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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 2019

Financial Highlights of the Group

In the first half of 2019, the Group recorded revenue of US$1,046.3 million, representing a decrease of 7.2% from US$1,127.9 million in the first half of 2018.

In the first half of 2019, the Group recorded net profit of US$121.1 million, representing a decrease of 26.9% from US$165.6 million in the first half of 2018.

In the first half of 2019, the Group recorded profit attributable to owners of US$76.3 million, representing a decrease of 22.9% from US$98.9 million in the first half of 2018.

In the first half of 2019, basic earnings per share attributable to owners of the Group was approximately US¢2.19 (equivalent to approximately HK$0.17), representing a decrease of approximately 22.6% from US¢2.83 (equivalent to approximately HK$0.22) in the first half of 2018.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019.

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 2019, together with comparative financial information for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Six months ended 30 June	
		2019	2018
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	3,4	**1,046,285**	1,127,914
Cost of sales		**(817,284)**	(814,118)
Gross profit		**229,001**	313,796
Other income		**7,481**	5,555
Other gains and losses		**(4,117)**	(6,082)
Distribution and selling expenses		**(21,802)**	(26,401)
Administrative expenses		**(29,796)**	(30,092)
Other expenses		**(3,157)**	(12,739)
Finance costs		**(9,694)**	(10,956)
Profit before tax		**167,916**	233,081
Income tax expense	5	**(46,819)**	(67,453)
Profit and total comprehensive income for the period		**121,097**	165,628
Profit and total comprehensive income attributable to:			
Owners of the Company		**76,315**	98,875
Non-controlling interests		**44,782**	66,753
		121,097	165,628
Earnings per share	7		
– Basic and diluted *(US cents per share)*		**2.19**	2.83
– Basic and diluted *(equivalent to approximately HK$ per share)*		**0.17**	0.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	**At 30 June 2019** ***US$'000*** **(Unaudited)**	At 31 December 2018 *US$'000* (Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment		**1,422,256**	1,295,449
Right-of-use assets		**6,048**	–
Finance lease receivables		**–**	67
Restricted bank balances		**6,163**	6,044
Deferred tax assets		**35,531**	42,823
Prepayments and other receivables		**120,433**	90,782
		1,590,431	1,435,165
Current Assets			
Inventories		**438,247**	540,219
Finance lease receivables		**134**	234
Trade receivables at amortised cost	8	**7,845**	3,023
Trade receivables at fair value through profit or loss ("**FVTPL**")	8	**131,672**	138,616
Prepayments and other receivables		**282,836**	204,568
Derivatives		**1,598**	3,413
Restricted bank balances		**1,874**	2,676
Bank deposits		**36,938**	–
Bank balances and cash		**592,736**	505,091
		1,493,880	1,397,840
Total Assets		**3,084,311**	2,833,005

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	**At 30 June 2019** ***US$'000*** **(Unaudited)**	At 31 December 2018 *US$'000* (Audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**613,233**	613,233
Retained profits		**342,012**	294,949
Equity attributable to owners of the Company		**955,245**	908,182
Non-controlling interests		**433,155**	388,373
Total Equity		**1,388,400**	1,296,555
Non-current Liabilities			
Deferred tax liabilities		**49,080**	45,593
Bank and other borrowings – due after one year		**771,966**	534,987
Deferred income		**15,334**	15,528
Provision for restoration, rehabilitation and environmental costs		**17,509**	18,010
		853,889	614,118
Current Liabilities			
Trade payables	9	**117,579**	118,229
Trade payables designated at FVTPL	9	**70,881**	131,760
Other payables and accrued expenses		**91,028**	51,867
Income tax payable		**89,725**	85,435
Bank and other borrowings – due within one year		**461,678**	527,494
Lease liabilities		**5,874**	–
Contract liabilities		**5,257**	7,547
		842,022	922,332
Total Liabilities		**1,695,911**	1,536,450
Total Equity and Liabilities		**3,084,311**	2,833,005

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	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 2019					
At 31 December 2018 (Audited)	**613,233**	**294,949**	**908,182**	**388,373**	**1,296,555**
Profit and total comprehensive income for the period	**–**	**76,315**	**76,315**	**44,782**	**121,097**
Dividends declared by the Company	**–**	**(29,252)**	**(29,252)**	**–**	**(29,252)**
At 30 June 2019 (Unaudited)	**613,233**	**342,012**	**955,245**	**433,155**	**1,388,400**
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**163,006**	167,024
NET CASH USED IN INVESTING ACTIVITIES	**(199,698)**	(137,624)
NET CASH FROM FINANCING ACTIVITIES	**124,854**	20,444
NET INCREASE IN CASH AND CASH EQUIVALENTS	**88,162**	49,844
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**505,091**	854,984
Effect of foreign exchange rate changes	**(517)**	(32)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by:		
Bank balances and cash	**592,736**	904,796

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2018 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 2018 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 ("**HKRFSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2018.

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 mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis over the lease term.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee

The Group has applied HKFRS 16 retrospectively at the date of initial application, January 1, 2019. No difference at the date of initial application is recognised in the opening retained profit and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.33% per annum.

	At 1 January 2019 *US$'000*
Operating lease commitments disclosed as at 31 December 2018	**8,345**
Lease liabilities discounted at relevant incremental borrowing rates	**8,041**
Lease liabilities as at 1 January 2019	**8,041**
Analysed as	
Current	**5,488**
Non-current	**2,553**
	8,041

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets *US$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	8,041
By class:	
Land and buildings	8,041

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *US$'000*	**Adjustments** *US$'000*	**Carrying amounts under HKFRS 16 at 1 January 2019** *US$'000*
Non-current Assets			
Right-of-use assets	–	8,041	8,041
Current Liabilities			
Lease liabilities	–	5,488	5,488
Non-current Liabilities			
Lease liabilities	–	2,553	2,553

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June 2019	
	Leaching	**Smelting**
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Sales of goods to external customers		
Copper cathodes	272,741	–
Blister copper	–	495,515
Copper anode	–	221,988
Sulfuric acid	–	56,041
Total	272,741	773,544
Geographical markets		
Mainland China	175,197	352,013
Hong Kong	–	250,086
Switzerland	21,860	60,815
Singapore	37,951	78,762
Africa	–	31,868
Luxemburg	37,733	–
Total	272,741	773,544
Timing of revenue recognition		
A point in time	272,741	773,544

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

	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

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 2019			
Revenue from external sales	**272,741**	**773,544**	**1,046,285**
Inter-segment sales	**–**	**24,236**	**24,236**
Total segment revenue	**272,741**	**797,780**	**1,070,521**
Elimination			**(24,236)**
Revenue for the period			**1,046,285**
Segment profit	**72,685**	**50,207**	**122,892**
Unallocated income*			**4,349**
Unallocated expenses#			**(6,144)**
Profit for the period			**121,097**

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 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

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

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

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 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Segment assets		
– Leaching	**738,319**	675,198
– Smelting	**2,099,155**	1,897,813
Total segment assets	**2,837,474**	2,573,011
Unallocated assets*	**251,695**	262,771
Elimination	**(4,858)**	(2,777)
Consolidated total assets	**3,084,311**	2,833,005
Segment liabilities		
– Leaching	**380,468**	399,482
– Smelting	**1,196,990**	1,028,962
Total segment liabilities	**1,577,458**	1,428,444
Unallocated liabilities*	**123,311**	110,783
Elimination	**(4,858)**	(2,777)
Consolidated total liabilities	**1,695,911**	1,536,450

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

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in DRC	**11,099**	22,260
Income tax in Zambia	**24,951**	32,459
	36,050	54,719
Deferred tax		
Current period	**10,769**	12,734
Total income tax expense	**46,819**	67,453

On 26 December 2018, the Parliament of Zambia enacted "An Act to amend the Income Tax Act." with effect from 1 January 2019, as a result, the mineral royalty under the Mines and Minerals Development Act 2015, which was deductible before 1 January 2019, is no longer allowed to deduct from profit before tax.

6. DIVIDENDS

During the six months ended 30 June 2019, a final dividend of US¢0.8384 per share in respect of the year ended 31 December 2018 (six months ended 30 June 2018: US¢0.6124 per share) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2019 amounted to US$29,252,000 (six months ended 30 June 2018: US$21,367,000).

The Directors do not recommend interim dividend for the current period (six months ended 30 June 2018: 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	
	2019	2018
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**76,315**	98,875
Number of ordinary shares for the purpose of basic earnings per share *(in '000)*	**3,489,036**	3,489,036
Earnings per share		
– Basic and diluted *(US cents per share)*	**2.19**	2.83
– Basic and diluted *(equivalent to approximately HK$ per share)*	**0.17**	0.22

During the six months ended 30 June 2019 and 2018, there was no potential ordinary share outstanding with diluted impact.

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

	At 30 June	At 31 December
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables at amortised cost	**10,685**	5,863
Less: Allowance for credit losses	**(2,840)**	(2,840)
	7,845	3,023
Trade receivables at FVTPL	**131,672**	138,616

As at 30 June 2019 and 31 December 2018, all trade receivables at amortised cost/trade receivables at FVTPL are from contracts with customers.

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

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

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**6,574**	1,542
31 to 90 days	**121**	1,021
91 to 180 days	**836**	258
181 to 365 days	**314**	202
	7,845	3,023

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

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**126,995**	129,931
31 to 90 days	**4,677**	7,996
91 to 180 days	**–**	689
	131,672	138,616

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

9. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade payables	**117,579**	118,229
Trade payables designated at FVTPL	**70,881**	131,760

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

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**51,666**	49,265
31 to 90 days	**15,989**	14,769
91 to 180 days	**3,876**	4,812
181 to 365 days	**1,365**	1,961
1–2 years	**–**	344
Over 2 years	**44,683**	47,078
	117,579	118,229

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 dates:

	At 30 June 2019	At 31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**52,594**	80,155
31 to 90 days	**15,252**	19,738
91 to 180 days	**3,035**	21,171
181 to 365 days	**–**	10,696
	70,881	131,760

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

The average credit period on purchases of certain goods is within 3 months and most payables are paid within the credit time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2019, the operating results of the Group declined as compared with the same period last year under the adverse impact of the decrease in international copper price and market fluctuation.

During the reporting period, the revenue of the Group amounted to US$1,046.3 million, representing a decrease of 7.2% as compared with the same period last year. Profit attributable to owners of the Company amounted to US$76.3 million, representing a decrease of 22.9% over the same period last year, which was mainly attributable to the decreases in global copper price and the sales volume of copper cathode and copper-cobalt alloy as compared with the same period last year.

With the rapid development of the integrating exploration and construction project of the Chambishi Southeast Mine, Lualaba copper smelting project and Huachin Leach reconstruction and expansion project, 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 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.

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, are also designed to produce 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 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 the DRC.

From January to June 2019, the Group accumulatively produced 124,680 tonnes of blister copper and copper anode, representing an increase of 8.7% from the same period last year, which comprised blister copper of 85,781 tonnes, representing a decrease of 18.2% from the same period last year, and copper anode of 38,899 tonnes, representing an increase of 296.4% from the same period last year; copper cathode of 49,253 tonnes, representing a decrease of 1.6% over the same period last year; and sulfuric acid of 354,873 tonnes, representing an increase of 15.8% from the same period last year. Revenue of the Group decreased by 7.2% from US$1,127.9 million for the first half of 2018 to US$1,046.3 million for the first half of 2019.

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 2019, copper contained in concentrate accumulatively produced amounted to 14,009 tonnes, representing a decrease of 6.0% 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 decreased by 2,018 tonnes to 195 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.

The Muliashi Project produced 21,607 tonnes of copper cathode in the first half of 2019, representing an increase of 1.6% over the same period last year. The increase was mainly attributable to the increased scale of heap leaching and continuous improvement in the output capacity of the system. In the first half of 2019, the slag copper recovery project and the Baluba underground mine cumulatively produced 5,791 tonnes of copper contained in copper concentrate, representing an increase of 230.2% from the same period last year, which was mainly due to the significant increase in production of Baluba underground mine since it resumed production in July last year; the project commenced production of blister copper by way of commission processing in May 2019 and has so far produced 1,039 tonnes of blister copper.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2019, CCS accumulatively produced 123,641 tonnes of blister copper and copper anode, representing an increase of 7.8% from the same period last year, which comprised blister copper of 84,742 tonnes, representing a decrease of 19.2% from the same period last year, and copper anode of 38,899 tonnes, representing an increase of 296.4% from the same period last year; and 354,873 tonnes of sulphuric acid, representing an increase of 15.8% from the same period last year.

SML

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

Copper cathode accumulatively produced by SML in the first half of 2019 increased by 3.6% to 2,839 tonnes as compared with the same period last year. Processing plants of SML produced 1,964 tonnes of copper contained in copper concentrate in the first half of 2019, representing an increase of 4.0% 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 2019 decreased by 16.0% to 15,527 tonnes as compared with the same period last year. Copper cathode produced by Huachin Leach increased by 22.4% to 9,280 tonnes as compared with the same period last year. In particular, the decrease in production of CNMC Huachin Mabende was due to the unstable supply of electricity and the declined grade of ores; the increase in production of Huachin Leach was mainly due to the increase in the volume of ores processed and the higher ore grade in the current period, coupled with the trial production of the copper system reconstruction and expansion project.

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 2019[(note)] ***(Tonnes)***	Production volume for the six months ended 30 June 2018[(note)] *(Tonnes)*	Period-to-period increase/ (decrease) *(%)*
Copper concentrate	**21,569**	16,334	32.0
Blister copper	**85,781**	104,878	(18.2)
Copper cathode	**49,253**	50,079	(1.6)
Copper anode	**38,899**	9,813	296.4
Copper-cobalt alloy	**–**	825	(100)
Sulfuric acid	**354,873**	306,512	15.8

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 2019 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	0.18	0.67	0.28	0	0	0.06	0	0	0.12	0.28	3.26	**4.85**
– Analysis	0	0.03	0.05	0	0	0	0	0	0	0	0	0	**0.08**
– Others	0	0.13	0.07	0	0	0	0.03	0.09	0	0	0	0	**0.32**
Sub-total	**0**	**0.34**	**0.79**	**0.28**	**0**	**0**	**0.09**	**0.09**	**0**	**0.12**	**0.28**	**3.26**	**5.25**
Development activities (including mine construction)													
Including:													
– Purchases of assets and equipment	0	2.17	48.21	0.03	0	0	0	0	0	0	5.87	0	**56.28**
– Civil work for construction of tunnels and roads	0	0	0	0	0	0	0	0	0	0	0	0	**0**
– Staff cost	0	0	2.53	0	0	0	0	0	0	0	0	0	**2.53**
– Others	0	0	10.26	0	0	0	0	0	0	0	0	0	**10.26**
Sub-total	**0**	**2.17**	**61.00**	**0.03**	**0**	**0**	**0**	**0**	**0**	**0**	**5.87**	**0**	**69.07**

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	0.42	1.65	0	1.13	0.04	0	0	0.17	0	0.27	0	0	**3.68**
– Consumables	0	0	0	1.25	0.80	0.06	0.27	0	0	0.01	0	0	**2.39**
– Fuel, electricity, water and other services	0.98	3.81	0	3.05	0	0	0	0.02	0	0.22	0	0	**8.08**
– On-site and remote system management	0	0	0	0	0	0	0	0	0	0.17	0	0	**0.17**
– Non-income taxes, royalties and other expenses	0	0	0	2.37	6.88	0.02	2.50	0	0	0	0	0	**11.77**
– Depreciation	0.35	1.38	0	1.44	8.33	0.07	0.90	1.11	0	0.32	0	0	**13.90**
– Sub-contracting charges	5.09	19.87	0	9.45	19.54	0.02	6.15	2.87	0	0	0	0	**62.99**
– Transportation charges	0	0	0	0	0	0	0	0.31	0	0	0	0	**0.31**
– Others	1.26	4.88	0	0	0	0	0	0	0	0	0	0	**6.14**
Sub-total	**8.10**	**31.59**	**0**	**18.69**	**35.59**	**0.17**	**9.82**	**4.48**	**0**	**0.99**	**0**	**0**	**109.43**

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 Group with a designed ore processing capacity of 3,300,000 tonnes per annum. The total investment of the project is US$830 million. As at 30 June 2019, an aggregate of 927,000 m^3 of the shaft work was completed with underground drilling depth of 45,662 m. A total amount of US$786 million had been invested in the project, representing 94.7% of the total project investment. The project was put into trial production on 22 August 2018.

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. The strip mine was subject to parallel arrangement of overburden stripping and ore mining in May 2015 and was put into normal operation after getting through the construction process at the end of June 2016. 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 2019, for the Mwambashi Strip Mine with a designed capacity of 600,000 tonnes of ores per annum, the stripping volume accumulatively completed amounted to 8,197,620 m^3 and the total investment amount of the project amounted to US$31.97 million. The expansion of the 1,000 tonnes processing system was an auxiliary project of the Mwambashi project, with a total amount of US$6.36 million had been invested. The closing processes are still underway.

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$52.4 million. As at 30 June 2019, an accumulative investment of US$52.0 million had been made. The project has been put into trial operation and under the stage of completion final accounts.

CNMC Huachin Mabende

Huachin Mabende copper cathode reconstruction and expansion project

Huachin Mabende copper cathode reconstruction and expansion project has a designed annual production capacity of 45,000 tonnes of copper cathode, with a total planned investment of US$15.91 million. As at 30 June 2019, an accumulative investment of US$3.98 million had been made. The project has proceeded as scheduled.

Lualaba Copper Smelter

Copper Concentrate Smelting Project

Lualaba copper concentrate smelting project is designed with an annual capacity of 400,000 tonnes of copper concentrates. A copper-cobalt alloy project with an annual capacity of 10,000 tonnes will be constructed in the same period. The planned investment for the blister copper smelting project is US$437.6 million. The construction of the project was commenced in March 2018. As at 30 June 2019, various works progressed smoothly, and a total amount of US$195.22 million had been invested in the project accumulatively. The cobalt recycling system is the subsystem of the blister copper smelting project designed to process 400,000 tonnes of copper concentrates per annum, and is designed to produce 10,000 tonnes of copper-cobalt alloy per annum with an estimated investment of US$33.10 million. The project has been under construction in parallel with the blister copper smelting project.

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 2019, supplementary exploration and feasibility study have been completed, and negotiation on making supplements to the operation agreement is underway.

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							
	2019				2018			
	Sales Volume [(Note)] *(Tonnes)*	Average Selling Price *(US$ per tonne)*	Revenue *(US$'000)*	% of Total Revenue *(%)*	Sales Volume [(Note)] *(Tonnes)*	Average Selling Price *(US$ per tonne)*	Revenue *(US$'000)*	% of Total Revenue *(%)*
Blister copper	**86,094**	**5,756**	**495,515**	**47.4**	103,423	6,690	691,915	61.4
Copper cathode	**48,816**	**5,587**	**272,741**	**26.0**	51,042	6,421	327,747	29.1
Copper anode	**39,392**	**5,635**	**221,988**	**21.2**	8,670	6,533	56,642	5.0
Copper-cobalt alloy	**–**	**–**	**–**	**–**	706	8,591	6,065	0.5
Sulfuric acid	**230,897**	**243**	**56,041**	**5.4**	197,767	230	45,545	4.0
Total	**405,199**		**1,046,285**	**100.0**	361,608		1,127,914	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 decreased by 7.2% from US$1,127.9 million in the first half of 2018 to US$1,046.3 million in the first half of 2019, primarily attributable to the decreases in global copper price and the sales volume of copper cathode and copper-cobalt alloy as compared with the same period last year.

The revenue of blister copper decreased by 28.4% from US$691.9 million in the first half of 2018 to US$495.5 million in the first half of 2019, primarily due to the decreases in global copper price and the sales volume of blister copper.

The revenue of copper anode increased by 292.2% from US$56.6 million in the first half of 2018 to US$222.0 million in the first half of 2019, mainly attributable to the substantial increase in sales of copper anode as compared with the same period last year.

The revenue of copper cathode decreased by 16.8% from US$327.7 million in the first half of 2018 to US$272.7 million in the first half of 2019, mainly attributable to the decreases in global copper prices and sales volume of copper cathode as compared with the same period last year.

The revenue of sulfuric acid increased by 23.1% from US$45.5 million in the first half of 2018 to US$56.0 million in first half of 2019, primarily attributable to the increase in the sales of sulfuric acid.

Production of copper-cobalt alloy was suspended due to overhaul of reduction furnace.

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							
	2019				2018			
	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	**447,075**	**5,193**	**48,440**	**9.8**	587,815	5,684	104,100	15.0
Copper cathode	**154,836**	**3,172**	**117,905**	**43.2**	167,001	3,272	160,746	49.0
Copper anode	**206,972**	**5,254**	**15,016**	**6.8**	50,749	5,853	5,893	10.4
Copper-cobalt alloy	**–**	**–**	**–**	**–**	1,815	2,571	4,250	70.1
Sulfuric acid	**8,401**	**36**	**47,640**	**85.0**	6,738	34	38,807	85.2
Total	**817,284**		**229,001**	**21.9**	814,118		313,796	27.8

Cost of sales

The cost of sales of the Group in the first half of 2019 increased by 0.4% to US$817.3 million from US$814.1 million in the first half of 2018, primarily due to the increase in sales volume of copper anode products.

The cost of sales of blister copper decreased by 23.9% from US$587.8 million in the first half of 2018 to US$447.1 million in the first half of 2019, primarily due to the decrease in sales of blister copper and the decrease in raw material cost of copper concentrate resulting from the global copper price fall.

The cost of sales of copper anode increased by 308.3% from US$50.7 million in the first half of 2018 to US$207.0 million in the first half of 2019, primarily due to the substantial increase in sales of copper anode as compared with the same period last year.

The cost of sales of copper cathode decreased by 7.3% from US$167.0 million in the first half of 2018 to US$154.8 million in the first half of 2019, primarily due to the decrease in sales volume of copper cathode.

The cost of sales of sulfuric acid increased by 25.4% from US$6.7 million in the first half of 2018 to US$8.4 million in the first half of 2019, primarily due to the increase in sales of sulfuric acid.

Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US$229.0 million in the first half of 2019, representing a decrease of 27.0% from US$313.8 million in the same period of 2018. The gross profit margin decreased from 27.8% in the first half of 2018 to 21.9% in the first half of 2019. The decrease was mainly attributable to the decrease of global copper price as compared with the same period last year.

Distribution and selling expenses

The distribution and selling expenses of the Group decreased by 17.4% from US$26.4 million in the first half of 2018 to US$21.8 million in the first half of 2019, primarily due to the decrease in sales of sulfuric acid to the DRC.

Finance costs

The finance costs of the Group decreased by 11.8% from US$11.0 million in the first half of 2018 to US$9.7 million in the first half of 2019, primarily due to the decrease in the financing scale of general-purpose borrowings.

Other gains and losses

In terms of other gains and losses, the Group recorded a net loss of US$4.1 million in the first half of 2019, while a net loss of US$6.1 million was recorded in the first half of 2018, which was primarily due to the year-on-year decrease in the impairment loss on VAT receivable.

Income tax expense

The income tax expense of the Group decreased by 30.7% from US$67.5 million in the corresponding period of 2018 to US$46.8 million in the first half of 2019, primarily due to the year-on-year decrease in profit.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company decreased by 22.9% from US$98.9 million in the first half of 2018 to US$76.3 million in the first half of 2019.

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$4.0 million from US$167.0 million in the first half of 2018 to US$163.0 million in the first half of 2019, primarily due to the decrease in net cash inflows following the decrease in profit as a result of the decline of copper prices in the current period.

Net cash flows used in investing activities

The net cash flows used in investing activities of the Group was US$199.7 million in the first half of 2019, which increased by US$62.1 million from US$137.6 million in the first half of 2018, 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$124.9 million in the first half of 2019, which increased by US$104.5 million from US$20.4 million in the first half of 2018, mainly attributable to the increase in new bank and other borrowings for the current period.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US$87.6 million from US$505.1 million as at 31 December 2018 to US$592.7 million as at 30 June 2019.

Trade receivables at amortised cost /trade receivables at FVTPL

As at 30 June 2019, the Group recorded trade receivables at amortised cost of US$7.8 million and trade receivables at FVTPL of US$131.7 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$139.5 million, which decreased by US$2.1 million from US$141.6 million as at 31 December 2018, primarily attributable to the decrease in global copper price at the end of June 2019 as compared with the end of last year.

Inventories

Inventories held by the Group decreased by US$102.0 million from US$540.2 million as at 31 December 2018 to US$438.2 million as at 30 June 2019, primarily due to the decrease in stocks of copper concentrate and copper ores.

Trade payables/trade payables designated at FVTPL

As at 30 June 2019, the Group recorded trade payables of US$117.6 million and trade payables designated at FVTPL of US$70.9 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$188.5 million, which decreased by US$61.5 million from US$250.0 million as at 31 December 2018, primarily due to the decrease of outstanding payments for purchase of copper concentrate.

CAPITAL EXPENDITURE

	For the six months ended 30 June	
	2019	2018
	(US$'000)	(US$'000)
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Southeast Mine of NFCA	**59,252**	80,155
Other mining and ore processing facilities at NFCA	**36,265**	35,489
Mining and ore processing facilities at Luanshya (Baluba East Mine)	**2,357**	125
Smelting facilities at CCS	**2,777**	3,667
Leaching facilities at Chambishi Leach Plant	**1,116**	2,013
Leaching facilities at CNMC Huachin Leach Project	**36,462**	9,060
Leaching facilities at Mabende Project	**10,194**	3,598
Smelting facilities at Lualaba Copper Smelter	**82,091**	22,755
Mining and ore processing facilities at Kambove Mining	**765**	618
Other facilities at Luano Project	**26**	–
Total	**231,305**	157,480

The total capital expenditure of the Group increased by US$73.8 million from US$157.5 million in the first half of 2018 to US$231.3 million in the first half of 2019, primarily due to the increase in investments in the smelting facilities at Lualaba Copper Smelter and leaching facilities at CNMC Huachin Leach Project.

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 concentrate, inventories and the risk relating to the Group's commitment to sell its copper products.

Foreign currency exchange risk

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

Interest rate risk

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

EMPLOYEE INFORMATION

As at 30 June 2019, the Group employed a total of 6,857 employees (30 June 2018: 6,181), which comprised 552 foreign employees and 6,305 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$45.2 million (30 June 2018: US$44.7 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 second half of 2019, despite a variety of challenges in the growth of global economy, the prices of copper and cobalt will remain positive in the long run considering the slowing supply of copper and cobalt due to increasing mining difficulties, as well as greater demand for copper and cobalt in the world due to the scaling up of new energy-related businesses in the market.

In the second half of 2019, 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, the 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 further enhance its strengths in resource development and integration and management of international businesses, devote keener enthusiasm to on-site management, reinforce the risk and internal management system construction and improve the standard of corporate governance and intensive management.

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, and 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 the DRC so as to promote the standardised production and improve the output and quality of blister copper, copper cathode, sulphuric acid and cobalt products, with a view to further increasing the operating efficiency and profit from existing production capacity.

The Group will maintain its emphasis on the construction of key projects. It will focus on the trial production of Chambishi Southeast Mine and the reconstruction and expansion of Huachin Leach with a view to expediting the fulfilment of capacity and quality of the projects 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 as well as the exploration and development of mines in Kambove, the DRC, to enhance efficiency and provide new production sources for the Company.

In an effort to consistently follow the "innovative, coordinated, green, open and shared" development philosophy, the Group will constantly improve the working environment, ensure production safety and efficiency, and fulfill its corporate social responsibility while fulfilling its commitments of 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 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 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 2019, 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 2019, 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 2019, 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 2019, each of the following entities was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of the Group	Entity with 10% or more interest (other than member of the Group)	Percentage of that entity's interest
NFCA	Zambia Consolidated Copper Mines Investments Holdings Plc ("**ZCCM-IH**")	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司)	40%
SML	Hong Kong Zhongfei Mining Investment Limited ("**Hong Kong Zhongfei**")	30%
Huachin Leach	Huachin SARL	32.5%
CNMC Huachin Mabende	Huachin SARL	35%
CNMHK	Hong Kong Zhongfei	30%
Kambove Mining	La Generale Des Carrieres Et Des Mines SA	45%
Lualaba Copper Smelter	Yunnan & Hongkong Metal Company Limited	38%
Kingsail Limited	Yunnan & Hongkong Metal Company Limited	40%

Save as disclosed above, as at 30 June 2019, 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.

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 2019.

CORPORATE GOVERNANCE

For the six months ended 30 June 2019, 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.

* *Translation of Chinese or English terms for reference purposes only*

Changes in the Information of the Directors

Since 30 April 2019 (the date of publication of the 2018 Annual Report), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph C3 of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The 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. Jinjun Zhang, a non- executive Director, and Mr. Jingwei Liu and Mr. Huanfei Guan, independent non- executive Directors. The Audit Committee has reviewed the Group's unaudited condensed financial statements for the six months ended 30 June 2019, and was of the opinion that such unaudited condensed financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("**Model Code**"). The Company had also made specific enquiries to all Directors and confirmed that all of them complied with the Model Code throughout the six months ended 30 June 2019.

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 2019.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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 2019 which sets 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

29 August 2019

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