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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 2023

FINANCIAL HIGHLIGHTS OF THE GROUP

In the first half of 2023, the Group recorded revenue of US\$1,843.8 million, representing a decrease of 16.5% from US\$2,206.9 million in the first half of 2022.

In the first half of 2023, the Group recorded net profit of US\$264.0 million, representing a decrease of 10.2% from US\$294.0 million (restated) in the first half of 2022.

In the first half of 2023, the Group recorded profit attributable to owners of the Company of US\$185.7 million, representing a decrease of 5.6% from US\$196.7 million (restated) in the first half of 2022.

In the first half of 2023, the Group recorded basic earnings per share attributable to owners of the Company of approximately US¢4.97 (equivalent to approximately HK\$0.39), representing a decrease of approximately 5.5% from US¢5.26 (equivalent to approximately HK\$0.41) (restated) in the first half of 2022.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023.

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 2023, together with comparative financial information for the corresponding period in 2022.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited) (Restated)
Revenue from contracts with customers	3, 4	1,843,778	2,206,948
Cost of sales		<u>(1,322,394)</u>	<u>(1,675,972)</u>
Gross profit		521,384	530,976
Other income		8,225	4,476
Other gains and losses	5	(14,212)	(3,332)
Distribution and selling expenses		(21,680)	(3,308)
Administrative expenses		(89,254)	(76,359)
Other expenses		(3,395)	(6,940)
Finance costs		<u>(19,249)</u>	<u>(13,992)</u>
Profit before tax		381,819	431,521
Income tax expense	6	<u>(117,856)</u>	<u>(137,555)</u>
Profit and total comprehensive income for the period		<u>263,963</u>	<u>293,966</u>
Profit and total comprehensive income attributable to:			
Owners of the Company		185,701	196,679
Non-controlling interests		<u>78,262</u>	<u>97,287</u>
		<u>263,963</u>	<u>293,966</u>
Earnings per share	8		
– Basic and diluted (<i>US cents per share</i>)		4.97	5.26
– Basic and diluted (<i>equivalent to approximately HK\$ per share</i>)		<u>0.39</u>	<u>0.41</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

		At 30 June 2023	At 31 December 2022
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Audited) (Restated)
ASSETS			
Non-current Assets			
Property, plant and equipment		1,538,904	1,591,299
Right-of-use assets		2,917	5,543
Mining rights		112,120	115,062
Restricted bank balances		1,505	1,505
Deferred tax assets		11,834	10,286
Prepayments and other receivables		52,368	52,886
		<hr/> 1,719,648	<hr/> 1,776,581
Current Assets			
Inventories		679,356	820,069
Trade receivables at amortised cost	9	65,479	39,897
Trade receivables at fair value through profit or loss (“FVTPL”)	9	343,435	368,669
Prepayments and other receivables		247,432	250,229
Financial assets at FVTPL		3,315	–
Restricted bank balances		5,885	4,291
Time deposits		120,000	30,000
Bank balances and cash		902,653	732,923
		<hr/> 2,367,555	<hr/> 2,246,078
Total Assets		<hr/> 4,087,203	<hr/> 4,022,659

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	<i>Notes</i>	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited) (Restated)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	11	740,119	740,119
Retained profits		1,011,441	931,214
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,751,560	1,671,333
Non-controlling interests		741,513	672,251
		<hr/>	<hr/>
Total Equity		2,493,073	2,343,584
		<hr/>	<hr/>
Non-current Liabilities			
Deferred tax liabilities		158,290	137,568
Bank and other borrowings			
– due after one year		254,000	351,500
Lease liabilities		153	299
Deferred income		12,222	12,776
Provision for restoration, rehabilitation and environmental costs		53,963	53,119
		<hr/>	<hr/>
		478,628	555,262
		<hr/>	<hr/>
Current Liabilities			
Trade payables at amortised cost	10	307,668	265,172
Trade payables designated at FVTPL	10	193,012	289,691
Other payables and accrued expenses		243,775	224,738
Income tax payable		136,081	145,921
Bank and other borrowings			
– due within one year		228,920	177,609
Lease liabilities		4,556	7,596
Contract liabilities		1,490	1,742
Financial liabilities designated at FVTPL		–	11,344
		<hr/>	<hr/>
		1,115,502	1,123,813
		<hr/>	<hr/>
Total Liabilities		1,594,130	1,679,075
		<hr/>	<hr/>
Total Equity and Liabilities		4,087,203	4,022,659
		<hr/> <hr/>	<hr/> <hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<u>Attributable to owners of the Company</u>			Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Retained profits US\$'000	Total US\$'000		
Six months ended 30 June 2023					
At 31 December 2022 (audited)	740,119	922,927	1,663,046	669,890	2,332,936
Effect of adoption of amendments to HKAS 12 (note 2(c))	–	8,287	8,287	2,361	10,648
	<u>740,119</u>	<u>931,214</u>	<u>1,671,333</u>	<u>672,251</u>	<u>2,343,584</u>
At 1 January 2023 (restated)	740,119	931,214	1,671,333	672,251	2,343,584
Profit and total comprehensive income for the period	–	185,701	185,701	78,262	263,963
Dividends declared by subsidiaries	–	–	–	(9,000)	(9,000)
Dividends declared by the Company (note 7)	–	(105,474)	(105,474)	–	(105,474)
	<u>740,119</u>	<u>1,011,441</u>	<u>1,751,560</u>	<u>741,513</u>	<u>2,493,073</u>
At 30 June 2023 (unaudited)					
Six months ended 30 June 2022					
At 31 December 2021 (audited)	740,119	802,083	1,542,202	629,682	2,171,884
Effect of adoption of amendments to HKAS 12 (note 2(c))	–	5,711	5,711	1,927	7,638
	<u>740,119</u>	<u>807,794</u>	<u>1,547,913</u>	<u>631,609</u>	<u>2,179,522</u>
At 1 January 2022 (restated)	740,119	807,794	1,547,913	631,609	2,179,522
Profit and total comprehensive income for the period (restated)	–	196,679	196,679	97,287	293,966
Dividends declared by subsidiaries	–	–	–	(31,998)	(31,998)
Dividends declared by the Company (note 7)	–	(142,850)	(142,850)	–	(142,850)
	<u>740,119</u>	<u>861,623</u>	<u>1,601,742</u>	<u>696,898</u>	<u>2,298,640</u>
At 30 June 2022 (unaudited and restated)	<u>740,119</u>	<u>861,623</u>	<u>1,601,742</u>	<u>696,898</u>	<u>2,298,640</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	463,915	276,858
NET CASH USED IN INVESTING ACTIVITIES	(172,808)	(14,189)
NET CASH USED IN FINANCING ACTIVITIES	(120,407)	(61,264)
NET INCREASE IN CASH AND CASH EQUIVALENTS	170,700	201,405
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	732,923	606,746
Effect of foreign exchange rate changes	(970)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY:		
Bank balances and cash	902,653	808,151

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The financial information relating to the year ended 31 December 2022 that is included in the interim condensed consolidated statement of financial position 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 those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 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 auditors have reported on the financial statements for the year ended 31 December 2022. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (Continued)

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases and decommissioning obligations. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities and provision for restoration, rehabilitation and environmental costs (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets and property, plant and equipment related to decommissioning obligations as at 1 January 2022. The quantitative impact on the financial information is summarised below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (Continued)

(c) (Continued)

Impact on the interim condensed consolidated statement of financial position:

	Note	Increase/(decrease)		
		At 30 June 2023 US\$'000	At 31 December 2022 US\$'000	At 1 January 2022 US\$'000
Assets				
Deferred tax assets	(i)	<u>1,624</u>	<u>1,643</u>	<u>2,116</u>
Total non-current assets		<u>1,624</u>	<u>1,643</u>	<u>2,116</u>
Total assets		<u><u>1,624</u></u>	<u><u>1,643</u></u>	<u><u>2,116</u></u>
Equity				
Retained profits		<u>8,376</u>	<u>8,287</u>	<u>5,711</u>
Equity attributable to owners of the Company		<u>8,376</u>	<u>8,287</u>	<u>5,711</u>
Non-controlling interests		<u>2,412</u>	<u>2,361</u>	<u>1,927</u>
Total equity		<u><u>10,788</u></u>	<u><u>10,648</u></u>	<u><u>7,638</u></u>
Liabilities				
Deferred tax liabilities	(i)	<u>(9,164)</u>	<u>(9,005)</u>	<u>(5,522)</u>
Total non-current liabilities		<u>(9,164)</u>	<u>(9,005)</u>	<u>(5,522)</u>
Total liabilities		<u><u>(9,164)</u></u>	<u><u>(9,005)</u></u>	<u><u>(5,522)</u></u>
Total Equity and Liabilities		<u><u>1,624</u></u>	<u><u>1,643</u></u>	<u><u>2,116</u></u>

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts and decommissioning obligations of the same subsidiary have been offset in the statement of financial position for presentation purposes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below: (Continued)

(c) (Continued)

Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income:

	Increase/(decrease)	
	Six months ended	
	30 June	
	2023	2022
	US\$'000	US\$'000
Income tax expense	<u>(140)</u>	<u>(608)</u>
Profit and total comprehensive income for the period	<u>140</u>	<u>608</u>
Profit and total comprehensive income attributable to:		
Owners of the Company	89	506
Non-controlling interests	<u>51</u>	<u>102</u>
	<u>140</u>	<u>608</u>
Earnings per share		
– Basic and diluted (<i>US cents per share</i>)	–	0.01
– Basic and diluted (<i>equivalent to approximately HK\$ per share</i>)	<u>–</u>	<u>–</u>

The adoption of amendments to HKAS 12 did not have any impact on the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. SEGMENT INFORMATION

Segment revenue and results

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Six months ended 30 June 2022		
	Leaching <i>US\$'000</i> (Unaudited) (Restated)	Smelting <i>US\$'000</i> (Unaudited) (Restated)	Consolidated <i>US\$'000</i> (Unaudited) (Restated)
Revenue from external sales	680,999	1,525,949	2,206,948
Inter-segment sales	–	30,518	30,518
	<u>680,999</u>	<u>1,556,467</u>	
Total segment revenue			2,237,466
Elimination			<u>(30,518)</u>
Revenue for the period			<u>2,206,948</u>
Segment profit	<u>172,840</u>	<u>136,760</u>	309,600
Unallocated income*			200
Unallocated expenses#			<u>(15,834)</u>
Profit for the period			<u>293,966</u>

* 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 Republic of Zambia (“**Zambia**”), 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 three subsidiaries in Democratic Republic of the Congo (“**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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. 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 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited) (Restated)
Segment assets		
– Leaching	1,300,962	1,301,623
– Smelting	2,596,750	2,626,432
Total segment assets	3,897,712	3,928,055
Unallocated assets*	193,743	97,180
Elimination	(4,252)	(2,576)
Consolidated total assets	4,087,203	4,022,659
Segment liabilities		
– Leaching	459,365	496,909
– Smelting	861,627	1,104,502
Total segment liabilities	1,320,992	1,601,411
Unallocated liabilities*	277,390	80,240
Elimination	(4,252)	(2,576)
Consolidated total liabilities	1,594,130	1,679,075

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June 2023	
	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)
Sales of goods to external customers		
Copper cathodes	570,350	–
Blister copper and copper anodes	–	1,111,628
Sulfuric acid	41	114,723
Liquid sulphur dioxide	–	6,812
Cobalt contained in cobaltous hydroxide	2,693	–
	<u>573,084</u>	<u>1,233,163</u>
Copper product processing services	7,163	30,368
	<u>580,247</u>	<u>1,263,531</u>
Total	<u><u>580,247</u></u>	<u><u>1,263,531</u></u>
Geographical markets		
Mainland China	436,361	723,305
Hong Kong	16,799	238,499
Switzerland	111,226	178,307
Singapore	2,125	17,313
Africa	13,736	102,878
Luxemburg	–	3,229
	<u>580,247</u>	<u>1,263,531</u>
Total	<u><u>580,247</u></u>	<u><u>1,263,531</u></u>
Timing of revenue recognition		
A point in time	580,247	1,263,531
	<u>580,247</u>	<u>1,263,531</u>
Total	<u><u>580,247</u></u>	<u><u>1,263,531</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of revenue from contracts with customers (Continued)

	Six months ended 30 June 2022	
	Leaching <i>US\$'000</i> (Unaudited)	Smelting <i>US\$'000</i> (Unaudited)
Sales of goods to external customers		
Copper cathodes	639,926	–
Blister copper and copper anodes	–	1,396,211
Sulfuric acid	–	94,954
Liquid sulphur dioxide	–	16,207
Cobalt contained in cobaltous hydroxide	41,073	–
	<u>680,999</u>	<u>1,507,372</u>
Copper product processing services	–	18,577
	<u>–</u>	<u>18,577</u>
Total	<u><u>680,999</u></u>	<u><u>1,525,949</u></u>
Geographical markets		
Mainland China	537,509	1,012,421
Hong Kong	–	104,807
Switzerland	106,291	166,026
Singapore	37,199	66,380
Africa	–	174,207
Luxemburg	–	2,108
	<u>–</u>	<u>2,108</u>
Total	<u><u>680,999</u></u>	<u><u>1,525,949</u></u>
Timing of revenue recognition		
A point in time	<u><u>680,999</u></u>	<u><u>1,525,949</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Losses on disposal of property, plant and equipment, net	(158)	–
Impairment loss recognised in respect of input value added tax (“VAT”) receivables	(10,870)	(7,979)
Gains/(losses) from change in fair value of financial assets/liabilities at FVTPL		
– financial assets/liabilities at FVTPL	(60)	31,349
– trade receivables at FVTPL	6,606	(47,666)
– trade payables designated at FVTPL	(13,816)	26,249
Foreign exchange gains/(losses), net (<i>note</i>)	4,086	(5,285)
	(14,212)	(3,332)

Note: The amount included exchange gains arising from the retranslation of input VAT receivables denominated in Zambia Kwacha (“ZMK”) to United States Dollars (“US\$”) amounting to US\$4,532,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: losses of US\$1,666,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Current tax:		
Income tax in PRC	8	2
Income tax in Ireland	1,933	378
Income tax in DRC	31,510	45,280
Income tax in Zambia	65,231	65,977
	98,682	111,637
Deferred tax		
Current period	19,174	25,918
Total income tax expense	117,856	137,555
Effective tax rate	30.9%	31.9%

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% income tax relief for the next two years thereafter. During the six months ended 30 June 2023, it was the first year of the 25% income tax relief that the CCS enjoyed regarding the phase (six months ended 30 June 2022: 50% income tax relief).

Lualaba Copper Smelter SAS (“Lualaba Copper Smelter”), a non-wholly-owned subsidiary of the Company located in DRC, is eligible for the 68.29% income tax relief for the five years starting from July 2021. The calculation of income tax relief rate is based on the current production volume proportion of sulfuric acid, which also depends on the remaining investments in blister copper and sulfuric acid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. DIVIDENDS

During the six months ended 30 June 2023, a final dividend of US¢2.8209 per share in respect of the year ended 31 December 2022 (six months ended 30 June 2022: US¢3.8205 per share in respect of the year ended 31 December 2021) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the six months ended 30 June 2023 amounted to US\$105,474,466 (six months ended 30 June 2022: US\$142,849,870).

The Directors of the Company do not recommend interim dividend for the current period (six months ended 30 June 2022: nil).

8. 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	
	2023	2022
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation (<i>in US\$'000</i>)	185,701	196,679
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation (<i>in '000</i>)	3,739,036	3,739,036
Earnings per share		
– Basic and diluted (<i>US cents per share</i>)	4.97	5.26
– Basic and diluted (<i>equivalent to approximately HK\$ per share</i>)	0.39	0.41

During the six months ended 30 June 2023 and 2022, there was no potential ordinary share outstanding with diluted impact.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Trade receivables at amortised cost	67,735	42,153
Less: Allowance for credit losses	(2,256)	(2,256)
	<u>65,479</u>	<u>39,897</u>
Trade receivables at FVTPL	<u>343,435</u>	<u>368,669</u>

As at 30 June 2023 and 31 December 2022, all trade receivables at amortised cost/trade receivables at FVTPL were from contracts with customers.

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

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
0 to 30 days	50,133	25,451
31 to 90 days	8,734	11,386
91 to 180 days	4,352	2,877
181 to 365 days	2,250	183
Over 1 year	10	–
	<u>65,479</u>	<u>39,897</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

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

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
0 to 30 days	311,010	311,027
31 to 90 days	31,929	43,968
91 to 180 days	496	11,829
181 to 365 days	–	1,845
	<u>343,435</u>	<u>368,669</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

10. TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES DESIGNATED AT FVTPL

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
Trade payables at amortised cost	307,668	265,172
Trade payables designated at FVTPL	193,012	289,691

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

	At 30 June 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
0 to 30 days	176,497	102,882
31 to 90 days	75,899	103,766
91 to 180 days	27,461	5,992
181 to 365 days	21,362	46,186
1 to 2 years	5,566	6,346
Over 2 years	883	–
	307,668	265,172

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

10. TRADE PAYABLES AT AMORTISED COST/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 2023 US\$'000 (Unaudited)	At 31 December 2022 US\$'000 (Audited)
0 to 30 days	148,030	219,524
31 to 90 days	43,691	66,726
91 to 180 days	16	3,441
181 to 365 days	1,275	–
	<u>193,012</u>	<u>289,691</u>

The trade payables arising from provisional pricing arrangements of purchases of copper concentrates 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 a contract-by-contract basis.

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

11. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000	Share capital US\$'000
Issued and fully paid			
At 31 December 2021 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	3,739,036	5,760,689	740,119
	<u>3,739,036</u>	<u>5,760,689</u>	<u>740,119</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of 2023, the Group's operating results declined year on year, which was attributable to the period-over-period decrease in the sales volume of blister copper and copper anodes and the fluctuation in global copper price.

During the reporting period, the revenue of the Group amounted to US\$ 1,843.8 million, representing a decrease of 16.5% as compared with the same period last year. Profit attributable to owners of the Company amounted to US\$185.7 million, representing a decrease of 5.6% as compared with the same period last year, which was mainly attributable to the period-over-period decrease in the sales volume of blister copper and copper anodes and the fluctuation in global copper price.

BUSINESS REVIEW

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

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

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

From January to June 2023, the Group accumulatively produced 144,833 tonnes of blister copper and copper anodes, representing a decrease of 12.2% from the same period last year; copper cathodes of 71,648 tonnes, representing a decrease of 0.4% from the same period last year; cobalt contained in cobaltous hydroxide of 745 tonnes, representing a decrease of 11.8% from the same period last year; sulfuric acid of 487,670 tonnes, representing a decrease of 6.7% from the same period last year; and liquid sulphur dioxide of 6,591 tonnes, representing a decrease of 51.7% from the same period last year; the Group accumulatively processed copper products of 46,347 tonnes as entrusted by external enterprises, representing an increase of 26.6% from the same period last year.

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 2023, Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine produced 41,226 tonnes of copper anodes, representing an increase of 45.4% from the same period last year, of which Chambishi Main and West Mine produced 15,422 tonnes of copper anodes and Chambishi Southeast Mine produced 24,591 tonnes of copper anodes, which was primarily due to the shutdown and overhaul of Chambishi Main and West Mine and Chambishi Southeast Mine for a long time in the first half of 2022.

Luanshya

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

The Luanshya produced 21,927 tonnes of copper cathodes in the first half of 2023, representing a decrease of 0.9% from the same period last year, basically remained stable, and produced 4,218 tonnes of copper anodes, representing a decrease of 28.0% from the same period last year, mainly due to the decrease in grade of slag raw ores and the shutdown in Baluba as a result of resource depletion.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In the first half of 2023, CCS produced 106,598 tonnes of blister copper and copper anodes, including the processed copper products of 48,651 tonnes as entrusted by external enterprises, representing a decrease of 15.9% from the same period last year, and 285,694 tonnes of sulfuric acid, representing a decrease of 20.3% from the same period last year. The main reason for the period-over-period decrease in production volume of major products: from 20 January to 3 May 2023, KML, the major copper concentrate supplier of CCS, defaulted on the supply of raw materials in the amount of 16,100 tonnes of metal due to force majeure events of flooding of the mine during the rainy season; in May 2023, the southeast mine of NFCA was under repair for one month and fail to supply mines as planned, reducing the supply of 3,900 tonnes of metal.

SML

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

In the first half of 2023, SML produced 3,720 tonnes of copper cathodes, representing a decrease of 0.5% from the same period last year, produced 3,207 tonnes of blister copper and copper anodes, representing a decrease of 36.0% from the same period last year, mainly due to the fact that the commissioned processing of copper concentrates purchased from external parties could not be commenced after the implementation of the policy of withholding and paying mineral royalty this year.

CNMC Huachin Mabende and Huachin Leach

Copper cathodes produced by CNMC Huachin Mabende in the first half of 2023 decreased by 3.7% to 18,677 tonnes as compared with the same period last year, mainly due to the increase in duration and frequency of limitation of power and blackout, which affected the operation time.

Copper cathodes produced by Huachin Leach in the first half of 2023 increased by 1.7% to 12,169 tonnes, including the processed copper products of 1,576 tonnes as entrusted by external enterprises, as compared with the same period last year, mainly due to the improvement in the quality of purchased mines. Cobalt contained in cobaltous hydroxide produced decreased by 55.7% to 81 tonnes as compared with the same period last year, mainly due to the fact that cobalt content in the ore continued to decrease, and given the current oversupply of cobaltous hydroxide in the market, in order to ensure copper production, the main source of electricity was used for copper production, resulting in a reduction in the raffinate treatment capacity; 13,487 tons of sulfuric acid produced, being a new product in the second half of 2022.

Lualaba Copper Smelter

In the first half of 2023, Lualaba Copper Smelter produced 83,006 tonnes of blister copper, including the processed copper products of 44,771 tonnes as entrusted by external enterprises, representing an increase of 10.9% from the same period last year; 188,489 tonnes of sulfuric acid, representing an increase of 14.8% from the same period last year; and 6,591 tonnes of liquid sulphur dioxide, representing a decrease of 51.7% from the same period last year. The increase in blister copper and sulfuric acid products was mainly attributable to the Lualaba Copper Smelter's enhancement of production organisation after the completion of the major overhaul in the second half of 2022, overcoming of the adverse impacts of power cuts and restrictions, and organising of raw materials through multiple channels to safeguard production; Liquid sulphur dioxide production declined significantly as a result of power supply and the continued downturn in cobalt prices and impeded cobalt product exports. Besides, the market demand for liquid sulphur dioxide, a raw material of cobalt product, has declined, with continued low customer demand and difficulties in developing new customers, resulting in lower liquid sulphur dioxide production and higher sulfuric acid production in the current period.

Kambove Mining

In the first half of 2023, Kambove Mining produced 16,731 tonnes of copper cathodes, representing a period-over-period increase of 13.7%, mainly attributable to firstly, proactively adjusting the production mode, fully utilising the buffering effect of the slurry pool, and increasing the rectifier current and varying current for copper production during the period of sufficient power supply; and secondly, optimising the time slots for copper production to actively cope with the frequent power outages and restrictions in the local area. The production of cobalt contained in cobaltous hydroxide was 664 tonnes, representing a period-over-period growth of 0.3%, and the production of cobaltous hydroxide was stable.

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

	Production volume for the six months ended 30 June 2023⁽¹⁾ (Tonnes)	Production volume for the six months ended 30 June 2022 ⁽¹⁾ (Tonnes)	Period-over period increase/ (decrease) (%)
Blister copper and copper anodes	144,833	165,042	(12.2)
Copper cathodes	71,648	71,932	(0.4)
Cobalt contained in cobaltous hydroxide	745	845	(11.8)
Sulfuric acid	487,670	522,409	(6.7)
Liquid sulphur dioxide	6,591	13,655	(51.7)
Copper product processing services ⁽²⁾	46,347	36,602	26.6

Notes:

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

	Production volume for the six months ended 30 June 2023 (Tonnes)	Production volume for the six months ended 30 June 2022 (Tonnes)
Blister copper and copper anodes produced by self-owned mine	46,412	32,115
Copper cathodes produced by self-owned mine	40,980	38,739
Total	87,392	70,854

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Cost of exploration, development and mining activities of the Group for the six months ended 30 June 2023 is set out below:

	NFCA	Luanshya	SML	Kambove Mining	Total
		Roan Extended to the Southern Part of Mulishi			
		Baluba Center Sulphide Mine	Roan Basin Mine	Samba Mine	MSEA Mine
<i>Unit: Million US dollars</i>					
Exploration activities					
<i>Including:</i>					
– Drilling	0.34	0.14	0.15	0.56	0.51
– Analysis	–	–	–	–	–
– Others	–	0.01	–	–	–
		0.46	0.15	0.56	0.51
Sub-total	0.34	0.15	0.15	0.56	0.51
Development activities (including mine construction)					
<i>Including:</i>					
– Purchases of assets and equipment	–	0.09	–	–	–
– Civil work for construction of tunnels and roads	1.96	–	–	–	–
– Others	–	0.61	–	–	–
		0.04	–	–	0.13
Sub-total	1.96	0.09	–	–	11.63

	NFCA	Luanshya		SML		Kambove Mining		Total
		Baluba Center Sulphide Mine	Roan Extended to the Southern Part of Mulishi Sulphide Mine	Roan Basin Mine	Mwambashi Mine	Samba Mine	Main Mine	MSESA Mine
<i>Unit: Million US dollars</i>								
Mining activities (excluding ore processing)								
<i>Including:</i>								
- Staff cost	1.37	-	-	-	-	-	-	6.35
- Consumables	5.39	-	-	-	-	-	-	25.93
- Fuel, electricity, water and other services	8.02	-	-	-	0.08	-	0.27	15.07
- Depreciation	3.70	-	-	-	0.36	-	-	26.77
- Sub-contracting charges	23.30	8.07	14.16	0.61	2.09	-	9.74	83.68
- Transportation charges	0.22	-	-	-	-	-	-	0.59
- Others	0.80	-	-	-	-	-	-	2.55
Sub-total	42.80	8.07	14.16	0.61	2.53	-	10.01	160.94

FINANCIAL REVIEW

Results of Operations

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

	Six months ended 30 June							
	2023				2022			
	Sales Volume ⁽¹⁾ (Tonnes)	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)	Sales Volume ⁽¹⁾ (Tonnes)	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)
Blister copper and copper anodes	138,474	8,028	1,111,628	60.3	157,508	8,864	1,396,211	63.3
Copper cathodes	72,811	7,833	570,350	30.9	71,821	8,910	639,926	29.0
Sulfuric acid	362,026	317	114,764	6.3	356,761	266	94,954	4.3
Liquid sulphur dioxide	6,757	1,008	6,812	0.4	13,803	1,174	16,207	0.7
Cobalt contained in cobaltous hydroxide	188	14,324	2,693	0.1	685	59,961	41,073	1.9
Copper product processing services ⁽²⁾	46,379	809	37,531	2.0	36,602	508	18,577	0.8
Total	626,635		1,843,778	100.0	637,180		2,206,948	100.0

Notes :

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

Revenue

The revenue of the Group decreased by 16.5% from US\$2,206.9 million in the first half of 2022 to US\$1,843.8 million in the first half of 2023, primarily attributable to the period-over-period decrease in the sales volume of blister copper and copper anodes and the decrease in the average selling prices of copper products.

The revenue from sales of blister copper and copper anodes decreased by 20.4% from US\$1,396.2 million in the first half of 2022 to US\$1,111.6 million in the first half of 2023, primarily attributable to the period-over-period decrease in the sales volume of blister copper and copper anodes and the period-over-period decrease in average selling prices.

The revenue from sales of copper cathodes decreased by 10.9% from US\$639.9 million in the first half of 2022 to US\$570.4 million in the first half of 2023, primarily attributable to the period-over-period decrease in average selling price.

The revenue from sales of sulfuric acid increased by 20.8% from US\$ 95.0 million in the first half of 2022 to US\$114.8 million in first half of 2023, primarily attributable to the period-over-period increase in average selling price of sulfuric acid.

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

	Six months ended 30 June							
	2023				2022			
	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin	Cost of Sales	Unit Cost of Sales	Gross Profit	Gross Profit Margin
	(US\$'000)	(US\$ per tonne)	(US\$'000)	(%)	(US\$'000)	(US\$ per tonne)	(US\$'000)	(%)
Blister copper and copper anodes	934,598	6,749	177,030	15.9	1,273,252	8,084	122,959	8.8
Copper cathodes	306,840	4,214	263,510	46.2	340,390	4,739	299,536	46.8
Sulfuric acid	39,057	108	75,707	66.0	32,753	92	62,201	65.5
Liquid sulphur dioxide	2,921	432	3,891	57.1	3,214	233	12,993	80.2
Cobalt contained in cobaltous hydroxide	15,333	81,559	(12,640)	(469.4)	10,277	15,003	30,796	75.0
Copper product processing services ⁽¹⁾	23,645	510	13,886	37.0	16,086	439	2,491	13.4
Total	1,322,394		521,384	28.3	1,675,972		530,976	24.1

Notes:

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

Cost of sales

The cost of sales of the Group decreased by 21.1% to US\$1,322.4 million in the first half of 2023 from US\$1,676.0 million in the first half of 2022, primarily due to the period-over-period decrease in the sales volume of blister copper and copper anodes, and the fluctuation of the global copper price resulting in the decrease in raw material cost of the purchased copper concentrates and oxide ore.

The cost of sales of blister copper and copper anodes decreased by 26.6% from US\$1,273.3 million in the first half of 2022 to US\$934.6 million in the first half of 2023, primarily due to the period-over-period decrease in the sales volume of blister copper and copper anodes, and the fluctuation of the global copper price resulting in the decrease in raw material cost of the purchased copper concentrates.

The cost of sales of copper cathodes decreased by 9.9% from US\$340.4 million in the first half of 2022 to US\$306.8 million in the first half of 2023, primarily due to the decrease in raw material cost of outsourced oxide ore resulting from the fluctuation in global copper price.

The cost of sales of sulfuric acid increased by 19.2% from US\$32.8 million in the first half of 2022 to US\$39.1 million in the first half of 2023, primarily due to the period-over-period increase in unit production costs of sulfuric acid.

Gross profit and gross profit margin

Due to the above factors, the Group recorded a gross profit of US\$521.4 million in the first half of 2023, representing a decrease of 1.8% from US\$531.0 million in the same period of 2022. The gross profit margin increased from 24.1% in the first half of 2022 to 28.3% in the first half of 2023, which was mainly attributable to the decrease in raw material cost of outsourced copper concentrates and oxide ore resulting from the fluctuation in global copper price.

Distribution and selling expenses

The distribution and selling expenses of the Group increased by US\$18.4 million from US\$3.3 million in the first half of 2022 to US\$21.7 million in the first half of 2023, primarily due to the customs clearance fees differentiated from cost of sales for the current period.

Finance costs

The finance costs of the Group increased by 37.1% from US\$14.0 million in the first half of 2022 to US\$19.2 million in the first half of 2023, primarily due to the fact that the interest-bearing liabilities were at floating rates, which led to an increase in interest rates on the interest-bearing liabilities as a result of the increase in the U.S. Dollar Interbank Offered Rate (“**USD IBOR**”), which in turn led to an increase in finance costs.

Other gains and losses

In terms of other gains and losses, net, the Group recorded a loss of US\$14.2 million in the first half of 2023, increased by US\$10.9 million from the loss of US\$3.3 million in the first half of 2022, which was primarily due to the period-over-period decrease in the gain derived from changes in fair value of financial instruments.

Income tax expense

The income tax expense of the Group decreased by 14.3% from US\$137.6 million (restated) in the corresponding period of 2022 to US\$117.9 million in the first half of 2023, primarily due to the period-over-period decrease in profit before tax.

Profit attributable to owners of the Company

Due to the aforementioned factors, profit attributable to owners of the Company decreased by 5.6% from US\$196.7 million (restated) in the first half of 2022 to US\$185.7 million in the first half of 2023.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Net cash generated from operating activities

Net cash generated from the operating activities of the Group was US\$463.9 million in the first half of 2023, which increased by US\$187.0 million from US\$276.9 million in the first half of 2022, mainly attributable to the period-over-period decrease in purchase volume of copper concentrates during the reporting period.

Net cash used in investing activities

The net cash used in investing activities of the Group was US\$172.8 million in the first half of 2023, which increased by US\$158.6 million from US\$14.2 million in the first half of 2022, mainly attributable to the increase in investment in property, plant and equipment during the reporting period and the period-over-period increase in time deposits.

Net cash used in financing activities

The net cash used in financing activities of the Group was US\$120.4 million in the first half of 2023, which increased by US\$59.1 million from US\$61.3 million in the first half of 2022, mainly attributable to the period-over-period increase in the payment of dividends to non-controlling shareholders of subsidiaries.

Bank balances and cash

The Group's bank balances and cash (including cash and demand deposits) increased by US\$169.8 million from US\$732.9 million as at 31 December 2022 to US\$902.7 million as at 30 June 2023.

Trade receivables at amortised cost/trade receivables at FVTPL

As at 30 June 2023, the Group recorded trade receivables at amortised cost of US\$65.5 million and trade receivables at FVTPL of US\$343.4 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\$408.9 million, which increased by US\$0.3 million from US\$408.6 million as at 31 December 2022, basically remained stable.

Inventories

Inventories held by the Group decreased by US\$140.7 million from US\$820.1 million as at 31 December 2022 to US\$679.4 million as at 30 June 2023, primarily due to the decrease in inventories of raw materials.

Trade payables at amortised cost/trade payables designated at FVTPL

As at 30 June 2023, the Group recorded trade payables at amortised cost of US\$307.7 million and trade payables designated at FVTPL of US\$193.0 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\$500.7 million, which decreased by US\$54.2 million from US\$554.9 million as at 31 December 2022, primarily due to the decrease in purchase volume and unit price of unsettled copper concentrates.

Capital expenditure

	Six months ended	
	30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Mining and ore processing facilities at Chambishi Southeast		
Mine of NFCA	13,497	13,419
Other mining and ore processing facilities at NFCA	2,571	8,798
Mining and leaching facilities at Luanshya (Muliashi Project)	12,486	424
Other facilities at Luanshya	1,074	453
Smelting facilities at CCS	7,505	2,048
Leaching facilities at Chambishi Leach Plant	2,325	499
Leaching facilities at CNMC Huachin Leach Project	1,165	1,016
Leaching facilities at Mabende Project	271	308
Smelting facilities at Lualaba Copper Smelter	481	2,879
Mining and ore processing facilities at Kambove Mining	4,580	4,551
Other facilities at Luano Project	2	41
	<hr/>	<hr/>
Total	45,957	34,436
	<hr/> <hr/>	<hr/> <hr/>

The total capital expenditure of the Group increased by US\$11.6 million from US\$34.4 million in the first half of 2022 to US\$46.0 million in the first half of 2023, primarily due to the increase in the investment in Luanshya and CCS.

MARKET RISK DISCLOSURE

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

Commodity price risk

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

Foreign exchange risk

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

Interest rate risk

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

EMPLOYEE INFORMATION

As at 30 June 2023, the Group had 8,807 employees, which comprised 886 Chinese employees and 7,921 local employees in Zambia and the DRC. The total cost of employees incurred by the Group for the six months ended 30 June 2023 was approximately US\$58.6 million (for the six months ended 30 June 2022: US\$65.5 million).

FUTURE PROSPECTS

In the first half of 2023, the Company's production and operation were generally stable. The subsidiaries actively responded to the unfavourable factors such as the decline in copper and cobalt prices, shortage of raw material supply, frequent suspension of power curtailment, and unsalable cobalt products, and stabilised production, reduced costs, and maintained benefits, basically achieved the expected objectives of production and operation. In the capital market, the Company actively carried out various investor interaction activities, further strengthened the maintenance of investor relations, maintained a relatively high proportion of dividend distribution policy, and gave back to shareholders. The Company's share price increased steadily, laying a good foundation for the next capital operation.

In the first half of the year, the international economic and financial situation became more complicated. Inflation in major western economies remained high and interest rate hike policies continued; intensified conflicts in hotspot areas with far-reaching effects. The economic recovery was lower than expected after the pandemic prevention and control shifted, and the risk of global economic recession increased. Affected by multiple factors, the international copper price fluctuated downward from a high level with a maximum decline of nearly 20%. However, we also noted that factors such as power grid investment, real estate recovery and new energy industry transformation have played a supporting role in copper price. Copper price fluctuated on a certain basis. In the context of no large-scale demand recession or systemic risk events around the world, there is limited room for copper price to decline, and fluctuation may become the norm of copper price operation for a period of time in the future.

In the second half of the year, under the leadership of the Board, the management will continue to stabilise production and maintain profit, attach great importance to safety and environmental protection, compliance operation and sustainable development, accelerate the implementation of various reforms, strive to make breakthroughs in capital operation, ensure the completion of annual production and operation targets, and achieve the overall goal of stable growth in 2023.

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 (“CNMD”), incorporated in the British Virgin Islands, and China Nonferrous Metal Mining (Group) Co., Ltd.* (“CNMC”), which is wholly owned by State-owned Assets Supervision and Administration Commission of the State Council and is incorporated in the People's Republic of China, respectively.

The registered office of the Company is located at Unit 1303, 13/F., Austin Tower, 22–26 Austin Avenue, Tsimshatsui, Hong Kong, and its principal places of business are located at 32 Enos Chomba Road, Kitwe, Zambia and Lubumbashi, Katanga Province, Congo (DRC), respectively.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration of copper and cobalt metal, mining, ore processing, leaching, smelting, sale of copper cathodes, blister copper and copper anodes, cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide, and rendering copper product processing services. The consolidated financial statements are presented in United States dollars, which is also the functional currency of the Company and the Group.

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

As at 30 June 2023, 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.

* *Translation of English name for reference purpose only*

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

As at 30 June 2023, so far as it is known to the Directors and the chief executive of the Company, interests or short positions which shall be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions in Shares:

Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholdings
CNMD	Registered owner	2,600,000,000	69.54%
CNMC	Interest in a controlled corporation	2,600,000,000	69.54%

Note: 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 2023, 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 2023, 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%
China Nonferrous Mining Hong Kong Holdings Limited	Hong Kong Zhongfei	30%
Kambove Mining	La Generale des Carrieres et des Mines SA	45%

* Translation of English name for reference purpose only

Member of the Group	Entity with 10% or more interest (other than member of the Group)	Percentage of that entity's interest
Lualaba Copper Smelter	Yunnan & Hongkong Metal Company Limited (“YH Metal”)	38%
Kingsail Limited	YH Metal	40%

Save as disclosed above, as at 30 June 2023, 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 2023.

CORPORATE GOVERNANCE

For the six months ended 30 June 2023, the Company had complied with the code provisions as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph D.3 of Part 2 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. Yaoyu TAN, a non-executive Director, and Mr. Jingwei LIU and Mr. Huanfei GUAN, independent non-executive Directors. The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 and was of the opinion that such unaudited interim condensed consolidated financial information 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 2023.

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 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As of the date of this interim results announcement, there were no significant events in relation to 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.cnmccl.net) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2023, 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
He YANG
Chairman

29 August 2023

As at the date of this announcement, the Board comprises Mr. He YANG as an executive Director; Mr. Yaoyu TAN as a non-executive Director; and Mr. Dingfan QIU, Mr. Jingwei LIU and Mr. Huanfei GUAN as independent non-executive Directors.