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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 2024**

#### **FINANCIAL HIGHLIGHTS OF THE GROUP**

In the first half of 2024, the Group recorded revenue of US\$2,009.8 million, representing an increase of 9.0% from US\$1,843.8 million in the first half of 2023.

In the first half of 2024, the Group recorded net profit of US\$303.2 million, representing an increase of 14.9% from US\$264.0 million in the first half of 2023.

In the first half of 2024, the Group recorded profit attributable to owners of the Company of US\$219.1 million, representing an increase of 18.0% from US\$185.7 million in the first half of 2023.

In the first half of 2024, the Group recorded basic earnings per share attributable to owners of the Company of approximately US¢5.75 (equivalent to approximately HK\$0.45), representing an increase of approximately 15.7% from US¢4.97 (equivalent to approximately HK\$0.39) in the first half of 2023.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.

#### **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 2024, together with comparative financial information for the corresponding period in 2023.

# INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2024**

		<b>At 30 June 2024</b>	<b>At 31 December 2023</b>
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		<b>1,467,710</b>	1,518,121
Right-of-use assets		<b>196</b>	189
Mining rights		<b>93,166</b>	99,481
Restricted bank balances		<b>1,505</b>	1,505
Deferred tax assets		<b>22,586</b>	27,651
Prepayments and other receivables		<b>197,083</b>	44,784
		<b>1,782,246</b>	1,691,731
<b>Current Assets</b>			
Inventories		<b>737,651</b>	861,271
Trade receivables at amortised cost	8	<b>57,336</b>	50,012
Trade receivables at fair value through profit or loss (“FVTPL”)	8	<b>342,922</b>	367,565
Prepayments and other receivables		<b>216,843</b>	243,526
Financial assets at FVTPL		<b>9,251</b>	–
Restricted bank balances		<b>2,297</b>	3,044
Time deposits		<b>10,000</b>	110,000
Cash and cash equivalents		<b>1,027,787</b>	492,364
		<b>2,404,087</b>	2,127,782
<b>Total Assets</b>		<b>4,186,333</b>	3,819,513

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2024**

		<b>At 30 June 2024</b>	<b>At 31 December 2023</b>
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	10	<b>864,199</b>	740,119
Reserves		<b>1,205,478</b>	1,102,267
Equity attributable to owners of the Company		<b>2,069,677</b>	1,842,386
Non-controlling interests		<b>720,836</b>	644,217
<b>Total Equity</b>		<b>2,790,513</b>	2,486,603
<b>Non-current Liabilities</b>			
Deferred tax liabilities		<b>156,715</b>	130,518
Deferred income		<b>11,120</b>	11,672
Provision for restoration, rehabilitation and environmental costs		<b>52,113</b>	50,679
		<b>219,948</b>	192,869
<b>Current Liabilities</b>			
Trade payables at amortised cost	9	<b>239,277</b>	233,306
Trade payables designated at FVTPL	9	<b>219,214</b>	298,553
Other payables and accrued expenses		<b>357,313</b>	270,687
Income tax payable		<b>197,986</b>	151,652
Bank and other borrowings		<b>160,669</b>	177,486
Lease liabilities		<b>177</b>	191
Contract liabilities		<b>1,236</b>	2,854
Financial liabilities		<b>–</b>	5,312
		<b>1,175,872</b>	1,140,041
<b>Total Liabilities</b>		<b>1,395,820</b>	1,332,910
<b>Total Equity and Liabilities</b>		<b>4,186,333</b>	3,819,513

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Attributable to owners of the Company				Non-	Total
	Share capital	Other reserve	Retained profits	Total	controlling interests	equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2024	740,119	(1,118)	1,103,385	1,842,386	644,217	2,486,603
Issue of shares, net of issuance cost (note 10(b))	124,080	–	–	124,080	–	124,080
Profit and total comprehensive income for the period	–	–	219,109	219,109	84,119	303,228
Dividends declared by subsidiaries	–	–	–	–	(7,500)	(7,500)
Dividends declared by the Company (note 10(a))	–	–	(115,898)	(115,898)	–	(115,898)
At 30 June 2024 (unaudited)	<u>864,199</u>	<u>(1,118)</u>	<u>1,206,596</u>	<u>2,069,677</u>	<u>720,836</u>	<u>2,790,513</u>
<b>Six months ended 30 June 2023</b>						
At 31 December 2022, as previously reported	740,119	–	922,927	1,663,046	669,890	2,332,936
Effect of adoption of amendments to HKAS 12	–	–	8,287	8,287	2,361	10,648
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 10(a))	–	–	(105,474)	(105,474)	–	(105,474)
At 30 June 2023 (unaudited)	<u>740,119</u>	<u>–</u>	<u>1,011,441</u>	<u>1,751,560</u>	<u>741,513</u>	<u>2,493,073</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>413,118</b>	<b>463,915</b>
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>26,765</b>	<b>(172,808)</b>
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>94,858</b>	<b>(120,407)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>534,741</b>	<b>170,700</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>492,364</b>	<b>732,923</b>
Effect of foreign exchange rate changes	<b>682</b>	<b>(970)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY:</b>		
Cash and cash equivalents at 30 June	<b>1,027,787</b>	<b>902,653</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1. BASIS OF PREPARATION

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

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

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

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

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

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

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

The Company’s auditor has reported on the financial statements for the year ended 31 December 2023. The auditor’s report was unqualified; and did not contain a statement under section 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 2024

## 2. CHANGES IN ACCOUNTING POLICIES

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

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

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

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



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 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 2024		
	Leaching	Smelting	Consolidated
	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external sales	524,316	1,485,452	2,009,768
Inter-segment sales	–	20,457	20,457
Total segment revenue	<u>524,316</u>	<u>1,505,909</u>	2,030,225
Elimination			<u>(20,457)</u>
Revenue for the period			<u>2,009,768</u>
Segment profit	<u>127,959</u>	<u>182,133</u>	310,092
Unallocated income*			3,653
Unallocated expenses <sup>#</sup>			<u>(10,517)</u>
Profit for the period			<u>303,228</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 3. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (Continued)

	Six months ended 30 June 2023		
	Leaching US\$'000 (Unaudited)	Smelting US\$'000 (Unaudited)	Consolidated US\$'000 (Unaudited)
Revenue from external sales	580,247	1,263,531	1,843,778
Inter-segment sales	–	26,915	26,915
Total segment revenue	<u>580,247</u>	<u>1,290,446</u>	1,870,693
Elimination			<u>(26,915)</u>
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 <sup>#</sup>			<u>(12,117)</u>
Profit for the period			<u>263,963</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**”).

<sup>#</sup> 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 2024

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

\* 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 2024*

**4. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Disaggregation of revenue from contracts with customers**

	<b>Six months ended 30 June 2024</b>	
	<b>Leaching US\$'000 (Unaudited)</b>	<b>Smelting US\$'000 (Unaudited)</b>
Sales of goods to external customers		
Copper cathodes	517,213	–
Blister copper and copper anodes	–	1,361,485
Sulfuric acid	529	82,825
Liquid sulphur dioxide	–	8,046
Cobalt contained in cobaltous hydroxide	4,414	–
	<u>522,156</u>	<u>1,452,356</u>
Copper product processing services	<u>2,160</u>	<u>33,096</u>
Total	<u><u>524,316</u></u>	<u><u>1,485,452</u></u>
Timing of revenue recognition		
A point in time	<u><u>524,316</u></u>	<u><u>1,485,452</u></u>
	<b>Six months ended 30 June 2023</b>	
	<b>Leaching US\$'000 (Unaudited)</b>	<b>Smelting US\$'000 (Unaudited)</b>
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	<u>7,163</u>	<u>30,368</u>
Total	<u><u>580,247</u></u>	<u><u>1,263,531</u></u>
Timing of revenue recognition		
A point in time	<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 2024

## 4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	761,863	1,159,666
Hong Kong	383,198	255,298
Singapore	362,333	19,438
Switzerland	349,331	292,762
Africa	126,103	116,614
Belgium	26,940	–
	<u>2,009,768</u>	<u>1,843,778</u>

## 5. OTHER GAINS AND LOSSES

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

*Note:* The amount included exchange gains arising from the input VAT receivables denominated in Zambia Kwacha (“ZMK”) amounting to US\$9,229,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: US\$4,532,000).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 6. INCOME TAX EXPENSE

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

*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 2024, it was the second year of the 25% income tax relief that the CCS enjoyed regarding the phase (six months ended 30 June 2023: 25% income tax relief).

Lualaba Copper Smelter SAS (“**Lualaba Copper Smelter**”), a non-wholly-owned subsidiary of the Company located in DRC, is eligible for 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 2024

## 7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share calculation ( <i>in US\$'000</i> )	<b>219,109</b>	185,701
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation ( <i>in '000</i> )	<b>3,807,998</b>	3,739,036
Earnings per share		
– Basic and diluted ( <i>US cents per share</i> )	<b>5.75</b>	4.97
– Basic and diluted ( <i>equivalent to approximately HK\$ per share</i> )	<b>0.45</b>	0.39

The weighted average number of ordinary shares used in the calculation of basic earnings per share has been adjusted for the subscription of new shares which took place on 15 April 2024.

During the six months ended 30 June 2024 and 2023, 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 2024

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

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

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



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 8. 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 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
0 to 30 days	306,152	292,465
31 to 90 days	32,159	73,203
91 to 180 days	4,611	1,897
	<u>342,922</u>	<u>367,565</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 2024

## 9. TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES DESIGNATED AT FVTPL

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

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 9. 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 2024 US\$'000 (Unaudited)	At 31 December 2023 US\$'000 (Audited)
0 to 30 days	130,442	186,256
31 to 90 days	23,958	19,431
91 to 180 days	67	68,845
181 to 365 days	64,747	21,942
1 to 2 years	—	2,079
	<u>219,214</u>	<u>298,553</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.

## 10. SHARE CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 10. SHARE CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

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

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

### (b) Share capital

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

*Note:*

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

### (c) Other reserve

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

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

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

### BUSINESS REVIEW

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

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

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

From January to June 2024, the Group accumulatively produced 159,971 tonnes of blister copper and copper anodes, representing an increase of 10.5% from the same period last year; copper cathodes of 62,450 tonnes, representing a decrease of 12.8% from the same period last year; cobalt contained in cobaltous hydroxide of 473 tonnes, representing a decrease of 36.5% from the same period last year; sulfuric acid of 548,699 tonnes, representing an increase of 12.5% from the same period last year; and liquid sulphur dioxide of 10,115 tonnes, representing an increase of 53.5% from the same period last year; and the processed copper products by the Group for enterprises outside of the Group amounted to 40,615 tonnes in total, representing a decrease of 12.4% from the same period last year.

## **PRODUCTION OVERVIEW**

### **NFCA**

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

In the first half of 2024, Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine produced 32,019 tonnes of copper anodes, representing a decrease of 22.3% from the same period last year, of which: Chambishi Main and West Mine produced 11,095 tonnes of copper anodes and Chambishi Southeast Mine produced 20,924 tonnes of copper anodes, which was primarily due to the decline in copper concentrate production at the end of the year 2023, resulting in a decrease in copper return from CCS for entrusted processing in early 2024 and a decrease in copper output in the first half of 2024.

### **Luanshya**

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

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

### **CCS**

CCS mainly operates the Chambishi Smelting Plant.

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

### **SML**

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

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

## **CNMC Huachin Mabende and Huachin Leach**

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

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

## **Lualaba Copper Smelter**

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

## **Kambove Mining**

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

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

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

Notes:

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

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



## EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

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

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

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

## **PROJECTS IN PROGRESS**

### **NFCA**

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

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

### **CCS**

The waterproof shed expansion project of the slag concentrate warehouse – In order to avoid the loss of metal from the slag concentrates in the slag separation plant due to wind and rain and to meet the needs of storage and drying of the slag concentrates, a new concentrate warehouse will be built at the existing open-air yard of the slag separation plant, covering an area of 2,153.25 square meters (49.5x43.5 meters) with an auxiliary sedimentation tank (5x5x5 meters). The project commenced on 20 May 2024, with 45% of the civil engineering works and 20% of the steel structure works completed. The project is scheduled to be completed on 30 November 2024 with a total planned investment of US\$0.9 million.

The upgrading and transformation project on energy conservation and consumption reduction of phase I of the 4,000Nm<sup>3</sup>/h oxygen production system – For phase I of the 4,000Nm<sup>3</sup>/h oxygen production system of the oxygen station which was completed and put into operation in early 2009, the oxygen production volume and oxygen concentration decreased and the energy consumption increased. The transformation project plans to restore the production level to the original designed oxygen concentration of 90% and output of 4000Nm<sup>3</sup>/h and reduce energy consumption. The main focus of the transformation project is to rectify the internal structure of the adsorption tower and replace the molecular sieves. The molecular sieves for the project were purchased in April 2024, delivered to the port in June 2024, and are expected to arrive in mid-September 2024. The project is scheduled to be completed on 30 October 2024 with a total planned investment of US\$2.6 million.

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

## **Luanshya**

A new mine project – The project is a key project for Luanshya to achieve sustainable and high-quality development in the future, with a total investment of approximately US\$513.0 million (including approximately US\$100.0 million for pumping and drainage and approximately US\$413.0 million for restoration construction). The product is copper concentrate, with a designed mining and beneficiation capacity of 2.2 million tonnes/year and contained copper in copper concentrate of 43,500 tonnes/year. The infrastructure construction period is 4 years and the production period is 18 years. Pumping and drainage test went smoothly, and all 6 sets of water pumps were put into operation on 1 July 2024 with a drainage capacity of 240,000 m<sup>3</sup>/day. Furthermore, 7 more sets of water pumps are planned to be installed, providing a total drainage capacity of 400,000 m<sup>3</sup>/day. Meanwhile, the hydrological, geological and feasibility studies of the project are progressing steadily.

## **SML**

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

## **Lualaba Copper Smelter**

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

## **Kambove Mining**

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

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

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

## FINANCIAL REVIEW

### Results of Operations

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

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

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

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

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

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

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

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

*Notes:*

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

## **Cost of sales**

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

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

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

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

## **Gross profit and gross profit margin**

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



## **Distribution and selling expenses**

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

## **Finance costs**

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

## **Other gains and losses**

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

## **Income tax expense**

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

## **Profit attributable to owners of the Company**

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

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash Flows**

#### ***Net cash generated from operating activities***

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

### ***Net cash generated from/(used in) investing activities***

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

### ***Net cash generated from/(used in) financing activities***

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

### **Bank balances and cash**

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

### **Trade receivables at amortised cost/trade receivables at FVTPL**

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

### **Inventories**

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

## Trade payables at amortised cost/trade payables designated at FVTPL

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

## Capital expenditure

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

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

## **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 2024, the Group had 8,477 employees, which comprised 882 Chinese employees and 7,595 local employees in Zambia and the DRC. The total cost of employees incurred by the Group for the six months ended 30 June 2024 was approximately US\$52.3 million (for the six months ended 30 June 2023: US\$58.6 million).

## **FUTURE PROSPECTS**

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

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

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

## OTHER INFORMATION

### General Information

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

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

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

### Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

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

As at 30 June 2024, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interests and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” as stipulated in The Rules Governing the Listing of Securities on the Stock Exchange (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 2024, so far as it is known to the Directors and the chief executive of the Company, interests or short positions which shall be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions in Shares:

Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholdings
CNMD	Registered owner	2,600,000,000	66.63%
CNMC	Interest in a controlled corporation	2,600,000,000	66.63%

*Note:* CNMD is a wholly-owned subsidiary of CNMC and therefore, according to the SFO, CNMC is deemed or taken to be interested in all the Shares which are owned by CNMD.

Save as disclosed above, as at 30 June 2024, no other person had any interests or short positions in the Shares or underlying Shares of the Company which was required to be recorded in the register pursuant to section 336 of the SFO.

As at 30 June 2024, each of the following entities was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Member of the Group	Entity with 10% or more interest (other than member of the Group)	Percentage of that entity's interest
NFCA	Zambia Consolidated Copper Mines Investments Holdings Plc (“ZCCM-IH”)	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司)	40%
SML	Hong Kong Zhongfei Mining Investment Limited (“Hong Kong Zhongfei”)	30%
Huachin Leach	Huachin SARL	32.5%
CNMC Huachin Mabende	Huachin SARL	33.25%
China Nonferrous Mining Hong Kong Holdings Limited	Hong Kong Zhongfei	30%
Kambove Mining	La Generale des Carrieres et des Mines SA	45%

\* Translation of English name for reference purpose only



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

Save as disclosed above, as at 30 June 2024, no other persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

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

## **CORPORATE GOVERNANCE**

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

## **AUDIT COMMITTEE**

The Company has an audit committee (the “**Audit Committee**”) which was established with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph D.3 of Part 2 of the CG Code. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. Members of the Audit Committee are Mr. Yaoyu TAN, a non-executive Director, and Mr. Guangfu GAO and Mr. Huanfei GUAN, independent non-executive Directors. The Audit Committee has reviewed the Group’s interim financial results for the six months ended 30 June 2024 and was of the opinion that such interim financial results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that disclosures had been made.

The interim financial results for the six months ended 30 June 2024 have been reviewed by the Group’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.



## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of 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 2024.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

As of the date of this announcement, there were no important events affecting the Group which have occurred 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](http://www.cnmcl.net)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 June 2024, 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 2024

*As at the date of this announcement, the Board comprises Mr. He YANG as an executive Director; Mr. Yaoyu TAN and Ms. Yani GONG as non-executive Directors; and Mr. Dingfan QIU, Mr. Guangfu GAO and Mr. Huanfei GUAN as independent non-executive Directors.*