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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: 01258)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Financial Highlights of the Group

In the first half of 2020, the Group recorded revenue of US$942.8 million, representing a decrease of 9.9% from US$1,046.3 million in the first half of 2019.

In the first half of 2020, the Group recorded net profit of US$44.5 million, representing a decrease of 63.3% from US$121.1 million in the first half of 2019.

In the first half of 2020, the Group recorded profit attributable to owners of the Company of US$23.5 million, representing a decrease of 69.2% from US$76.3 million in the first half of 2019.

In the first half of 2020, the Group recorded basic earnings per share attributable to owners of the Company of approximately US¢0.67 (equivalent to approximately HK$0.05), representing a decrease of approximately 69.4% from US¢2.19 (equivalent to approximately HK$0.17) in the first half of 2019.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020.

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 2020, together with comparative financial information for the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	4,5	**942,762**	1,046,285
Cost of sales		**(747,182)**	(817,284)
Gross profit		**195,580**	229,001
Other income		**4,359**	7,481
Other gains and losses	6	**(60,197)**	(4,117)
Distribution and selling expenses		**(26,413)**	(21,802)
Administrative expenses		**(29,377)**	(29,796)
Other expenses		**(2,960)**	(3,157)
Finance costs		**(13,845)**	(9,694)
Profit before tax		**67,147**	167,916
Income tax expense	7	**(22,624)**	(46,819)
Profit and total comprehensive income for the period		**44,523**	121,097
Profit and total comprehensive income attributable to:			
Owners of the Company		**23,466**	76,315
Non-controlling interests		**21,057**	44,782
		44,523	121,097
Earnings per share	9		
– Basic and diluted *(US cents per share)*		**0.67**	2.19
– Basic and diluted *(equivalent to approximately HK$ per share)*		**0.05**	0.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	At 30 June 2020 US$'000 (Unaudited)	At 31 December 2019 US$'000 (Audited)
ASSETS			
Non-current Assets			
Property, plant and equipment		**1,717,231**	1,693,734
Right-of-use assets		**17,378**	19,860
Mining rights		**153,155**	78,225
Restricted bank balances		**6,146**	6,146
Deferred tax assets		**28,727**	18,735
Prepayments and other receivables		**78,260**	94,391
		2,000,897	1,911,091
Current Assets			
Inventories		**607,715**	530,093
Finance lease receivables		**35**	63
Trade receivables at amortised cost	10	**28,465**	11,496
Trade receivables at fair value through profit or loss ("**FVTPL**")	10	**183,436**	162,212
Prepayments and other receivables		**217,225**	218,069
Restricted bank balances		**2,479**	1,297
Bank balances and cash		**579,253**	481,210
		1,618,608	1,404,440
Total Assets		**3,619,505**	3,315,531

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	At 30 June 2020 US$'000 (Unaudited)	At 31 December 2019 US$'000 (Audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		**613,233**	613,233
Retained profits		**397,032**	400,571
Equity attributable to owners of the Company		**1,010,265**	1,013,804
Non-controlling interests		**509,645**	522,272
Total Equity		**1,519,910**	1,536,076
Non-current Liabilities			
Deferred tax liabilities		**48,396**	44,775
Bank and other borrowings – due after one year		**959,480**	894,480
Lease liabilities		**16,733**	18,601
Deferred income		**16,455**	16,566
Provision for restoration, rehabilitation and environmental costs		**25,118**	23,131
		1,066,182	997,553
Current Liabilities			
Trade payables	11	**172,185**	156,478
Trade payables designated at FVTPL	11	**141,550**	116,051
Other payables and accrued expenses		**203,232**	84,034
Income tax payable		**97,364**	97,306
Bank and other borrowings – due within one year		**397,307**	301,298
Lease liabilities		**6,370**	6,802
Contract liabilities		**7,104**	18,502
Financial liabilities designated at FVTPL		**8,301**	1,431
		1,033,413	781,902
Total Liabilities		**2,099,595**	1,779,455
Total Equity and Liabilities		**3,619,505**	3,315,531

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company				
	Share capital	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 June 2020					
At 31 December 2019 (Audited)	**613,233**	**400,571**	**1,013,804**	**522,272**	**1,536,076**
Profit and total comprehensive income for the period	**–**	**23,466**	**23,466**	**21,057**	**44,523**
Dividends declared by a subsidiary	**–**	**–**	**–**	**(33,684)**	**(33,684)**
Dividends declared by the Company	**–**	**(27,005)**	**(27,005)**	**–**	**(27,005)**
At 30 June 2020 (Unaudited)	**613,233**	**397,032**	**1,010,265**	**509,645**	**1,519,910**
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**69,675**	163,006
NET CASH USED IN INVESTING ACTIVITIES	**(67,165)**	(199,698)
NET CASH FROM FINANCING ACTIVITIES	**96,389**	124,854
NET INCREASE IN CASH AND CASH EQUIVALENTS	**98,899**	88,162
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**481,210**	505,091
Effect of foreign exchange rate changes	**(856)**	(517)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by:		
Bank balances and cash	**579,253**	592,736

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2019 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 2019 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. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. As such, the financial positions and performance of the Group were affected in different aspects, including decreased copper price and postponement of products delivery, which resulted in reduction of revenue as disclosed in the relevant notes.

3. 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 additional accounting policies resulting from application of 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 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 And HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

	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 and copper anodes	–	717,503
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

5. SEGMENT INFORMATION

Segment revenue and results

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

	Leaching	**Smelting**	**Consolidated**
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Six months ended 30 June 2020			
Revenue from external sales	**271,550**	**671,212**	**942,762**
Inter-segment sales	**–**	**18,216**	**18,216**
Total segment revenue	**271,550**	**689,428**	**960,978**
Elimination			**(18,216)**
Revenue for the period			**942,762**
Segment profit	**35,618**	**11,350**	**46,968**
Unallocated income*			**580**
Unallocated expenses#			**(3,025)**
Profit for the period			**44,523**

5. 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 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

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

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

5. 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 2020	At 31 December 2019
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Segment assets		
– Leaching	**972,502**	801,444
– Smelting	**2,433,918**	2,326,832
Total segment assets	**3,406,420**	3,128,276
Unallocated assets*	**215,011**	190,694
Elimination	**(1,926)**	(3,439)
Consolidated total assets	**3,619,505**	3,315,531
Segment liabilities		
– Leaching	**453,348**	367,736
– Smelting	**1,536,965**	1,311,231
Total segment liabilities	**1,990,313**	1,678,967
Unallocated liabilities*	**111,208**	103,927
Elimination	**(1,926)**	(3,439)
Consolidated total liabilities	**2,099,595**	1,779,455

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

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Impairment loss, net of reversal		
Input value added tax ("**VAT**") receivables	**1,420**	2,287
Financial assets under expected credit loss model	**(80)**	–
Loss on disposal of property, plant and equipment, net	**394**	130
Loss (gain) arising on change in fair value of financial assets/liabilities at FVTPL		
– Financial liabilities designated at FVTPL	**4,156**	1,557
– Trade receivables at FVTPL	**12,853**	11,047
– Trade payables designated at FVTPL	**37**	(18,416)
Foreign exchange loss, net *(note)*	**41,417**	7,512
	60,197	4,117

Note: The amount included exchange losses arising from the retranslation of input VAT receivables denominated in Zambia Kwacha ("**ZMK**") to US$ amounting to US$41,215,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: US$8,337,000).

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Income tax in DRC	**11,010**	11,099
Income tax in Zambia	**17,985**	24,951
	28,995	36,050
Deferred tax		
Current period	**(6,371)**	10,769
Total income tax expense	**22,624**	46,819
Effective tax rate	**33.7%**	27.9%

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 0% income tax relief during the current year (six months ended 30 June 2019: 25%). The remaining phase of production facilities of CCS is under the first year of 50% income tax relief during the current year (six months ended 30 June 2019: 100%).

8. DIVIDENDS

During the six months ended 30 June 2020, a final dividend of US¢0.7740 per share in respect of the year ended 31 December 2019 (six months ended 30 June 2019: US¢0.8384 per share in respect of the year ended 31 December 2018) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2020 amounted to US$27,005,200 (six months ended 30 June 2019: US$29,252,000).

The Directors do not recommend interim dividend for the current period (six months ended 30 June 2019: nil).

9. 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	
	2020	2019
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share *(in US$'000)*	**23,466**	76,315
Number of ordinary shares for the purpose of basic earnings per share *(in '000)*	**3,489,036**	3,489,036
Earnings per share		
– Basic and diluted *(US cents per share)*	**0.67**	2.19
– Basic and diluted *(equivalent to approximately HK$ per share)*	**0.05**	0.17

During the six months ended 30 June 2020 and 2019, there was no potential ordinary share outstanding with diluted impact.

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

	At 30 June 2020	At 31 December 2019
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables at amortised cost	**28,909**	12,020
Less: Allowance for credit losses	**(444)**	(524)
	28,465	11,496
Trade receivables at FVTPL	**183,436**	162,212

As at 30 June 2020 and 31 December 2019, all trade receivables at amortised cost/trade receivables at FVTPL are from contracts with customers.

10. 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 2020 *US$'000* **(Unaudited)**	At 31 December 2019 *US$'000* (Audited)
0 to 30 days	**22,652**	6,450
31 to 90 days	**3,275**	3,263
91 to 180 days	**1,340**	360
181 to 365 days	**1,198**	1,423
	28,465	11,496

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

	At 30 June 2020 *US$'000* **(Unaudited)**	At 31 December 2019 *US$'000* (Audited)
0 to 30 days	**162,936**	144,259
31 to 90 days	**19,870**	13,085
91 to 180 days	**630**	4,868
	183,436	162,212

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.

11. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

	At 30 June 2020	At 31 December 2019
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade payables	**172,185**	156,478
Trade payables designated at FVTPL	**141,550**	116,051

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

	At 30 June 2020	At 31 December 2019
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**62,339**	74,979
31 to 90 days	**37,340**	18,042
91 to 180 days	**23,643**	17,517
181 to 365 days	**3,570**	630
1–2 years	**610**	981
Over 2 years	**44,683**	44,329
	172,185	156,478

11. 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 2020	At 31 December 2019
	US$'000	*US$'000*
	(Unaudited)	(Audited)
0 to 30 days	**130,219**	85,941
31 to 90 days	**11,331**	11,976
91 to 180 days	**–**	10,728
181 to 365 days	**–**	7,406
	141,550	116,051

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 2020, the operating results of the Group declined as compared with the same period last year under the adverse impact of the decreases in international copper price and market fluctuations.

During the reporting period, the revenue of the Group amounted to US$942.8 million, representing a decrease of 9.9% as compared with the same period last year. Profit attributable to owners of the Company amounted to US$23.5 million, representing a decrease of 69.2% over the same period last year, which was mainly attributable to the decreases in global copper price and the significant increase in exchange losses as compared with the same period last year.

With the Integrated Exploration and Construction Project of the Chambishi Southeast Mine, Lualaba copper smelting project and Huachin Leach copper-cobalt reconstruction and expansion project put into production, and the remarkable progress made in the reconstruction and expansion project of CNMC Huachin Mabende and Kambove main mine project, a solid foundation will be paved for the Group's further development of business.

Business Review

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

Since 2018, the Group has amped up its efforts in the development of the cobalt business. Apart from Chambishi Copper Smelter Limited* ("**CCS**"), which engages in the production of copper-cobalt alloy, and Huachin Leach copper-cobalt reconstruction and expansion project, which engages in the production of cobaltous hydroxide, the Lualaba copper smelting project, Chambishi Southeast Mine project, the reconstruction and expansion project of CNMC Huachin Mabende and Kambove main mine project 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 Metal Leach SA ("**Huachin Leach**"), CNMC Huachin Mabende Mining SA ("**CNMC Huachin Mabende**"), Lualaba Copper Smelter SAS ("**Lualaba Copper Smelter**") and Kambove Mining SAS ("**Kambove Mining**") located in the DRC.

From January to June 2020, the Group accumulatively produced 111,833 tonnes of blister copper and copper anodes, including the processed blister copper of 15,810 tonnes by Lualaba Copper Smelter during the production period from May to June 2020, representing a decrease of 10.3% from the same period last year; copper cathodes of 54,381 tonnes, representing an increase of 10.4% over the same period last year; and sulfuric acid of 330,407 tonnes, representing a decrease of 6.9% from the same period last year. Revenue of the Group decreased by 9.9% from US$1,046.3 million for the first half of 2019 to US$942.8 million for the first half of 2020.

Production Overview

NFCA

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

In the first half of 2020, Chambishi Main Mine and Chambishi West Mine copper produced, through consigned processing, 11,764 tonnes of copper anodes (the final product in the same period last year was copper contained in copper concentrates), with a decrease in copper content of 16.0% from the same period last year, which was primarily due to the decline in the production volume of copper contained in copper concentrates as a result of the decrease in the preparation volume of raw ore. The Integrated Exploration and Construction Project of Chambishi Southeast Mine was put into operation officially on 1 July 2020.

In addition, in the first half of 2020, Chambishi Southeast Mine Project produced 3,994 tonnes of by-product copper during the infrastructure trial production through consigning CCS for processing of copper anodes.

Luanshya

Luanshya operates four copper mines, namely Baluba Center Mine, Baluba East Mine, Muliashi North Mine and Muliashi South Mine, respectively, as well as the Muliashi Leach Plant.

The Luanshya produced 20,691 tonnes of copper cathodes in the first half of 2020, representing a decrease of 4.2% over the same period last year, which was mainly attributable to the decrease in processing volume of raw core in the agitation leaching system and the heap leaching system. In the first half of 2020, the slag copper recovery project and the Baluba underground mine cumulatively produced, through consigned processing of 5,172 tonnes of blister copper (the final products in the same period last year were copper concentrates and blister copper),with a decrease in copper content of 24.3% from the same period last year, which was mainly due to the decrease in the production volume of copper contained in copper concentrates as a result of the decline in the grades of raw ore and slag.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2020, CCS accumulatively produced 96,846 tonnes of blister copper and copper anodes, representing a decrease of 21.6% from the same period last year, which included copper products of 22,293 tonnes manufactured through outsourced processing; and 290,562 tonnes of sulphuric acid, representing a decrease of 18.1% from the same period last year. The reduction in production load was mainly due to the shutdown and overhaul of Isa furnace in June 2020, during which no product was produced; the replacement of the internal and external water jackets of the sedimentation furnace conducted in the beginning of the year; the repairing and welding of the leaking pipes of the boiler, etc.

SML

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

Copper cathodes accumulatively produced by SML in the first half of 2020 has increased by 48.8% to 4,224 tonnes as compared with the same period last year. Processing plants of SML, through consigned processing, produced 1,363 tonnes of blister copper (the final product in the same period last year was copper contained in copper concentrates) in the first half of 2020, with a decrease in copper content of 30.6% over the same period last year, mainly attributable to the outsourced oxide ore with high grade which facilitated the increase in the production volume of copper cathodes.

CNMC Huachin Mabende and Huachin Leach

Copper cathodes produced by CNMC Huachin Mabende in the first half of 2020 increased by 6.4% to 16,515 tonnes as compared with the same period last year. Copper cathodes produced by Huachin Leach increased by 39.6% to 12,951 tonnes as compared with the same period last year. In particular, the increase in production of CNMC Huachin Mabende was due to the successful completion of the reconstruction and expansion project and the full conjoinment of the new and old systems put into production; the increase in production of Huachin Leach was mainly due to the commencement of production of the reconstruction and expansion project, the better grade of outsourced ore and the increase in the volume of ores processed, and the comprehensive utilisation level of low-grade ore having been improved.

Lualaba Copper Smelter

During the production period from May to June 2020, Lualaba Copper Smelter produced 18,981 tonnes of blister copper, including the processed blister copper of 15,810 tonnes during the production period from May to June 2020, 39,845 tonnes of sulfuric acid, and 4,753 tonnes of liquid sulphur dioxide.

In addition, Lualaba Copper Smelter produced 23,260 tonnes of blister copper during the infrastructure trial production period from January to April 2020, including the processed blister copper of 6,698 tonnes during the infrastructure trial production period from January to April 2020, 64,500 tonnes of sulfuric acid, and 2,042 tonnes of liquid sulphur dioxide.

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 2020(note) ***(Tonnes)***	Production volume for the six months ended 30 June 2019(note) *(Tonnes)*	Period-to-period increase/ (decrease) *(%)*
Blister copper and copper anodes	**111,833**	124,680	(10.3)
Copper concentrates	**–**	21,569	(100.0)
Copper cathodes	**54,381**	49,253	10.4
Cobaltous hydroxide	**96**	–	–
Sulfuric acid	**330,407**	354,873	(6.9)
Liquid sulphur dioxide	**4,753**	–	–

Note: ① The production volumes of all the products are on a contained-copper basis, except for cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide.

② The above production volume of 111,833 tonnes of blister copper and copper anodes comprises the processed blister copper of 15,810 tonnes by Lualaba Copper Smelter during the production period from May to June 2020.

③ The above production volume of 111,833 tonnes of blister copper and copper anodes does not comprise the blister copper of 23,260 tonnes by Lualaba Copper Smelter during the infrastructure trial production period from January to April 2020 and copper anodes of 3,994 tonnes by NFCA through consigning CCS for processing during the infrastructure trial production period in the first half of 2020.

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 2020 are set out below:

	NFCA				Luanshya			SML	CNMC Huachin Mabende	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**	**PE5276-B5 Mine**	**Main Orebody**	**Total**
Exploration activities											
Including:											
– Drilling	0	0.70	1.03	0.10	0	0	0	0	0.36	0.39	**2.58**
– Analysis	0	0.09	0.11	0	0	0	0	0	0	0	**0.20**
– Others	0	0	0	0	0	0	0	0	0	0	**0**
Sub-total	**0**	**0.79**	**1.14**	**0.10**	**0**	**0**	**0**	**0**	**0.36**	**0.39**	**2.78**
Development activities (including mine construction)											
Including:											
– Purchases of assets and equipment	0	0	4.53	0	0.35	0	0	0	0	2.58	**7.46**
– Civil work for construction of tunnels and roads	0	0.98	6.32	0	0	0	0	0	0	10.28	**17.58**
– Staff cost	0	0	0	0	0	0	0	0	0	1.11	**1.11**
– Others	0	0	22.51	0	1.62	0	0	0	0	5.50	**29.63**
Sub-total	**0**	**0.98**	**33.36**	0	**1.97**	**0**	**0**	**0**	**0**	**19.47**	**55.78**

Unit: Million US dollars	NFCA			Luanshya				SML	CNMC Huachin Mabende	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	PE5276-B5 Mine	Main Orebody	Total
Mining activities (excluding ore processing)											
Including:											
– Staff cost	0.09	1.55	0	1.00	0.08	0	0	0	0.20	0	**2.92**
– Consumables	0	0	0	1.35	0.14	0	0.58	0	0.09	0	**2.16**
– Fuel, electricity, water and other services	0.28	4.72	0	3.32	13.65	0	0	0	0.48	0	**22.45**
– On-site and remote system management	0	0	0	0	0	0	0	0	0	0	**0**
– Non-income taxes, royalties and other expenses	0	0	0	1.91	2.12	0.68	5.68	0	0	0	**10.39**
– Depreciation	0.27	4.59	0	1.18	1.79	0.14	2.06	0	0.19	0	**10.22**
– Sub-contracting charges	0.94	15.60	0	8.41	5.84	0.98	21.73	2.38	0	0	**55.88**
– Transportation charges	0	0	0	0	0	0	0	0	0	0	**0**
– Others	0.50	8.36	0	0	0	0	0	0	0	0	**8.86**
Sub-total	**2.08**	**34.82**	**0**	**17.17**	**23.62**	**1.80**	**30.05**	**2.38**	**0.96**	**0**	**112.88**

PROJECTS IN PROGRESS

NFCA

The Integrated Exploration and Construction Project of the Chambishi Southeast Mine

The Chambishi Southeast Mine Project is one of the key development mine projects of the Group, with a designed ore processing capacity of 3,300,000 tonnes per annum, a designed capacity of 58,900 tonnes per annum of copper contained in copper concentrates and a total planned investment of the project of US$832 million. The project has been put into production officially since 1 July 2020. At present, the total construction expenses for the project are being finalised.

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 cathodes and 2,000 tonnes of cobalt, with a total planned investment of US$52.4 million. As at 30 June 2020, the project had been put into operation and an accumulative investment of US$50.46 million had been made.

CNMC Huachin Mabende

CNMC Huachin Mabende copper cathodes reconstruction and expansion project

CNMC Huachin Mabende copper cathodes reconstruction and expansion project has a designed annual production capacity of 45,000 tonnes of copper cathodes, with a total planned investment of US$18.91 million. As at 30 June 2020, the project was at the stage of comprehensive test run.

Lualaba Copper Smelter

Copper Concentrates Smelting Project

Lualaba copper concentrates smelting project is designed with an annual capacity of 400,000 tonnes of copper concentrates (dry). The products are blister copper with a copper content of not less than 98.5%, sulfuric acid, liquid sulfur dioxide and copper-cobalt alloy, the designed annual output of which is 118,000 tonnes, 240,000 tonnes (100% sulfuric acid), 30,000 tonnes and 11,000 tonnes respectively, with a total planned investment amount of US$470 million. The project has been put into production officially since 1 May 2020. At present, the total construction expenses for the project is being finalised.

Kambove Mining

Kambove integrated exploration and construction project

The project, which is currently under construction, has a designed annual capacity of 990,000 tonnes of ores, 28,000 tonnes of copper cathodes and 978 tonnes of cobalt contained in crude cobaltous hydroxide, with a total of planned investment amount of US$238 million. As at 30 June 2020, the stripping volume of the infrastructure of completed strip mine amounted to 1,700,000 m^3, representing 20% of the total project area; the workshops (such as the electrowinning workshop and the extraction workshop) of the leach plant were carrying out civil engineering construction works, representing 30% of the total project area; part of the dormitory areas met the occupancy conditions.

FINANCIAL REVIEW

Results of Operations

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

	For the six months ended 30 June							
	2020				2019			
	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 and copper anodes	**121,396**	**5,062**	**614,514**	**65.2%**	125,486	5,717	717,503	68.5%
Copper cathodes	**53,689**	**5,046**	**270,934**	**28.7%**	48,816	5,587	272,741	26.1%
Sulfuric acid	**197,304**	**240**	**47,349**	**5.0%**	230,897	243	56,041	5.4%
Liquid sulphur dioxide	**4,698**	**980**	**4,603**	**0.5%**	–	–	–	–
Cobaltous hydroxide	**29**	**21,241**	**616**	**0.1%**	–	–	–	–
Copper products processing service	**15,810**	**300**	**4,746**	**0.5%**	–	–	–	–
Total	**392,926**		**942,762**	**100.0%**	405,199		1,046,285	100.0%

Note: The sales volumes of all the products are on a contained-copper basis, except for cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide.

Revenue

The revenue of the Group decreased by 9.9% from US$1,046.3 million in the first half of 2019 to US$942.8 million in the first half of 2020, primarily attributable to the decreases in global copper price as compared with the same period last year.

The revenue from sales of blister copper and copper anodes decreased by 14.4% from US$717.5 million in the first half of 2019 to US$614.5 million in the first half of 2020, primarily attributable to the decreases in global copper price.

The revenue from sales of copper cathodes decreased by 0.7% from US$272.7 million in the first half of 2019 to US$270.9 million in the first half of 2020, primarily attributable to the decreases in global copper prices although the sales volume increased as compared with the same period last year.

The revenue from sales of sulfuric acid decreased by 15.5% from US$56.0 million in the first half of 2019 to US$47.3 million in first half of 2020, primarily attributable to the decrease in sales volume of sulfuric acid as compared with the same period last year.

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

	For the six months ended 30 June							
	2020				2019			
	Cost of Sales *(US$'000)*	**Unit Cost of Sales** *(US$ per tonne)*	**Gross Profit** *(US$'000)*	**Gross Profit Margin** *(%)*	Cost of Sales *(US$'000)*	Unit Cost of Sales *(US$ per tonne)*	Gross Profit *(US$'000)*	Gross Profit Margin *(%)*
Blister copper and copper anodes	**570,265**	**4,697**	**44,249**	**7.2**	654,047	5,212	63,456	8.8
Copper cathodes	**165,809**	**3,088**	**105,125**	**38.8**	154,836	3,172	117,905	43.2
Sulfuric acid	**9,359**	**46**	**42,593**	**82.0**	8,401	36	47,640	85.0
Cobaltous hydroxide	**482**	**16,621**	**134**	**21.8**	–	–	–	–
Copper products processing service	**1,267**	**80**	**3,479**	**73.3**	–	–	–	–
Total	**747,182**		**195,580**	**20.7**	817,284		229,001	21.9

Note: The above sulfuric acid comprises liquid sulfur dioxide.

Cost of sales

The cost of sales of the Group in the first half of 2020 decreased by 8.6% to US$747.2 million from US$817.3 million in the first half of 2019, primarily due to the decrease in raw material cost of copper concentrates resulting from the global copper price fall.

The cost of sales of blister copper and copper anodes decreased by 12.8% from US$654.0 million in the first half of 2019 to US$570.3 million in the first half of 2020, primarily due to the decrease in raw material cost of copper concentrates resulting from the global copper price fall.

The cost of sales of copper cathodes increased by 7.1% from US$154.8 million in the first half of 2019 to US$165.8 million in the first half of 2020, primarily due to the increase in sales volume of copper cathodes as compared with the same period last year.

The cost of sales of sulfuric acid increased by 11.9% from US$8.4 million in the first half of 2019 to US$9.4 million in the first half of 2020, 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$195.6 million in the first half of 2020, representing a decrease of 14.6% from US$229.0 million in the same period of 2019. The gross profit margin decreased from 21.9% in the first half of 2019 to 20.7% in the first half of 2020 which 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 increased by 21.1% from US$21.8 million in the first half of 2019 to US$26.4 million in the first half of 2020, primarily due to the changes to the freight as agreed in some sales contracts .

Finance costs

The finance costs of the Group increased by 42.3% from US$9.7 million in the first half of 2019 to US$13.8 million in the first half of 2020, primarily due to part of interest expenses are no longer capitalised as some projects are put into production.

Other gains and losses

In terms of other gains and losses, the Group recorded a net loss of US$60.2 million in the first half of 2020, increased by US$56.1 million from the net loss of US$4.1 million in the first half of 2019, which was primarily due to the year-on-year substantial increase in the exchange loss on input VAT receivable as a result of depreciation of Zambia Kwacha and the loss on change in fair value of financial instruments.

Income tax expense

The income tax expense of the Group decreased by 51.7% from US$46.8 million in the corresponding period of 2019 to US$22.6 million in the first half of 2020, 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 69.2% from US$76.3 million in the first half of 2019 to US$23.5 million in the first half of 2020.

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$93.3 million from US$163.0 million in the first half of 2019 to US$69.7 million in the first half of 2020, primarily due to the decrease in profit as a result of the decline of copper prices during the reporting period.

Net cash flows used in investing activities

The net cash flows used in investing activities of the Group was US$67.2 million in the first half of 2020, which decreased by US$132.5 million from US$199.7 million in the first half of 2019, mainly attributable to the decrease 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$96.4 million in the first half of 2020, which decreased by US$28.5 million from US$124.9 million in the first half of 2019, mainly attributable to the increase in dividends from subsidiaries as compared with the same period last year.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US$98.1 million from US$481.2 million as at 31 December 2019 to US$579.3 million as at 30 June 2020.

Trade receivables at amortised cost/trade receivables at FVTPL

As at 30 June 2020, the Group recorded trade receivables at amortised cost of US$28.5 million and trade receivables at FVTPL of US$183.4 million. The trade receivables at FVTPL were the trade receivables arising from the sale of copper products under provisional pricing arrangements. The aggregate trade receivables amounted to US$211.9 million, which increased by US$38.2 million from US$173.7 million as at 31 December 2019, primarily attributable to the increase in trade receivables arising from the copper products and sulfuric acid that were not settled.

Inventories

Inventories held by the Group increased by US$77.6 million from US$530.1 million as at 31 December 2019 to US$607.7 million as at 30 June 2020, primarily due to the increase in stocks of blister copper.

Trade payables/trade payables designated at FVTPL

As at 30 June 2020, the Group recorded trade payables of US$172.2 million and trade payables designated at FVTPL of US$141.6 million. The trade payables designated at FVTPL were the trade payables arising from the purchase of copper concentrates under provisional pricing arrangements. The aggregate trade payables amounted to US$313.8 million, which increased by US$41.3 million from US$272.5 million as at 31 December 2019, primarily due to the increase in outstanding payments for purchase of copper concentrates.

CAPITAL EXPENDITURE

	For the six months ended 30 June	
	2020	2019
	(US$'000)	*(US$'000)*
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Chambishi Southeast Mine of NFCA	**29,355**	59,252
Other mining and ore processing facilities at NFCA	**1,850**	36,265
Mining and ore processing facilities at Luanshya (Baluba East Mine)	**7,114**	2,357
Other facilities at Luanshya	**434**	–
Smelting facilities at CCS	**6,149**	2,777
Leaching facilities at Chambishi Leach Plant	**533**	1,116
Leaching facilities at CNMC Huachin Leach Project	**11,104**	36,462
Leaching facilities at Mabende Project	**4,025**	10,194
Smelting facilities at Lualaba Copper Smelter	**1,267**	82,091
Mining and ore processing facilities at Kambove Mining	**37,617**	765
Other facilities at Luano Project	**920**	26
Total	**100,368**	231,305

The total capital expenditure of the Group decreased by US$130.9 million from US$231.3 million in the first half of 2019 to US$100.4 million in the first half of 2020, primarily due to fact that the smelting facilities at Lualaba Copper Smelter were already in pilot production from January to April 2020 and were already in commercial production from May to June 2020, and the Chambishi Southeast Mine project of NFCA and others had been in pilot production.

MARKET RISK DISCLOSURE

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

Commodity price risk

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

Foreign currency exchange risk

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

Interest rate risk

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

EMPLOYEE INFORMATION

As at 30 June 2020, the Group employed a total of 10,833 employees (30 June 2019: 6,857), which comprised 880 foreign employees and 9,953 local employees in Zambia and the DRC. The total cost of employees amounted to approximately US$54.4 million (30 June 2019: US$45.2 million). The year-on-year increase in the total cost of employees was primarily attributable to the production of Lualaba copper smelter started from the reporting period and the increase in labor cost resulting from the commencement of infrastructure construction of Kambove project.

FUTURE PROSPECTS

In the first half of the year, the COVID-19 pandemic swiftly swept across the country, and was spreading widely with an unprecedented impact. The global economic downturn combined with the impact of the pandemic has led to a significant increase in uncertainties and destabilising factors in global economic growths. However, against the backdrop of global joint efforts to fight the pandemic, especially from the successful measures in China and other relevant countries in fighting the pandemic, the humankind will surely overcome the pandemic with economies eventually resuming growth. The Group's principal businesses in Zambia and the DRC in South Central Africa overcame the impact of the pandemic. As at the disclosure date of this announcement, the Group maintained stable and orderly development in production, operation and construction. The prices of copper and cobalt are expected to remain positive in the long run considering the products are still in tight balance 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.

The Group will continue to align with its own development strategy, enhance its investments in geological exploration and development, and identify suitable acquisition targets in regions with rich copper and cobalt resources such as Zambia and the DRC, with an aim to strengthen the Group's resources. Meanwhile, the Group will continue to implement the "concept of off-peak development" and strive to achieve high quality and effective economic growth through improvement of capacity expansion, cost reduction, quality and efficiency as well as innovation, with effective pandemic prevention and control measures in place on a routine basis.

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 Company's subsidiaries are principally engaged in exploration of copper/cobalt metal, mining, ore processing, leaching, smelting and sale business 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, 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 2020, 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 2020, so far as it is known to the Directors and the chief executive of the Company, interests or short positions which shall be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions in Shares:

Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholdings
CNMD *(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 2020, 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 2020, 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 2020, no other persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

* *Translation of English term for reference purpose only*

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 2020.

CORPORATE GOVERNANCE

For the six months ended 30 June 2020, the Company 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.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Mr. Huanfei GUAN, an independent non-executive director of the Company, resigned as an independent non-executive director of HongDa Financial Holding Limited (stock code: 01822) on 15 May 2020, and has been appointed as an executive director and Chairman of the board of directors of Enterprise Development Holdings Limited (stock code: 01808) since 2 June 2020. Shares of those companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Save as aforesaid, since 27 April 2020 (the date of publication of the 2019 Annual Report), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph C3 of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the "**Audit Committee**"). The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. Members of the Audit Committee are Mr. 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 2020, 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 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the six months ended 30 June 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this interim results announcement, there were no 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 2020 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

28 August 2020

As at the date of this announcement, the Board comprises Mr. Tongzhou Wang, Mr. Xiaowei Wang, Mr. Wei FAN, Mr. Lin Zhang and Mr. Chunlai Wang 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.