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

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

(Stock Code: 1258)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Financial Highlights of the Group

In the first half of 2018, the Group recorded revenue of US$1,127.9 million, representing an increase of 29.1% from US$873.7 million in the first half of 2017.

In the first half of 2018, the Group recorded net profit of US$165.6 million, representing an increase of 51.2% from US$109.5 million in the first half of 2017.

In the first half of 2018, the Group recorded profit attributable to owners of US$98.9 million, representing an increase of 50.5% from US$65.7 million in the first half of 2017.

In the first half of 2018, basic earnings per share attributable to owners of the Group was approximately US¢2.83 (equivalent to approximately HK$0.22), representing an increase of approximately 50.5% from US¢1.88 (equivalent to approximately HK$0.15) in the first half of 2017.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018.

UNAUDITED INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Nonferrous Mining Corporation Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2018, together with comparative financial information for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	Notes	**At 30 June 2018 *US$'000* (Unaudited)**	At 31 December 2017 *US$'000* (Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment		**1,107,439**	1,021,166
Interest in an associate		**2,143**	2,143
Finance lease receivables		**143**	319
Restricted bank balances		**6,027**	6,027
Deferred tax assets		**45,670**	52,456
Other assets		**34,044**	20,082
		1,195,466	1,102,193
Current Assets			
Inventories		**361,324**	383,580
Finance lease receivables		**544**	950
Trade receivables	8	**–**	234,924
Trade receivables at amortised cost	8	**7,072**	–
Trade receivables at fair value through profit or loss ("**FVTPL**")	8	**207,604**	–
Prepayments and other receivables		**290,180**	180,299
Restricted bank balances		**1,225**	1,267
Bank deposits		**60,000**	45,000
Bank balances and cash		**904,796**	854,984
		1,832,745	1,701,004
Total Assets		**3,028,211**	2,803,197

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**167,024**	210,758
NET CASH USED IN INVESTING ACTIVITIES	**(137,624)**	(50,279)
NET CASH FROM FINANCING ACTIVITIES	**20,444**	29,505
NET INCREASE IN CASH AND CASH EQUIVALENTS	**49,844**	189,984
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**854,984**	685,327
Effect of foreign exchange rate changes	**(32)**	789
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by:		
Bank balances and cash	**904,796**	876,100

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs

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

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an assets that the customer controls as the Group performs; or

- the Group's performance does not create an assets with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

2.1.2 Summary of effects arising from initial application of HKFRS 15

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

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

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

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

Note:

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

Impact on the condensed consolidated statement of financial position

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

Note:

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Classification and measurement of financial assets

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Classification and measurement of financial assets (continued)

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

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

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

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

Financial assets at FVTPL

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Financial assets at FVTPL (continued)

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

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

Impairment under ECL model

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Impairment under ECL model (continued)

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

Significant increase in credit risk

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Impairment under ECL model (continued)

Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Impairment under ECL model (continued)

Measurement and recognition of ECL

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Classification and measurement of financial liabilities

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

2.2.2 Summary of effects arising from initial application of HKFRS 9

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

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

(a) Loans and receivables

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

3. REVENUE FROM GOODS

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

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

3. REVENUE FROM GOODS (CONTINUED)

Disaggregation of revenue

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

4. SEGMENT INFORMATION

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

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

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

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

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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

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

Inter-segment sales are charged at prevailing market rates.

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

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

5. INCOME TAX EXPENSE

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

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

6. DIVIDENDS

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

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

7. EARNINGS PER SHARE

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

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

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

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

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

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

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

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

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

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

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

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

9. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

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

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

Business Review

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

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

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

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

Production overview

NFCA

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

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

Luanshya

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

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

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

CCS

CCS mainly operates the Chambishi Smelting Plant.

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

SML

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

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

CNMC Huachin Mabende and Huachin Leach

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

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

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

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

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

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

	NFCA			Luanshya				SML	CNMHK		Kambove Mining		
Unit: Million US dollars	**Chambishi Main Mine**	**Chambishi West Mine**	**Chambishi Southeast Mine**	**Baluba Center Sulphide Mine**	**Muliashi North Mine**	**Muliashi South Mine**	**Baluba East Mine**	**Mwambashi Mine**	**Huachin Leach PE6307 Mine**	**Huachin Mabende PE5276-B5 Mine**	**Main Orebody**	**KIBINDJI**	**Total**
Exploration activities													
Including:													
– Drilling	–	–	–	–	0.49	–	–	0.09	0.22	0.43	0.42	–	**1.65**
– Analysis	–	0.54	0.68	–	–	–	–	–	–	–	0.03	0.05	**1.30**
– Others	–	–	–	–	–	–	–	–	–	–	–	0.07	**0.07**
Sub-total	**–**	**0.54**	**0.68**	**–**	**0.49**	**–**	**–**	**0.09**	**0.22**	**0.43**	**0.45**	**0.12**	**3.02**
Development activities (including mine construction)													
Including:													
– Purchases of assets and equipment	0.86	2.59	3.34	–	0.35	–	–	0.79	–	–	–	–	**7.93**
– Civil work for construction of tunnels and roads	–	–	55.91	–	–	–	–	0.64	–	–	–	–	**56.55**
– Staff cost	–	–	0.58	–	–	–	–	–	–	–	–	–	**0.58**
– Others	1.25	3.74	20.98	–	–	–	0.86	0.03	–	–	0.16	–	**27.02**
Sub-total	**2.11**	**6.33**	**80.81**	**–**	**0.35**	**–**	**0.86**	**1.46**	**–**	**–**	**0.16**	**–**	**92.08**

Unit: Million US dollars	**NFCA**			**Luanshya**				**SML**	**CNMHK**		**Kambove Mining**		
	Chambishi Main Mine	**Chambishi West Mine**	**Chambishi Southeast Mine**	**Baluba Center Sulphide Mine**	**Muliashi North Mine**	**Muliashi South Mine**	**Baluba East Mine**	**Mwambashi Mine**	**Huachin Leach PE6307 Mine**	**Huachin Mabende PE5276-B5 Mine**	**Main Orebody**	**KIBINDJI**	**Total**
Mining activities (excluding ore processing)													
Including:													
– Staff cost	0.59	1.76	–	–	0.1	–	–	0.11	–	–	–	–	**2.56**
– Consumables	–	–	–	–	0.56	0.01	–	–	–	–	–	–	**0.57**
– Fuel, electricity, water and other services	0.66	1.98	–	–	–	–	–	0.22	–	–	–	–	**2.86**
– On-site and remote system management	–	–	–	–	–	–	–	–	–	–	–	–	**–**
– Non-income taxes, royalties and other expenses	–	–	–	–	8.27	0.17	0.07	–	–	–	–	–	**8.51**
– Depreciation	0.45	1.36	–	–	18.48	0.52	0.18	1.36	0.02	–	–	–	**22.37**
– Sub-contracting charges	5.77	17.30	–	–	9.88	0.46	–	1.78	–	–	–	–	**35.19**
– Transportation charges	–	–	–	–	–	–	–	0.68	–	–	–	–	**0.68**
– Others	1.09	3.27	–	–	–	–	–	0.15	–	–	–	–	**4.51**
Sub-total	**8.56**	**25.67**	**–**	**–**	**37.29**	**1.16**	**0.25**	**4.30**	**0.02**	**–**	**–**	**–**	**77.25**

PROJECTS IN PROGRESS

NFCA

The Integrating Exploration and Construction Project of the Chambishi Southeast Mine

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

CCS

Tailings Pond Project Phase II

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

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

SML

Mwambashi Strip Mine project

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

Luanshya

Baluba East Strip Mine project

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

Huachin Leach

Huachin Leach copper-cobalt reconstruction and expansion project

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

Lualaba Copper Smelter

Lualaba copper concentrate smelting project

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

Kambove Mining

Kambove integrated exploration and construction project

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

FINANCIAL REVIEW

Results of Operations

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

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

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

Revenue

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

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

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

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

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

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

Cost of sales

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

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

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

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

Gross profit and gross profit margin

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

Distribution and selling expenses

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

Finance costs

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

Other gains and losses

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

Income tax expense

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

Profit attributable to owners of the Company

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

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Net cash flows generated from operating activities

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

Net cash flows used in investing activities

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

Net cash flows generated from financing activities

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

Bank balances and cash

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

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

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

Inventories

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

Trade payables/Trade payables designated at FVTPL

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

Capital expenditure

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

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

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

Foreign currency exchange risk

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

Interest rate risk

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

Employee information

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

FUTURE PROSPECTS

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

In the second half of 2018, the Group will continue to follow its own development strategy. It will keep increasing investments in geological exploration and development, pay high attention to and take more efforts in expanding the exploration areas, as well as exploring the surrounding areas and in the depth of the existing mines, especially in the region of Kambove, DRC. Meanwhile, the Group will continue to identify suitable acquisition targets in regions with rich copper and cobalt resources such as Zambia and the DRC, with an aim to increase the Group's resources.

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

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

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

OTHER INFORMATION

General Information

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

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

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the 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.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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

Long positions in Shares:

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

Note: China Nonferrous Mining Development Limited ("**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 2018, no other person had any interests or short positions in the Shares or underlying Shares of the Company which was required to be recorded in the register pursuant to section 336 of the SFO.

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

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

Save as disclosed above, as at 30 June 2018, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

CORPORATE GOVERNANCE

For the six months ended 30 June 2018, the Group had complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.cnmcl.net) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2018 which set out all information required under the Listing Rules, will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
China Nonferrous Mining Corporation Limited
Tongzhou Wang
Chairman

30 August 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Tongzhou Wang, Mr. Xiaowei Wang, Mr. Lin Zhang, Mr. Chunlai Wang and Mr. Kaishou Xie, as executive Directors; Mr. Diyong Yan as non-executive Director; and Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Huanfei Guan as independent non-executive Directors.