		4,186,333	3,819,513

The notes on pages 44 to 68 form part of this interim financial report.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024 – unaudited
(Expressed in US\$)

	Attributable to owners of the Company				Non-controlling interests US\$'000	Total equity US\$'000		
	Share capital US\$'000 (Note 17(b))	other reserve US\$'000 (Note 17(c))	Retained profits US\$'000	Total US\$'000				
Six months ended 30 June 2024								
Balance at 1 January 2024	740,119	(1,118)	1,103,385	1,842,386	644,217	2,486,603		
Changes in equity for the six months ended 30 June 2024:								
Profit and total comprehensive income for the period	–	–	219,109	219,109	84,119	303,228		
Issue of shares, net of issuance cost (Note 17(b))	124,080	–	–	124,080	–	124,080		
Dividends declared by subsidiaries	–	–	–	–	(7,500)	(7,500)		
Dividends declared by the Company (Note 17(a))	–	–	(115,898)	(115,898)	–	(115,898)		
Balance at 30 June 2024 (unaudited)	864,199	(1,118)	1,206,596	2,069,677	720,836	2,790,513		

	Attributable to owners of the Company			Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000 (Note 17(b))	Retained profits US\$'000	Total US\$'000		
Six months ended 30 June 2023					
Balance at 1 January 2023 as previously reported	740,119	922,927	1,663,046	669,890	2,332,936
Effect of adoption of amendments to HKAS 12	–	8,287	8,287	2,361	10,648
Balance at 1 January 2023 (restated)	740,119	931,214	1,671,333	672,251	2,343,584
Changes in equity for the six months ended 30 June 2023:					
Profit and total comprehensive income for the period	–	185,701	185,701	78,262	263,963
Dividends declared by subsidiaries	–	–	–	(9,000)	(9,000)
Dividends declared by the Company (Note 17(a))	–	(105,474)	(105,474)	–	(105,474)
Balance at 30 June 2023 (unaudited)	740,119	1,011,441	1,751,560	741,513	2,493,073

The notes on pages 44 to 68 form part of this interim financial report.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024 – unaudited
(Expressed in US\$)

	Note	Six months ended 30 June	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Net cash generated from operating activities		413,118	463,915
Investing activities			
Interest received		8,741	3,138
Proceeds from disposal of property, plant and equipment		1,072	–
Purchases of property, plant and equipment		(83,619)	(84,352)
Net placement of restricted bank balances		571	(1,594)
Decrease/(increase) in time deposits		100,000	(90,000)
Net cash generated from/(used in) investing activities		26,765	(172,808)
Financing activities			
Proceeds from issuance of new shares, net of transaction costs		124,080	–
Dividends paid to non-controlling shareholders		(6,654)	(52,627)
Interest paid		(5,400)	(16,817)
Repayments of bank and other borrowings		(67,000)	(97,500)
Repayments of lease liabilities		(168)	(3,463)
New bank and other borrowings		50,000	50,000
Net cash generated from/(used in) financing activities		94,858	(120,407)
Net increase in cash and cash equivalents		534,741	170,700
Cash and cash equivalents at 1 January		492,364	732,923
Effect of foreign exchange rate changes		682	(970)
Cash and cash equivalents at 30 June	13	1,027,787	902,653

The notes on pages 44 to 68 form part of this interim financial report.

NOTES TO INTERIM FINANCIAL REPORT

30 June 2024

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements of China Nonferrous Mining Corporation Limited (the “Company”) and its subsidiaries (the “Group”) and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included in this interim financial report.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the 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 section 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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

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

- Leaching – Production and sale of copper cathodes and cobalt hydroxide (including exploration and mining of oxide copper mines) which are produced using the solvent extraction electrowinning technology; and production and sale of sulphur-burning sulphuric acid.
- Smelting – Production and sale of blister copper and copper anodes (including exploration and mining of sulphuric copper mines), sulphuric acid and liquid sulphur dioxide which are produced using ISA smelting technology. Sulphuric acid and liquid sulphur dioxide are by-products in the production of blister copper and copper anodes. Copper products processing services are also rendered using ISA smelting technology.

No operating segments have been aggregated to form the following reportable segments.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and by the timing of revenue recognition is as follows:

	Six months ended 30 June 2024	
	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of goods to external customers		
– Copper cathodes	517,213	–
– Blister copper and copper anodes	–	1,361,485
– Sulphuric acid	529	82,825
– Liquid sulphur dioxide	–	8,046
– Cobalt contained in cobalt hydroxide	4,414	–
Copper products processing services	2,160	33,096
Total	524,316	1,485,452
Disaggregated by timing of revenue recognition		
Point in time	524,316	1,485,452
	Six months ended 30 June 2023	
	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of goods to external customers		
– Copper cathodes	570,350	–
– Blister copper and copper anodes	–	1,111,628
– Sulphuric acid	41	114,723
– Liquid sulphur dioxide	–	6,812
– Cobalt contained in cobalt hydroxide	2,693	–
Copper products processing services	7,163	30,368
Total	580,247	1,263,531
Disaggregated by timing of revenue recognition		
Point in time	580,247	1,263,531

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue (continued)

Disaggregation of revenue from contracts with customers by geographic markets which is based on the destination of shipment is as follows:

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Disaggregated by geographical location of customers		
Mainland China	761,863	1,159,666
Hong Kong	383,198	255,298
Singapore	362,333	19,438
Switzerland	349,331	292,762
Africa	126,103	116,614
Belgium	26,940	–
	1,247,905	684,112
	2,009,768	1,843,778

(b) Segment results, assets and liabilities

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

	Six months ended 30 June 2024		
	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Revenue from external sales	524,316	1,485,452	2,009,768
Inter-segment sales	–	20,457	20,457
	524,316	1,505,909	2,030,225
Elimination			(20,457)
Revenue from external customers			2,009,768
Reportable segment profit	127,959	182,133	310,092
Unallocated income (Note (i))			3,653
Unallocated expenses (Note (iii))			(10,517)
Profit for the period			303,228

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment results, assets and liabilities (continued)

	Six months ended 30 June 2023		
	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Revenue from external sales	580,247	1,263,531	1,843,778
Inter-segment sales	–	26,915	26,915
	580,247	1,290,446	1,870,693
Elimination			(26,915)
Revenue from external customers			1,843,778
Reportable segment profit	158,373	117,100	275,473
Unallocated income (Note (i))			607
Unallocated expenses (Note (ii))			(12,117)
Profit for the period			263,963

Notes:

- (i) The unallocated income mainly represents the interest income arising from the bank deposits and bank balances of (1) the Company, (2) 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, (3) 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 the Democratic Republic of Congo ("DRC"), and (iv) 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").
- (ii) The unallocated expenses mainly represent the administrative expenses, interest expenses and income tax expenses of the Holding Companies

Inter-segment sales are charged at prevailing market rates.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment results, assets and liabilities (continued)

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Segment assets		
Leaching	1,249,453	1,124,397
Smelting	2,536,440	2,569,078
Total segment assets	3,785,893	3,693,475
Unallocated assets*	408,136	134,507
Elimination	(7,696)	(8,469)
Consolidated total assets	4,186,333	3,819,513
	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Segment liabilities		
Leaching	531,579	537,252
Smelting	692,781	745,484
Total segment liabilities	1,224,360	1,282,736
Unallocated liabilities (Note (i))	179,156	58,643
Elimination	(7,696)	(8,469)
Consolidated total liabilities	1,395,820	1,332,910

Note:

- (i) The unallocated assets and liabilities mainly represent those of the Holding Companies.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

4 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Gains/(losses) on disposal of property, plant and equipment, net (<i>Note 9</i>)	179	(158)
Impairment losses (recognised)/reversed in respect of		
– input VAT receivables	(11,493)	(10,870)
– financial assets under ECL	600	–
Foreign exchange gains, net	5,251	4,086
(Losses)/gains from changes in fair value of financial liabilities/assets at FVTPL		
– financial liabilities at FVTPL	(10,536)	(60)
– trade receivables at FVTPL	109,844	6,606
– trade payables at FVTPL	(90,415)	(13,816)
	3,430	(14,212)

5 FINANCE COSTS

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Interest on bank and other borrowings	5,583	18,128
Interest on lease liabilities	6	277
Unwinding of the discount	664	844
	6,253	19,249

No borrowing costs have been capitalised for the six months ended 30 June 2024 and 2023.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	96,492	99,884
Depreciation of right-of-use assets	141	2,626
Amortisation cost of mining rights	6,315	2,942
Total amortisation and depreciation	102,948	105,452
Less: capitalised in inventories	(90,990)	(97,228)
	11,958	8,224
Cost of inventories at carrying amount recognised as an expense	1,478,557	1,287,675
(Reversal of write-down of)/write-down of inventories to net realisable value	(2,000)	11,074
Cost of service recognised as an expense	21,251	23,645
	1,497,808	1,322,394

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Income tax in Hong Kong	200	8
– Income tax in The Republic of Ireland (“Ireland”)	1,379	1,933
– Income tax in DRC	24,261	31,510
– Income tax in Zambia	72,078	65,231
	97,918	98,682
Deferred tax:		
– Current period	31,262	19,174
Total income tax expense	129,180	117,856
Effective tax rate – current period	29.9%	30.9%

The Group enjoyed the following income tax incentives:

- Certain phase of production facilities of CCS (the “Phase”) 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. For the six months ended 30 June 2024, it was the second year of the 25% income tax relief that the Group enjoyed regarding the Phase (six months ended 30 June 2023: 25% income tax relief).
- Lualaba Copper Smelter SAS (“Lualaba Copper Smelter”), a non-wholly-owned subsidiary of the Company located in DRC, is eligible for a 68.29% income tax relief for the five years starting from July 2021. The calculation of income tax relief rate is based on the current production volume proportion of sulphuric acid, which also depends on the remaining investments in blister copper and sulphuric acid.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

8 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2024 is calculated based on the profit attributable to equity shareholders of the Company of US\$219,109,000 (six months ended 30 June 2023: US\$185,701,000) and the weighted average of 3,807,998,000 ordinary shares in issue during the period (2023: 3,739,036,000 ordinary shares). The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for subscription of new ordinary shares of 163,000,000 which took place on 15 April 2024.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding six months ended 30 June 2024 and 2023. Hence, the diluted earnings per share is the same as basic earnings per share.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment and incurred construction costs in an aggregate amount of US\$46,204,000 (six months ended 30 June 2023: US\$47,647,000). Items of property, plant and equipment with a net book value of US\$893,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: US\$158,000), resulting in a gains on disposal of US\$179,000 (six months ended 30 June 2023: a losses on US\$158,000).

10 INVENTORIES

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Raw materials	441,424	569,992
Spare parts and consumables	122,937	116,290
Work in progress	110,463	113,737
Finished goods	62,827	61,252
	737,651	861,271

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

11 TRADE RECEIVABLES AT AMORTISED COST/TRADE RECEIVABLES AT FVTPL

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Trade receivables at amortised cost – contracts with customers	60,868	54,144
Less: allowance for credit losses	(3,532)	(4,132)
	57,336	50,012
Trade receivables at FVTPL – contracts with customers	342,922	367,565

Ageing analysis

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
0 to 30 days	32,320	20,494
31 to 90 days	10,568	20,153
91 to 180 days	5,661	9,365
181 to 365 days	8,787	–
	57,336	50,012

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
0 to 30 days	306,152	292,465
31 to 90 days	32,159	73,203
91 to 180 days	4,611	1,897
	342,922	367,565

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

11 TRADE RECEIVABLES AT AMORTISED COST/TRADE RECEIVABLES AT FVTPL (CONTINUED)

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Trade receivables at amortised cost:		
Fellow subsidiaries	2,087	2,849
A non-controlling shareholder of a subsidiary	2,777	617
	4,864	3,466
Trade receivables at FVTPL:		
Fellow subsidiaries	210,704	203,950
A non-controlling shareholder of subsidiaries	93,661	145,889
	304,365	349,839

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

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

12 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Non-current:		
Prepayments for property, plant and equipment	531	890
Deposits in connection with the restoration and rehabilitation obligations	5,459	5,283
Long-term receivables (Note (i))	29,300	29,300
Input VAT receivables, net (Note (ii))	153,367	–
Others (Note (iii))	8,426	9,311
	197,083	44,784
Current:		
Prepayments for inventories and others	7,446	8,112
Input VAT receivables, net (Note (ii))	123,681	154,354
Deposits in futures margin accounts	70,497	66,243
Other receivables	35,112	34,710
Less: allowance for credit losses	(19,893)	(19,893)
	216,843	243,526
	413,926	288,310

Notes:

- (i) Pursuant to a financing agreement (the “LCS Project Agreement”) entered into between LCS and Societe Nationale D’electricite (“SND”), a state-owned power supplier in DRC, in July 2018, LCS should provide finance to construct certain power supply network assets (the “LCS Network Assets”). SND should repay the amount of financing agreed to construction cost by instalments at an interest rate of 6% per annum.
- The construction of LCS Network Assets was completed on 2 February 2021. The amount of financing agreed to construction cost was US\$29,300,000. The finance amount together with the interest will be receivable from SND starting from 1 March 2021.
- (ii) The gross carrying amount of input VAT receivables is US\$377,847,000. (31 December 2023: US\$243,660,000). 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. As at 30 June 2024, an impairment provision amounting to US\$100,799,000 (31 December 2023: US\$89,306,000) in aggregate has been made on input VAT receivables.
- (iii) Pursuant to a connection agreement entered into between NFCA and Copperbelt Energy (the “NFCA Connection Agreement”), NFCA constructs certain power supply network assets (the “NFCA Network Assets”) to enable Copperbelt Energy to supply electricity to the Chambishi Southeast Mine Project of NFCA at Chambishi, Copperbelt Province of Zambia. According to the NFCA Connection Agreement, NFCA shall transfer the NFCA Network Assets to Copperbelt Energy on the date which Copperbelt Energy issues a Taking-Over Certificate.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

12 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The movements in the allowance for input VAT receivables during the period are as follows:

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
1 January	89,306	66,427
Impairment losses recognised	11,493	10,870
	100,799	77,297

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Fellow subsidiaries	2,474	4,372
Non-controlling shareholders of subsidiaries	1,168	1,106
	3,642	5,478

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

As at 30 June 2024, the Group performed an impairment assessment on input VAT receivables, the carrying amount of which, after deducting the provision of US\$100,799,000 (31 December 2023: US\$89,306,000), was US\$277,048,000 (31 December 2023: US\$154,354,000). For the six months ended 30 June 2024, an impairment loss of US\$11,493,000 was recognised (six months ended 30 June 2023: US\$10,870,000) in respect of input VAT receivables.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

13 RESTRICTED DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Cash at bank, other financial institutions and on hand	1,041,589	606,913
Less: non-current restricted bank balances for the banks' letters of guarantee to secure future restoration costs as required by the government of Zambia	(1,505)	(1,505)
Less: current restricted bank balances for: Issuing letters of credit	(2,297)	(3,044)
Less: time deposits	(10,000)	(110,000)
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	1,027,787	492,364

For the six months ended 30 June 2024, the time deposit and restricted bank deposits carry interest at rates ranging from 0% to 4% (2023: from 0% to 4%) per annum.

For the six months ended 30 June 2024, bank balances, including time deposits with short maturity, carry interest at market rates ranging from 0% to 5% (2023: 0% to 3%) per annum.

14 TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES AT FVTPL

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Trade payables at amortised cost	239,277	233,306
Trade payables at FVTPL	219,214	298,553

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

14 TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES AT FVTPL (CONTINUED)

Ageing analysis

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
0 to 30 days	77,585	79,869
31 to 90 days	63,665	41,865
91 to 180 days	37,950	67,326
181 to 365 days	42,292	34,275
1 to 2 years	17,785	9,971
	239,277	233,306

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
0 to 30 days	130,442	186,256
31 to 90 days	23,958	19,431
91 to 180 days	67	68,845
180 to 365 days	64,747	21,942
1 to 2 years	–	2,079
	219,214	298,553

The average credit period on purchases of certain goods is within three months.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

14 TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES AT FVTPL (CONTINUED)

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Trade payables at amortised cost:		
Fellow subsidiaries	111,930	99,726
A non-controlling shareholder of subsidiaries	750	750
	112,680	100,476
Trade payables at FVTPL:		
Fellow subsidiaries	5,146	1,904
Subsidiaries of a non-controlling shareholder of subsidiaries	65,254	105,287
	70,400	107,191

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

15 OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Payables for property, plant and equipment	48,350	86,124
Dividend payable to non-controlling shareholders of subsidiaries	74,991	74,145
Dividend payable to owners of the Company	115,939	41
Other tax payables	45,083	35,556
Payroll payables	21,285	29,628
Accrued expenses	51,665	45,193
	357,313	270,687

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

15 OTHER PAYABLES AND ACCRUED EXPENSES (CONTINUED)

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

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
China Nonferrous Metal Mining (Group) Co., Ltd. ("CNMC")	5,473	6,057
Fellow subsidiaries	15,188	27,369
Owners of the Company	115,939	41
Non-controlling shareholders of subsidiaries	74,991	74,145
	211,591	107,612

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

16 BANK AND OTHER BORROWINGS

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Bank loans, unsecured	50,000	45,000
Loan from a fellow subsidiary, unsecured	108,000	130,000
Interest payable	2,669	2,486
	160,669	177,486

During the six months ended 30 June 2024, the Group obtained new bank and other borrowings amounting to US\$50,000,000 in total carrying a floating interest rate of 3-month Secured Overnight Financing Rate ("SOFR") plus 1.75% per annum, and repaid bank and other borrowings amounting to US\$67,000,000.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Dividends payable to owners of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, declared during the following interim period, of US¢2.9702 per share (six months ended 30 June 2023: US¢2.8209 per share)	115,898	105,474

During the six months ended 30 June 2024, a final dividend of US¢2.9702 per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: US¢2.8209 per share in respect of the year ended 31 December 2022) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2024 amounted to US\$115,898,000 (six months ended 30 June 2023: US\$105,474,000).

The directors of the Company ("Directors") do not recommend interim dividend for the current period (six months ended 30 June 2023: nil).

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

17 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

Authorised and issued share capital:

	Number of shares '000 (Unaudited)	HK\$'000 (Unaudited)	US\$'000 (Unaudited)
Issued and fully paid:			
At 31 December 2022 and 31 December 2023	3,739,036	5,760,689	740,119
Issuance of new shares by the way of placing (<i>note (i)</i>)	163,000	978,000	124,891
Transaction costs attributable to issue of shares	–	(6,400)	(811)
At 30 June 2024	3,902,036	6,732,289	864,199

Note:

- (i) Upon the completion of all conditions as stated in a placing and subscription agreement dated at 9 April 2024 entered into by the Company, China Nonferrous Mining Development Limited ("CNMD"), the Company's immediate holding company, and a placing agent, (1) a total of 163,000,000 shares of the Company held by CNMD were placed at HK\$6.00 per share to third parties on 10 April 2024; and (2) a total of 163,000,000 new shares of the Company were subscribed by CNMD at HK\$6.00 per share on 15 April 2024. The proceeds, net of related fees and expenses (equivalent to US\$811,000), from the Subscription amounted to HK\$971,600,000 (equivalent to US\$124,080,000). The new shares rank *pari passu* with the existing shares in all respects.

(c) Other reserve

Other reserve comprises the difference between the carrying value of non-controlling interests and the consideration received from a non-controlling shareholder in a subsidiary.

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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 level to which the fair value is observable:

	Level 1 US\$'000 (Unaudited)	Level 2 US\$'000 (Unaudited)	Level 3 US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
30 June 2024				
Financial assets at FVTPL –				
Copper future contracts (Note (i))	9,251	–	–	9,251
Trade receivables at FVTPL (Note (ii))	–	342,922	–	342,922
Trade payables designated at FVTPL (Note (ii))	–	(219,214)	–	(219,214)
	Level 1 US\$'000 (Audited)	Level 2 US\$'000 (Audited)	Level 3 US\$'000 (Audited)	Total US\$'000 (Audited)
31 December 2023				
Financial liabilities at FVTPL –				
Copper future contracts (Note (i))	(5,312)	–	–	(5,312)
Trade receivables at FVTPL (Note (ii))	–	367,565	–	367,565
Trade payables designated at FVTPL (Note (ii))	–	(298,553)	–	(298,553)

Notes:

- (i) Calculated based on the initial transaction prices and quoted prices in an active market.
- (ii) Calculated based on the quoted prices in an active market and the estimated grades of copper, gold and silver in Group's copper products.

There were no transfers between Level 1 and 2 in the period.

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

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

19 COMMITMENTS

Commitments outstanding at 30 June 2024 not provided for in the financial statements were as follows:

	At 30 June 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	50,928	8,956
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	52,648	–
	103,576	8,956

20 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June 2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Short-term benefits	853	874
Post-employment benefits	111	74
	964	948

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

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

20 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties:

(i) Transactions with CNMC and its subsidiaries

The Company is controlled by CNMC through China Nonferrous Mining Development Limited, which is a subsidiary of CNMC. The Directors consider the ultimate holding company is CNMC, a stated-owned company established in the PRC.

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions with related parties:

Relationships	Notes	Nature of transactions	Six months ended 30 June	
			2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Fellow subsidiaries	(i)(ii)	Sales of blister copper and copper anodes	719,864	495,768
	(i) (ii)	Sales of copper cathodes	381,008	432,645
	(i)	Sales of sulphuric acid	6,464	10,408
	(i)	Sales of other materials	5,189	1,507
	(i)	Services income	68	295
	(i)	Purchases of plant and equipment	(888)	(2,264)
	(i) (iii)	Purchases of copper concentrate	(23,332)	(8,995)
	(i)	Purchases of materials	(36,698)	(52,810)
	(i)	Purchases of electricity	(18,577)	(21,042)
	(i)	Purchases of services	(102,417)	(47,516)
	(i)	Interest expenses on borrowings	(3,793)	(3,893)
	(i)	Interest expenses on lease liabilities	(1)	(277)
	(i)	Purchase of freight and transportation	(9,277)	(14,457)
	(i)	Expense relating to leases	(411)	(2,708)
	(i)	Average daily deposit balance	11,619	–

20 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties: (continued)

(i) Transactions with CNMC and its subsidiaries (continued)

Notes:

- (i) These transactions were conducted in accordance with terms of the relevant agreements.
- (ii) Included in the sales amount of blister copper and copper anodes are gains of US\$58,587,000 (six months ended 30 June 2023: gains of US\$3,953,000) arising from a provisional pricing arrangement.

Included in the sales amount of copper cathodes are gains of US\$26,094,000 (six months ended 30 June 2023: losses of US\$4,961,000) arising from a provisional pricing arrangement.
- (iii) Included in the purchase amount of copper concentrate are losses of US\$730,000 (six months ended 30 June 2023: losses of US\$1,243,000) arising from a provisional pricing arrangement.

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

On 1 July 2009, a subsidiary of the Company, CCS entered into an agreement with Fifteen MCC Africa Construction & Trade Ltd. ("Fifteen MCC Africa"), a fellow subsidiary, (the "Fifteen MCC Africa Agreement"). According to Fifteen MCC Africa Agreement, Fifteen MCC Africa provides construction as well as equipment repair and maintenance services to CCS on an ongoing basis which were included in the purchase of services as stated in Note (i). In addition, pursuant to Fifteen MCC Africa Agreement, it requires accommodation for staff of Fifteen MCC Africa based in Zambia, and that subsidiary agreed to provide certain living quarters to Fifteen MCC Africa on a free-of-charge basis. Fifteen MCC Africa shall pay for the use of water and electricity and other expenses such as repair expense and any applicable tax in Zambia.

On 22 December 2023, the Company entered into the Financial Services Agreement with Nonferrous Metal Mining Group Finance Co., Ltd. ("2023 CNMC Finance"), pursuant to which CNMC Finance provides Deposit Services and Miscellaneous Financial Services to the Group's representative entities in mainland China for a term from 25 December 2023 to 24 December 2026.

On 27 May 2024, the agreement with 2023 CNMC Finance was terminated, and the Company entered into the new Financial Services Agreement with CNMC Finance, pursuant to which CNMC Finance provides Deposit Services and Miscellaneous Financial Services to the Group's representative entities in mainland China for a term from 27 May 2024 to 31 December 2026.

NOTES TO INTERIM FINANCIAL REPORT (CONTINUED)

30 June 2024

20 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties: (continued)

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

Notes	Nature of transactions	Six months ended 30 June	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
(i)	Sales of other materials	–	1,906
(i) (ii)	Sales of blister copper and copper anodes	493,127	339,339
(i) (ii)	Sales of copper cathodes	30,353	31,862
(i)	Purchases of materials	(515)	(16,600)

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 are gains of US\$14,912,000 (six months ended 30 June 2023: losses of US\$2,663,000) arising from a provisional pricing arrangement.
- Included in the sales amount of copper cathodes are gains of US\$1,732,000 (six months ended 30 June 2023: gains of US\$1,342,000) arising from a provisional pricing arrangement.

(iii) Transactions with non-controlling shareholders of subsidiaries

Notes	Nature of transactions	Six months ended 30 June	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
(i)	Services income	2,160	7,121
(i)	Purchases of services	(1,500)	(1,500)
(i)	Royalty fee	(4,732)	(3,309)

Notes:

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

21 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Until the approval date of this interim financial report, there is no significant event after the reporting period that needs to be disclosed.



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