中國有色礦業有限公司

China Nonferrous Mining Corporation Limited

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

Stock Code: 01258

2019 ANNUAL REPORT

CONTENTS

Monument for the discovery of the copper mine at Luanshya

CORPORATE INFORMATION

REGISTERED OFFICE

Unit 1303, 13/F, Austin Tower
22–26 Austin Avenue
Tsimshatsui
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN ZAMBIA

32 Enos Chomba Road
Kitwe, Zambia

PRINCIPAL PLACE OF BUSINESS IN THE DRC

Lubumbashi
Katanga Province
Congo (DRC)

COMPANY'S WEBSITE

www.cnmcl.net

STOCK CODE

01258

DIRECTORS

Executive Directors

Mr. Tongzhou Wang *(Chairman)*
Mr. Xiaowei Wang
Mr. Wei Fan *(Vice President)*
(appointed on 24 March 2020)
Mr. Lin Zhang *(President)*
Mr. Chunlai Wang *(Vice President)*
Mr. Kaishou Xie *(Vice President)*
(resigned on 24 March 2020)

Non-Executive Directors

Mr. Jinjun Zhang *(Vice Chairman)*
(appointed on 29 March 2019)
Mr. Diyong Yan *(Vice Chairman)*
(resigned on 29 March 2019)

Independent Non-Executive Directors

Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan

Zambian President Lungu cut the ribbon for the trial production ceremony of Chambishi Southeast Mine

THE COMMITTEES OF THE BOARD

Audit Committee

Mr. Jingwei Liu *(Chairman)*
Mr. Jinjun Zhang
(appointed on 29 March 2019)
Mr. Huanfei Guan
Mr. Diyong Yan
(resigned on 29 March 2019)

Nomination Committee

Mr. Chuanyao Sun *(Chairman)*
Mr. Jinjun Zhang
(appointed on 29 March 2019)
Mr. Jingwei Liu
Mr. Diyong Yan
(resigned on 29 March 2019)

Remuneration Committee

Mr. Huanfei Guan *(Chairman)*
Mr. Jinjun Zhang
(appointed on 29 March 2019)
Mr. Chuanyao Sun
Mr. Diyong Yan
(resigned on 29 March 2019)

Compliance Committee

Mr. Tongzhou Wang *(Chairman)*
Mr. Chuanyao Sun
Mr. Huanfei Guan

COMPANY SECRETARIES

Mr. Aibin Hu (resigned on 1 April 2020)
Ms. Man Yi Wong

LEGAL ADVISER

Baker & McKenzie
14/F., One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered PIE Auditor
35/F., One Pacific Place
88 Queensway
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen’s Road East
Wanchai, Hong Kong

CHAIRMAN'S STATEMENT

Chairman of the Board
Tongzhou Wang

Dear Shareholders,

China Nonferrous Mining Corporation Limited (hereinafter referred to as the "Group" or "we", "us", "our") is an integral part of the core assets and a key business arm of China Nonferrous Metal Mining (Group) Co., Ltd to implement the "Prioritising International Business Strategy". In the past year, the holding group has put forward a development vision of building a world-class mining group and further implemented the development strategy of "coordinated development of three key businesses, two wheels-driven growth and all-round reform" that seeks to "focus on industrial business, principal operations and specialized operations", and undertook the Great Lakes investment promotion conference in Africa and attended the Summit of the "Belt and Road" Initiative, the second International Import Expo of China and the first China-Africa Economic and Trade Fair, and the comprehensive strength of "going global" has been further enhanced by constantly increasing internal referrals and outreach, as well as the input and support to the international businesses, especially the personnel, financial and material aspects of the business in central and southern Africa. The holding group, with its strong credit, operation and industrial coordination capabilities, has been a strong force for the development of China Nonferrous Mining Corporation Limited.

During the year, we have continued to write a new chapter in the development of the Company. In 2019, the world economy was still in a period of low-speed growth adjustment, and the prices of copper and cobalt have consolidated at a low level. Facing the unfavourable situation, the Board of Directors, the management and employees of the Company turned crisis into opportunity by coordinating production, operation and project construction, carried out multiple measures simultaneously, which achieved efficient and high-load operation of the production system, and produced 307 tonnes of cobalt hydroxide products for the first time. During the year, the Group produced 234,800 tonnes of blister copper and copper anodes, representing an increase of 6.5% year on year; 700,300 tonnes of sulfuric acid, representing an increase of 17.9% year on year; and 104,400 tonnes of copper cathodes, representing an increase of 7.8% year on year. However, revenue and profits were affected by the year-on-year decline of 8% of the global copper price. The Group recorded revenue of US$2,009.0 million, representing a decrease of 2.2% year on year; profit attributable to the owners of the Company of US$135.0 million; and consolidated basic earnings per share of US¢3.87, representing a decrease of US¢0.32 year on year. Key projects have made significant progress: the copper-cobalt reconstruction and expansion project of Huachin Metals Leach SA, with a total production capacity of 20,000 tonnes of copper cathodes and 2,000 tonnes of cobaltous hydroxide per annum, commenced production in the first quarter of the year; the copper concentrate smelting project of Lualaba Copper Smelter, with a designed processing capacity of 400,000 (dry) tonnes of copper concentrate per annum, was successfully put into operation at the end of the year; the Integrated Exploration and Construction Project of Kambove Mining, with a total production capacity of 28,000 tonnes of copper cathodes, has completed all construction preparations, and started the construction in January 2020. These achievements were hard-earned and deserved celebration. I hereby would like to thank the management and staff for their contributions to the operation, management, reform and development of the Company.

At present, the outbreak of COVID-19 had a big impact on the global economy. However, taking into account the history and actual circumstances, especially with China's combat against the pandemic, it is demonstrated that mankind will overcome the impact of the pandemic and economies and societies will eventually return to growth. The Group resolutely implemented the concept of "peak shifting development". While implementing strict measures to contain the virus, we were committed to enhancing productivity by improving quality, expanding capacity, reducing cost and driving innovation, and made every effort to ensure the continuity and stability of normal production so as to continue to maintain a stable and orderly growth momentum. Meanwhile, given a tight worldwide supply-demand balance of copper products and the growing demand from new energy sectors for copper and cobalt, the prices of copper and cobalt remain promising in the long-term. For the Group, in 2020, the gradual release of the production capacity of the Integrated Exploration and Construction Project of the Chambishi Southeast Mine of NFCA with a designed ore processing capacity of 3,300,000 tonnes per annum, the Copper Concentrate Smelting Project of Lualaba Copper Smelter, the Copper-Cobalt Reconstruction and Expansion Project of Huachin Metals Leach SA and CNMC Huachin Mabende, and the full-scale construction of the Integrated Exploration and Construction Project of Kambove Mining will provide new growth points for the development of the Group.

The Group will continue to follow the development strategy of becoming a fast growing, vertically integrated copper-cobalt producer to further enhance the development and possessed amount of the copper-cobalt resources through different models such as increasing geological exploration, cooperation with third parties, or market mergers and reorganisations. We will continue to improve the intensive and operational management level of the Company by continuously optimising the value chain management, promoting the integration of production, supply and marketing in the region and actively applying and promoting advanced and applicable technologies such as digitalised construction of mines and copper pyrometallurgy and hydrometallurgy and cobalt extraction. In addition, efforts will be made to continuously improve the level of corporate governance and achieve sustainable, healthy and rapid development of the Company by comprehensively advancing the construction of compliance and risk management systems and mechanisms.

The Group will continue to implement the development vision of "innovation, coordination, eco-friendliness, openness, sharing". We also pay high attention to the safety of production, environmental protection and the sustainable use of resources, strictly abide by employment regulations and governance practices, improve workplace conditions, and properly handle concerns of stakeholders such as suppliers and communities, so as to pursue win-win cooperation and harmonious development.

I would like to take this opportunity to extend my heartfelt gratitude to the Shareholders and all sectors of the society for their care, support and assistance to China Nonferrous Mining Corporation Limited.

Tongzhou Wang
Chairman of the Board
China Nonferrous Mining Corporation Limited

Beijing, 24 March 2020

RESULTS HIGHLIGHTS

OPERATING RESULTS

In 2019, the Group recorded revenue of US$2,008.7 million, representing a decrease of US$44.6 million from US$2,053.3 million in 2018. In 2019, the Group recorded profit attributable to owners of the Company of US$134.9 million, decreased by US$11.4 million from US$146.3 million in 2018.

CHANGES IN PRODUCT OUTPUT

In 2019, the Group produced 20,536 tonnes of copper contained in copper concentrate, representing a decrease of 44.8% year-on-year. In 2019, the Group produced 234,837 tonnes of blister copper and copper anodes, representing an increase of 6.5% year-on-year. In 2019, the Group produced 104,404 tonnes of copper cathodes, representing an increase of 7.8% year-on-year. In 2019, the Group produced 700,303 tonnes of sulphuric acid, representing an increase of 17.9% year-on-year. In 2019, the Group produced 258 tonnes of copper-cobalt alloy, representing a decrease of 77.3% year-on-year.

STEADY PROGRESS IN PROJECT DEVELOPMENT

Since the commencement of the Integrated Exploration and Construction Project of the Chambishi Southeast Mine of NFCA, its accumulative drilling volume of wells and tunnels had reached 972,000m^3 (planned 870,000m^3) by the end of 2019. As at the end of 2019, it was under pilot production.

Baluba East Strip Mine Project of Luanshya has a designed capacity of 900,000 tonnes of quality oxide ore per annum and output of 10,000 tonnes of copper cathodes. As at the end of December 2019, a total amount of US$6,930,000 had been invested in the project.

Huachin Leach Copper-Cobalt Reconstruction and Expansion Project of Huachin Leach has a designed annual production capacity of 20,000 tonnes of copper cathodes and 2,000 tonnes of cobalt. Construction of the project was completed and commencement of production took place at the first quarter of 2019.

The Reconstruction and Expansion Project of CNMC Huachin Mabende has a designated production output 45,000 tonnes of copper anodes per annum and a total investment of US$18.91 million. As at the end of 2019, the accumulated investment completed was approximately US$11.61 million.

Lualaba Copper Smelter has two projects under progress, namely the "Blister Copper Smelting Project" and the "Cobalt Recycling System Project".

- The Blister Copper Smelting Project is a copper concentrate (dry) smelting project with an annual capacity of 400,000 tonnes, at the end of 2019, pilot production of which has started. As at the end of 2019, the accumulated investment completed of the project amounted to approximately US$320 million.

- The Cobalt Recycling System Project was a sub-system of the copper concentrates (dry) and blister copper smelting project with an annual capacity of 400,000 tonnes. As at the end of 2019, the installation of equipment was being conducted for the cobalt system.

The Integrated Exploration and Construction Project of Kambove Mining has a planned annual production capacity of 28,000 tonnes of copper cathodes and 978 tonnes of blister cobaltous hydroxide. As at the end of 2019, preparatory work for this project had been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results of Operations

The following table sets forth sales volume, average selling price, revenue and percentage contribution to total revenue of the products of the Group during the years indicated.

	For the year ended 31 December							
	2019				2018			
	Sales Volume (Note) (Tonnes)	**Average Selling Price (US$ per tonne)**	**Revenue (US$'000)**	**% of Total Revenue (%)**	Sales Volume (Note) (Tonnes)	Average Selling Price (US$ per tonne)	Revenue (US$'000)	% of Total Revenue (%)
Blister copper and copper anode	**235,119**	**5,719**	**1,344,641**	**67.0**	219,932	6,199	1,363,284	66.4
Copper cathodes	**104,324**	**5,307**	**553,672**	**27.6**	99,293	6,013	597,006	29.1
Copper-cobalt alloy	**–**	**–**	**–**	**–**	1,251	6,477	8,100	0.4
Sulphuric acid	**493,586**	**224**	**110,406**	**5.4**	381,554	223	84,930	4.1
Total			**2,008,719**	**100.0**			2,053,320	100.0

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

Revenue

The revenue of the Group decreased by 2.2% from US$2,053.3 million in 2018 to US$2,008.7 million in 2019. In 2019, the Group's revenue generated from blister copper and copper anodes, copper cathodes and sulphuric acid accounted for 67%, 27.6% and 5.4%, respectively, of the total revenue.

The revenue from blister copper and copper anodes decreased by 1.4% from US$1,363.3 million in 2018 to US$1,344.6 million in 2019, mainly due to the decrease of global copper prices.

The revenue from copper cathodes decreased by 7.3% from US$597.0 million in 2018 to US$553.7 million in 2019, mainly due to the decrease of global copper price as compared with the same period last year.

The revenue from sulphuric acid increased by 30.0% from US$84.9 million in 2018 to US$110.4 million in 2019, mainly attributed to the significant increase in sales volume as compared with the same period last year.

Cost of Sales

The following table sets forth the costs of sales, unit costs of sales, gross profits and gross profit margins of the products of the Group during the periods indicated.

	For the year ended 31 December							
	2019				2018			
	Cost of sales	**Unit cost of sales**	**Gross profit**	**Gross profit margin**	Cost of sales	Unit cost of sales	Gross profit	Gross profit margin
	(US$'000)	***(US$ per tonne)***	***(US$'000)***	***(%)***	*(US$'000)*	*(US$ per tonne)*	*(US$'000)*	*(%)*
Blister copper and copper anodes	**1,211,160**	**5,151**	**133,481**	**9.9**	1,201,823	5,464	161,461	11.8
Copper cathodes	**314,744**	**3,011**	**238,928**	**43.2**	332,906	3,353	264,100	44.2
Copper-cobalt alloy	**–**	**–**	**–**	**–**	3,959	3,165	4,140	51.1
Sulphuric acid	**14,342**	**29**	**96,064**	**87.0**	14,100	37	70,831	83.4
Total	**1,540,246**		**468,473**	**23.3**	1,552,788		500,532	24.4

The cost of sales of the Group decreased by 0.8% from US$1,552.8 million in 2018 to US$1,540.2 million in 2019, primarily due to the decrease in unit production costs of copper cathodes.

The cost of sales in respect of blister copper and copper anodes increased by 0.8% from US$1,201.8 million in 2018 to US$1,211.2 million in 2019, primarily due to the increase in the volume of sales as compared with the same period last year.

The cost of sales in respect of copper cathodes decreased by 5.5% from US$332.9 million in 2018 to US$314.7 million in 2019, primarily due to the decrease in unit production costs as compared with the same period last year.

The cost of sales in respect of sulphuric acid increased by 1.7% from US$14.1 million in 2018 to US$14.3 million in 2019, primarily due to the increase in sales volume as compared with the same period last year.

Gross profit and gross profit margin

The Group recorded a gross profit of US$468.5 million in 2019, representing a decrease of 6.4% from US$500.5 million in 2018. The gross profit margin decreased from 24.4% in 2018 to 23.3% in 2019. In particular:

The gross profit margin of blister copper and copper anodes decreased from 11.8% in 2018 to 9.9% in 2019, primarily attributable to the decrease in global copper price and the increase in processing costs as compared with the same period last year.

The gross profit margin of sulphuric acid increased from 83.4% in 2018 to 87.0% in 2019, primarily due to the decrease in unit production costs as compared with the same period last year .

Distribution and selling expenses

The distribution and selling expenses of the Group amounted to US$41.9 million in 2019, representing a decrease of 9.9% from US$46.5 million in 2018, primarily due to the decreases in sales volume of sulphuric acid to the DRC and the corresponding delivery expenses as compared with the same period last year.

Administrative expenses

The administrative expenses of the Group increased by 2.7% from US$62.7 million in 2018 to US$64.4 million in 2019, primarily due to the expanding scale of production.

Finance costs

The finance costs of the Group decreased by 32.1% from US$24.6 million in 2018 to US$16.7 million in 2019, primarily due to the decrease of the balance of liquidity borrowings.

Other gains and losses

Other gains and losses of the Group decreased by US$11.9 million from a net loss of US$44.9 million in 2018 to a net loss of US$33.0 million in 2019, mainly due to the decrease in exchange loss as compared with the same period last year.

Income tax expense

The income tax expenses of the Group increased by US$19.6 million from US$79.9 million in 2018 to an expense of US$99.5 million in 2019, mainly due to the increase in composite tax rate as compared with the same period last year.

Profit and net profit margin attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company decreased by 7.8% from US$146.3 million in 2018 to a profit of US$134.9 million in 2019. The profit margins attributable to owners of the Company (being the profit attributable to the owners of the Company as a percentage of revenue) were 7.1% in 2018 and 6.7% in 2019, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

The following table sets forth certain information regarding the consolidated statements of cash flows of the Group for the periods indicated:

	For the year ended 31 December	
	2019	2018
	US$'000	*US$'000*
NET CASH FROM OPERATING ACTIVITIES	**368,736**	205,729
NET CASH USED IN INVESTING ACTIVITIES	**(420,080)**	(302,546)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**28,748**	(252,816)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(22,596)**	(349,633)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**505,091**	854,984
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(1,285)**	(260)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Represented by:		
Bank balances and cash	**481,210**	505,091

Net cash flows generated from operating activities

Cash inflows generated from operating activities are primarily attributable to the sales revenue of copper and sulphuric acid products and cash outflows are primarily attributable to various operating expenses. Net cash flows generated from the operating activities of the Group increased by 79.2% from an inflow of US$205.7 million in 2018 to an inflow of US$368.7 million in 2019, primarily attributable to the decrease in procurement of raw materials as compared with the same period last year.

Net cash flows used in investing activities

Cash outflows used in investing activities are mainly for the purchase of properties, plants and equipment for copper production. The net cash flows used in investing activities of the Group increased by 38.9% from an outflow of US$302.5 million in 2018 to an outflow of US$420.1 million in 2019, primarily attributable to the increase of investments in Lualaba Copper Smelter projects.

Net cash flows generated from (used in) financing activities

The cash inflows generated from financing activities primarily consist of new bank borrowings and other borrowings. The cash outflows from financing activities primarily consist of repayments for bank borrowings, payments of dividends and interest payments. The net cash flows generated from financing activities of the Group increased by US$281.5 million from an outflow of US$252.8 million in 2018 to an inflow of US$28.7 million in 2019, primarily due to the drawdown of new bank borrowings.

Bank balances and cash

The Group's bank balances and cash (including cash, time deposits and demand deposits) decreased by US$23.9 million from US$505.1 million as at 31 December 2018 to US$481.2 million as at 31 December 2019.

Trade receivables at amortised cost/Trade receivables at FVTPL

As at 31 December 2019, the Group recorded trade receivables at amortised cost of US$11.5 million and trade receivables at FVTPL of US$162.2 million. The trade receivables at FVTPL were the trade receivables arising from the sales of copper products under provisional pricing arrangements. The aggregate trade receivables amounted to US$173.7 million, which increased by US$32.1 million from US$141.6 million as at 31 December 2018, primarily attributable to the increase in trade receivables resulting from the fact that the copper products was not settled at the end of the reporting period and the increase in sales volume of copper products as compared with the same period last year.

Inventories

The inventories held by the Group decreased by US$10.1 million from US$540.2 million as at 31 December 2018 to US$530.1 million as at 31 December 2019, which was mainly due to a year-on-year decrease in the inventories of the outside purchase of raw materials.

Significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or acquisition of capital asset

Saved as disclosed in this annual report, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the year ended 31 December 2019. Apart from those disclosed in this annual report, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this annual report.

Charge on assets

As at 31 December 2019 and 2018, no assets of the Group were pledged.

Capital Management

The capital structure of the Group consists of net debt (which includes bank and other borrowings, net of restricted bank balances, bank balances and cash) and equity attributable to owners of the Company (comprising share capital and retained profits). Details of capital management as at 31 December 2019 are included in note 35 to the audited consolidated financial statements of this annual report.

Gearing ratio

As at 31 December 2019, the gearing ratio was 69.7% (as at 31 December 2018: 60.4%) which is calculated by the net debts (being bank and other borrowings minus bank balances and cash, and restricted bank balances) divided by the total equity attributable to owners of the Company.

Contingent liabilities

Other than disclosed in this annual report, there were no other material contingent liabilities.

Bank and other borrowings

Details of bank and other borrowings as at 31 December 2019 are included in note 26 to the audited consolidated financial statements of this annual report. The loans of the Group are made in US$. Save for the loan from a non-controlling shareholder of a subsidiary of US$20.0 million which has a fixed interest rate, other loans of the Group do not have fixed interest rate.

Trade payables/Trade payables designated at FVIPL

As at 31 December 2019, the Group recorded trade payables of US$156.5 million and trade payables designated at FVTPL of US$116.0 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$272.5 million, which increased by US$22.5 million from US$250.0 million as at 31 December 2018, primarily due to the increase in balance of the settlement payable of raw materials.

Capital expenditure

	For the year ended 31 December	
	2019	2018
	(US$'000)	*(US$'000)*
Mining and ore processing facilities at Chambishi Southeast Mine of NFCA	**155,346**	179,847
Other mining and ore processing facilities of NFCA	**14,149**	39,440
Mining and ore processing facilities at Luanshya (Baluba Center Mine)	**19,730**	611
Mining and leaching facilities at Luanshya (Muliashi Project)	**9,826**	–
Smelting facilities at CCS	**13,334**	7,874
Leaching facilities at SML	**3,947**	2,799
Leaching facilities at Huachin Leach	**16,742**	62,846
Mining rights and leaching facilities at CNMC Huachin Mabende	**22,527**	11,554
Smelting facilities at Lualaba Copper Smelter	**219,135**	93,129
Mining and the processing facilities at Kambove Mining	**10,333**	1,956
Other facilities	**–**	1,532
Total	**485,069**	401,588

The total capital expenditure of the Group increased by US$83.5 million from US$401.6 million in 2018 to US$485.1 million in 2019, mainly due to the increased investments in the Lualaba Copper Smelter projects.

Financial policies

During the year ended 31 December 2019, the Group had in place the Financial Budget Management System, the Funds Management System, the Inventories Management System, the Fixed Assets Management System, the Financial Information Disclosure Management System, Management Measures on Approval Procedures and Permissions of Financial Income and Expenses of the Central Office and other financial policies, which aim to regulate and enhance internal control of relevant activities of the Group to ensure the safety of the Group's assets, protect investors' interests and improve operation and management level for compliance with relevant laws and regulations of Hong Kong as well as the Listing Rules.

Please also refer to note 36 to the audited consolidated financial statements contained in this annual report for the financial instruments (which include the financial risk management objectives and policies).

Principal risks and uncertainties

Although the Company has established a risk management system to identify, analyse, evaluate and respond to risks, our business activities are still subject to the following risks, which could have material impacts on our strategy, operations, compliance and financial condition. We urge you to carefully consider the risks described below.

Copper price affects the business, cash flow and profit of the Group

The sharp fluctuations of copper price mainly reflect the changes in supply and demand of copper products, the market uncertainties and other factors which are out of the control of the Group, including but not limited to the overall economic situation, political unrest, armed conflicts, terrorist acts, economic condition in major copper producing countries, accessibility of other metals, domestic and overseas regulations of governments, natural disasters and weather conditions. Price fluctuations will have a material impact on the business, cash flow and revenue of the Group.

Low copper price may have a negative impact on the business, revenue and profit of the Group, which will lead the Group to write off reserves and other assets with relatively higher cost, or to reduce the production volume of economical copper and terminate the existing unprofitable contracts. The consistently low copper price will affect the long-term project investment strategy and operational capacity of the Group.

Commodity price risk

The Group's commodity price risk mainly derives from the exposure to fluctuations in the market price of copper, since copper is 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 arrangements to manage its exposures in relation to forecasted sales of copper products, forecasted purchase of copper concentrates, inventories and the Group's commitment to sell its copper products.

Foreign currency exchange risk

The Group operates business in Zambia and the DRC and most of its sales and purchases in the past were denominated in US dollar, its functional currency, while certain sales and purchases were settled in currencies other than its functional currency (mainly ZMK, Congolese Franc and 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 expediting 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 balances and bank and other borrowings at variable interest rates. The Group currently does not have any interest rate hedging policy. However, the Directors will consider hedging significant interest rate risk should the need arise.

OVERVIEW

In 2019, the Group spared no efforts in market expansion, with an equal emphasis on production and management, construction of projects and cost management. To this end, the operation quality and growth momentum improved and the Group has overfulfilled its annual objectives in production and construction.

During the reporting period, the production and sales volumes of the products of the Company achieved steady growth. Revenue, however, has decreased by 2.2% to US$2,008.7 million over the last year due to the influence of decreasing global copper prices as compared with the same period last year.

During the reporting period, the profit attributable to owners of the Company amounted to US$134.9 million, representing a decrease of US$11.4 million over the last year.

Meanwhile, with the construction and commencement of operation of the planned projects including Chambishi Southeast Mine (with an investment of US$832 million), the Blister Copper Smelting Project of Lualaba Copper Smelter (with an investment of US$437.6 million) and the Reconstruction and Expansion Project of Huachin Metal, the foundation for the Group's business growth will be further consolidated.

BUSINESS REVIEW

The Group is a leading, fast-growing and vertically integrated copper producer focusing on mining, ore-processing, leaching, smelting and sales of copper and cobalt, based in Zambia and the DRC. Sulphuric acid is a by-product generated during the blister copper smelting process. Since 2017, the Group has made greater efforts to develop cobalt business. The Group started the production of copper-cobalt alloy and cobaltous hydroxide in 2017 and 2019, respectively. In view of of the projections of cobalt demand arising from production of cells of new energy vehicles, the Company is optimistic about the long-term development prospect of cobalt.

The businesses of the Group are principally carried out through the following companies: NFCA, Luanshya, CCS and SML located in Zambia, as well as Huachin Leach, CNMC Huachin Mabende, Lualaba Copper Smelter and Kambove Mining located in the DRC.

In 2019, blister copper and copper anodes, and sulphuric acid produced by the Group amounted to 234,837 tonnes and 700,303 tonnes, representing an increase of 6.5% and 17.9% over last year, respectively. Copper cathodes produced amounted to 104,404 tonnes in total, representing an increase of 7.8% over last year. Affected by system improvement work, copper-cobalt alloy produced amounted to 258 tonnes, representing a decrease of 77.3% over last year. Cobaltous hydroxide produced amounted to 307 tonnes for the first time as a new product. Following the decrease of global copper price, revenue of the Group decreased by 2.2% from US$2,053.3 million in 2018 to US$2,008.7 million in 2019.

RESOURCES AND RESERVES

Assumptions adopted for the annual update of resources and/or reserves

The same assumptions as those applied in the 2012 prospectus of the Company in accordance with the JORC Code were adopted for the annual update of resources and/or reserves in this annual report. Relevant updates were made according to new exploration and based on the historical data used by technical consultants.

The main changes in resources and/or reserves were attributable to the adjustments arising from production wastage and intensified exploration.

As at 31 December 2019, the Group's mineral resources and mineral reserves reported in accordance with the JORC Code were as follows:

(1) Resources

Chambishi Main Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**9.18**	**2.31%**	**–**	**–**	8.03	2.19%	–	–
Indicated	**3.30**	**2.68%**	**–**	**–**	6.68	2.33%	–	–
Inferred	**7.32**	**2.44%**	**–**	**–**	13.79	2.26%	–	–

Note: Chambishi Main Mine produced 268,800 tonnes of ore in 2019.

Chambishi West Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Oxide ore								
Measured	**3.64**	**2.03%**	**1.00%**	**–**	6.54	1.98%	0.83%	–
Indicated	**1.46**	**1.83%**	**0.96%**	**–**	1.06	1.97%	0.96%	–
Inferred	**1.45**	**2.32%**	**1.10%**	**–**	0.52	1.76%	0.79%	–
Sulphide Ore								
Measured	**14.04**	**2.00%**	**–**	**–**	14.13	2.12%	–	–
Indicated	**4.36**	**2.22%**	**–**	**–**	4.59	2.17%	–	–
Inferred	**5.76**	**2.01%**	**–**	**–**	4.44	2.05%	–	–

Note: Chambishi West Mine produced 1,251,900 tonnes of ore in 2019.

Chambishi Southeast Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**30.61**	**2.32%**	**–**	**0.11%**	28.17	2.35%	–	0.12%
Indicated	**42.21**	**1.93%**	**–**	**0.10%**	38.66	1.84%	–	0.11%
Inferred	**57.67**	**1.77%**	**–**	**0.09%**	73.95	1.88%	–	0.11%

Note: Chambishi Southeast Mine produced 281,600 tonnes of ore (by-product) in 2019.

Mwambashi Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**2.42**	**2.31%**	**1.34%**	**–**	1.37	2.16%	1.05%	–
Indicated	**4.67**	**2.12%**	**0.58%**	**–**	4.83	1.96%	0.68%	–
Inferred	**3.77**	**2.06%**	**–**	**–**	3.28	2.06%	0.48%	–

Note: Mwambashi Mine produced 2,507,200 tonnes of ore in 2019.

Samba Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**–**	**–**	**–**	**–**	–	–	–	–
Indicated	**2.80**	**1.73%**	**–**	**–**	3.00	1.76%	–	–
Inferred	**5.85**	**1.65%**	**–**	**–**	5.85	1.65%	–	–

Note: No mining activities were carried out at Samba Mine in 2019.

Baluba Center Mine

JORC category	31 December 2019 Ore (Mt)	31 December 2019 Average grade Total copper	31 December 2019 Average grade Oxide copper	31 December 2019 Cobalt	31 December 2018 Ore (Mt)	31 December 2018 Average grade Total copper	31 December 2018 Average grade Oxide copper	31 December 2018 Cobalt
Oxide ore								
Measured	**1.19**	**2.46%**	**1.91%**	**0.18%**	–	–	–	–
Indicated	**2.41**	**2.30%**	**1.68%**	**0.14%**	6.56	1.65%	1.14%	0.12%
Inferred	**1.70**	**2.11%**	**1.17%**	**0.13%**	1.62	1.70%	0.93%	0.10%
Sulphide Ore								
Measured	**5.11**	**2.13%**	**0.11%**	**0.14%**	3.96	2.20%	0.08%	0.15%
Indicated	**6.32**	**1.89%**	**0.12%**	**0.12%**	7.11	2.10%	0.08%	0.14%
Inferred	**3.64**	**1.71%**	**0.13%**	**0.14%**	3.62	1.47%	0.06%	0.09%

Note: In 2019, Baluba Center Mine registered 1,250,000 tonnes of consumption of sulphide ore. No exploration or mining activities for oxide ore were carried out at Baluba Center Mine.

Muliashi North Mine

JORC category	31 December 2019 Ore (Mt)	31 December 2019 Average grade Total copper	31 December 2019 Average grade Oxide copper	31 December 2019 Cobalt	31 December 2018 Ore (Mt)	31 December 2018 Average grade Total copper	31 December 2018 Average grade Oxide copper	31 December 2018 Cobalt
Measured	**6.15**	**1.24%**	**–**	**0.03%**	13.53	1.03%	0.38%	0.02%
Indicated	**5.69**	**1.15%**	**–**	**0.02%**	14.06	0.99%	0.36%	0.02%
Inferred	**21.85**	**1.18%**	**–**	**0.01%**	21.12	0.98%	0.32%	0.02%

Note: Muliashi North Mine registered approximately 3,750,000 tonnes of consumption of resources in 2019.

Mashiba Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**–**	**–**	**–**	**–**	3.17	1.89%	0.24%	0.02%
Indicated	**6.65**	**2.27%**	**–**	**0.02%**	5.67	1.96%	0.22%	0.03%
Inferred	**1.48**	**1.94%**	**–**	**0.02%**	4.97	1.67%	0.43%	0.04%

Baluba East Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**15.99**	**1.66%**	**0.65%**	**–**	16.47	1.67%	0.68%	0.02%
Indicated	**2.52**	**1.25%**	**0.20%**	**–**	2.48	1.24%	0.19%	0.03%
Inferred	**1.35**	**1.07%**	**0.17%**	**–**	1.35	1.07%	0.17%	0.04%

Note: Baluba East Mine registered approximately 1,128,000 tonnes of consumption of resources in 2019.

Roan Basin

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Measured	**–**	**–**	**–**	**–**	–	–	–	–
Indicated	**–**	**–**	**–**	**–**	–	–	–	–
Inferred	**2.02**	**1.77%**	**1.45%**	**–**	–	–	–	–

Roan Ext. West

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	Ore (Mt)	Total copper	Oxide copper	Cobalt	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	–	–	–	–	–	–	–	–
Indicated	2.49	3.19%	2.97%	–	–	–	–	–
Inferred	0.35	2.46%	2.21%	–	–	–	–	–

Roan Ext. East

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	Ore (Mt)	Total copper	Oxide copper	Cobalt	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	–	–	–	–	–	–	–	–
Indicated	4.97	2.49%	2.32%	–	–	–	–	–
Inferred	0.22	2.33%	2.20%	–	–	–	–	–

Smelting Slag

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	Ore (Mt)	Total copper	Oxide copper	Cobalt	Ore (Mt)	Total copper	Oxide copper	Cobalt
Measured	–	–	–	–	–	–	–	–
Indicated	–	–	–	–	–	–	–	–
Inferred	9.47	1.03%	0.31%	–	–	–	–	–

Kambove Main Mine

JORC category	**31 December 2019** Ore *(Mt)*	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2018 Ore *(Mt)*	Average grade Total copper	Oxide copper	Cobalt
Measured	**–**	**–**	**–**	**–**	–	–	–	–
Indicated	**8.79**	**3.21%**	**–**	**–**	–	–	–	–
Inferred	**2.67**	**3.09%**	**–**	**–**	–	–	–	–

Kambove Main Open Pit Tailings

JORC category	**31 December 2019** Ore *(Mt)*	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2018 Ore *(Mt)*	Average grade Total copper	Oxide copper	Cobalt
Measured	**–**	**–**	**–**	**–**	–	–	–	–
Indicated	**–**	**–**	**–**	**–**	–	–	–	–
Inferred	**1.49**	**0.72%**	**–**	**–**	–	–	–	–

Kambove West Open Pit Tailings

JORC category	**31 December 2019** Ore *(Mt)*	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2018 Ore *(Mt)*	Average grade Total copper	Oxide copper	Cobalt
Measured	**–**	**–**	**–**	**–**	–	–	–	–
Indicated	**–**	**–**	**–**	**–**	–	–	–	–
Inferred	**2.35**	**1.15%**	**–**	**–**	–	–	–	–

(2) Reserves

Chambishi Main Mine

JORC category	Ore (Mt)	31 December 2019 Average grade Total copper	Oxide copper	Cobalt	Ore (Mt)	31 December 2018 Average grade Total copper	Oxide copper	Cobalt
Proved	**0.96**	**1.73%**	**–**	**–**	4.73	1.69%	–	–
Probable	**5.66**	**1.77%**	**–**	**–**	2.84	1.64%	–	–

Chambishi West Mine

JORC category	Ore (Mt)	31 December 2019 Average grade Total copper	Oxide copper	Cobalt	Ore (Mt)	31 December 2018 Average grade Total copper	Oxide copper	Cobalt
Sulphide Ore								
Proved	**3.00**	**2.00%**	**–**	**–**	4.14	2.02%	–	–
Probable	**9.83**	**1.80%**	**–**	**–**	9.73	1.95%	–	–

Chambishi Southeast Mine

JORC category	Ore (Mt)	31 December 2019 Average grade Total copper	Oxide copper	Cobalt	Ore (Mt)	31 December 2018 Average grade Total copper	Oxide copper	Cobalt
Proved	**27.08**	**1.91%**	**–**	**0.09%**	22.44	2.00%	–	0.10%
Probable	**16.46**	**1.67%**	**–**	**0.09%**	18.53	1.64%	–	0.09%

Mwambashi Mine

JORC category	**31 December 2019** Ore *(Mt)*	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2018 Ore *(Mt)*	Average grade Total copper	Oxide copper	Cobalt
Proved	**1.32**	**2.22%**	**1.28%**	**–**	5.92	2.07%	1.07%	–
Probable	**3.64**	**2.07%**	**1.05%**	**–**	3.31	2.06%	0.48%	–

Baluba Center Mine

JORC category	**31 December 2019** Ore *(Mt)*	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2018 Ore *(Mt)*	Average grade Total copper	Oxide copper	Cobalt
Proved	**0.80**	**1.34%**	**–**	**0.10%**	2.23	1.38%	0.06%	0.04%
Probable	**0.48**	**1.34%**	**–**	**0.10%**	4.43	1.26%	0.11%	0.09%

Muliashi North Mine

JORC category	**31 December 2019** Ore *(Mt)*	**Average grade** Total copper	Oxide copper	Cobalt	31 December 2018 Ore *(Mt)*	Average grade Total copper	Oxide copper	Cobalt
Proved	**–**	**–**	**–**	**–**	9.76	1.02%	0.35%	0.02%
Probable	**10.66**	**1.21%**	**–**	**–**	8.53	0.92%	0.35%	0.02%

Mashiba Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Proved	**–**	**–**	**–**	**–**	2.66	1.35%	0.17%	–
Probable	**5.61**	**2.11%**	**–**	**–**	4.76	1.40%	0.16%	–

Baluba East Mine

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Proved	**9.61**	**1.70%**	**0.81%**	**–**	2.48	1.46%	0.98%	0.05%
Probable	**0.14**	**1.53%**	**0.50%**	**–**	17.37	1.45%	0.93%	0.05%

Roan Ext. West

	31 December 2019				31 December 2018			
		Average grade				Average grade		
JORC category	**Ore** *(Mt)*	**Total copper**	**Oxide copper**	**Cobalt**	Ore *(Mt)*	Total copper	Oxide copper	Cobalt
Proved	**–**	**–**	**–**	**–**	–	–	–	–
Probable	**1.78**	**3.09%**	**3.03%**	**–**	–	–	–	–

Roan Ext. East

JORC category	31 December 2019 Ore (Mt)	31 December 2019 Average grade Total copper	31 December 2019 Average grade Oxide copper	31 December 2019 Cobalt	31 December 2018 Ore (Mt)	31 December 2018 Average grade Total copper	31 December 2018 Average grade Oxide copper	31 December 2018 Cobalt
Proved	**–**	**–**	**–**	**–**	–	–	–	–
Probable	**3.68**	**2.14%**	**2.10%**	**–**	–	–	–	–

Kambove Main Mine

JORC category	31 December 2019 Ore (Mt)	31 December 2019 Average grade Total copper	31 December 2019 Average grade Oxide copper	31 December 2019 Cobalt	31 December 2018 Ore (Mt)	31 December 2018 Average grade Total copper	31 December 2018 Average grade Oxide copper	31 December 2018 Cobalt
Proved	**–**	**–**	**–**	**–**	–	–	–	–
Probable	**7.63**	**2.98%**	**–**	**–**	–	–	–	–

PRODUCTION OVERVIEW

NFCA

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

In 2019, copper contained in copper concentrates produced by NFCA amounted to 14,187 tonnes, representing a decrease by 56% as compared to the same period in the previous year. Such increase was primarily attributable to the fact that copper concentrates, which used to be the final product of NFCA, have been replaced with copper anodes since July 2019. From July to December of 2019, copper anodes produced by NFCA amounted to 11,164 tonnes. In 2019, the total amount of copper metal relating to copper concentrates and copper anodes produced by NFCA recorded a year-on-year decrease of 20.6%.

Luanshya

Luanshya operates three copper mines under production, namely Baluba Center Mine, Muliashi North Mine, Baluba East Mine, and also operates Muliashi Leach Plant.

The total copper contained in copper concentrates produced by Luanshya amounted to 4,563 tonnes, representing a decrease by 21.4% as compared to the same period in the previous year, mainly due to the fact that copper concentrates, which used to be the final product of Luanshya, have been replaced with blister copper since May 2019. From May to December of 2019, blister copper produced by Luanshya amounted to 7,325 tonnes. In 2019, the total amount of copper metal relating to copper contained in copper concentrates and blister copper produced by Luanshya recorded a year-on-year increase of 104.7%, mainly due to the resumption of production of Baluba underground mines in the latter half of 2018.

The Muliashi Project produced 41,876 tonnes of copper cathodes, remaining relatively stable as compared with the same period in the previous year.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In 2019, CCS produced a total of 214,398 tonnes of blister copper and copper anodes, representing a year-on-year decrease of 2.76%. Such decrease was mainly due to the fact that part of the production capacity of CCS is used for processing copper anodes for NFCA, and blister copper for Luanshya and SML. CCS produced 700,303 tonnes of sulphuric acid in 2019, representing a year-on-year increase of 18%. Due to the process improvement work, the accumulated production of copper-cobalt alloy amounted to 258 tonnes, representing a decrease of 77.3% as compared to the same period in the previous year.

SML

SML mainly operates Mwambashi Mine and the Chambishi Leach Plant.

Copper cathodes produced by SML in 2019 amounted to 6,973 tonnes, representing an increase of 26.3% as compared to the same period in the previous year. Processing plants under SML produced 1,964 tonnes of copper contained in copper concentrates in 2019, representing a decrease of 48.3% as compared to the same period in the previous year. The decrease of copper contained in copper concentrates was mainly attributable to the fact that copper concentrates, which used to be the final product of SML, have been replaced with blister copper since July 2019. From July to December of 2019, blister copper produced by SML amounted to 1,950 tonnes. The total amount of metal relating to copper contained in copper concentrates and blister copper produced by the company recorded a year-on-year increase of 3.1%.

CNMC Huachin Mabende

CNMC Huachin Mabende produced 32,409 tonnes of copper cathodes, representing a decrease of 6.6% as compared with the same period in the previous year, mainly attributable to a year-on-year decrease in ore processing amount and ore grade.

Huachin Leach

Huachin Leach accumulatively produced 23,146 tonnes of copper cathodes, representing an increase by 56.6% as compared to the same period in the previous year, mainly attributable to the expanding scale of production, and a significant year-on-year increase in ore processing amount. Meanwhile, Huachin Leach produced 307 tonnes of cobaltous hydroxide for the first time.

The table below presents the production volume of the products of the Group and the year-on-year comparison for the periods indicated.

	Production volume for 2019 *(1), (2), (3)* ***(Tonnes)***	Production volume for 2018*(1)* *(Tonnes)*	Year-on-year growth/ (decrease) *(%)*
Copper concentrates	**20,536**	37,205	(44.8)
Blister copper & copper anodes	**234,837**	220,479	6.5
Copper cathodes	**104,404**	96,870	7.8
Copper-cobalt alloy	**258**	1,136	(77.3)
Cobaltous hydroxide	**307**	–	N/A
Sulphuric acid	**700,303**	593,983	17.9

Notes:

(1) The production volumes of all the products are on a contained-copper basis, except for sulphuric acid, copper-cobalt alloy and cobaltous hydroxide.

(2) The copper-cobalt alloy production contains approximately 57 tonnes of copper and approximately 21 tonnes of cobalt; cobaltous hydroxide contains approximately 105 tonnes of cobalt.

(3) Since May 2019, the final product of Luanshya has been changed from copper concentrates to blister cooper. Since July 2019, the final product of NFCA has been changed from copper concentrates to copper anodes. Since July 2019, the final product of SML has been changed from copper concentrates to blister copper.

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2019 are set out below:

Unit: Million US dollars	NFCA		Luanshya						SML	CNMHK		CNMC	Kambove Mining	
	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Muliashi South Mine	Mashiba Mine	Baluba East Mine	Roan Basin	Mwambashi Mine	Huachin Leach PE6307 Mine	Huachin Leach PE12094 Mine	Mabende PE5276-ER Mine	Main mineral deposit	Total
Exploration activities														
Drilling and analysis	0.89	0.88	0.78	–	–	0.06	–	–	0.02	0.23	2.28	0.08	2.15	7.37
Others	–	–	–	–	–	0.08	–	0.18	–	–	–	0.04	–	0.30
Sub-total	**0.89**	**0.88**	**0.78**	**-**	**-**	**0.14**	**-**	**0.18**	**0.02**	**0.23**	**2.28**	**0.12**	**2.15**	**7.67**
Development activities (including mine construction)														
Purchases of assets and equipment	–	–	6.88	–	–	–	–	–	–	–	–	–	25.00	31.88
Civil work for construction of tunnels and roads	2.98	22.08	–	–	–	–	–	–	–	–	–	–	0.88	25.94
Sub-total	**2.98**	**22.08**	**6.88**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25.88**	**57.82**
Mining activities (excluding ore processing)														
Staff cost	5.39	–	2.22	0.09	–	–	–	–	0.27	–	–	–	–	7.97
Materials and equipment	10.84	–	2.68	1.47	0.19	–	0.87	–	0.69	–	–	–	–	16.74
Fuel, electricity, water and others services	11.40	–	6.06	0.01	–	–	–	–	0.18	–	–	–	–	17.65
Non-income taxes, royalties and other government expenses	–	–	4.82	14.17	0.49	–	2.87	–	–	–	–	–	–	22.35
Sub-contracting charges	52.89	–	17.86	30.14	4.58	–	11.41	–	9.92	–	–	–	–	126.8
Depreciation	6.47	–	2.44	17.95	1.24	–	1.20	–	4.57	–	–	–	–	33.87
Sub-total	**86.99**	**-**	**36.08**	**63.83**	**6.50**	**-**	**16.35**	**-**	**15.63**	**-**	**-**	**-**	**-**	**225.38**

MINING EXPLORATION, MINING DEVELOPMENT AND ORE MINING ACTIVITIES

Mining Exploration

During the reporting period, NFCA, Luanshya, SML, Huachin Mabende and Kambove Mining, each being a subsidiary of the Company, conducted mining exploration for production and exploration purposes, respectively. In particular:

At Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine of NFCA, 297 drilling holes with 23,491.54m drilled in the pit were completed, of which, 78 underground drilling holes were completed at Chambishi West Mine with 7,106.8m drilled and 219 drilling holes in the pit were completed at Chambishi Southeast Mine with 16,384.74m.

Luanshya conducted exploration, drilling and platform trenches. In particular, supplemental exploration was conducted at Mashiba Mine, preliminary exploration was conducted at oxide copper mine projected to surface between SS19 line and SS35 line in Roan Basinwas, goaf verification was conducted at Baluba East Mine and exploration was conducted at Musidam Tailings Pond, during which 80 surface drilling holes with the drilling footage of 4,822.62m were completed. At Muliashi North Strip Mine, Muliashi South Strip Mine and Baluba East Strip Mine, 42 platform trenches for production and exploration purposes were completed with a total length of 2,986m and a total capacity of 1,493m^3.

3 drilling holes were completed at SML Samba Mine, with 666m drilled.

At Huachin Mabende PE5276, a drilling diameter of 3970.36m was completed with a geological prospecting profile of 12,200m. Construction of 1 shallow well was conducted with a total of 6.2m drilled.

Assessment was made to the mineral resources in the main mineral deposit and to the mines under the plant to be constructed, and drill hole cataloguing and sampling for KIBINDJI mine spot with the drill hole core were conducted. In particular, 19 drilling holes were completed at the main mineral deposit, with 2,522.08m drilled, 6 drilling holes were completed at the plant to be constructed, with 820.01m drilled, and 68 drilling holes were completed at the KIBINDJI mine spot, with 10,548.65m drilled.

Mining Development

For details of mining development, please refer to "Projects Under Progress" on pages 32 to 34.

Mining Activities

For details of mining activities, please refer to "Production Overview" on pages 27 to 29.

Infrastructure projects, subcontracting arrangements and procurement of equipment

The par value of new infrastructure project contracts entered into by the Group in 2019 amounted to approximately US$9.78 million.

No subcontracting arrangements* were entered into by the Group during 2019.

During 2019, contracts which amounted to approximately US$23.57 million were entered into by the Group for purchase of equipment related to mining exploration, mining development and mining activities, including equipment for mining, transportation, processing, drainage, soil discharge, electricity, and laboratory purposes etc.

* Subcontracting arrangement refers to an arrangement made between one party to a contract and a third party, pursuant to which the third party shall fulfill all or part of the obligation of that party under the said contract. For example, it refers to the circumstance where the Group is awarded a project as a contractor and then transfers the entire project or subcontracts part of the project to a third party.

PROJECTS UNDER PROGRESS

NFCA

The Integrated Exploration and Construction Project of the Chambishi Southeast Mine

This project is currently under development and is one of the key development mine projects of the Company with a designed ore-processing capacity of 3,300,000 tonnes per annum and a production capacity of copper contained in copper concentrates of approximately 58,900 tonnes per annum. Its aggregate planned investments amounted to US$832 million. Since the commencement of construction, its accumulative drilling volume of wells and tunnels had reached 972,000m^3 (planned 870,000m^3) by the end of 2019. As at the end of 2019, it was under pilot production.

Luanshya

Baluba East Strip Mine Project

Baluba East Strip Mine Project has a designated capacity of 900,000 tonnes of quality oxide ore per annum and an output of 10,000 tonnes of copper cathodes. The developmental stripping for the project was completed by the end of June 2018, in which US$865,000 was invested in 2018. As at the end of December 2019, a total amount of US$6,930,000 had been invested in the project. Baluba East Strip Mine has become a good supplement to Muliashi North Strip Mine in terms of ore resource in the later stage of mining, ensuring the supply of raw material for Muliashi Leach Plant.

Huachin Leach

Huachin Leach Copper-Cobalt Reconstruction and Expansion Project

Huachin Leach copper-cobalt reconstruction and expansion project has a designed annual production capacity of 20,000 tonnes of copper cathodes and 2,000 tonnes of cobalt, with a total planned investment of US$52,412,000. Construction of project was completed and commencement of production took place at the first quarter of 2019. The accumulated investment completed amounted to approximately US$51.48 million.

CNMC Huachin Mabende

Reconstruction and Expansion Project of CNMC Huachin Mabende

The project has a designated production output 45,000 tonnes of copper anodes per annum and a total investment of US$18.91 million. As at the end of 2019, the accumulated investment completed was approximately US$11.61 million.

Lualaba Copper Smelter

Blister Copper Smelting Project

A copper concentrate (dry) smelting project with an annual capacity of 400,000 tonnes would be constructed to produce approximately 118,000 tonnes of blister copper per annum. With an investment budget of US$437.60 million, the construction of such project commenced on 28 March 2018 and was expected to continue for two years. As at the end of 2019, the copper system of the project had been completed, in which the blister copper was successfully produced on November 2019. The cooling system is being installed for waste heat power station, and the remaining auxiliary engineering maintenance workshops, bathrooms, fence barbed wire and other facilities are progressing as scheduled. As at the end of 2019, the accumulated investment completed of the project amounted to approximately US$320 million.

Cobalt Recycling System Project

This project was a sub-system of the copper concentrate (dry) and blister copper smelting project with an annual capacity of 400,000 tonnes. The capacity of copper-cobalt amounts to 10,000 tonnes per annum and the investment budget is US$33.10 million. As at the end of 2019, the installation of equipment was being conducted for the cobalt system.

Kambove Mining

The Integrated Exploration and Construction Project of Kambove Mining

The Kambove project has a planned annual processing capacity of 990,000 tonnes of oxidized ore, 500,000 tonnes of tailings, and has a planned annual production capacity of 28,000 tonnes of copper cathode, 978 tonnes of blister cobaltous hydroxide with an estimated investment of US$238 million in total and a tentative construction period of 21 months. As at the end of 2019, preparatory work for this project had been completed with the plan to commence construction in January 2020.

HUMAN RESOURCES

As at 31 December 2019, the Group employed a total of 8,188 employees (as at 31 December 2018: 6,575 employees), which comprised 870 Chinese and 7,318 local employees in Zambia and the DRC. Employees' remuneration was determined by the Group based on their performance, experience and the prevailing market practice. For the year ended 31 December 2019, the total cost of employees reflected in the consolidated statement of profit or loss and other comprehensive income amounted to approximately US$103.9 million (2018: US$86.4 million).

2020 OUTLOOK

The novel pneumonia epidemic caused by COVID-19 and its impact on the global economy constitute the biggest "Black Swan Event" in early 2020. However, taking into account the history and actual circumstances, especially with China's combat against the pandemic, it is demonstrated that mankind soon will overcome the impact of the epidemic and economies and societies will eventually return to growth. As the businesses of the Group are mainly in South Central Africa regions, i.e., Zambia and the DRC, which had been affected by the pandemic to a limited extent until the report is disclosed, its production, operation and construction were able to maintain stable and orderly development. Meanwhile, given a tight worldwide supply-demand balance of copper products and the growing demand from new energy sectors for copper and cobalt, the prices of copper and cobalt remain promising in the long-term.

In 2020, the Group will continue to follow its own development strategy. It will keep increasing investments in geological exploration and development, give particular attention to and more efforts in expanding the exploration areas, as well as exploring the surrounding areas and in the depth of the existing mines, especially in the region of Kambove, the DRC. Meanwhile, the Group will continue to identify suitable acquisition targets in regions with rich copper resources such as Zambia and the DRC, with an aim to increasing the Group's resources.

The Group will continue to improve the operational efficiency of its existing mines and smelters through optimising the internal value chain management, promoting the integration of production, supply and marketing in the same region, intensifying cost control and other modern management measures, so as to continuously enhance the Group's profitability. The Group will continue to pay due efforts in its mining activities in underground mines (including Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine in Zambia) and the Muliashi Strip Mine and Mwambashi Strip Mine Project in Zambia, so as to increase the production volume of copper concentrates and oxide ore from its own mines. Tremendous efforts will be put in the technological management of smelting in CCS and Lualaba Copper Smelter, and leaching in Muliashi Leach Plant, SML in Zambia and Huachin Leach and CNMC Huachin Mabende in the DRC, so as to improve the output and quality of blister copper, copper cathodes, sulphuric acid, copper-cobalt alloy and cobaltous hydroxide, with a view to further increasing the operating efficiency and profit from the existing production capacity.

The Group will continue its focus on the construction of key projects, promote the system improvement and standardised production in Chambishi Southeast Mine and the reconstruction and expansion project of CNMC Huachin Mabende. It will also place emphasis on the construction of the Integrated Exploration and Construction Project of Kambove Mining, in hopes of enhancing efficiency and providing new growth points for the Company.

OTHER INFORMATION

PROPOSED REORGANISATION AT CONTROLLING SHAREHOLDER LEVEL

As part of an intra-group restructuring, 中國有色金屬建設股份有限公司(China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd.) ("NFC"), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000758.SZ) and also a subsidiary of CNMC, proposed to acquire from CNMD the controlling interest of the Company (the "Reorganisation").

Following completion of the Reorganisation, the controlling interest of approximately 74.52% of the Company's total issued share capital will be directly held by NFC, such that the immediate holding company of the Company will change from CNMD to NFC and the Company will become a subsidiary of NFC. The Company remains an indirect subsidiary of CNMC notwithstanding the Reorganisation and the Company's independent listing status in Hong Kong market will not change. Before and subsequent to the change of immediate holding company, the ultimate holding company of the Company is CNMC.

The Reorganisation, if materialised, will be subject to various conditions including but not limited to the approvals by shareholders of NFC and consideration and approvals by the China Securities Regulatory Commission. Further announcement will be made by the Company in compliance with the Listing Rules as and when appropriate. As at the date of issuance of these condensed consolidated financial statements, the Reorganisation is still in progress. Further details regarding the Reorganisation are set out in the announcements made by the Company on 27 September 2019, 18 October 2019, 9 March 2020 and 23 March 2020.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

BOARD OF DIRECTORS

The Board of Directors is responsible for the management and conduct of the business and consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. The table below sets forth certain information in respect of the members of the Board of Directors:

Name	Age	Position/Title
Tongzhou Wang	54	Chairman and Executive Director
Xiaowei Wang	57	Executive Director
Wei Fan *(appointed on 24 March 2020)*	45	Executive Director and Vice President
Lin Zhang	57	Executive Director and President
Chunlai Wang	59	Executive Director and Vice President
Kaishou Xie *(Note)* *(resigned on 24 March 2020)*	64	Executive Director and Vice President
Jinjun Zhang *(appointed on 29 March 2019)*	51	Vice Chairman and Non-executive Director
Diyong Yan *(Note)* *(resigned on 29 March 2019)*	55	Vice Chairman and Non-executive Director
Chuanyao Sun	75	Independent Non-executive Director
Jingwei Liu	52	Independent Non-executive Director
Huanfei Guan	62	Independent Non-executive Director

Note: For the details of Diyong Yan and Kaishou Xie's biography, please refer to the section headed "Directors and Senior Management Biographies" in 2017 annual report and 2018 annual report respectively.

Tongzhou Wang (王彤宙), aged 54, is the Chairman and executive Director of the Company and was appointed to the Board on 30 August 2018. Mr. Tongzhou obtained a bachelor's degree in statistics from the Department of Statistics of Dongbei University of Finance & Economics in 1988. He obtained a doctoral degree in Political Economics from the School of Economics of the Southwestern University of Finance and Economics in 2009. Mr. Tongzhou has been the chairman, the secretary of the Party committee and the general manager of the CNMC, a controlling shareholder of the Company since June 2018. He successively held management positions such as the deputy general manager and general manager in China State Construction Engineering Corporation, Sinohydro Corporation, Power Construction Corporation of China, China Energy Conservation and Environmental Protection Group. Mr. Tongzhou has over 29 years of experience in corporate management.

* *Translation of Chinese terms for reference purposes only*

Xiaowei Wang (王小衛), aged 57, is an executive Director of the Company and was appointed to the Board on 30 August 2018. Mr. Xiaowei currently also serves as a director of China Nonferrous Mining Hong Kong Holdings Limited and Kingsail Limited. Mr. Xiaowei obtained a bachelor's degree of engineering in mining from the Mining Department of Xi'an Institute of Metallurgy and Construction Engineering* in 1982. Mr. Xiaowei joined the CNMC, a controlling shareholder of the Company, in August 2002 and served as the principal of Myanmar project department as well as the president and general manager of CNMC Nickel Co., Ltd.*. He has been the assistant to general manager of the CNMC since November 2007. He served as the deputy director, director and vice dean of the Mining Division of Jinchuan Nickel and Cobalt Research and Design Institute*, deputy head and head of Longshou Mine of Jinchuan Non-Ferrous Metals Company*, head of Mine No. 2 of Jinchuan Group Ltd.* and deputy general manager of the NFCA. Mr. Xiaowei has over 38 years of experience in nonferrous metals industry and years of overseas work experience.

Chairman Tongzhou Wang presided over Zambia-China Business Forum held on 2 September 2018

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

Wei Fan (范巍), aged 45, is an executive Director and a vice president of the Company primarily in charge of CCS and Lualaba Copper Smelter. He was an executive director of the Company from July 2015 to August 2018, and has been re-appointed as an executive director again on 24 March 2020. Mr. Fan concurrently serves as the chairman of both CCS and Lualaba Copper Smelter and an assistant of general manager of CNMC. From June 2006 to February 2012, Mr. Fan successively served as an assistant to general manager and as deputy general manager in CCS. From April 2011 to December 2014, Mr. Fan served as deputy officer of the production department in 雲南銅業集團有限公司 (Yunnan Copper Industry (Group) Co., Ltd*), a substantial shareholder of CCS and the holding company of Yunnan Copper (as hereinafter defined)). From October 2001 to June 2006 and from April 2013 to July 2015, Mr. Fan also successively served as senior engineer, officer and manager of sale & operation management department of 雲南銅業股份有限公司 (Yunnan Copper Industry Co., Ltd*) ("Yunnan Copper", a company listed on the Shenzhen Stock Exchange, Stock code: SZ00878). Mr. Fan has more than 19 years of experience in the metal industry. He has extensive and practical experience in the operation of listed group companies. Mr. Fan obtained a master's degree in business administration from Kunming University of Science and Technology in 2007.

Lin Zhang (張麟) , aged 57, is an executive Director and president of the Company and joined the Board upon appointment on 19 May 2017. Mr. Zhang currently also serves as a director of CNMH, CNMHKI and Lualaba Copper Smelter. Mr. Zhang obtained a bachelor's degree in ore processing engineering from Central South University of Technology in 1986 and a master's degree in mining engineering in 2003 and a doctorate degree in mineral processing engineering in 2008 from the Central South University (中南大學). Mr. Zhang was accredited as a senior engineer in mineral processing by the Employees Reform Office of Hubei Province in April 2004. Mr. Zhang served as the chairman and an executive director of China Daye Non-Ferrous Metals Mining Limited (a company listed on the Hong Kong Stock Exchange, Stock Code: 00661) from March 2012 to May 2017. Mr. Zhang has 33 years of experience in mining and has extensive and practical experience in the operation of listed group companies.

Photo of President Lungu with guests

* *Translation of English terms for reference purposes only*

Chunlai Wang (王春來), aged 59, is an executive Director and a vice president of the Company primarily in charge of Luanshya. He was appointed to the Board on 12 April 2012. Mr. Wang has 39 years of experience in the mining industry. He currently is the general manager of Luanshya. He served as the deputy general manager of NFCA from 2005 to 2009 and became its executive director in 2007. He was transferred from the managing director of NFCA to the managing director of Luanshya on 24 March 2016. From 1981 to 2005, Mr. Wang worked in the Dongguashan Copper Mine of Tongling Nonferrous Metals Group Co., Ltd. (銅陵有色金屬集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000630) as a mining engineer, assistant to the mine manager, deputy mine manager and mine manager. Mr. Wang graduated from Anhui Metallurgy College (安徽冶金專科學校) in 1981 majoring in mining and obtained a Master of Business Administration degree from the School of Business of Nanjing University (南京大學工商管理學院) in 2005. Mr. Wang was recognised as a State Council Special Allowance Expert in 2002 and was recognised as a Senior Mining Engineer (professor level) in 2007.

Jinjun Zhang (張晉軍), aged 51, is the Vice Chairman and non-executive Director of the Company and was appointed to the Board on 29 March 2019. Mr. Jinjun obtained a master degree in mining engineering from University of Science and Technology Beijing in 2015. Mr. Jinjun joined NFCA, a subsidiary of the Company, in October 2006, and worked as manager of production technology department, vice general manager and executive vice general manager in succession. He served as the general manager of NFCA from March 2016 to December 2018, and has been the vice general manager of CNMC since December 2018. Mr. Jinjun has over 29 years of experience in nonferrous metals and mining and has extensive practical experience in the operations of conglomerates.

President Lungu and Chairman Tongzhou Wang unveiled a plaque to mark the commercial production of Southeast Mine

Chuanyao Sun (孫傳堯), aged 75, is an independent non-executive Director of the Company, the chairman of the Nomination Committee and a member of each of the Compliance Committee and the Remuneration Committee and was appointed to join the Board on 27 April 2012. He has 51 years of experience in the mining industry. Mr. Sun resigned on 1 March 2018, 27 February 2018 and 6 March 2018 as an independent non-executive director of Jiamusi Electric Machine Company Limited (哈爾濱電氣集團佳木斯電機股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ000922), China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司) (a company listed on the Hong Kong Stock Exchange, HK02068) and Jiangxi Copper Company Limited (HK00358), respectively. Mr. Sun joined the Beijing General Research Institute of Mining and Metallurgy (北京礦冶研究總院) ("BGRIMM") in 1981 and served as its dean from February 1988 to February 2007. He worked at the Xinjiang Keketuohai Ore Processing Plant (新疆可可托海礦業選礦廠) from December 1968 and became its deputy factory director in October 1976. Mr. Sun graduated from Northeastern Institute of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in 1968 and was awarded a master degree in BGRIMM (北京礦冶研究總院) with a major in ore processing in 1981. Mr. Sun is an fellow of Chinese Academy of Engineering (中國工程院) and St Petersburg Academy of Engineering and Science in Russia (俄羅斯聖彼德堡工程科學院), a deputy director of Committee of Experts of China Nonferrous Metal Industry Association (中國有色金屬工業協會專家委員會), the director of the Ore Processing Academic Committee of the Nonferrous Metals Society of China (中國有色金屬學會選礦學術委員會) and the director of Key Laboratory of Mineral Processing of the State (國家礦物加工重點實驗室).

Jingwei Liu (劉景偉), aged 52, is an independent non-executive Director of the Company, the chairman of the Audit Committee and a member of the Nomination Committee, and was appointed to the Board on 27 April 2012. He is a senior partner of Shinewing Certified Public Accountants (信永中和會計師事務所). He currently serves as a non-executive director of Shougang Concord International Enterprises Company Limited (首長國際企業有限公司) (a company listed on the the Main Board of Hong Kong Stock Exchange, HK00697), an independent director of Shanghai Yaohua Pilkington Glass Group Co., Ltd. (上海耀皮玻璃集團股份有限公司) (a company listed on the Shanghai Stock Exchange, SH600819), and an independent director of Guiyang Longmaster Information & Technology Co., Ltd. (貴陽朗瑪信息技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, SZ300288). Mr. Liu previously served as an independent director of Xuzhou Kerong Environmental Resources Co., Ltd. (a company listed on the Shenzhen Stock Exchange, SZ300152). Mr. Liu graduated from the School of Economics of Beijing Forestry University (北京林業大學經濟管理學院) in 1989 and from Shanghai Advanced Institute of Finance with a master's degree in 2016. He is a PRC Certified Public Accountant and a member of the registration committee of the Beijing Institute of Certified Public Accountants.

Huanfei Guan (關浣非), aged 62, is an independent non-executive Director of the Company, chairman of the Remuneration Committee, a member of each of the Audit Committee and the Compliance Committee, and was appointed to the Board on 28 August 2014. Mr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004. He has also been appointed as a part-time lecturer of professional degree of Fudan University since 2013. Mr. Guan has extensive experience in the finance and insurance industry in Hong Kong and the Mainland China. He served various senior managerial positions in People's Insurance Company of China (Jilin Branch) (中國人民保險公司吉林省分公司), Hong Kong and Macao Regional Office of China Insurance Group (中國保險港澳管理處), Ming An Insurance Company (Hong Kong) Limited (香港民安保險有限公司) and China Pacific Insurance Co., (HK) Ltd. (中國太平洋保險（香港）

有限公司). Mr. Guan also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee, deputy chairman of credit asset management committee, chairman of loan verification committee, deputy general manager of the Bank of Communications Hong Kong Branch, the director of Bank of Communications Trustee Limited (交通銀行信託有限公司), the chairman and chief executive of China BOCOM Insurance Co., Ltd. (中國交銀保險有限公司) and an executive director and general manager of BoCommLife Insurance Company Limited. Mr. Guan is also an economic and technical consultant of Jilin Provincial Government. Mr. Guan is now an independent non-executive director of Sunwah Kingsway Capital Holdings Limited and HongDa Financial Holding Limited, and an independent non-executive director and a member of the audit committee of China Shandong Hi-Speed Financial Group Limited, and a non-executive director of Ping An Securities Group (Holdings) Limited (shares of those companies are listed on the Main Board of the Hong Kong Stock Exchange). He has been appointed as the chairman emeritus of Culturecom Holdings Limited (a company listed on the Hong Kong Stock Exchange) and the chairman of the board of directors of UCAN.COM Group Limited, a subsidiary of Culturecom Holdings Limited, since July 2013. Mr. Guan currently also serves as a director of Wing Lung Insurance Company Limited and K & R International Limited. Mr. Guan was an independent non-executive director of Silver Base Group Holdings Limited (the shares of which are listed on the main board of the Hong Kong Stock Exchange) for the period from March 2008 to January 2011. He was re-designated as an executive director and president of that company from January 2011 to December 2012. He has been engaged as a senior consultant of that company since January 2013. Mr. Guan was an executive director of CCT Land Holdings Limited (the shares of which are listed on the main board of the Hong Kong Stock Exchange) for the period from May 2015 to September 2017. Mr. Guan obtained a doctor's degree in Economics in 2000 from Wuhan University and was a post-doctoral researcher in Theoretical Economics in Fudan University from 2000 to 2002.

President Lungu visited the site of Chambishi Southeast Mine

SENIOR MANAGEMENT

Tongzhou Wang (王彤宙), aged 54, is the chairman of the Company. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Xiaowei Wang (王小衛), aged 57, is an executive director of the Company. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Wei Fan (范巍), aged 45, is a vice president of the Company primarily in charge of CCS and Lualaba Copper Smelter. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Lin Zhang (張麟), aged 57, is the president of the Company. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Chunlai Wang (王春來), aged 59, is a vice president of the Company primarily in charge of Luanshya. Please refer to the paragraph headed "Board of Directors" for his biographical background.

Guobin Hu (胡國斌), aged 52, is a vice president of the Company and was appointed as and joined the senior management of the Company on 29 March 2019, who is in charge of the production and operation and compliance operation of NFCA. He has over 30 years of experience in metal industry. Mr. Hu has successively served as the deputy director in Dongguashan Copper Mine of Tongling Nonferrous Metal Company (銅陵有色金屬公司), general manager of Zijin Tongguan Investment Co., Ltd. in Xiamen (廈門紫金銅冠投資發展有限公司), director of British Monterico Metals Company (英國蒙特瑞科金屬公司), deputy general manager of Rio Blanco Copper S.A. in Peru (秘魯白河銅業公司), director and deputy general manager of CRCC-Tongguan Investment Co., Ltd. (中鐵建銅冠投資有限公司), director of Coliante Company in Canada (加拿大寇里安特公司), senior deputy general manager of Coliante Company in Ecuador (厄瓜寇里安特公司), deputy general manager of NFCA and other positions. Since January 2019, Mr. Hu has serves as the general manager of NFCA. Mr. Hu obtained a bachelor degree of mining engineering from Central South University in 1987.

Peiwen Zhang (張培文), aged 52, is a vice president of the Company who is in charge of SML. He was appointed as and joined the senior management of the Company on 24 March 2016 and currently acts as a director and the general manager of SML. He resigned as a director of CNMC Huachin Mabende in June 2017. Mr. Zhang has 29 years of experience in the mining industry and acted as the vice general manager of SML from 2005 to 2016. In 2004, he was appointed as the technology director of Kunming Rui Yuan Ju Corporation (昆明瑞源巨公司), the 2,000-tonne hydrometallurgical plant of Yunnan Jinsha Corporation (雲南金沙公司). From 2001 to 2004, he acted as the vice director of the scientific research institute of Yunnan Jinsha Mining Co., Ltd. From 1995 to 2000, he has successively acted as the vice director, director, the assistant to the head of and deputy head of the metallurgical research institute under the scientific research institute of former Yunnan Dongchuan Copper Mines Administration (雲南東川礦務局) and the director of 500-tonne hydrometallurgical plant. Mr. Zhang graduated from Changsha Non-ferrous College (長沙有色金屬專科學校) in 1989 with a major in non-ferrous metal metallurgy and was recognised as a metallurgical engineer in 1998.

Dayong Yang (楊大勇), aged 50, is a vice president of the Company and was appointed as and joined the senior management of the Company on 6 July 2019, who is in charge of planning coordination and project management. He was appointed as the chief compliance officer on 1 April 2020. Mr. Yang commenced his career at the former Ministry of Foreign Trade and Economic Cooperation of the PRC (currently known as the Ministry of Commerce of the PRC ("MOFCOM")) in 1992. He used to serve as the deputy division head and the division head of the Department of Outward Investment and Economic Cooperation of the MOFCOM. Mr. Yang's rich public administration experience also includes his services at the Economic and Commercial Counsellor's Office of the Embassy of the PRC in the Swiss Confederation and the Economic and Commercial Counsellor's Office of the Embassy of the PRC in the Republic of France. From September 2012 to January 2019, Mr. Yang served as the deputy director of the strategic planning department (previously known as "strategic research office") of CNMC, a controlling shareholder of the Company. Mr. Yang has graduated from Beijing Foreign Studies University with a bachelor's degree in French language. From September 2011 to August 2012, Mr. Yang attended an international public administration study programme at École Nationale d'Administration as a candidate sponsored by the French government.

Xinghua Liu (劉興華**)**, aged 51, is the chief financial officer of our Company and was appointed as and joined the senior management of Company on 25 January 2016. He currently serves as a director of CNMHKI. He has 27 years of experience in financial management. Mr. Liu joined China 15th Metallurgical Construction Group Company Limited ("15th MCC") (中國十五冶金建設有限公司) (a subsidiary of CNMC) in 1992 and once served as the financial manager of the Fuzhou management team of the 15th MCC. He joined NFCA (a subsidiary of the Company) in 2002 and had successively served as the chief accountant, the deputy manager and the manager of its Financial Department, the deputy chief accountant and assistant to general manager. He joined our Company in 2016 and has served as chief financial officer ever since. Mr. Liu graduated from North China University of Technology with a bachelor's degree in accounting in 1992, and obtained a master's degree of engineering from University of Science and Technology Beijing in 2016. He also obtained the title of senior accountant in 2002.

Yuan Jiang (江源), aged 40, is a vice president of the Company and was appointed as and jointed the senior management of the Company on 6 July 2019, who is in charge of the development of the overseas mineral resources. Mr. Jiang has over 13 years of experience in metal industry. From July 2006 to December 2016, Mr. Jiang successively served as the cadre of Department of Investment and Management, a deputy director and the director of Department of Project Development of CNMC. From December 2006 to December 2017, Mr. Jiang successively served as a deputy director (doctor service group of the Organisation Department of the Central Committee of the Communist Party of China ("CPC")) of management committee of export processing zone on a temporary basis in Beihai City, Guangxi Zhuang Autonomous Region. From December 2017 to December 2018, Mr. Jiang successively served as the assistant to general manager (doctor service group of the Organisation Department of CPC Central Committee) in International Port Group Co., Ltd. in Beibu Gulf, Guangxi Zhuang Autonomous Region. Mr. Jiang obtained a master's degree in mineral processing from Central South University in July 2006 and a doctoral degree of engineering in mining engineering from University of Science and Technology Beijing in January 2014. Mr. Jiang obtained the title of senior dressing engineer in 2012.

Note: Kaishou Xie (謝開壽) resigned as a vice president of the Company on 24 March 2020. For details of Kaishou Xie's biography, please refer to the section headed "Directors and Senior Management Biographies" in 2018 Annual Report.

COMPANY SECRETARY

Man Yi Wong (黃敏儀), aged 44, has been appointed as a joint company secretary of the Company with effect from 27 April 2018. Ms. Wong has over 10 years of experience in company secretarial services industry. From March 2015 to January 2020, she was the company secretary of Hao Wen Holdings Limited (shares of which are listed on GEM operated by the Hong Kong Stock Exchange). Ms. Wong was previously a joint company secretary of the Company for the period from June 2012 to December 2013. Ms. Wong graduated from City University of Hong Kong with a Bachelor degree of Business Administration (Honours) in Business Management in 2006 and a Master of Science degree in Professional Accounting and Corporate Governance in 2009. Ms. Wong is an associate member of The Hong Kong Institute of Chartered Secretaries, The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) and The Taxation Institute of Hong Kong. She is a Certified Tax Adviser of Hong Kong.

Note: Aibin Hu (胡愛斌) resigned as the chief compliance officer and a joint company secretary of the Company on 1 April 2020. For details of Aibin Hu's biography, please refer to the section headed "Directors and Senior Management Biographies" in 2018 Annual Report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board of Directors and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. None of the Directors is aware of any information which would reasonably indicate that the Company has not, for the year ended 31 December 2019, complied with the code provisions as set out in the CG Code.

The Company has applied the principles of the CG Code to its corporate governance structure.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the "Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 of the Listing Rules".

The Company had made specific enquiry to all the Directors and confirmed that all of them complied with the Model Code for the year ended 31 December 2019.

BOARD OF DIRECTORS

As at 31 December 2019, the Board comprised five executive Directors, namely Mr. Tongzhou Wang, Mr. Xiaowei Wang, Mr. Lin Zhang, Mr. Chunlai Wang and Mr. Kaishou Xie; one non-executive Director, namely Mr. Jinjun Zhang; and three independent non-executive Directors, namely Mr. Chuanyao Sun, Mr. Jingwei Liu and Mr. Huanfei Guan. Mr. Tongzhou Wang is the chairman of the Board.

After the year ended 31 December 2019, with effect from 24 March 2020: (1) Mr. Kaishou Xie has resigned as an executive Director, and a vice president and (2) Mr. Wei Fan has been appointed as an executive Director. Mr. Fan would continue to serve as a vice president of the Company.

Save as disclosed in this annual report, to the best knowledge of the Company, there are no financial, business, family or other material relationships among members of the Board.

Lualaba Main Smelting Plant

For the year ended 31 December 2019, all the members of the Board and board committees actively attended relevant meetings. The attendances at the meetings of the Board and its committees and the annual general meeting held in person or through other electronic means of communication are as follows:

	Number of meetings held for the year ended 31 December 2019					
	Board	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Compliance Committee**	**AGM**
Mr. Tongzhou Wang	3/4	N/A	N/A	N/A	1/2	1/1
Mr. Xiaowei Wang	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Lin Zhang	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Chunlai Wang	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Kaishou Xie *(resigned on 24 March 2020)*	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Jinjun Zhang *(appointed on 29 March 2019)*	3/3	1/1	N/A	1/1	N/A	1/1
Mr. Diyong Yan *(resigned on 29 March 2019)*	1/1	1/1	1/1	1/1	N/A	N/A
Mr. Chuanyao Sun	4/4	N/A	1/1	2/2	2/2	1/1
Mr. Jingwei Liu	4/4	2/2	1/1	N/A	N/A	1/1
Mr. Huanfei Guan	4/4	2/2	N/A	2/2	2/2	1/1

The Board shall meet at least four times a year at approximately quarterly intervals. The Audit Committee shall meet not less than twice a year to review and discuss the interim and annual consolidated financial statements. The Compliance Committee shall meet at least two times a year to review the Company's internal control policies and corporate management. Both of the Nomination Committee and the Remuneration Committee shall meet at least once a year. In addition, the chairman of the Board shall meet with independent non-executive Directors without the attendance of executive Directors at least once a year. The Company was in compliance with all the requirements in respect of meetings of Board committee throughout the year of 2019.

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The Board is responsible for leading, supervising and managing the Company. Its main duties include but are not limited to: (i) formulating and reviewing the corporate governance policies and practice of the Company; (ii) reviewing and inspecting trainings and continuing development of Directors and senior management; (iii) reviewing and monitoring relevant policies and rules of the Company in relation to compliance with laws and regulations; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company's compliance with Corporate Governance Code and the disclosure of relevant information in the Corporate Governance Report. The Board supervises the business, strategy and decision making as well as performance of the Group, in a bid to achieve sound growth momentum to improve shareholder value. Each Director executes his duties in good faith and make objective decisions in compliance with requirements of applicable laws and regulations. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transaction being entered into. Non-executive Directors and independent non-executive Directors actively participated in the meetings of the Board and its committees to exercise their independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct of the Company. All of the non-executive Directors and independent non-executive Directors made positive contributions to the strategy and policies of the Company's development through independent, constructive and informed comments. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee.

The Board also has a balance of skills and experience appropriate for the requirements of the Company's business and it ensures that changes to its composition can be managed without undue disruption. There is a sufficient number of non-executive Directors for their views to carry weight. As not less than one-third of the Board shall be made up of independent non-executive Directors, there is also a strong independent element on the Board, which facilitates the exercise of independent judgment by the Board. One of the independent non-executive Directors, Mr. Jingwei Liu, holds the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment, so as to ensure that he understands the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development training for the Directors were arranged by the Company and its professional advisers.

During the year ended 31 December 2019, all the Directors took continuous professional development trainings in order to refresh their knowledge and skills and provided relevant records to the Company.

The types of trainings in which all Directors participated during 2019 are as follows:

	Type of Trainings
Executive Directors	
Mr. Tongzhou Wang	A, B
Mr. Xiaowei Wang	A, B
Mr. Lin Zhang	A, B
Mr. Chunlai Wang	A, B
Mr. Kaishou Xie *(resigned on 24 March 2020)*	A, B
Non-Executive Directors	
Mr. Jinjun Zhang *(appointed on 29 March 2019)*	A, B
Mr. Diyong Yan *(resigned on 29 March 2019)*	A, B
Independent Non-Executive Directors	
Mr. Chuanyao Sun	A
Mr. Jingwei Liu	A
Mr. Huanfei Guan	A

A: attending seminars, conferences and/or expert briefings relevant to the business or directors' duties

B: paying visits to the Group's local management and facilities

Pursuant to Rule 3.13 of the Listing Rules, the Company has received written annual confirmation from each independent non-executive Director for his independence and considers that all independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

The Company has arranged appropriate insurance cover in respect of legal action against all the Directors.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive focuses on the Company's business development and daily management and operations generally. During the year ended 31 December 2019, Mr. Tongzhou Wang is the chairman and Mr. Lin Zhang is the president. The Company had complied with code provision A.2.1 of the CG Code throughout the Year.

APPOINTMENT AND RETIREMENT OF DIRECTORS

In accordance with article 102 of the Articles of Association, at each annual general meeting, one-third of the Directors or, if their number is not three (3) or a multiple of three (3), the number which is nearest to and is at least one-third, shall retire from office by rotation at least once every three (3) years. A retiring Director shall be eligible for re-election. Pursuant to article 103 of the Articles of Association, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. According to articles 102 and 103, Mr. Chunlai Wang, Mr. Chuanyao Sun and Mr. Huanfei Guan, shall retire at the forthcoming annual general meeting. They are eligible for re-election and will offer themselves for re-election. Pursuant to the article 107 of the Articles of Association, a Director appointed by the Board to fill a vacancy or as an additional Director shall retire at the next following annual general meeting and shall then be eligible for re-election. Mr. Wei Fan, being appointed by the Board after the last annual general meeting of the Company, shall retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors has signed a service agreement and a supplemental service agreement with the Company for an initial term of three years and to renew for three years automatically (subject to termination in certain circumstances as stipulated in the relevant service agreement). Each of the non-executive Directors (including three independent non-executive Directors) has signed a letter of appointment and a supplemental letter of appointment with the Company for an initial term of three years and to renew for three years automatically (subject to termination in certain circumstances as stipulated in the relevant letters of appointment).

Save as disclosed herein, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without the payment of compensation other than statutory compensation).

PRACTICES OF BOARD MEETINGS

Notices of regular Board meetings are given to all the Directors at least 14 days before the meetings. Schedules and agenda of each meeting are made available to the Directors in advance. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. For other Board and committee meetings, notices are given within reasonable time in advance. Minutes of all Board meetings and committee meetings are kept by the joint company secretaries and open for the Directors' inspection. Draft and final version of minutes are circulated to the Directors for their comments and records within a reasonable time after the Board meeting is held. Minutes of the meetings of the Board and Committees recorded sufficient details of the matters considered and decisions reached at relevant meetings, including any concerns raised by Directors or dissenting views expressed.

The Directors, upon reasonable request, will be provided with independent professional advice, at the Company's expense, to assist them to perform their duties. They may also have access to the senior management whenever necessary. Senior management would attend all regular Board meetings as and whenever necessary to report and advise the Board on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company. All Directors are entitled to have access to Board papers and related materials. The Company shall provide prompt and full responses to queries raised by the Directors as soon as it possibly can.

Pursuant to the provision of the Company's Articles of Association, a Director shall not vote nor be counted in the quorum at the Board meeting on any resolution approving any contract or arrangement or concerning a matter in which he or any of his associate(s) has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises because of specified matters set out in the Articles.

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee to oversee particular aspects of the affairs of the Company. Each of these committees is set up with specific written terms of reference and the same has been published on the website of Hong Kong Stock Exchange. Each committee is delegated with authorities and duties within its terms of reference. The agenda of Board committees and relevant documents will be sent to all Directors at least three days before the intended date of relevant meetings. Each committee shall report to the Board according to its terms of reference.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C3 of the CG Code 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. As at the date of this report, the Audit Committee consists of three members, being Mr. Jinjun Zhang (non-executive Director), Mr. Jingwei Liu (independent non-executive Director) and Mr. Huanfei Guan (independent non-executive Director). The chairman of the Audit Committee is Mr. Jingwei Liu. The Group's financial statements for the year ended 31 December 2019 have been reviewed by the Audit Committee, who was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

The Audit Committee is also responsible for overseeing and monitoring the risk management and internal control systems of the Company on an ongoing basis and review with our external auditors and management periodically, not less than once a year, the scope, adequacy and effectiveness of the Company's corporate accounting and financial controls, risk management and internal control systems and any related significant findings regarding risks or disclosure, and consider recommendations for improvement of such controls. The review should cover all material controls, including financial, operational and compliance controls. In conducting annual review, the Audit Committee should, in particular, consider the factors including (a) the changes, since the last annual review, in the nature and extent of significant risks, and the issuer's ability to respond to changes in its business and the external environment; (b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers; (c) the extent and frequency of communication of monitoring results to the board which enables it to assess control of the issuer and the effectiveness of risk management; (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and (e) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance.

The Audit Committee is also responsible for reviewing the Company's internal audit function, ensuring coordination within the Group and between the Company's internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness.

The Audit Committee had reviewed the Group's unaudited financial statements for the six months ended 30 June 2019, the announcements on interim results and annual results, the interim report and annual report subject to the approval of the Board. It had advised the Directors on the audit report, accounting policies and comments.

The Company's and the Group's audited financial statements for the year ended 31 December 2019 have also been reviewed by the Audit Committee, who was of the opinion that these statements complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures had been made.

For the Year, the Audit Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Jingwei Liu	2/2
Mr. Jinjun Zhang *(appointed on 29 March 2019)*	1/1
Mr. Diyong Yan *(resigned on 29 March 2019)*	1/1
Mr. Huanfei Guan	2/2

NOMINATION COMMITTEE

The Nomination Committee consists of three members. As at 31 December 2019, the Nomination Committee members were Mr. Chuanyao Sun and Mr. Jingwei Liu, being independent non-executive Directors, and Mr. Jinjun Zhang, being a non-executive Director. The chairman of the Nomination Committee is Mr. Chuanyao Sun, an independent non-executive Director. The Company has adopted the board diversity policy since 30 August 2013. The primary functions of the Nomination Committee include, but are not limited to, reviewing the structure, size, diversity (including but not limited to gender, age, culture and educational background), and composition of the Board of Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. The Nomination Committee is authorised by the Directors to obtain advice from external counsel or other independent professional consultants if necessary. It may invite external individuals with relevant experience and professional knowledge to attend the meeting when needed. The Nomination Committee will be provided adequate resources to perform its duties.

The Nomination Committee has fulfilled the primary duties mentioned above. At the meeting held by the Nomination Committee in 2019, it reviewed the structure, size, composition and diversity of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the business of the Company, and assessed the independence of the independent non-executive Directors. The Nomination Committee reviewed the appointment of each Director prior to that Director seeking re-election at the forthcoming annual general meeting and was pleased to recommend the re-election of all the three eligible Directors to the Board.

For the Year, the Nomination Committee held one meeting and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Chuanyao Sun	1/1
Mr. Diyong Yan *(resigned on 29 March 2019)*	1/1
Mr. Jingwei Liu	1/1

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the Nomination Committee based upon the Director qualifications. While Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and the Shareholders.

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy and recognises the benefits of having diversity in the composition of the Board.

The Company noted that that people from different background and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse background will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, the Nomination Committee will consider factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Composition of the Diversified Board

As at the date of this annual report, the Board comprises nine Directors. The following table further illustrate the composition and diversity of the Board in terms of age and length of service with the Group, educational background and professional experience as at the date of this annual report:

	Age Group			Length of Service	
Name of Director	**40 to 49**	**50 to 59**	**60 or above**	**less than 3 years**	**more than 3 years**
Mr. Tongzhou Wang		✓		✓	
Mr. Xiaowei Wang		✓		✓	
Mr. Wei Fan	✓			✓	
Mr. Lin Zhang		✓		✓	
Mr. Chunlai Wang		✓			✓
Mr. Jinjun Zhang		✓			✓
Mr. Chuanyao Sun			✓		✓
Mr. Jingwei Liu		✓			✓
Mr. Huanfei Guan			✓		✓

	Educational Background				Professional Experience		
Name of Director	**Economics**	**Mining**	**Accountancy**	**Business Administration**	**Mining**	**Accounting and Finance**	**Management**
Mr. Tongzhou Wang	✓						✓
Mr. Xiaowei Wang		✓			✓		✓
Mr. Wei Fan				✓	✓		✓
Mr. Lin Zhang		✓			✓		✓
Mr. Chunlai Wang		✓			✓		✓
Mr. Jinjun Zhang		✓			✓		✓
Mr. Chuanyao Sun		✓			✓		
Mr. Jingwei Liu			✓			✓	✓
Mr. Huanfei Guan	✓					✓	✓

REMUNERATION COMMITTEE

The Remuneration Committee consists of three members. As at 31 December 2019, the Remuneration Committee members are, Mr. Huanfei Guan and Mr. Chuanyao Sun, being independent non-executive Directors, and Mr. Jinjun Zhang, being a non-executive Director. The Remuneration Committee is chaired by Mr. Huanfei Guan, an independent non-executive Director. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on the Company's policy and structure for all remuneration of the Directors (including executive Directors) and senior management and on the establishment of a formal and transparent procedure for development policy on such remuneration; (ii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; (iii) evaluating the performance of executive Directors; and (iv) approving the terms of executive Directors' service contracts. The Remuneration Committee is authorised by the Directors to obtain advice from external counsel or other independent professional consultants if necessary. It may invite external individuals with relevant experience and professional knowledge to attend the meeting when needed. The Remuneration Committee is provided with adequate resources to perform its duties.

The remuneration payable to each of the directors is determined by the Remuneration Committee with reference to his contribution of time, effort and expertise on the Company's matters.

The Remuneration Committee of the Company has performed the primary duties mentioned above.

For the remuneration of the Directors for the year ended 31 December 2019, please refer to note 13 to the audited consolidated financial statements of this annual report.

Please see below for the remuneration of the senior management of the Company by band for the year ended 31 December 2019:

	Number of senior management
HK$0 to HK$500,000	7
HK$500,001 to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	5

For the Year, the Remuneration Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Huanfei Guan	2/2
Mr. Jinjun Zhang *(appointed on 29 March 2019)*	1/1
Mr. Diyong Yan *(resigned on 29 March 2019)*	1/1
Mr. Chuanyao Sun	2/2

COMPLIANCE COMMITTEE

The Compliance Committee consists of three members. As at 31 December 2019, the Compliance Committee members are Mr. Tongzhou Wang, an executive Director, Mr. Chuanyao Sun and Mr. Huanfei Guan, being independent non-executive Directors. The chairman of the Compliance Committee is Mr. Tongzhou Wang, an executive Director. The primary functions of the Compliance Committee include, but are not limited to, overseeing and monitoring the compliance status of the Company's business and operations based on the applicable legal and regulatory requirements as well as the Company's own internal control policies and procedures; reviewing regular and special reports submitted by the compliance principal in each subsidiary and requiring such compliance principals to prepare specific reports dealing with particular internal control or compliance issues for review; holding regular meeting to discuss, investigate and make plans for the legal and compliance matters; formulating and reviewing the Company's policies and practice on corporate government and making recommendations to the Board; and reviewing the Company's compliance with the Corporate Governance Code set out in the Listing Rules and disclosure in the Corporate Governance Report section of the Company's annual report.

The Compliance Committee has performed the primary duties mentioned above.

For the Year, the Compliance Committee held two meetings and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Tongzhou Wang	1/2
Mr. Chuanyao Sun	2/2
Mr. Huanfei Guan	2/2

INDEPENDENT AUDITOR

The Group's independent external auditor is Deloitte Touche Tohmatsu ("Deloitte"). Deloitte is responsible for presenting independent opinions on the consolidated financial statements of the Group in accordance with the results of their auditing work, and reporting to the Shareholders on the same. Apart from the statutory audit of the annual consolidated financial statements, Deloitte was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2019 and to provide assurance service on continuing connected transactions.

The remuneration paid to Deloitte and its affiliates in respect of audit services and other non-auditing services (those are, review of the interim consolidated financial statements of the Group, tax consulting services for subsidiaries located in Zambia and Ireland and consulting services in respect of risk management and internal control) for the year ended 31 December 2019 amounted to US$752,000 (RMB3,080,000 and US$305,000) and US$368,000 (RMB1,900,000, HK$378,000 and US$44,000) respectively.

COMPANY SECRETARIES

Mr. Aibin Hu and Ms. Man Yi Wong are the joint company secretaries of the Company throughout 2019.

Before Mr. Aibin Hu's resignation as a joint company secretary on 1 April 2020, Ms. Man Yi Wong's primary corporate contact person at the Company was Mr. Aibin Hu. The joint company secretaries have taken no less than 15 hours of relevant professional training during the Year. Joint company secretaries of the Company shall report to chairman of the Board and/or chief executive.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group, which were prepared in accordance with statutory requirements and applicable accounting standards. The management has provided detailed explanation and information to the Board, which will enable the Board to make informed assessment on the financial and other information put before the Board for approval. Updated information has been provided by the management to members of the Board on a monthly basis, containing fair and understandable assessment on performance, financial condition and prospect of the Group.

The auditor’s report for the consolidated financial statements for the year ended 31 December 2019 is set out on pages 117 to 121 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group is dedicated to maintaining and establishing quality corporate governance. Pursuant to code provisions of the Corporate Governance Code set out in Appendix 14 of Listing Rules, basic standards, guidelines for evaluation as well as other requirements under relevant laws and regulations, the Group has conducted self-evaluation on the effectiveness of its internal control in respect of design and operation. As at 31 December 2019, the internal control for businesses and matters involved in self-evaluation has been established and has operated effectively. Thus the internal control objective of the Group was achieved and the internal control of the Group was sound and effective.

The Board recognises its responsibility for maintaining an adequate and sound internal control system and assesses its effectiveness of internal control on a regular basis. Through the Audit Committee, the Compliance Committee and an external firm of qualified accountants providing internal control services, the Board conducts reviews on the effectiveness of these systems at least once a year, covering all material controls, including financial, operational and compliance controls, and risk management functions. In addition, the review also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting function.

We note that risk management and internal control shall be in line with the Group's operation scale, business scope, competition and risk level, and shall be adjusted in a timely manner according to changes in circumstances. During the year: we 1) further set up the comprehensive management system and mechanism for legal and compliance works; 2) engaged Deloitte Touche Tohmatsu CPA Ltd. and China Energy Conservation Environmental Advisory Group Co., Ltd. to organise and conduct two special programmes, namely "Risk Management and Internal Control System" and "Environmental, Social and Corporate Governance", with an aim to independently assess risk management, internal control system, environmental, social and corporate governance of the Group. These programmes laid a solid foundation for the enhancement of corporate governance structure and level of the Group; 3) improved management level with additional training. In 2019, the Board reviewed the risk management and internal control of the Group. The Compliance Committee held two meetings to plan for legal and compliance management works. In addition to the training provided by Baker & McKenzie to Directors, senior management and compliance management personnel, in relation to risk management, internal control, environmental, social and corporate governance, the company secretary and other compliance management personnel also attended various professional trainings provided by the Hong Kong Institute of Chartered Secretaries, with an aim to continuously improve the awareness for compliance and prevention of legal risks and refresh professional skill sets of themselves and other compliance staff.

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

I. Responsibilities

The Board is fully responsible for maintaining a sound and effective risk management and internal control system, while the management is responsible for the design and implementation of the risk management and internal control system to manage the risks. The Board further clarifies that a sound and effective risk management and internal control system is designed to identify and manage the risk of failure to achieve business objectives, and only makes reasonable, but not absolute, assurance against material misstatement or loss.

II. Risk Management and Internal Control Structure of the Company

The Board is responsible for the Company's risk management and internal control system and reviews its effectiveness periodically. The Audit Committee and the Compliance Committee assist the Board in monitoring the Company's risk tolerance level, the designs of the risk management and internal control system and their operational effectiveness.

The Company strictly complies with the requirements of the Listing Rules and relevant laws and regulations on inside information management, and strictly supervises the dealing and publishing of inside information to keep such information in confidentiality before being disclosed, and be disclosed in an accurate and timely manner.

The Audit Committee will continuously supervise and monitor the Company's risk management and internal control system, and will review with external auditors and senior management of the Company in a certain scope on a regular basis (at least once a year) the scope, adequacy and effectiveness of the Company's accounting and financial monitoring, risk management and internal control systems, as well as any relevant significant findings relating to risks or disclosure, and consider making recommendations for improvement of such controls. An annual review covers all material monitoring, including financial monitoring, operational monitoring and compliance monitoring.

The matters that the Audit Committee is responsible for include, but are not limited to, the following:

(a) discussing the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

(b) the scope and quality of the continuous monitoring of risk management and internal control system by senior management, as well as (where applicable) internal audit functions and works of other assurance providers;

(c) reporting on the extent and frequency of communication of monitoring results to the Board to enable the Audit Committee to assess control of the Company and the effectiveness of risk management;

(d) significant control failings or weaknesses that have been identified during the reporting period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance;

(e) the effectiveness of the Company's procedures on financial reporting and the compliance of the Listing Rules;

(f) discussing the risk management and internal control system with senior management in order to ensure the proper establishment and maintenance of effective systems by senior management in the performance of its duties. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal control and financial reporting functions;

(g) considering major findings from investigation on risk management and internal control matters as delegated by the Board or on its own initiative and considering management's response to these findings;

(h) reviewing the internal audit function, to ensure co-ordination between the internal and external auditors of the Company, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(i) reporting to the Board of any actions that have been noted and which, depending on their severity, should be brought to the attention of the Board in respect of any alleged fraud, non-compliance, failure of risk management and internal control system, or alleged violations and irregularities, and to review the internal investigation findings of any alleged fraud, non-compliance, failure of risk management and internal control system, or alleged violations and irregularities in financial reporting;

(j) reporting to the shareholders in the Corporate Governance Report its annual review of the effectiveness of risk management, internal control system and internal audit functions, or whether additional internal audit functions are required and explain why this function is not available (as the case may be), in order to make sure that the Company has complied with the disclosure requirements under the code provisions on risk management and internal control in the Corporate Governance Code and Corporate Governance Report under the Listing Rules.

The responsibilities of the Compliance Committee in risk management and internal control shall include, but are not limited to:

(a) devising mechanisms and procedures and making recommendations on improving the internal control system;

(b) improving and reviewing the effectiveness of the Company's risk management and internal control policies and making recommendations on their improvement;

(c) overseeing and monitoring the compliance of the Company's business and operations in accordance with applicable legal and regulatory requirements as well as with the risk management and internal control policies and procedures;

(d) fostering a conducive compliance and risk culture within the Company and considering key risk and compliance issues in relation to the Company's commercial activities.

Risk Management Structure of the Company

	Board		Audit Committee	Compliance Committee
Top-down: monitor, identify, assess and control the risks at corporate level	• Fully responsible for the Company's risk management and internal control system • Set up strategic objectives to review the effectiveness of the Company's risk management and internal control system	• Assess and define the nature and extent of the risks • Provide guidance on the importance of risk management and promote the risk management culture	• Continuously monitor the Company's risk management and internal control system and regularly review the scope, adequacy and effectiveness of the Company's accounting and financial monitoring, and risk management and internal control system	• Assist the Board in improving and checking the effectiveness of the Company's risk management and internal control policies and make recommendations for their improvement
Bottom-up: identify, assess and control the risks of business units at operations level	**Management**		**Internal audit**	
	• Design, implement and monitor risk management and internal control system • Assess the risks to the Company and its control measures		• Assist the Audit Committee in reviewing the effectiveness of the Company's risk management and internal control system	
	Business units at operations level			
	• Identify, evaluate and manage business risks		• Implement risk management procedures and internal control measures within each operational and functional scope	

III. Risk Management and Internal Control Model

The risk management and internal control model of the Company is based on the model set down by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and has five components, namely: internal environment, risk assessment, control activities, information and communication, and internal supervision. In developing our internal control model based on the internal control model set by COSO, the Company has taken into consideration its organisation structure and nature of business activities.

Internal Environment – This creates suitable conditions for the risk management and internal control of the Company. The Company formed a management style focusing on corporate governance, and built a corporate culture with good professional ethics and accountability. The Company has formulated the Code on Corporate Governance Practices and promoted it to all employees. The Internal Control Management Manual of the Company has full coverage of the organisational structure, development strategies, human resources, social responsibility, corporate culture and other internal environment aspects, aims to build risk awareness and internal control responsibility into our culture and is regarded as the foundation of the Company's internal controls system.

Risk Assessment – The Company formed a risk management system for risk identification, risk analysis, risk assessment and risk response. The Board, management and all employees work together for continuing promotion of risk management. A law and compliance department was established by the Company to regularly follow up on risk management work, to prepare a compliance report every month so as to track the risk situation of the enterprise and to integrate the risk management function into the daily management work and the scope of business operation and functions of each enterprise. Meanwhile, the Company proactively conducted identification and assessment of key risks and analyzed and coped with risks in a timely manner.

Control Activities – The Company's core businesses of mining, ore processing, smelting and sales of copper and cobalt have all established mature operational processes. The Company and its subsidiaries have formed a sound system covering every production and business activity at the business and financial level. Besides, the Company has strengthened its information automation programme to effectively set restrictions on power and implement the separation of duties. With the help of digital technology, the operating efficiency was promoted.

Information and Communication – The Company established a sound information communication mechanism, for example, it promulgated the "Management System of Information Disclosure of China Nonferrous Mining Corporation Limited" and the "Management System of Financial Information Disclosure of China Nonferrous Mining Corporation Limited", set up a periodic reporting mechanism of monthly compliance information including statutory matters, internal control system, legal cases and related party transactions, and the Company continuously supervises and manages the financial information and compliance information of its subsidiaries. Its subsidiaries have established a unified business finance management system to strengthen the integration and sharing of information.

Internal Supervision – The supervision procedure is organised by the Board, the Audit Committee and the Compliance Committee, and performed by the Legal and Compliance Department and the internal auditor. The Audit Committee and the Compliance Committee shall hold at least two meetings a year, to continuously monitor the risk management and internal control system. At management level, the Company has a complaint channel to carry out anti-fraud monitoring work, and the Legal and Compliance Department will arrange reviews on the risk management and internal control system annually.

IV. Review on the Effectiveness of the Risk Management and Internal Control System in 2019

The Company has organised an overall review on the risk management and internal control system in 2019. As at 31 December 2019, as confirmed by the management, the Board considered the risk management and internal control system effective and sufficient and did not identify any significant issues that may affect the Company's financial monitoring, operational monitoring, compliance monitoring and risk management functions.

During the course of review, the Board considered that the resources available to, qualifications and experience of staff responsible for the Company's accounting, internal audit and financial reporting, training and budget were sufficient.

Production and Control Centre of NFCA Southeast Mine

V. Further Reinforcing the Company's Risk Management and Internal Control System

The Company has further reinforced its risk management and internal control system, with focus on the following:

Internal Environment – Optimisation and Adjustment of Organisational Structure

The Company has further optimised the organisational structure. Based on the medium and long-term strategic plans, the Company increased the number of senior management positions in resources development, planning and engineering management, and added a number of departments such as the African region department, other regions department, the engineering management department and the planning department, so as to improve the overall market competitiveness of the Company by laying a foundation for organisational and human resources.

Risk Assessment – Strengthening Key Risk Prevention and Control

In order to further strengthen the monitoring of significant and potential risks, the Board took the lead, and the management identified and followed up on the distribution of risks. In daily operation and management, the chief executive officer discussed the risk management status, including strategic risk, operational risk, financial risk, market risk and legal risk, with various departments through executive office meetings. The chief compliance officer conducted monthly reporting and continuous monitoring on about 100 risk points pertaining to legal cases, connected transactions, key internal control elements and statutory obligations, through a supervisory system covering all compliance personnel of the entire Company.

Control Activities – Continuous Optimisation of Operational Management

Empowered by technology, the Company continuously advanced the optimisation of the management system and re-establishment of the procedure, and improved the level of production management, integration of production, supply and marketing, financial control, cost management, and compliance monitoring management. We strengthened the site management of major projects in Southeast Mine of NFCA, Lualaba Copper Smelter and Kambove Mining.

Information and Communication – Integration and Promotion of Informationisation Management

In order to ensure the comprehensiveness and timeliness of information transmission in operation and management, the Company and its subsidiaries have fully implemented the integration of business financial information management system, strengthened the business financial integration, and expanded the system to a number of areas such as human resources management. West Mine of NFCA promoted the development of large-scale, digital, automatic equipment for excavation. In Southeast Mine, the digitalisation of mines and process automation reduced structural waste and improved decision-making level and operating efficiency.

Internal Supervision –Fully Implementation of Evaluation on Internal Control System

On the basis of the conventional monthly and annual internal control evaluation, the legal and compliance department organised a special evaluation on risk management and internal control system in 2019 to carry out a thorough and holistic evaluation of the risk management and internal control system of the Company and its subsidiaries. The annual special evaluation covers many aspects such as corporate governance, financial supervision, business operation and compliance supervision.

VI. Future Development

Developing a risk management system that will be used by each operating unit to manage and control risks is an ongoing process. The Company will continue to enhance its risk management and control capabilities, improve its internal control structure, and strive to integrate risk management and internal control into its business processes.

VII. Risk Factors of the Company

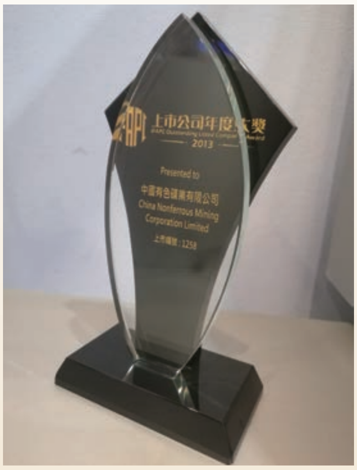
As the basis for the risk management policy, the Company should be aware of the risk factors and risk changes it is currently exposed to. The following table sets out the nature and risk changes of some of the significant risks to the Company.

Risks	Description of risks change	Risks change in 2019
Political environment	• The orderly rotation of the DRC government was completed in 2019. The political environment of Zambia, and the DRC, each being the Company's principal place of business, is relatively stable.	Reduced
Operating environment	• The changes in the mining tax policies of Zambia and DRC have adversely affected the Company's operations and management. The operating entity in Zambia actively responded to the changes in tax policy through outsourcing processing work.	Maintained
Product price	• The annual average price in 2019 is lower than that in 2018, which has a certain impact on the Company's operating performance, but the supply is still in a tight balance.	Maintained
Provision of raw materials	• CNMC Huachin Mabende and Lualaba Copper Smelter have a relatively low supply ratio of mineral resources, and the Company adopted various methods including acquisition, lease and long-term agreement, etc. to obtain the mineral resources to guarantee the supply of raw materials.	Maintained

Risks	Description of risks change	Risks change in 2019
Production management	• Lualaba Copper Smelter succeeded in commissioning test in November 2019, the production process of blister copper was fully integrated into the trial production stage, and the system of copper-cobalt alloy was under construction. • Huachin Leach has completed the transformation and expansion of 10,000 tonnes and the trail of 2,000 tonnes of cobaltous hydroxide system, produced the products of cobaltous hydroxide, and expanded the market of products. • CNMC Huachin Mabende was progressing smoothly in the reconstruction and expansion of the 15,000 tonnes and was expected to be put into production by the end of the first quarter of 2020.	Reduced
Asset management	• The impairment of assets was mainly affected by the copper price. As the copper price declined at the end of 2019, the impairment risk of assets of the Company increased. • The major and new project of Lualaba Copper Smelter was put into production, and the stress on the construction of the project was reduced, resulting in a decrease in the stress on the management of project materials.	Maintained
Foreign exchange management	• The exchange rate of ZMK against the US dollar dropped continuously in 2019. The change in exchange rate had an adverse impact on the production and operation of the Company.	Increased
Legal litigation	• Various types of litigations are still pending but are well-managed.	Maintained

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group emphasises the importance of maintaining good communication with the Shareholders and investors, so as to increase the Group's transparency and facilitate the performance of undertaking by the Shareholders. The annual general meeting provides a useful forum for Shareholders to exchange views with the Board. The chairman of the Board will attend and invite the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee to attend the annual general meetings. The members of the Board are pleased to answer Shareholders' questions. To foster two-way communication amongst the Group, its Shareholders and potential investors, the Group has assigned personnel in respect of investor relations to respond to enquiries from Shareholders and the public. In the event that a Shareholder wishes to put forward a proposal to the Board, he may put forth his enquiry in writing to the investor relations personnel who will handle the same accordingly. The Group is also willing to maintain communication with shareholders and investors on a continuous basis through individual and group meetings. In addition, the Group is committed to maximising the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.



Outstanding Listed Company Award granted by IFAPC in 2013

President's Award granted by the Community Chest of Hong Kong

Pursuant to code provision E.1.3 of CG Code, the Company shall arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.

Pursuant to Articles of Association, any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by notice of not less than 21 clear days. All other extraordinary general meetings may be called by notice of not less than 14 clear days but if permitted by the Articles of Association, a general meeting may be called by shorter notice.

In addition, in accordance with the provisions of the Articles of Association, an extraordinary general meeting may be convened on requisition as provided by the Companies Ordinance. According to the Companies Ordinance, the directors are required to call a general meeting if the company has received requests to do so from shareholders of the company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings. Such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting. The directors also have a duty to circulate a resolution proposed as a written resolution by a shareholder (together with any statement of not more than 1,000 words on the subject of the resolution proposed by the shareholder) if the company has received such requests from the shareholders of the company representing not less than 5% of the total voting rights of all the shareholders entitled to vote on the resolution.

Shareholders may at any time send their enquiries and concerns to the Board in writing at Unit 1303, 13/F, Austin Tower, 22–26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong. Sufficient contact details are available to enable these enquiries to be properly attended to.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In addition, the poll results will be posted on the websites of the Company and the Hong Kong Stock Exchange after the relevant shareholders' meeting. Sufficient contact details are available for shareholders to send their advice.

Dividend Policy

The Company adopted a policy on payment of dividends (the "Dividend Policy") in March 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to the Shareholders after considering the Company's ability to pay dividends, which will depend on a number of factors, including but not limited to:

(i) the Group's actual and expected financial performance;

(ii) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(iii) retained profits and distributable reserves of the Company and each of the members of the Group;

(iv) the Group's liquidity position;

(v) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(vi) any other factors that the Board deems relevant.

The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring interim dividends from time to time.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

INVESTOR RELATIONS

There has been no changes to the Company's Articles of Association during the year ended 31 December 2019.

The Group strongly believes that investor relations are an integral part of maintaining good corporate governance of a listed company. During the reporting period, the Group has been actively maintaining contact with investors and keeping them abreast of the latest industry updates, corporate communications and business development in a timely manner, so as to establish a platform for fair, open and transparent information disclosure. Mr. Dayong Yang is responsible for the investor relations of the Group with the full support from the Board and the senior management. Mr. Yang can be contacted by email at yangdy@cnmc.com.cn, by telephone at +86 10 8442 6373 and by fax at +86 10 8442 6376, Ms. Nuo Xu, the deputy manager of general affairs department, can be contacted by email at xun@cnmc.com.cn and by telephone at +86 10 8442 6082. During the Year, the Group actively participated in various investor relations activities and provided on-time information to investors through its company website.

Awards of Exemplary Organization for Promoting China-Zambia Friendship and Excellent Chinese Enterprise in Zambia granted to NFCA and Luanshya by the Chinese Embassy in Zambia

CONTINUOUS IMPROVEMENT OF INVESTOR RELATIONS

The Group published interim and annual results and disclosed discloseable inside information promptly in strict compliance with guidelines of Securities and Futures Commission and Hong Kong Stock Exchange, to provide financial performance, operating strategies and future prospects of the Company to the public in an accurate and effective manner.

The Group maintained close relationships with certain institutions including professional media outlets and investment banks, in a view to learn about the market recognition and expectation to the Group through various channels such as the media and analysts. In the meantime, the Group provided updates to the public in a bid to increase the Group's publicity.

The Company's website is considered to be one of the quickest means to communicate with investors. Through on-going information dissemination, the Group's website (www.cnmcl.net) serves as a platform to communicate with the public. The Group regularly updates the website contents, disseminates the latest updates, so as to enable the public to obtain such information in a timely manner. In 2019, the Group has published 35 announcements and 24 articles on company dynamics on its website. In addition, the Group also swiftly responds to different enquiries made by the Shareholders, investors, analysts and media by means of email, facsimile and telephone. The Group also published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

Compliance Taxpaying Cup granted to SML by Zambia Revenue Authority

Award of Advanced Central Enterprise to CCS granted by the Ministry of Human Resources and Social Security of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Overview

China Nonferrous Mining Corporation Limited ("CNMC" or the "Company") is pleased to release the fourth Environmental, Social and Governance Report (the "Report"), which is intended to provide relevant stakeholders with the environmental, social and governance (ESG) performance of the Company and its subsidiaries (the "Group" or "We"), so as to let them have a more comprehensive understanding of the Group's sustainable development philosophy.

Preparation Basis

This Report has been prepared by the Group in compliance with the ESG Reporting Guide (the "Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Long Limited (the "Stock Exchange") published by the Stock Exchange and in compliance with the "comply or explain" provisions under the Guide and on the basis of four reporting principles of materiality, quantification, balance and consistency.

The Group also made reference to the Global Reporting Initiative Standards (GRI Standards) of the Global Reporting Initiative (GRI) in the process of stakeholder surveys and report preparation in order to demonstrate our performance in respect of ESG sustainability in a more comprehensive way.

Scope of Reporting

This Report covers the head office of the Group and its subsidiaries including NFCA, Luanshya, CCS, SML, Huachin Leach, CNMC Huachin Mabende and Lualaba Copper Smelter, as well as the sales of copper and sulfuric acid products, the main source of revenue of the Group, in relation to ESG in the period from 1 January 2019 to 31 December 2019 (the "Reporting Period") unless otherwise stated. KAMBOVE MINING SAS, being a subsidiary of the Group, is not disclosed in the Report as it is still under construction and has not commenced formal production.

Reliability Assurance

The Board of Directors of the Group is responsible for formulating ESG strategies and for the contents of this report. The information and cases disclosed in this report are from the Group's internal documents, statistical reports or relevant public information. The Group assures that the contents of this report, for which the Company accepts full responsibility for its truthfulness, accuracy and completeness, are free of any false statements, misleading representations or material omissions.

Access and Feedback to the Report

The Report is published in the 2019 Annual Report of the Company. The electronic copy of this report is available on the website of the Stock Exchange (https://www.hkexnews.hk) and the official website of the Company (http://www.cnmcl.net/). Your valuable feedback is critical to our continuous improvement. If you have any enquiries and suggestions, please call +86 10 8442 6373.

MATERIAL ISSUES

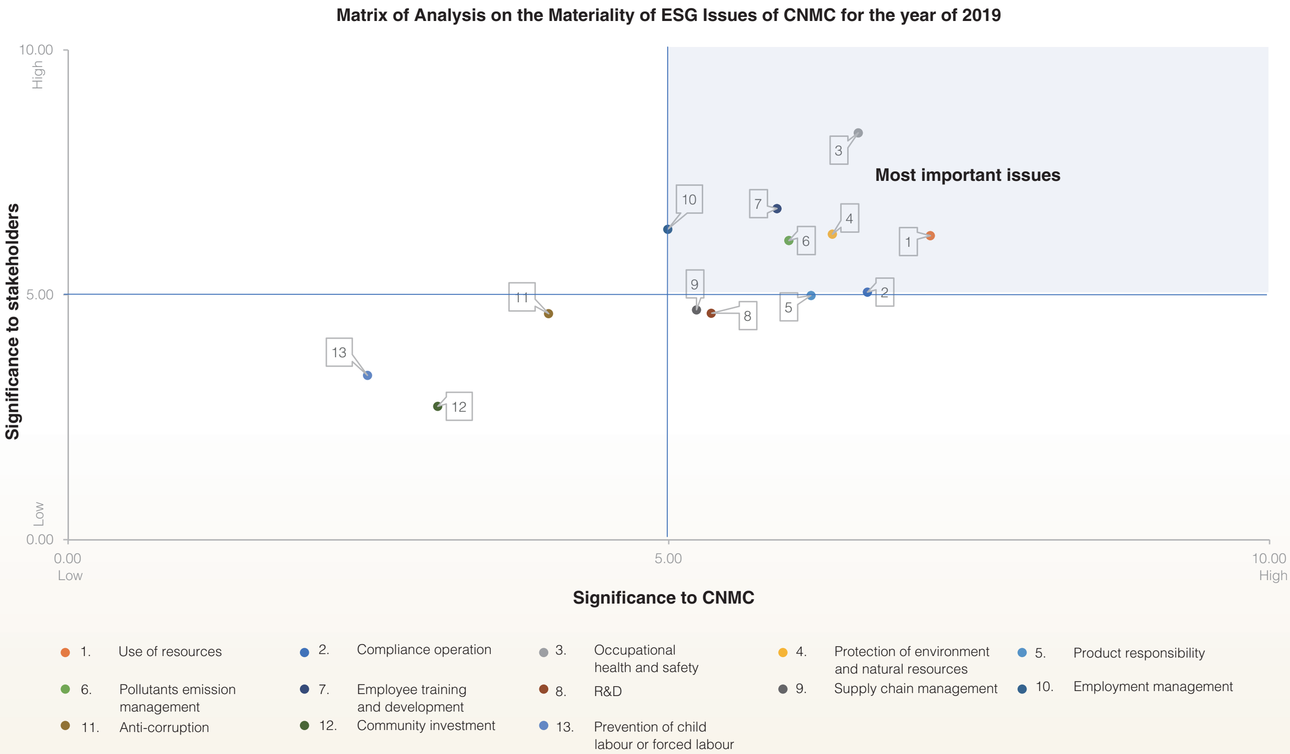
Communication with Stakeholders

Keeping continuous communication with stakeholders is an indispensable part of the Group's daily operations and also one of the important ways to review potential risks and business opportunities. We actively strengthen communication and maintain good relationships with our stakeholders, so as to understand their expectations and suggestions for the Group to promote common development.

Analysis on Material Issues

The selection of potential issues was conducted with reference to suggestions from the management of the Group, analysis and suggestion from internal and external experts, benchmarking study by domestic and international peer companies and the Guide as well as the GRI Standards, so as to identify the potential material issues that can reflect the effects of the business of the Group on the environment and society and influence stakeholders' assessment and decision on the Group. Upon initial screening of the issues, the Group's material issues were selected after consideration from a number of perspectives including contribution to sustainable development, the general concerns of stakeholders and the degree of compliance with the Group's strategic development needs. The Group has developed a stakeholder communication plan and conducted a questionnaire survey, to understand and sort the issues concerned by various stakeholders, and a matrix of material issues has been formed.

During the Reporting Period, we invited a third-party advisory body to conduct a comprehensive questionnaire survey on material issues with the management and employees at the Group's headquarters in Beijing and its seven subsidiaries in Africa, so as to understand the concern that they attach to the Group's sustainable development issue and help the Group identify material risks and opportunities related to the ESG to improve its sustainable development approach. We successfully received 532 responses to the questionnaire. Through the statistics and analysis of questionnaire, we learned the attention of various stakeholders involved in the questionnaire for relevant ESG issues and feedback from them, and formed a matrix of material issues. After statistical analysis, the issues at the top right of the matrix are the most important issues. The survey on the material issues and the results of the importance matrix will serve as an important factor taken into account for the future decision of the Board of Directors of the Group on the direction of sustainable development and also the reference basis for our preparation of the Report.



MANAGEMENT EXCELLENCE

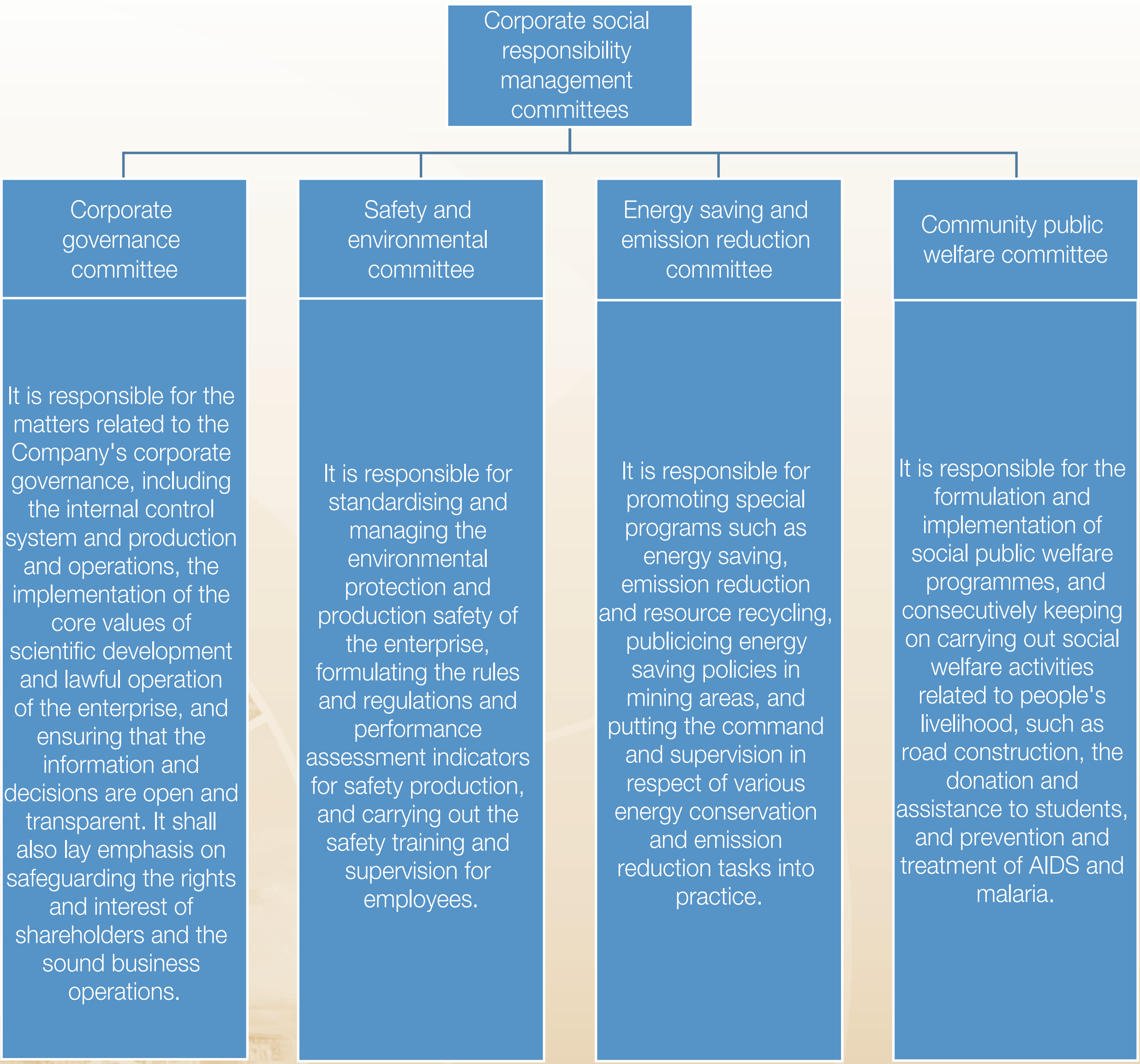
Compliance Operation

The principal operations of the Group are located in Zambia and the DRC in Africa. We have strictly abided by the laws and regulations of the PRC, Zambia and the DRC, consistently improved our management system, continued to optimise our corporate governance structure, and followed market rules and business ethics, and thus we have steadily enhanced the Group's international competitiveness.

The Group has developed internal management systems including the Rules of Procedure of General Meetings, and the meetings of the Board of Directors and the President Office of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司股東大會、董事會暨總裁辦公會議事規則》), the Administrative Rules of General Meetings and the Board of Directors of Subsidiaries of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司附屬公司股東會、董事會管理規則》), the Internal Control Management Manual of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司內部控制管理手冊》), and the Guidelines on Legal and Compliance Management of China Nonferrous Mining Corporation Limited (《中國有色礦業有限公司法律與合規管理工作指引》) in accordance with the relevant laws and regulations including the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with the Articles of Association, to clarify the implementation rules for corporate governance.

Nomination Committee, Remuneration Committee, Compliance Committee and Audit Committee have been set up under the Board of Directors of the Company, which are responsible for the management and maintenance of the personnel structure, employee rights and interests, sustainable development compliance and corporate internal operations, respectively. In addition, in order to better adapt to the legal systems of Zambia and the DRC, the Group has set up a compliance officer/corporate general counsel and the legal and compliance department to ensure the legal compliance of the overseas production and operation activities.

Some subsidiaries of the Group have also set up the corporate social responsibility management committees, and according to the scope of social responsibility, four sub-committees thereunder, being corporate governance committee, safety and environmental committee, energy saving and emission reduction committee and community public welfare committee, have also been set up, which help the Group formulate a clear corporate responsibility development direction and effectively penetrate corporate responsibility into all aspects of corporate operations, so as to establish responsibility tracking and appraisal.



Construction of Integrity-based Governance

Any corruption behaviors including bribery, blackmail, extortion and money laundering are strictly prohibited by the Group. We strictly abide by the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Corruption Act of 2012 of Zambia as well as Corruption, Illegal income, Influence Peddling and Misconduct of Civil Servant (section 7 under chapter 9 of part 2 of the Criminal Code of the DRC) and other relevant laws and regulations, have formulated the Related Party Transaction Management Rules, Reporting and Complaints Management Rules, Anti-fraud Regulations, the Implementation Measures for Corruption Risk Prevention and Control and other internal management rules, and continuously improve the anti-corruption management system and integrity-based governance rules, thus enabling anti-corruption work to be done in a standard, systematic and normalized way.

In order to strengthen the supervision mechanism, the Company included the construction of integrity-based governance into the plan, conducted internal supervision in the Group, and investigated and punished cases of discipline violation. The employees' awareness of integrity and self-discipline have also been raised continuously by regularly organising middle- and high-level employees to learn anti-corruption policies, and carrying out integrity-based education and admonishing talks. The Company encourages employees to report inappropriate behaviors. Reporting emails and telephones have been set up by the Company and its subsidiaries, and relevant complaints are dealt with by specialised agencies. In case that any serious violations are found, they will be dealt with by the regulatory department.

The Group adopts strict management measures on key anti-corruption steps including bidding and purchasing, and clearly sets out relevant anti-corruption clauses in the purchasing contract to ensure that the bidding process is open and transparent and to prevent any activities regarding fraud. During the Reporting Period, there was no litigation against or corresponding penalty imposed on the Group due to bribery, blackmail, extortion and money laundering.

Product Responsibility

Taking "sustainable utilisation of resources" and "realisation of high-quality development" as its objects and with the enhancement of quality, benefits and core competitiveness as its focus, the Group continues to promote the standardisation on the management of products responsibility, and improve the utilisation rate of resources, so as to produce the high-quality products that are safety and clean at a lower cost.

The Group has continuously improved its product quality management system. With reference to the ISO 9001 quality management system, we have formulated the Measures for Quality Management of Strip Mine Project (《露天礦工程質量管理辦法》) and other corresponding management measures to standardise the management of the whole process including product exploitation, production and sales, to comprehensively implement product responsibilities. In order to ensure product quality, a quality inspection center has been set up by the Group, conducting inspections at all stages in the process of production. If any quality problems are found in the process, relevant departments will carry out research and handle them to ensure that customers are provided with high-quality products. The daily operation of the Quality Inspection Center is managed through the System for Quality Control of Quality Inspection Center (《質檢中心質量控制制度》), and staff strictly abide by the its rules and regulations to make the work go smoothly. The quality inspection of the Group's products is carried out in accordance with the relevant national inspection and quality standards. The quality of copper cathodes and copper concentrate of the Group are tested based on national standards GB/T467–2010 and GB/T3884.1–3884.10–2000, respectively.

The Group is committed to providing customers with quality products and services and pledged to continuously perfect the operation model. Relevant departments are responsible for dealing with the complaints from our clients, and reporting it to the leadership, making understanding to the relevant department, if and when necessary, and putting forward solutions and then communicating with customers.

During the operations, we strictly keep confidential for the material non-public information of partners and clients, to prevent disclosure and loss of confidential information.

During the reporting period, the Group did not receive any complaints or legal proceedings regarding violations in terms of health and safety, advertising, labeling and privacy.

R&D and Innovation

The Group values technological R&D and innovation and expects to improve the use rate and quality of resources by utilising advanced technologies. The Group proactively encourages production and management personnel to spontaneously propose constructive suggestions on production processes including quality control and high energy consumption and conduct continuous innovation. Meanwhile, we have formulated Interim Measures for Patent Application Process and Awards of CNMHK and (Interim) Measures for Protection of the Intellectual Property Law of CNMC Luanshya Copper Mines PLC according to the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, which detail the patent application procedures and award standards, helped to protect the intellectual property of the Group and strengthened core competitiveness of the enterprise.

A separability study on copper sulfide ore is conducted by SML

The Group has been exploring new scope of businesses. In order to study the technological process, product solutions and technical parameters of copper sulfide ore mining, we were entrusted by SML to conduct a separability study on copper sulfide ore of Samba mining section (桑巴礦段) in a laboratory in Zambia from May to October 2019 to understand the process characteristics and the occurrence status of the components of copper sulfide ore in such mining section, based on which, SML has got a further understanding on the ore processing work in such mining section, and formulated corresponding mining plans on the basis of the nature of the ore.

Samba ore processing experiment in process

Analysis and testing on Samba samples

Win-win Cooperation

The Group adheres to the principle of "Fairness, Openness and Justice" and the efficient and transparent code of conduct to establish long-term cooperative relationships with suppliers. In order to reduce the environmental and social risks brought by unscrupulous suppliers, we have formulated internal management documents such as the Interim Measures for the Management of Biding and Purchasing of Materials (《物資採購招標管理暫行辦法》) and the Compilation of the Management Measures for the Supply Department (《供應部管理辦法匯編》) to improve the mechanisms in respect of the supervision, review and management on suppliers. Considering that our suppliers are located in different countries and regions, an online supplier management system has been established with a supplier management file, so as to file the relevant information and facilitate the data management.

When selecting suppliers, we comprehensively take into consideration their performance including the compliance procedures, the quality of products supplied, the delivery period, product prices, after-sale services and other factors. According to regulations of the management measures, the Company will arrange personnel to conduct on-the-spot investigation and reviews based on actual conditions of the Company before entering into contracts with new suppliers, thus to ensure that the quality and operations of suppliers meet the requirements of the Group. Annual assessment to suppliers is conducted by the Group with filling in the Qualified Supplier Review Form. In addition to quality and service, we also attach importance to suppliers' environmental and social performance, including sustainable development management standards, environmental management, employment of child labour or forced labour, etc., and all of which are included in the assessment. The unqualified suppliers will be warned or disqualified based on the degree of violation.

Subject to the premise that our selection standards are met, the Group will prioritise local suppliers and establish long-term and stable cooperative relationship to promote local employment and economic development. We also help suppliers improve their management level and quality of products and services, and urge them to fulfil their environmental and social responsibilities, so as to achieve win-win cooperation.

SAFE DEVELOPMENT

Following the philosophy that "production safety underpins the existence of an enterprise", the Group adheres to the safe production principle of "safety first, prevention as the core and comprehensive governance", establishes a sound and long-term mechanism for safety production, enhances safety production management, and improves employees' safety awareness, endeavouring to achieve the target of "zero injury" and guarantee life safety and health of employees.

Safe System

The Group strictly abides by Mines and Minerals Development Act No.11 of 2005, Factories Act Chapter 441 of the Laws of Zambia, Law No.007/2002, the Mining Code and other relevant laws and regulations, and have developed certain policy documents including Safety Production Responsibility System, the Measures for Safety Production Management, the Measures for Appraisal of Safety Production and the Rules for Report, Investigation and Handling of Production Safety Accidents, to effectively manage its production activities and safety issues.

The Group has been constantly improving the safety management system and promoting systematic, normalized, standard and scientific safety management through safety management organisation, safety performance assessment, safety inspection and rectification, safety emergency management, safety education and training and occupational health protection.

Safety management organisation	• The Group arranges responsible persons in charge of production safety based on position levels, with general manager or an eligible mine manager as the primary person in charge of production safety and the responsibilities of persons in charge of production safety at all levels being clearly defined. It establishes a safety and environmental protection department as special safety management function and allocates a reasonable number of full-time safety management personnel to form a safety management system covering the general manager, the safety and environmental protection department, workshops and grass-root teams to guarantee production safety.
Safety performance assessment	• The Group establishes the production safety performance system and assessment mechanism for persons in charge of units at all levels and conducts overall appraisal on safety management system, safety accident performance, potential hazards inspection and rectification as well as education and training on safety to increasingly improve safety management performance.
Safety inspection and rectification	• The Group follows the principle of "potential hazards amount to accidents" and pays continuous attention to safety inspection and rectification. It actively conducts identification, assessment and control on sources of danger and forms a safety inspection and rectification management model with self-inspection of departments and monitoring and inspection by the safety and environmental protection department. It will also publish the contents of safety inspection and the rectification results to promote monitoring and management, discover and eliminate potential hazards in time and prevent and reduce safety accidents.
Safety emergency management	• Based on the characteristics of production and operation, the Group establishes a mine rescue team, formulates various emergency plans and proactively conducts exercises, effectively improving the capability of the rescue team and relevant departments to cope with safety incidents.
Safety education and training	• The Group establishes a "three-tier" safety training system consisting of enterprise, workshop and shift to provide staff with induction training, routine safety training and special operation training. It also conducts regular qualification inspection, assessment and issuance of certificate for special operation personnel. In addition, the Group regularly conducts the "safety promotion month" and safety skills competitions to enhance staff' s safety awareness and skills.
Occupational health protection	• In addition to ensuring that its plants conform to local occupational health standards, the Group consistently improves working conditions and environment of its overseas operations. It also regularly assesses risk factors relating to occupational diseases and provides appropriate labour protection articles and occupational health examination to staff exposed to occupational disease risks to prevent them from occupational diseases.

Safe Operation

The Group attaches high importance to safety operation and management. It adopts advanced, mature and reliable process and equipment and formulates targeted standard operating procedures on process and equipment. It sets eye-catching safety signs for the areas and equipment prone to accidents or endangering the safety and health of personnel to avoid safety accidents in an all-round way. Safety management and shift responsible persons hold a meeting before changing shift every day to explain key potential risk points before each operation and conduct operation protection. For special operation such as mine construction, safety management will check special operation files, operators' qualification and on-site equipment safety on time.

The Group also pays attention to safety management on contractors. It requires contractors to abide by local laws and regulations as well as relevant safety rules of the Group. Prior to the construction of projects, we assist contractors in preparing the risks assessment report to clarify their safety responsibilities and safety protection measures. During the construction of projects, we regularly or irregularly visit contractors' site and conduct safety quality check for critical sections. After the construction of projects, we conduct completion acceptance and overall assessment on contractors covering their safety performance.

Safety Inspection by Staff from China and Zambia sides

Work Safety Inspection in Luanshya

In order to comprehensively implement work safety management, Luanshya proactively went through thorough work safety inspection, to enhance constantly the level of safety management. During the period from 23 to 26 March 2019, Luanshya organised safety knowledge learning activity at all level throughout the company. A "Work Safety Inspection" group which was divided into four sub-groups and led by senior management was established, to carry out supervising, examination, rectification and conclusion work at various areas.

- Sub-group 1 – having carried out inspection of the flammable and combustible materials, the corrosive medium containers, storage tanks and special equipment on production zone at wet process factory and quality inspection center

- Sub-group 2 – having carried out all-round special safety inspection of open pit mine, as well as key areas such as the maintenance shop, warehouse, oil depot, fueling vehicle at the mining division of 15th MCC, Luanshya, respectively; having carried out special inspection of the explosive magazine and the 480-ml petrol station at the primary maintenance shop underground at Baluba Mine, as well as the petrol station on ground, the air compressor room and the elevators

- Sub-group 3 – having carried out all-round special safety inspection of key areas such as hazardous chemicals, transformer substation, air compressor and so on

- Sub-group 4 – having carried out all-round and detailed special safety inspection of the warehouse of supply department as well as key units such as hazardous goods warehouse, petrol station, finance department, living park, staff canteen, mine hospital, trust school, technician training school campus and students' dormitory, respectively. A person in charge was delegated to rectify all potential hazards and present feedback.

Occupational Health and Safety

In order to strengthen the protection of the safety of the staff during production and reduce occupational safety risks, we have compiled and implemented a series of occupational health and safety policies and emergency plans including the Regulations on Emergency Management of Production Safety, the Muliashi Open Pit Safety Procedure of 2010, the Road Safety Rules, the Procedure for Emergency Response- Chemical Spillage, Administrative Measures on Industrial Injury Accidents, Administrative Measures on Labour Protective Supplies, Administrative Measures on Staff Health Examinations, etc., and have carefully implemented the management work regarding employees' occupational health, which include warning and notification of occupational disease hazards, occupational disease prevention education, maintenance of protective equipment and facilities, monitoring and evaluation of hazards, reporting of hazard incidents and emergency rescue, and so on.

The Group has provided employees with complete labour protective supplies according to working environment, including those for protection of head, breathing, eyes and face, ears, hand, foot, body, skin care, falling prevention and so on. Regular examinations of those protective supplies are carried out, and any staff who accesses to production zone must wear necessary protective gears.

With respect to injury accidents, each department is delegated with clear functions and responsibilities, and rescue and first-aid work will be carried out as early as possible. The person in charge shall count the number of casualties and report it to the Company and consulate overseas within one hour upon receiving the report of the occurrence of accidents. An investigation team will be set up to investigate accidents, analyse the cause and publish a report on that, and propose rectification measures, draw lessons, and strive to reduce the risks of the occurrence of potential accidents at the mine area.

To improve our occupational safety and health protection system, we have also purchased social insurance, medical insurance and other commercial insurance for eligible staff and offer health examinations every year and set up health record for our employees, to create a safe, healthy and comfortable working environment for employees.

During the Reporting Period, no work-related casualties were reported in the Group.

Health and Safety Training

In order to enhance staff's safety awareness, develop their ability to respond to emergencies and reduce occupational safety and health risks, the Group proactively organises related training, integrating the concept of occupational safety into daily operations. In the on-the-job safety training, we introduce the "three major regulations and five provisions" on safety, i.e. Engineering Safety and Hygiene Regulations, Technical Regulations on Construction Installation Safety, Regulations on Report of Workers' Casualties, safety production responsibility system, labour protection plan, safety production education, regular inspection of safety production, and investigation and handling of casualties. We also illustrate major hazard sources, principal danger and hazard factors in mine field and response measures, ways to deal with chemicals, occupational hazard prevention measures in details to our employees. Furthermore, we regularly carry out fire emergency evacuation and other types of emergency response drills, so as to enhance the staff's health and safety awareness.

"Work Safety Month" Activities

June 2019 was the Group's Work Safety Month. The Group organised a series of "Risk-prevention, Potential hazard-elimination, Accidents-containment" themed activities, to further enhance staff's awareness of the importance of work safety, improve production quality and our ability to prevent the occurrence of accidents. The main contents of the activities included:

- related technical training for the staff, and examination and on-line quiz competition on work safety for administrative staff
- sharing of typical accident cases occurred at home and abroad, summing up major potential hazard in related field, to caution the staff
- checking if there was any potential safety hazards existing at the workshop, tailings pond and mine field

- sulfuric acid spillage emergency response drills at the stock solution workshop and the sulfuric acid workshop, respectively, landslide emergency response drill, being watched by other staff on site, to improve the rescue team's response and rescue ability in emergency

- establishing the "June-Work Safety Month" special award, to encourage the staff's constant safety awareness

Congolese Staff Safety Training

Congolese staff attending Fire Emergency Rescue Drill

Mine Rescue Skills Contest in Luanshya

Professional rescue teams are maintained at the mine in response to the high safety risks arising from mining works. On 15 June 2019, Luanshya organised a mine rescue skills contest, where the contesting teams demonstrated their excellent mine rescuing skills and good spirituality, meanwhile shared their knowledge about rescue and operational procedures. By virtue of the contest, all departments had further strengthened their "Red Line" awareness, to take the lives of workers as the top priority and perfect and improve the emergency rescue system. Furthermore, a solid foundation was laid for mine rescue work, and their ability to prevent risks and rescue had been enhanced.

Contesting

Group Photo of Contest Winners

PEOPLE-ORIENTED PRINCIPLE

Excellent talents are the cornerstone for achieving the Group's strategic goals and the driving force for the sustainable development of enterprises. The Group adheres to the people-oriented talent idea with harmonious advancement, establishes a comprehensive talent management system, and guarantees the legitimate interests and physical and mental health of its staff through recruitment of excellent talents in a fair and just way. With the scientific talent training method, effective incentive mechanism, fair competition platform and broad development space, employees and the Company can flourish together.

Employment Policy

The Group strictly abides by the Labour Contract Law of the People's Republic of China, the Employment Ordinance of Hong Kong Special Administrative Region of the PRC, the Industrial and Labour Relations Act of 1993, the Minimum Wages and Conditions of Employment Act of 2012, the Employment Act Chapter 268 of the Laws of Zambia, the CODE DU TRAVAIL of 2002, the Occupational Health and Safety Act No.36 of 2010, the Workers Compensation Act No.10 of 1999 of the DRC and other laws and regulations. In accordance with its actuality, the Group and its subsidiaries have formulated a series of internal policies including Administrative Measures for Labour Contracts with Employees, Administrative Measures for Recruitment of Employees, Administrative Measures for Resignation of Employees, Certain Provisions on Personnel Management of China Nonferrous Mining Hong Kong Holdings Limited, etc., to ensure legal compliance.

During the recruitment process, we strictly review the identity information of applicants to ensure that they reach the legal age for employment and are eligible for employment, and adhere to strict prohibition of child labour or of forced labour no matter in any way. In case of any child labour or forced labour found, the Group will immediately dismiss the relevant person and hold the recruiter accountable. When confirming the employment after the interview and recruitment procedures, we sign labour contracts with employees to guarantee their legitimate interests. During the reporting period, the Group's employee labour contract signing rate was 100%, and there was no violation of any laws and regulations related to employment or labour practices.

Talent Management

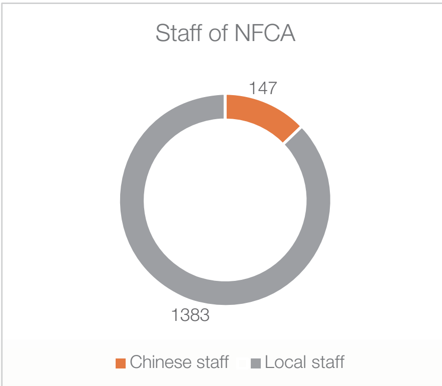
The Group actively implements the "talent internationalisation and localisation" strategy, establishes a fair and reasonable talent management system, and improves employee benefits to attract more outstanding talents. In order to guarantee the rights of employees, the Group and its member companies have entered into recognition agreements with many trade unions in accordance with the laws of countries where they are located to ensure that each employee can be treated in a reasonable manner and that the legitimate interests of the staff can be earnestly safeguard.

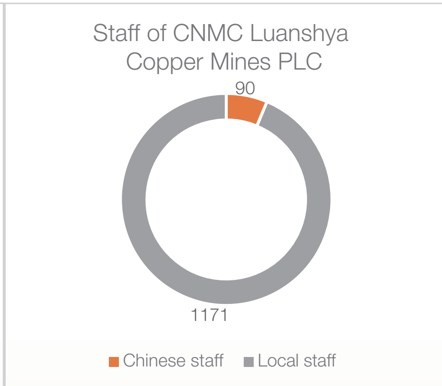
We follow the equal, diversified and non-discriminatory principle and give equal treatment for staff of different nationalities, races and genders. We treat staff with sincerity, respect the culture, custom and personality of foreign staff and give priority to local staff in Zambia and the DRC in respect of employment to improve the localisation rate of staff in the Group.

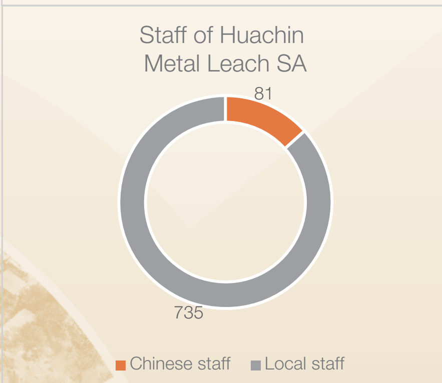
In terms of remuneration and performance appraisal, the Group has formulated the Wage Management Measures, Interim Measures for Wage Management of China Nonferrous Mining Hong Kong Holdings Limited, Measures for the Management of Employee Performance, and Administrative Measures for the Selection and Appointment of Cadres, Administrative Measures for the Career Path of Employees, and other internal management measures, endeavouring to provide employees with competitive remuneration systems and open and transparent appraisal and promotion mechanisms.

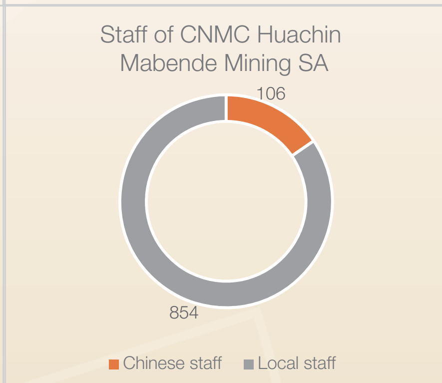
As for holiday benefits, the Group, complying with the Industrial and Labour Relations Act, ensures that employees' working hours shall not exceed the statutory working hours. Aside from statutory holidays, it also provides employees with paid holidays including annual leave, sick leave, maternity leave, marriage leave and bereavement leave. Moreover, it offers overtime compensation, night shift allowances and high-temperature subsidies to further protect the legitimate rights and interests of employees and ensure their work-life balance. Thus, their work efficiency is enhanced and employees' welfare and satisfaction are improved.

During the Reporting Period, the number of staff of the subsidiaries of the Group is as shown in the figures below:









Talent Development

"Bolstering enterprise with talents" is one of our important strategies. We attach great importance to the personal development of employees, establishing career-development channels and sparing no effort to set up models for multi-level trainings, and therefore we can meet the needs of different positions and improve the capabilities and qualities of employees. In doing so, employees can do their best and grow with the Company.

In order to further standardise the employees' training of the Group, we have developed the Measures for the Management of Employees' Training to make exhaustive specifications on the responsible department, overall strategies, resource and constructions, organisations and implementations, and file management. From the perspective of a job's quality requirements and the actual problems at work, the Group carried out two types of trainings: "competency-oriented" and "actual problem-oriented" trainings, in order to enhance employees' ability to perform duties and solve the actual problems at work. Such trainings mainly involved management ability, business quality and ability, basic skills, corporate culture, the dynamics of economic development and industrial knowledge. On the basis of the above trainings, we determined training methods for employees at different levels to meet the needs of different positions. In addition, the Group has set up an "award for self-taught employees at work" for employees participating and obtaining a work-related and nationally-certified master's degree or doctoral degree in spare time. Such employees can get the award and are encouraged to improve their business capabilities.

Chinese employees are imparting skills to Zambian employees

Zambian Trade Union organises a training course on spreading knowledge of the New Tax Reform

On 10 May 2019, specially invited relevant experts from accounting firms by the Group held a lecture on the new tax reform of Zambia in the CCS Park. The training expounded on the changes in relevant policies after such reform; the problems that may arise from the development of the business operations; and the way of implementation in accordance with the law and the feasible measures. More than 160 people from related positions in the group companies participated in the training and made significant gains from it.

Training Site

Employee Care

The Group provides various benefits to employees and proactively carries out employee care activities, paying attention to the physical and mental health of employees and their families and their happiness. It provides employees with a harmonious working environment.

The Group provides staff with pension, medical, housing, transportation and other welfare and subsidies and actively improves its medical security capabilities. Meanwhile, we strengthen the promotion, prevention, monitoring, and treatment of epidemic diseases including malaria, dengue and AIDS in certain regions in Africa, and regularly organise physical examinations for employees to ensure that employees' physical health and necessities in life are guaranteed. In order to enrich the leisure life of employees, we specially build stadiums for them, such as basketball courts, football fields and so forth, and provide sports equipment. We actively organise various holiday activities, such as basketball games, badminton games, tug of war, etc., improving the health of employees, whose leisure and cultural life are thus enriched. Therefore, there are enhanced communications and team cohesion between Chinese and foreign employees.

In order to perfect employee benefits, aside from the employees themselves, we also offer medical services to family members of registered staff. We regularly organise open day activities for employees' family, inviting their family members to participate in Company activities and learn about the development and construction of our Company. In addition, we also render aid for the outstanding children of employees to increase employees' sense of belonging to the Company.

Three outstanding employees' children from NFCA go to study in China

On 20 August 2019, NFCA held a farewell party for outstanding employees' children going to study in China. Educational gifts were given to students, who were encouraged to study hard so as to succeed in learning as soon as possible and to promote Zambia's economic and social progress. The three selected students would study at Beijing Language and Culture University and Liaoning University respectively for bachelor's degree and master's degree.

As at the end of 2019, 15 outstanding employees' children of NFCA have been recommended and received full scholarships for studying in China. After completing their studies, many of them have returned to Zambia and participated in its construction.

Photo of students going to study in China and their family members and the management

CCS holds a sodality on Christmas Day

Christmas is an important annual holiday for the people of Zambia and the DRC. To better integrate with the local culture and strengthen cultural exchanges, the CCS held a variety of fellowship activities during the Christmas of 2019. The subsidiaries of the Group have long insisted on similar activities.


Tug-of-war Competition


"Mini" Marathon


Friendly Football Match


Photo of outstanding staff of the year


Photo of some employees and their family joining the activity

GREEN DEVELOPMENT

Adhering to the principles of "protection priority, prevention first, comprehensive governance, public participation, accountability for damage" and the environmental protection concept of "cherishing the Earth, valuing responsibility" and with the aim of"environmental protection and long-term development", we actively fulfill our social responsibility for environmental protection and resource management, establishing a long-term mechanism for safe environment and resource protection and management, to seek green development.

Green Management

The Group strictly abides by the Environmental Protection and Pollution Control Act, Solid Waste Regulation and Management Act of 2008, Water Pollution Control Regulations of 1993, Mines and Minerals Development Act No. 11 of 2005, and The Mines and Minerals Act of 2015 of Zambia, the Laws No.007/2002, the Mining Code of DRC and other relevant laws and regulations. It also strictly implemented a series of environmental management measures formulated in accordance with CNMC including Administrative Measures for Protection of the External Investment and Cooperation Environment, General Principles of the Environmental Protection and Risk Management and Emergency Plan for Environmental Emergencies.

In order to further promote green and sustainable development, prevent and reduce the adverse impact of production and operation activities on the environment, and protect the ecological environment, we have developed related internal policies such as the Administrative Measures for Environmental Protection, which sets out detailed systematic guidance on environmental protection management and environmental assessment goals and clarifies management responsibilities. A comprehensive plan for environmental emergencies was also developed. In the meantime, we have formulated a series of measures for resource management, including the Measures for Appraisal on Load Utilisation, the Measures for Appraisal on Consumption of Ancillary Vehicles of the Company, the Measures for Management of Energy Utilisation, the System for Management of Energy Saving and Emission Reduction and the Measures for Management of Energy Saving, continuing to contribute to energy saving and emission reduction goals.

A leading group for energy conservation and emission reduction was organised, with responsibilities for major decisions on environmental protection strategies and coordination and handling of major environmental pollution and ecological damage accidents. The Safety and Environmental Protection Department was also set up. The department, led by the production safety committee and mine manager, is in charge of daily management for environment and supervisions, and assigns responsibilities to designated personnel in key areas to ensure full coverage of supervision and management. At the same time, we divided the environmental emergencies into three different levels, and made different emergency plans for each level, to ensure timely response in the event of an emergency, minimising the negative impact. In addition, the Group also stepped up environment inspection with the focus on operation of pollution prevention and treatment facilities and timely and effective rectification for the problems.

Pollution Control

The Group produces exhausts, sewage and solid waste in the mining process, which has potential impact on the local environment. Therefore, our environmental protection management system provides detailed measures on the above aspects in order to control pollution at source.

In terms of exhausts management, some of the Group's projects used copper leaching process, and there was no SO_2, NOx or other emissions during the production process, avoiding the generation and emission of exhausts at source. For copper smelting production process, we stabilised the conditions of smelting furnace to control smoke emission. At the same time, we strengthened the control over preparation of strong sulphuric acid to enhance sulfur utilisation ratio, and installed electrostatic precipitators and online monitoring equipment to reduce and detect the emission of pollutants in order to ensure the emission indicators reaching the requirements of the environmental protection authorities of Zambia. In addition, we strengthened dust control by sweeping, watering, coverage and other means to effectively reduce dust in mining, vehicle transportation, storage on stock ground and other operations.

As for water resources, the Company has not encountered any problems in obtaining suitable water sources. In terms of wastewater management, the Group adopts the principle of recycling as much as possible. For copper leaching process, we cover the tailings pond with high density polyethylene (HDPE) film and have built an integrated sewage recycling system to fully recycle the metallurgical sewage generated in production, thus saving water resources and achieving "zero" emission; for copper smelting process, most production sewage enters the slag flotation workshop before ultimate evaporation in the tailings pond. During the reporting period, the Group has built a risk inspection system for safety and environment of tailings pond with a specially-assigned person in charge, strengthened the tailings pond inspection to deal with the problems immediately, reducing the environmental risks of our company. The Group's office and sanitary sewer enter septic tanks and are discharged after treatment. We regularly sample and submit inspections of the water surrounding the plant and monitored well water from a groundwater source, and compare and analyze them according to the standards of the area where the project is located, and then issue an analysis report and make improvements based on it.

For the solid waste, we insist on the practice of "minimising waste during work, cleaning tools used, and site clearing after completion". Materials are used in a rational way according to site conditions to minimize the generation of solid waste. Regarding non-hazardous waste, the production workshop uses the desilter to effectively use and recycle the residue, and the production workshop uses the sedimentation tank to effectively use the residue for recycling. For unusable waste, when going through pressure filtration, its filter residue will be transported to the designated storage point for unified treatment, and the filtrate will be discharged to the sewage pipe. The hazardous wastes are stored in sealed containers according to local laws and then are handed over to qualified units as approved by the government for treatment to prevent secondary pollution.

During the reporting period, the Group did not have any violations in terms of environment or pollutant discharge, nor received any complaints on environmental protection.

Table of Emission Data in 2019

Type of emission	Value	Unit
Emissions of sulfur oxide (SO_2)	4,293.8	Tonne
Emissions of nitric oxide (NO_X)	13.5	Tonne
Emissions of dust	827.5	Tonne
Amount of sewage	1,230.0	0'000 Tonnes
Intensity of sewage[1]	6.1	Tonne/US$'000
Amount of hazardous wastes	502.2	0'000 Tonnes
Intensity of hazardous wastes	2.5	Tonne/US$'000
Treatment ratio of hazardous wastes	100	%
Amount of non-hazardous wastes	2,553.8	0'000 Tonnes
Intensity of non-hazardous wastes	12.7	Tonne/US$'000
Treatment ratio of non-hazardous wastes	100	%
Emissions of greenhouse gases	168,928.11	Tonne
Intensity of greenhouse gases	84.1	Kg/US$'000

[1] In 2019, the total revenue of the Group was US$2,008.7 million.

Unified classification and storage for wastes

Wise Use of Resources

The Group shoulders the corporate mission of “development of resources, contributions to the society” and zealously performs social responsibilities through advancing resource management with respect of operations and life. To achieve comprehensive sustainable development of environment, enterprise, industry and society, it reasonably uses resources, improving the utilisation ratio of resources in mining, ore processing and smelting and reducing the use of energy and water resource.

As for operations, thoroughly sorting through underground recoverable reserves by areas in the production, the Group draws up production plan outline, and comprehensively utilises waste ore to enhance ore recovery and effectively prolong the life time of mine. We prepared production technology transformation plan and improved production processes, equipment and facilities to reduce the energy consumption of high energy-consumption equipment including ball mill and pump and improve the operational stability of waste heat power station, Isasmelt furnace and other critical equipment. We formulated monthly production plans and control targets of total energy consumption, and implemented performance assessment to control energy consumption at multiple levels. Due to the nature of the Group’s products and business, we are not involved in the use of packaging materials.

For office and life management, the Group required transformation of energy saving LED lights for mine lots and offices in premises and installation of light-operated switches, time switches and other intelligent switches. It adopted natural lighting for production workshops, used natural light for office lighting wherever possible, and made sure that lights stay off when no one is around in the offices to avoid energy waste. The Group also conducted publicity and education on energy saving and posting labels on energy conservation and emission reduction, and encouraged employees to do their part and to use resources wisely.

Energy Consumption Data in 2019

Type of resource	Value	Unit
Diesel	22,603,439.9	Litre
Gasoline	201,948.0	Litre
Coal	12,098.3	Tonne
Coke	1,042.1	Tonne
Acetylene	21,920.0	Kg
Liquefied petroleum gas	22,835.0	Kg
Purchased electricity	1,122,848.4	MWh
Total comprehensive energy consumption equivalent to standard coal	182,908.0	Tonne of standard coal
Intensity of comprehensive energy consumption	91.1	Kg standard coal/ USD'000
Consumption of fresh water	1,418.4	0'000 Tonnes
Intensity of fresh water	7.1	Tonne of standard coal/USD'000

CNMC Huachin Mabende investigates the cause of short circuit and improves current efficiency

The main power consumption of copper leaching is the solvent extraction-electrowinning workshop, which consumes 70–80% of the entire copper leaching process. Therefore, improving current efficiency is the top priority for energy conservation. The Group cleans the anode slime of the electrolytic cell to prevent short circuits caused by the contact between the anode slime and the cathode and anode. In addition, the Group actively organises related technical personnel to conduct comprehensive inspections of the cell surface leakage, short circuit, etc. in the daily work in order to further improve current efficiency and save production costs.

SML recycles tailings liquid to boost environmental and economic benefits

The SML process is a cyclic system, and all water resources are recycled. In 2019, the Group continued to recycle copper-containing and acid-containing liquids in 15 # tailings and use the liquids for tailings and mining. This not only prolonged the acid leaching of the tailings and improved the recovery rate of copper oxide in tailings, but also facilitates the further recovery of copper oxide in the liquid. The Group can recycle and use 3,650 tonnes of dilute sulfuric acid with extra recovery of 228 tonnes of copper cathodes throughout the year, increasing revenue by USD1.3165 million.

Utilisation of tailings pond backwater

CONTRIBUTION TO COMMUNITY

Communication with Communities

Without the understanding and support from local communities and public, the Group would not have succeeded in its development. Over the past years, under the guidance of “Win-Win Cooperation and Mutual Development” principle, we have endeavored to promote the environmental protection, economic development and cultural inheritance at communities, and enhanced communication with communities, to achieve mutual improvement and development with local communities.

The Group fully respects the religious beliefs and cultural traditions in regions where we operated, and encourages the organisation of cultural exchange activities, to facilitate the communication and understanding between us and local people. We proactively enhance the communication and liaison with local governments, regulators, social service organisations, the public and other stakeholders. We have special public relations department in place which deals with the management of the relation between us and local communities. By means of visits, press conferences, interviews, regular briefings, etc., we manage to meet the communities’ development requirements and appeals. In addition, we encourage our employees to participant in community activities as much as possible, and communicate and interact with communities, to maintain good relationship between the Group and local communities.

Donation to Communities

The Group attaches great importance to the management of donation to external parties, and effectively discharges its corporate social responsibilities. We have formulated Administrative Measures on Donation to External as per the demand from communities, taking into consideration the realities of the Group, which sets out the principle, types, channels, approval process, supervision and administration for donation in detail. We prepare a detailed donation plan at the beginning of each year, clarifying why to donate, who will receive our donation, through what channels to donate and how much we plan to donate, and summarise the performance of those plans at year end, to strengthen management. The Group proactively makes social charitable donation as its capacity allows, and has established friendly relationship with local public and social organisations, creating favorable external environment for the operation of the Group.

In 2019, we had helped with the improvement of infrastructural construction and medical treatment and public health conditions in certain regions where our projects were located, including digging new well, maintenance and renovating communal facilities for communities, hospitals and farm produce fair, provided assistance for local power supplier to restore power supply, restoration of roads, prevention of diseases such as AIDS, malaria and so on. In addition, to support education cause in local communities, we built school campuses, provided poverty-stricken students with subsidies on their education, as well as donated books and stationery to orphans there. Furthermore, we had also donated money on important days such as Youth Day, Women's Day, Labour Day, Teachers' Day, World Environment Day, etc., making constant contribution to local public welfare.

During the reporting period, the Group made significant support for local communities' infrastructure construction, education and medical treatment, sports and culture, public welfare and other people's livelihood area in the regions where our projects were located. It donated materials and cash equivalent to over USD1,430,000 direct and indirectly.

NFCA's Support for Kalulushi

In 2019, NFCA continued with community charitable activities, donating ambulances valued at US$92,000 and X-ray machines valued at 95,000 Kwacha to Kalulushi parliament and General Hospital, respectively. In addition, the company also offered support to some students in The Copperbelt University to help them with completing their education, and also donated desks and chairs to Chati Middle School, a new-built school in Kalulushi.

During its performance of corporate social responsibilities projects, NFCA continuously participated in social development in Kalulushi. NFCA will continue to maintain the friendly relationship between it and local governmental bodies, making more contribution to local communities' development.

NFCA donating ambulances to Kalulushi parliament

NFCA donating X-ray machines to Kalulushi General Hospital

SML's Donation to Chishilano Primary School

On 2 May 2019, SML made donation to Chishilano Primary School in its grand groundbreaking ceremony which was held in Mwambashi. SML donated approximately 830,000 Kwacha to Chishilano Primary School for its building of three new teaching areas next to existing campus buildings, and ancillary facilities, so as to meet the demand of 258 pupils from 7 grades for daily teaching activities.

On the day, Ms. Rashidah Mulenga, the mayor of Kalulushi, came all the way to attend, accompanied by more than ten persons, including officials from local governmental bodies and educational bureau, journalists from media, joining in all the students, parents and teachers, to celebrate the ceremony. ZNBC (Zambia National Broadcasting Corporation), a mainstream media in Zambia, had made full-course follow-up reports on the ceremony. Ms. Rashidah Mulenga extended heartfelt appreciation to SML for its enormous aid for education in Mwambashi, and highly praised SML for its substantial contribution to social welfare.

Guests attending the donation ceremony

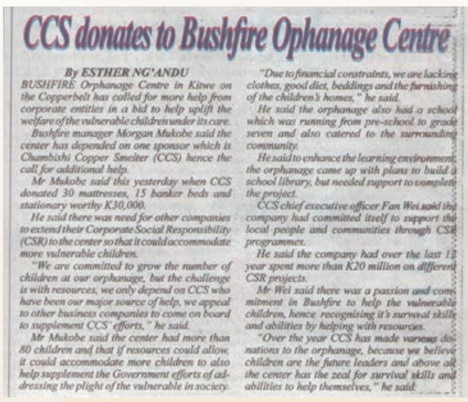
Mayor dancing folk dances joyfully with local people in donation ceremony

CCS's Donation to and Cultural Exchange with Bushfire Orphanage Centre

CCS has spent over 20 million Kwacha on its social responsibility projects since its establishment. On 7 April 2019, CCS came to Bushfire Orphanage Centre in Kitwe and donated beds, mattresses, stationeries, etc., which had been urgently needed, followed by cultural exchange with children there. The event drew high attention from local media in Zambia. Two media (i.e., Times of Zambia and Zambia Daily Mail) in Zambia had made full-course follow-up reports on the event.

Donation ceremony

CCS posing for group photos with the orphanages



CCS donates to Bushfire Ophanage Centre

By ESTHER NG'ANDU

BUSHFIRE Orphanage Centre in Kitwe on the Copperbelt has called for more help from corporate entities in a bid to help uplift the welfare of the vulnerable children under its care.

Bushfire manager Morgan Mukobe said the center has depended on one sponsor which is Chambishi Copper Smelter (CCS) hence the call for additional help.

Mr Mukobe said this yesterday when CCS donated 30 mattresses, 15 banker beds and stationary worthy K30,000.

He said there was need for other companies to extend their Corporate Social Responsibility (CSR) to the center so that it could accommodate more vulnerable children.

"We are committed to grow the number of children at our orphanage, but the challenge is with resources, we only depend on CCS who have been our major source of help, we appeal to other business companies to come on board to supplement CCS' efforts," he said.

Mr Mukobe said the center had more than 80 children and that if resources could allow, it could accommodate more children to also help supplement the Government efforts of addressing the plight of the vulnerable in society.

"Due to financial constraints, we are lacking clothes, good diet, beddings and the furnishing of the children's homes," he said.

He said the orphanage also had a school which was running from pre-school to grade seven and also catered to the surrounding community.

He said to enhance the learning environment, the orphanage come up with plans to build a school library, but needed support to complete the project.

CCS chief executive officer Fan Wei said the company had committed itself to support the local people and communities through CSR programmes.

He said the company had over the last 13 year spent more than K20 million on different CSR projects.

Mr Wei said there was a passion and commitment in Bushfire to help the vulnerable children, hence recognising it's survival skills and abilities by helping with resources.

"Over the year CCS has made various donations to the orphanage, because we believe children are the future leaders and above all the center has the zeal for survival skills and abilities to help themselves," he said.

Media's coverage of the donation ceremony

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and sulphuric acid. There has been no significant change in the Group's principal activities for the year ended 31 December 2019.

The Group started to produce copper-cobalt alloy in 2017 and started to produce cobalt hydroxide in 2019.

CHANGE IN USE OF PROCEEDS FROM GLOBAL OFFERING

As at 31 December 2019, the Company has used net proceeds of US$210.77 million from the Global Offering, and the net proceeds of US$37 million from the Global Offering proposed to be used in acquisitions of companies with existing exploration rights and additional mining assets was unused. Details of the use of proceeds from the Global Offering are as follows:

	Intended use of net proceeds *US$'000*	Utilised amount as at 31 December 2019 *US$'000*	Unutilised amount as at 31 December 2019 *US$'000*	Expected timetable for use of unutilised amount
Exploration and development of the Chambishi Southeast Mine	72,000	72,000	–	N/A
Expansion of the Chambishi Copper Smelter	48,000	48,000	–	N/A
The Muliashi Project	12,000	12,000	–	N/A
Development of the Mwambashi Project	12,000	12,000	–	N/A
Acquisitions of companies with existing exploration rights and additional mining assets	37,000	–	37,000	Expected to be utilised by December 2021 after adjusting the use
Repayment of certain existing loans	36,000	36,000	–	N/A
Working capital and other general corporate purposes	30,770	30,770	–	N/A
Total	247,770	210,770	37,000	

Considering that the Company has not yet found a company with exploration rights and mining rights that can be acquired, while the Integrated Exploration and Construction Project of Kambove Mining is in urgent needs of funds for project construction, the Company decides to change the "US$37 million for acquisitions of companies with existing exploration rights and additional mining assets" in the use of net proceeds from Global Offering to "US$37 million for the Integrated Exploration and Construction Project of Kambove Mining". The change in the use of proceeds of US$37 million from the Global Offering is in the interest of the Company and its Shareholders as a whole.

RESULTS

The Group's operating results for the year ended 31 December 2019 and the financial position of the Group as at 31 December 2019 are set out on pages 122 to 229 in the audited consolidated financial statements contained in this annual report.

DIVIDENDS

The Board proposes a payment of final dividends of US¢0.7740 per share for the year ended 31 December 2019. The proposed final dividend will be paid on Wednesday, 15 July 2020 after approval at the forthcoming AGM of the Company.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group, is set out on page 230 in this annual report.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group and analysis of the Group's performance using financial key performance indicators is provided in the Results Highlights and the Management Discussion and Analysis sections on page 7 and pages 8 to 35 of this annual report.

Environmental Policies and Performance

The Group attaches great importance to environmental protection. Under the guidance of "environmental protection and sustainable development", the Group proactively promotes environmental management and resources utilisation and carries out environmental protection activities to build a "green enterprise making contributions to clear water and blue sky". During the reporting period, there was no material event causing litigation or corresponding punishment against the Group due to violation of laws in respect of environment.

Particulars in relation to the Group's environmental policies and performance are set out on pages 71 to 98 in the "Environmental, Social and Governance Report" section in this annual report.

Compliance with relevant Laws and Regulations

Relevant laws and regulations that have a significant impact on the Group mainly include:

(1) Mines and Minerals Development Act No. 11 of 2015 of the Laws of Zambia;

(2) Environmental Management Act No. 12 of 2011 of the Laws of Zambia;

(3) Employment Act Chapter 268 of the Laws of Zambia;

(4) Explosives Act Chapter 115 of the Laws of Zambia and Explosives Regulations;

(5) Factories Act Chapter 441 of the Laws of Zambia;

(6) Occupational Health and Safety Act No. 36 of 2010 of the Laws of Zambia;

(7) Workers Compensation Act No. 10 of 1999 of the Laws of Zambia;

(8) Acte Uniforme Relatif au Droit des Societes Commerciales et du Groupement D'Intereteconomique of the Laws of DRC;

(9) Law No. 001/2018, the Mining Code of the Laws of DRC; and

(10) Decree No. 18/24, the Mining Regulation of the DRC.

The Group has established and improved the manual for internal control in relation to overall business chains and management processes with subsequent monthly and annual supervision and review to ensure compliance with the relevant laws and regulations. For the year ended 31 December 2019, the Group complied with relevant laws and regulations which had significant impact on the businesses and operations of the Group in all material aspects. During the year ended 31 December 2019, the Group was subject to any penalty due to violation of the aforesaid laws, regulations and other public policies.

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code.

Key Relationships with Stakeholders

The support and trust of our stakeholders is integral to the Group's growth and success. Our stakeholders include shareholders and creditors, employees and employee organisations, governments and regulatory authorities, the public communities, charities and non-government organisations (NGOs) and clients. We place emphasis on communications with our stakeholders and have established an open and transparent communication channel for each category of stakeholders to understand their expectations and requests.

We continued to strengthen the quality and effectiveness of information disclosure, comply with applicable laws and regulations, and actively participate in public welfare activities, with the purpose of achieving mutual development and value sharing with our stakeholders. We have also formulated key indicators based on the focuses and concerns of different stakeholders to reflect our management performance on the above subject matters. Some of our key indicators include return on equity and payout ratio for shareholders and creditors; employee training frequency and turnover rate for employees and employee organisations; violations of laws and regulations and safety and environment performance concerned by the government; public opinion and corporate image concerned by the public; response rate on enquiries for charities and NGOs; satisfactory reports for clients etc.. Going forward, we will endeavor to improve our current policies, strive to maximise our stakeholders' value and achieve a mutually beneficial outcome.

Key Risks and Uncertainties

A description of principal risks and uncertainties that the Group may be facing is provided on page 15 in the "Management Discussion and Analysis" and "Corporate Governance Report" sections of this annual report.

Prospects

Please refer to the Chairman's Statement on pages 4 to 6 and pages 34 to 35 in the "Management Discussion and Analysis" section of this annual report.

Subsequent Event After the End of Financial Year

After the outbreak of COVID-19 pandemic in early 2020, a series of precautionary and control measures have been and continue to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 pandemic and evaluate its impact on the financial position and operating results of the Group. As at the date on which the set of financial statements was authorised for issue in this annual report, the Group was not aware of any material adverse effects on the financial statements as a result of the outbreak of COVID-19 pandemic nor is it aware of any other significant event in relation to the Group after the reporting period.

After the Reporting Period, with effect from 24 March 2020: (1) Mr. Kaishou Xie has resigned as an executive Director and the vice president and (2) Mr. Wei Fan has been appointed as an executive Director. Mr. Fan would continue to serve as the vice president of the Company.

Save as disclosed in this annual report, there were no other significant events in relation the Group after the reporting period.

BANK AND OTHER BORROWINGS

Details of bank borrowings of the Group as at 31 December 2019 are set out in note 26 to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 December 2019 amounted to US$400,000. In addition, the Group subsidised schools and community hospitals, provided financial aid for the construction and maintenance of public sports facilities such as football fields and swimming pools, and participated in programmes to fight against malaria, AIDS and cholera, thereby earnestly fulfilling its social responsibility.

Donation of food to the infants of the local area by Luanshya

Donation of the waiting hall of Kitwe

Donation of children's entertainment facilities in Chambishi Village

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2019 are set out in note 16 to the consolidated financial statements.

As at 31 December 2019, the Group did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) exceed 5%.

RESERVES

Details of change in the reserves of the Group during the year ended 31 December 2019 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company had distributable reserves amounting to US$67,213,000.

SHARE CAPITAL

There was no change in the share capital of the Company during the year ended 31 December 2019.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, sales to the Group's five largest customers accounted for 85.2% of the Group's total sales, and sales to its largest customer, being the Retained Group, accounted for 45.3% of the Group's total sales. The second largest customer was Yunnan Copper Group.

During the year ended 31 December 2019, purchases from the Group's five largest suppliers in aggregate accounted for approximately 52.2% of the total purchases, and purchases from the largest supplier accounted for approximately 21.7% of total purchases. The second largest supplier was the Retained Group.

Save as disclosed above, none of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year ended 31 December 2019.

SIGNIFICANT CONTRACT

Save as disclosed in "Connected Transactions", no other significant contract was entered into between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries during the year ended 31 December 2019.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2019.

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

Executive Directors
Mr. Tongzhou Wang
Mr. Xiaowei Wang
Mr. Wei Fan (appointed on 24 March 2020)
Mr. Lin Zhang
Mr. Chunlai Wang
Mr. Kaishou Xie (resigned on 24 March 2020)

Non-Executive Directors
Mr. Jinjun Zhang (appointed on 29 March 2019)
Mr. Diyong Yan (resigned on 29 March 2019)

Independent Non-Executive Directors
Mr. Chuanyao Sun
Mr. Jingwei Liu
Mr. Huanfei Guan

In accordance with article 102 of the Articles of Association, at each annual general meeting, one-third of the directors or, if their number is not three (3) or a multiple of three (3), the number which is nearest to and is at least one-third, shall retire from office by rotation at least once every three (3) years. A retiring director shall be eligible for re-election. Pursuant to article 103 of the Articles of Association, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In compliance with the provisions of the Articles, Mr. Chunlai Wang, Mr. Chuanyao Sun and Mr. Huanfei Guan shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Pursuant to the article 107 of the Articles of Association, a director appointed by the Board to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election. Mr. Wei Fan, being appointed by the Board after the last annual general meeting of the Company, shall retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

The Company has received annual confirmation of independence from the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2019 or during the period from 1 January 2020 to 24 March 2020 are set out below and those marked with an asterisk* are directors as at 24 March 2020:

Lin Zhang*	Chunlai Wang*	Jinghe Zhu*
Anne Flood*	Yan Wang	Aibin Hu*
Xinghua Liu*	He Yang*	Jinjun Zhang*
Guobin Hu*	Xuemin Zheng*	Zhanyan Li*
Chengguo Li*	Bing Zhang*	Liang Zhou
Mufingwe Ng' ambi*	Luke Chenjelani Mbewe*	Jingjun Wang*
Yuanyuan Liu*	Fawu Shi*	Chunguang Pang*
Lisheng Yang	Mrs. Tamara S Ngoma*	Cosmas V Mwananshiku*
Tapiwa G. Msusa *	Xiaowei Wang*	Tian Wang*
Wei Fan*	Gang Qu*	Jianqiang Wu*
Yun Deng*	Wei Yang*	Xi Yi*
Weimin Xu*	Jian Guo*	Peiwen Zhang*
Xiliang Xu	Rongman Huang*	Shili Zhang
Nanshan Shen*	Qujian Lin	Xingrong Du*
Jianming Zhu	Wenyan Xu*	Chengyi Fang*
Yuan Jiang*	Chebib Moukachar*	Siukam Ng*
Siuhong Ng*	Yaolin Li	Kaishou Xie
Guoping Liu*	Donghong Zhang*	Simon Tsibangu Ngoy*
Daniel Mbiyavanga Markuta Maku*	Gaetan Tshibangu Luabeya*	Qiongzhi Pu*

Note: The list is in no particular order.

DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management are set out on pages 36 to 44 in this annual report.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

No Directors and their connected entities had an interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2019.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTOR' S PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director or other office of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year ended 31 December 2019, and such coverage remained in full force as at the date of this report.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company had engaged in any business or had any interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group during the year ended 31 December 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company or any of its subsidiaries did not have any arrangement in place at any time during the reporting period whereby the Directors or their respective spouse or children under the age of 18 years can obtain benefit by acquiring shares of the Company or other body corporate.

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

As at 31 December 2019, none of the Directors or chief executive had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV the SFO) which would fall to be disclosed to the Company or the Hong Kong Stock Exchange pursuant to Division 7 and 8 under the Part XV of the SFO; or interests or short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests or short positions which fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

EMOLUMENTS OF THE DIRECTORS, SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to notes 13 and 38(3) to the consolidated financial statements for details of the emoluments of the Directors, senior management and the five highest paid individuals of the Company.

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

As at 31 December 2019, so far as it is known to the Director and chief executive of the Company, interests or short positions which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Division 2 and 3 under the Part XV of the SFO is as follows:

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

Note: CNMD is a wholly-owned subsidiary of CNMC and therefore, by virtue of 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 31 December 2019, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

As at 31 December 2019, each of the following entities were 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 the general meeting 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	ZCCM-IH	15%
Luanshya	ZCCM-IH	20%
CCS	Yunnan Copper Group	40%
SML	Hong Kong Zhongfei	30%
Huachin Leach	Huachin SARL	32.5%
CNMC Huachin Mabende	Huachin SARL	35%
CNMHK	Hong Kong Zhongfei	30%
Kambove Mining	La Generale Des Carrieres Et Des Mines SA	45%
Lualaba Copper Smelter	YH Metal	38%
Kingsail	YH Metal	40%

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 39 to the consolidated financial statements.

SHARE OPTION SCHEME

The Group has not adopted any share option scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2019.

CONNECTED TRANSACTIONS

Non-exempted Continuing Connected Transactions

During the Year, the Group carried out the following transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and were subject to annual review.

1. **CNMC Copper Supply Framework Agreement**

On 18 November 2014, the Company entered into the CNMC Copper Supply Framework Agreement ("2014 CNMC Copper Supply Framework Agreement") with CNMC pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathode to the Retained Group, subject to the approval of the Independent Shareholders. The Independent Shareholders approved the 2014 CNMC Copper Supply Framework Agreement and the proposed annual caps at the extraordinary general meeting of the Company ("EGM") held on 29 December 2014. The duration of 2014 CNMC Copper Supply Framework Agreement lasts from 1 January 2015 to 31 December 2017. Details of the 2014 CNMC Copper Supply Framework Agreement were disclosed in the announcement and circular of the Company dated 18 November 2014 and 8 December 2014 respectively.

The 2014 CNMC Copper Supply Framework Agreement expired on 31 December 2017. As the Company had the intention to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 18 April 2017, the Company entered into the CNMC Copper Supply Framework Agreement ("2017 CNMC Copper Supply Framework Agreement") with CNMC, the nature of which is similar to that of the transactions under the 2014 CNMC Copper Supply Framework Agreement for a term of three years from 1 January 2018 to 31 December 2020, subject to the approval of the Independent Shareholders. The Independent Shareholders approved the 2017 CNMC Copper Supply Framework Agreement and the proposed annual caps at the EGM held on 31 May 2017. Details of the 2017 CNMC Copper Supply Framework Agreement were disclosed in the announcement and circular of the Company dated 18 April 2017 and 15 May 2017 respectively.

On 23 April 2018, the Company revised the annual caps under the 2017 CNMC Copper Supply Framework Agreement and obtained the approval of the Independent Shareholders at the AGM held on 28 June 2018. Details of the revision were disclosed in the announcement and circular of the Company dated 23 April 2018 and 13 June 2018 respectively.

During the year ended 31 December 2019, the revenue and gains from the sale of copper products (including loss on change in fair value) to the Retained Group amounted to US$915,961,000, which is below the annual cap amount of US$2,550,200,000.

CNMC held 100% and 74.52% of the Company's issued share capital before and after the Listing, respectively. The Retained Group consists of CNMC and its subsidiaries, excluding the Group. Both CNMC and the Retained Group constitute connected persons of the Company under the Listing Rules.

2. Yunnan Copper Supply Framework Agreement

On 18 November 2014, the Company entered into the Yunnan Copper Supply Framework Agreement ("2014 Yunnan Copper Supply Framework Agreement") with Yunnan Copper Group pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathode to the Yunnan Copper Group and its subsidiaries. The duration of 2014 Yunnan Copper Supply Framework Agreement lasts from 1 January 2015 to 31 December 2017. Details of the 2014 Yunnan Copper Supply Framework Agreement were disclosed in the announcement of the Company dated 18 November 2014.

The 2014 Yunnan Copper Supply Framework Agreement expired on 31 December 2017. As the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 18 April 2017, the Company entered into the Yunnan Copper Supply Framework Agreement ("2017 Yunnan Copper Supply Framework Agreement") with Yunnan Copper Group, the nature of which is similar to that of the transactions under the 2014 Yunnan Copper Supply Framework Agreement for a term of three years from 1 January 2018 to 31 December 2020. Details of the 2017 Yunnan Copper Supply Framework Agreement were disclosed in the announcement of the Company dated 18 April 2017.

On 23 April 2018, the Company revised the annual caps under the 2017 Yunnan Copper Supply Framework Agreement. Details of the revision were disclosed in the announcement of the Company dated 23 April 2018.

During the year ended 31 December 2019, the revenue and gains from the sale of copper products (including loss on change in fair value) to Yunnan Copper Group and its subsidiaries amounted to US$412,194,000, which is below the annual cap amount of US$934,800,000.

Yunnan Copper Group is a substantial shareholder of CCS holding 40% of the issued share capital of CCS. Yunnan Copper Group and its subsidiaries constitute connected persons of the Company under the Listing Rules.

3. Huachin Ore Supply Framework Agreement

On 18 November 2014, the Company entered into the Huachin Ore Supply Framework Agreement ("2014 Huachin Ore Supply Framework Agreement") with Mabende Mining pursuant to which the Company agreed to buy, or procure its subsidiaries to buy, copper ores mined by Mabende Mining. The duration of 2014 Huachin Ore Supply Framework Agreement lasts from 1 January 2015 to 31 December 2017. Details of the 2014 Huachin Ore Supply Framework Agreement were disclosed in the announcement of the Company dated 18 November 2014.

The 2014 Huachin Ore Supply Framework Agreement expired on 31 December 2017. As the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 18 April 2017, the Company entered into the Huachin Ore Supply Framework Agreement ("2017 Huachin Ore Supply Framework Agreement") with Mabende Mining, the nature of which is similar to that of the transactions under the 2014 Huachin Ore Supply Framework Agreement for a term of three years from 1 January 2018 to 31 December 2020. Details of the 2017 Huachin Ore Supply Framework Agreement were disclosed in the announcement of the Company dated 18 April 2017.

On 23 April 2018, the Company revised the annual caps under the 2017 Huachin Ore Supply Framework Agreement. Details of the revision were disclosed in the announcement of the Company dated 23 April 2018.

During the year ended 31 December 2019, the Group purchased ores amounting to US$32,112,000 from Mabende Mining, which is below the annual cap amount of US$80,000,000.

Huachin Leach and CNMC Huachin Mabende are 32.5% and 35%, respectively, indirectly owned by Mr. Ng Siu Kam, who also owns 70% interest in Mabende Mining. Mabende Mining constitutes a connected person of the Company under the Listing Rules.

4. Mutual Supply Framework Agreement

On 18 November 2014, the Company entered into the Mutual Supply Framework Agreement ("2014 Mutual Supply Framework Agreement") with CNMC (as supplemented by a supplemental agreement dated 4 December 2014) pursuant to which both parties agreed to provide, or procure their respective subsidiaries to provide certain raw materials, products and services to each other, and CNMC agreed to provide, or procure its subsidiaries to provide transportation and logistics services to the Group, subject to the approval of the Independent Shareholders. The Independent Shareholders approved the 2014 Mutual Supply Framework Agreement and the proposed annual caps at the EGM held on 29 December 2014. The duration of 2014 Mutual Supply Framework Agreement lasts from 1 January 2015 to 31 December 2017. Details of the 2014 Mutual Supply Framework Agreement were disclosed in the announcement and circular of the Company dated 18 November 2014 and 8 December 2014 respectively.

The 2014 Mutual Supply Framework Agreement expired on 31 December 2017. As the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 18 April 2017, the Company entered into the Mutual Supply Framework Agreement ("2017 Mutual Supply Framework Agreement") with CNMC, the nature of which is similar to that of the transactions under the 2014 Mutual Supply Framework Agreement for a term of three years from 1 January 2018 to 31 December 2020, subject to the approval of the Independent Shareholders. The Independent Shareholders approved the 2017 Mutual Supply Framework Agreement and the proposed annual caps at the EGM held on 31 May 2017. Details of the 2017 Mutual Supply Framework Agreement were disclosed in the announcement and circular of the Company dated 18 April 2017 and 15 May 2017 respectively.

On 23 April 2018, the Company revised the annual caps under the 2017 Mutual Supply Framework Agreement and obtained the approval of the Independent Shareholders at the AGM held on 28 June 2018. Details of the revision were disclosed in the announcement and circular of the Company dated 23 April 2018 and 13 June 2018 respectively.

During the year ended 31 December 2019, the amount paid by the Group for the provision of raw materials, products and services provided by the Retained Group amounted to US$321,378,000, and the revenue from the provision of raw materials, products and services to the Retained Group amounted to US$35,305,000, both of which are below the annual caps of US$621,550,000 and US$639,853,000, respectively.

5. Properties Leasing Framework Agreement

On 18 November 2014, the Company entered into the Properties Leasing Framework Agreement ("2014 Properties Leasing Framework Agreement") with CNMC pursuant to which CNMC has agreed to lease the Leased Properties to the Group for general business and ancillary purposes. The duration of 2014 Properties Leasing Framework Agreement lasts from 1 January 2015 to 31 December 2017. Details of the 2014 Properties Leasing Framework Agreement were disclosed in the announcement of the Company dated 18 November 2014.

The 2014 Properties Leasing Framework Agreement expired on 31 December 2017. As the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 18 April 2017, the Company entered into the Properties Leasing Framework Agreement ("2017 Properties Leasing Framework Agreement") with CNMC, the nature of which is similar to that of the transactions under the 2014 Properties Leasing Framework Agreement for a term of three years from 1 January 2018 to 31 December 2020. Details of the 2017 Properties Leasing Framework Agreement were disclosed in the announcement of the Company dated 18 April 2017.

During the year ended 31 December 2019, there was no rentals paid to the Retained Group while the annual cap amount was US$9,530,000.

6. NFC Copper Purchase Framework Agreement

On 19 April 2017, CCS entered into the NFC Copper Purchase Framework Agreement with NFC Metal Pte. Ltd. ("NFC Metal") pursuant to which CCS agreed to buy copper concentrate from NFC Metal. The duration of NFC Copper Purchase Framework Agreement lasts from 1 June 2017 to 31 December 2019. Details of the NFC Copper Purchase Framework Agreement were disclosed in the announcement of the Company dated 19 April 2017.

During the year ended 31 December 2019, CCS purchased copper concentrate amounting to US$155,364,000 from NFC Metal, which is below the annual cap amount of US$189,930,000.

NFC Metal is wholly-owned by China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd ("NFC"), and CNMC in turn holds 33.75% of the issued share capital of NFC. NFC Metal constitutes a connected person of the Company under the Listing Rules.

Details of related party transactions of the Company for the year ended 31 December 2019 are set out in note 38 to the consolidated financial statements. Save for the related party transactions as set out under item (3) in respect of remuneration of key management personnel, all the related party transactions set out in note 38 constitute connected transactions under Chapter 14A of the Listing Rules. The Company confirms that all such related party transactions complied with the applicable requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the nature and process of the business transactions, discussed the pricing policies of those transactions, and have confirmed that these continuing connected transactions of the Group have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company has designated the Compliance Committee to continuously monitor the continuing connected transactions with the abovementioned connected persons. The Compliance Committee continuously traces and regularly monitors the progress of the continuing connected transactions and reports to management of the Company. The Compliance Committee reviews the continuing connected transactions with the finance department to ensure that annual caps are not exceeded. The heads of different departments of the Company will also be informed on a periodic basis in relation to the terms and pricing policies of the continuing connected transactions. The Compliance Committee will communicate with the Audit Committee, management and the Board of Directors, monthly or as needed, to report the progress of the continuing connected transactions, and request for approval of new changes of existing transaction terms. The Audit Committee and the Compliance Committee have also assigned the independent internal audit team the task to ensure that the Company's internal control measures in respect of the continuing connected transactions remain effective and complete. With these measures, the independent non-executive Directors could therefore assess and give the confirmations in the preceding paragraph.

The Company's auditor has been engaged to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its letter containing its findings and conclusions, in respect of the above-mentioned continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules.

In respect of the continuing connected transactions disclosed (the "Disclosed Continuing Connected Transactions"), the Company's auditor confirmed that:

a. nothing has come to their attention that causes them to believe that the Disclosed Continuing Connected Transactions have not been approved by the Company's board of directors;

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the letter, nothing has come to their attention that causes them to believe that the Disclosed Continuing Connected Transactions have exceeded the annual cap disclosed in the announcements of the Company dated 19 April 2017 and 23 April 2018 made by the Company in respect of each of the Disclosed Continuing Connected Transactions.

A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the compliance by CNMC and its associates with the Non-Competition Undertaking under the Deed of Non-Competition Undertaking, including whether to pursue any business opportunities which may be referred or offered to the Company by the Retained Group. The Company has received an annual confirmation from CNMC in respect of its compliance with the Non-Competition Undertaking. The independent non-executive Directors of the Company have reviewed the status of compliance of the Non-Competition Undertaking for the year ended 31 December 2019 and confirmed that all the undertakings under the Deed of Non-Competition Undertaking have been complied with by CNMC.

COMPLIANCE WITH PROVISIONS OF THE CORPORATE GOVERNANCE CODE

None of the Directors is aware of any information which would reasonably indicate that the Company has not, for any part of the year ended 31 December 2019, complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as at the date of this annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C3 of the CG Code 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. As at the date of this report, the Audit Committee consists of three members, being Mr. Jinjun Zhang (non-executive Director), Mr. Jingwei Liu (independent non-executive Director) and Mr. Huanfei Guan (independent non-executive Director). The chairman of the Audit Committee is Mr. Jingwei Liu. The Group's financial statements for the year ended 31 December 2019 have been reviewed by the Audit Committee, who was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

AUDITOR

A resolution for the re-appointment of Deloitte as auditor of the Company is to be submitted at the forthcoming annual general meeting.

Approved on behalf of the Board of Directors
Tongzhou Wang
Chairman

Beijing, 24 March 2020

Deloitte. 德勤

TO THE MEMBERS OF CHINA NONFERROUS MINING CORPORATION LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Nonferrous Mining Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 122 to 229, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on property, plant and equipment of NFC Africa Mining PLC ("NFCA")	
We identified the impairment assessment on property, plant and equipment of NFCA, a subsidiary of the Company, as a key audit matter due to the use of judgement and estimation in assessing their recoverable amounts. As at 31 December 2019, owing to actual copper price below management's expectation set out in prior year, management identified impairment indicators for NFCA's property, plant and equipment amounting to US$787,336,000. The calculation of the recoverable amounts of the cash generating unit ("CGU") to which NFCA's property, plant and equipment belong in management assessment incorporates significant estimates. Any changes in these estimates may have a significant impact on the consolidated financial statements. No impairment loss was recognised for the year ended 31 December 2019 after the management's impairment assessment on the recoverable amount of the associated CGU. Details of the related key source of estimation uncertainty and management impairment assessment are disclosed in notes 4 and 16, respectively, to the consolidated financial statements.	Our procedures in relation to impairment assessment of property, plant and equipment of NFCA included: • Testing the key controls that management have in place to assess the recoverable amounts of the CGU to which NFCA's property, plant and equipment belong; • Evaluating the methodologies and calculation made by the management; • Challenging the appropriateness of management's estimates of mining plan, future copper prices, production cost, capital expenditures and discount rates used in the cash flow projections; and • Comparing the current year's actual results with the 2019 figures used in the prior year's impairment assessment.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Patrick P. C. Cheng.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
24 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** **US$'000**	2018 US$'000
Revenue from contracts with customers	5, 6	**2,008,719**	2,053,320
Cost of sales		**(1,540,246)**	(1,552,788)
Gross profit		**468,473**	500,532
Other income	7	**13,455**	13,241
Other gains and losses	8	**(32,979)**	(44,852)
Distribution and selling expenses		**(41,920)**	(46,507)
Administrative expenses		**(64,430)**	(62,738)
Other expenses	10	**(1,908)**	(11,235)
Finance costs	9	**(16,656)**	(24,580)
Profit before tax		**324,035**	323,861
Income tax expense	11	**(99,521)**	(79,883)
Profit and total comprehensive income for the year	6, 12	**224,514**	243,978
Profit and total comprehensive income attributable to:			
Owners of the Company		**134,874**	146,260
Non-controlling interests		**89,640**	97,718
		224,514	243,978
Earnings per share			
– Basic and diluted *(US cents per share)*	15	**3.87**	4.19
– Basic and diluted *(equivalent to approximately HK$ per share)*	15	**0.30**	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
ASSETS			
Non-current Assets			
Property, plant and equipment	16	**1,693,734**	1,295,449
Right-of-use assets	17	**19,860**	–
Mining rights	18	**78,225**	–
Finance lease receivables		**–**	67
Restricted bank balances	22	**6,146**	6,044
Deferred tax assets	32	**18,735**	42,823
Prepayments and other receivables	21	**94,391**	90,782
		1,911,091	1,435,165
Current Assets			
Inventories	19	**530,093**	540,219
Finance lease receivables		**63**	234
Trade receivables at amortised cost	20	**11,496**	3,023
Trade receivables at fair value through profit or loss ("FVTPL")	20	**162,212**	138,616
Prepayments and other receivables	21	**218,069**	204,568
Derivatives	28	**–**	3,413
Restricted bank balances	22	**1,297**	2,676
Bank balances and cash	22	**481,210**	505,091
		1,404,440	1,397,840
Total Assets		**3,315,531**	2,833,005
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	29	**613,233**	613,233
Retained profits		**400,571**	294,949
Equity attributable to owners of the Company		**1,013,804**	908,182
Non-controlling interests		**522,272**	388,373
Total Equity		**1,536,076**	1,296,555

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
Non-current Liabilities			
Deferred tax liabilities	32	**44,775**	45,593
Bank and other borrowings			
– due after one year	26	**894,480**	534,987
Lease liabilities	27	**18,601**	–
Provision for restoration, rehabilitation and			
environmental costs	31	**23,131**	18,010
Deferred income	30	**16,566**	15,528
		997,553	614,118
Current Liabilities			
Trade payables	23	**156,478**	118,229
Trade payables designated at FVTPL	23	**116,051**	131,760
Other payables and accrued expenses	24	**84,034**	51,867
Income tax payable		**97,306**	85,435
Bank and other borrowings			
– due within one year	26	**301,298**	527,494
Lease liabilities	27	**6,802**	–
Contract liabilities	25	**18,502**	7,547
Derivatives	28	**1,431**	–
		781,902	922,332
Total Liabilities		**1,779,455**	1,536,450
Total Equity and Liabilities		**3,315,531**	2,833,005

The consolidated financial statements on pages 122 to 229 were approved and authorised for issue by the board of directors on 24 March 2020 and are signed on its behalf by:

Tongzhou Wang
DIRECTOR

Lin Zhang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Equity attributable to owners of the Company				
	Share capital *US$'000*	**Retained profits** *US$'000*	**Sub-total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
At 1 January 2018	613,233	173,842	787,075	253,009	1,040,084
Profit and total comprehensive income for the year	–	146,260	146,260	97,718	243,978
Dividend declared by a subsidiary	–	–	–	(4,000)	(4,000)
Capital contribution by a non-controlling shareholder of a subsidiary	–	–	–	37,860	37,860
Dividend declared by the Company	–	(21,367)	(21,367)	–	(21,367)
Disposal of partial interest in a subsidiary *(note 41(e))*	–	(3,786)	(3,786)	3,786	–
At 31 December 2018	613,233	294,949	908,182	388,373	1,296,555
Profit and total comprehensive income for the year	**–**	**134,874**	**134,874**	**89,640**	**224,514**
Dividend declared by a subsidiary	**–**	**–**	**–**	**(14,400)**	**(14,400)**
Capital contribution by a non-controlling shareholder of a subsidiary	**–**	**–**	**–**	**58,659**	**58,659**
Dividend declared by the Company	**–**	**(29,252)**	**(29,252)**	**–**	**(29,252)**
At 31 December 2019	**613,233**	**400,571**	**1,013,804**	**522,272**	**1,536,076**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 US$'000	2018 US$'000
OPERATING ACTIVITIES		
Profit before tax	**324,035**	323,861
Adjustments for:		
Finance costs	**16,656**	24,580
Interest income	**(5,542)**	(8,835)
Depreciation of property, plant and equipment	**103,823**	109,678
Depreciation of right-of-use assets	**5,543**	–
Amortisation of mining rights	**883**	–
Impairment loss, net of reversal		
– input value added tax ("VAT") receivables	**5,879**	10,026
– financial assets under expected credit loss ("ECL") model	**(2,316)**	–
Release of premium for electricity supply	**440**	440
Deferred income recognised	**(341)**	(671)
Finance income earned under finance leases to fellow subsidiaries	**(15)**	(69)
Loss (gain) arising on fair value change of financial assets/liabilities at FVTPL	**4,233**	(6,931)
Loss on disposal of property, plant and equipment, net	**300**	891
Foreign exchange loss	**1,285**	260
Operating cash flows before movements in working capital	**454,863**	453,230
Decrease (increase) in inventories	**10,126**	(156,639)
Increase in trade and other receivables and prepayments	**(64,326)**	(5,951)
Increase (decrease) in trade and other payables and accrued expenses	**21,498**	(5,410)
Increase (decrease) in contract liabilities	**10,955**	(13,352)
Cash generated from operations	**433,116**	271,878
Income tax paid	**(64,380)**	(66,149)
NET CASH FROM OPERATING ACTIVITIES	**368,736**	205,729

	2019 US$'000	2018 US$'000
INVESTING ACTIVITIES		
Interest received	**5,542**	8,835
Proceeds on disposal of property, plant and equipment	**54**	102
Purchases of property, plant and equipment	**(408,136)**	(356,094)
Purchases of mining rights	**(20,449)**	–
Repayment of finance lease receivables from fellow subsidiaries	**238**	968
Finance income earned under finance leases to fellow subsidiaries received	**15**	69
Placement of restricted bank balances	**(102)**	(1,990)
Proceeds from release of restricted bank balances	**1,379**	564
Proceeds from release of bank deposits	**–**	45,000
Receipts of government grants	**1,379**	–
NET CASH USED IN INVESTING ACTIVITIES	**(420,080)**	(302,546)
FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	**(29,252)**	(21,367)
Dividends paid to non-controlling shareholders of subsidiaries	**(13,350)**	(4,245)
Capital contribution by non-controlling shareholders of subsidiaries	**–**	37,860
Repayments of bank and other borrowings	**(397,339)**	(354,225)
New bank and other borrowings raised	**530,636**	147,969
Interest paid	**(61,947)**	(58,808)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**28,748**	(252,816)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(22,596)**	(349,633)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**505,091**	854,984
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(1,285)**	(260)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Represented by:		
Bank balances and cash	**481,210**	505,091

1. GENERAL INFORMATION

China Nonferrous Mining Corporation Limited (the "Company") was incorporated in Hong Kong on 18 July 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. In the opinion of the directors of the Company (the "Directors"), the Company's immediate holding company is China Nonferrous Mining Development Limited, a private company incorporated in the British Virgin Islands and the Company's ultimate holding company is China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC"), an enterprise established in the People's Republic of China (the "PRC") and wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council. The registered office of the Company is located at Room 1201, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, and its principal place of business is located at 32 Enos Chomba Road, Kitwe, The Republic of Zambia ("Zambia").

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper, copper anodes and sulfuric acid. The activities of the subsidiaries of the Company are set out in the note 41.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in United States dollars ("US$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 Leases

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

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. No difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 Leases (Continued)

As a lessee (Continued)

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

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

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

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 Leases (Continued)

As a lessee (Continued)

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

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

	Right-of-use assets *US$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	8,041

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 HKFRS 16 Leases (Continued)

As a lessee (Continued)

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

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

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[4]
Amendments to HKAS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Sale of goods

Revenue from the sale of goods is recognised when control of the goods has transferred based on the terms of the sale contracts.

In most cases, the control of goods has transferred upon delivery, when the goods have been shipped at the Group's premises.

The Group sells copper products under provisional pricing arrangements where final grades of copper, gold, silver and cobalt in copper products are agreed based on third-party examination and 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 period between revenue recognition and final settlement is within one to three months. The contractual cash flows of trade receivable vary depending on the market price at the date of final settlement, and do not represent solely payments of principal and interests on the principal amount outstanding. Consequently, these trade receivables resulted from provisionally priced contracts are measured at FVTPL.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

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

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

The functional currency of companies comprising the Group is US$. In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Effective 1 January 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Short-term employee benefits

Short-term employees benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purpose (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method or the unit-of-production method.

Mining properties in the course of development or construction are included in construction in progress and are not depreciated. Capitalised mining properties costs are depreciated once commercial production commences, as described in "Property, plant and equipment – mining properties".

Depreciation for other property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	10 to 30 years
Machinery and equipment	3 to 10 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties, are firstly capitalised as property, plant and equipment under the heading of "Construction in progress" in the year in which they are incurred and then reclassified to the heading of "Mining properties" when they are ready for commercial production.

When a decision is taken that a mining property is viable for commercial production, all pre-production primary development expenditure other than land, buildings, plant and equipment, etc. is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties costs are depreciated on a unit-of-production basis over the total estimated remaining commercial reserves of each property or a group of properties.

Stripping costs incurred in the development of a mine (or pit) before the production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a unit of production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of an ore body, to the extent that the benefit from these activities is realised in the form of improved access ore, is recognised as a non-current asset (“Mining properties ”) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 Inventories.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Mining rights

The cost of mining rights either as an individual asset purchase or as part of a business combination is capitalised and represents the asset's fair value at the date of acquisition.

Subsequent to initial recognition, mining rights are reported at costs less accumulated amortisation and any accumulated impairment losses. The costs of mining rights are amortised or depreciated on a unit-of-production basis over the total estimated remaining commercial reserves of each mine.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mining rights (Continued)

Mining properties (Continued)

A mining right is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of a mining right, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and mining rights

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and mining rights to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and mining rights are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the assets belong.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Costs of inventories are determined on the following bases:

- Purchased copper concentrates and all other materials, including spare parts and consumables, are valued on weighted average basis.

- Finished products are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or production facilities. Costs arising from facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to profit or loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the life of the operation. The unwinding of the discount is shown as a finance cost in profit or loss.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value to other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount for a financial asset except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

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

Trade receivables under provisional priced sales arrangements are measured at FVTPL. Considering that the contractual cash flows of trade receivables vary depending on the market price at the date of final settlement, and do not give rise to cash flows that are solely payments of principal and interests on the principal amount outstanding.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables at amortised cost, other receivables, deposits in futures margin accounts, restricted bank balances, and bank balances) and other item (finance lease receivables) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments subject to impairment under HKFRS 9 by adjusting their carrying amount, with the exception of trade receivables at amortised cost and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as trade payables arising from provisionally priced purchases, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

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

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derivative financial instruments

The Group uses derivative financial instruments to hedge its commodity price risk. The Group's derivative financial instruments mainly include copper future contracts (mainly standardised copper cathode future contracts in London Metal Exchange ("LME")) and those embedded in provisional price arrangements.

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belong. Changing the assumptions and estimations, including the discount rate or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment assessment of property, plant and equipment (Continued)

As at 31 December 2019, in view of impairment indicators, the Group performed an impairment assessment on property, plant and equipment of US$787,336,000 (2018: US$653,417,000). No impairment loss in respect of property, plant and equipment has been recognised. Details of the impairment test of property, plant and equipment are disclosed in note 16.

Fair value measurement of a mining right

As at 31 December 2019, a mining right of the Group amounting to US$58,774,000 was measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof.

The Group determined the fair value of the mining right using excess earning methodology of the income approach, which requires a set of estimations and determination of key inputs, including mining plan, future copper prices, production cost, capital expenditures and discount rates. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the mining right. Further details are set out in note 18.

Depreciation of mining properties

Mining properties costs are depreciated using the unit of production method (the "UOP"). The calculation of the UOP rate of depreciation, and therefore the annual depreciation charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mine reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the project, which, in turn is limited to the lives of the proved and probable mineral reserves. Estimates of proved and probable reserves are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve base and the operating and development plan are performed regularly.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites and certain production facilities of the Group as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of mining, leaching and smelting industries and they are normally incurred at the end of the life of the mine and production facilities. The costs are estimated on the basis of mine/plant closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting the Group's obligations at that time. A corresponding provision is created on the liability side.

The capitalised asset is charged to profit or loss through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. The management estimates are mainly based on the local legislation. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

The Group provides for such costs in accordance with the statutory requirements.

Income Taxes

The Group is subject to taxes in a number of jurisdictions. Significant judgement is required in determining the tax position and the estimates and assumptions in relation to the provision for taxes, the progressive tax rate applicable for deferred tax provisions and the recovery of deferred tax assets, having regard to the nature and timing of their origination and compliance with the relevant tax legislation.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Income Taxes (Continued)

As at 31 December 2019, a deferred tax asset of US$18,735,000 (31 December 2018: US$42,823,000) in relation to unused tax losses, impairment of property, plant and equipment and impairment loss on excess and obsolete inventories has been recognised in the consolidated statement of financial position (see note 32). Deferred tax assets are recognised only if it is probable that future taxable profits will be available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment. In addition, the applicable tax rate used in recognising deferred tax assets is determined by the forecast proportion of assessable income against gross sales and the timing of the usage of tax losses when the entity was granted income tax incentives.

Impairment for input VAT receivables

In assessing the recoverable amount of input VAT receivables, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows.

As at 31 December 2019, in view of impairment indicators, the Group performed an impairment assessment on input VAT receivables, the carrying amount of which, after deducting the provision of US$23,765,000 (2018: US$17,886,000), amounted to US$207,249,000 (2018: US$202,217,000). Impairment loss of US$5,879,000 (2018: US$10,026,000) in respect of input VAT receivables has been recognised for the year ended 31 December 2019. Details of the impairment of input VAT receivables are disclosed in note 21.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers

	2019	
	Leaching *US$'000*	**Smelting** *US$'000*
Types of goods		
Sales of goods to external customers		
Copper cathodes	**553,672**	**–**
Blister copper	**–**	**797,159**
Copper anode	**–**	**547,482**
Sulfuric acid	**–**	**110,406**
Total	**553,672**	**1,455,047**
Timing of revenue recognition		
A point in time	**553,672**	**1,455,047**

	2018	
	Leaching *US$'000*	Smelting *US$'000*
Types of goods		
Sales of goods to external customers		
Copper cathodes	597,006	–
Blister copper	–	1,036,382
Copper anode	–	326,902
Copper-cobalt alloy	–	8,100
Sulfuric acid	–	84,930
Total	597,006	1,456,314
Timing of revenue recognition		
A point in time	597,006	1,456,314

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(ii) Performance obligations for contracts with customers

The Group sells copper products and sulphuric acid to customers, revenue is recognised when control of the goods has transferred based on the terms of the sale contracts. In most cases, the control of goods has transferred upon delivery, when the goods have been shipped at the Group's premises. The Group normally requires prepayments from customers before goods dispatch with the remainder to be settled not exceeding one month upon issuance of sales invoice.

All sales are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

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

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

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

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

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

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

For the year ended 31 December 2019

	Leaching *US$'000*	Smelting *US$'000*	Consolidated *US$'000*
Total segment revenue	553,672	1,515,610	2,069,282
Less: inter-segment sales	–	(60,563)	(60,563)
Revenue from external customers	553,672	1,455,047	2,008,719
Segment profit	145,893	89,685	235,578
Unallocated income*			3,579
Unallocated expenses#			(14,643)
Profit for the year			224,514

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 December 2018

	Leaching *US$'000*	Smelting *US$'000*	Consolidated *US$'000*
Total segment revenue	597,006	1,490,022	2,087,028
Less: inter-segment sales	–	(33,708)	(33,708)
Revenue from external customers	597,006	1,456,314	2,053,320
Segment profit	155,119	87,054	242,173
Unallocated income*			6,690
Unallocated expenses#			(4,885)
Profit for the year			243,978

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

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	2019	2018
	US$'000	*US$'000*
Segment assets		
Leaching	**801,444**	675,198
Smelting	**2,326,832**	1,897,813
Total segment assets	**3,128,276**	2,573,011
Unallocated assets*	**190,694**	262,771
Elimination	**(3,439)**	(2,777)
Consolidated assets	**3,315,531**	2,833,005
Segment liabilities		
Leaching	**367,736**	399,482
Smelting	**1,311,231**	1,028,962
Total segment liabilities	**1,678,967**	1,428,444
Unallocated liabilities*	**103,927**	110,783
Elimination	**(3,439)**	(2,777)
Consolidated liabilities	**1,779,455**	1,536,450

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

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities, other than certain assets and liabilities of the Holding Companies, are allocated to reportable and operating segments.

6. SEGMENT INFORMATION (CONTINUED)

Other segment information

Amounts included in the measure of segment profit and segment assets:

For the year ended 31 December 2019

	Leaching *US$'000*	Smelting *US$'000*	Unallocated *US$'000*	Consolidated *US$'000*
Addition to non-current assets*	**161,769**	**409,336**	**5**	**571,110**
Depreciation of property, plant and equipment	**75,987**	**32,888**	**–**	**108,875**
Amortisation of mining rights	**883**	**–**	**–**	**883**
Write-down of inventories	**–**	**8,535**	**–**	**8,535**
Interest income#	**3,241**	**118**	**2,183**	**5,542**
Finance costs	**8,815**	**7,817**	**24**	**16,656**
Finance income earned under finance leases to fellow subsidiaries	**15**	**–**	**–**	**15**
(Loss) gain arising on change in fair value of				
– derivatives	**(3,147)**	**1,495**	**–**	**(1,652)**
– trade receivables at FVTPL	**(212)**	**727**	**–**	**515**
– trade payables designated at FVTPL	**–**	**(3,096)**	**–**	**(3,096)**
Income tax expense	**51,346**	**39,124**	**9,051**	**99,521**

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 December 2018

	Leaching *US$'000*	Smelting *US$'000*	Unallocated *US$'000*	Consolidated *US$'000*
Addition to non-current assets*	79,326	316,294	1,532	397,152
Depreciation of property, plant and equipment	71,437	39,990	–	111,427
Write-down of inventories	–	1,184	–	1,184
Interest income#	2,681	316	5,838	8,835
Finance costs	15,882	7,869	829	24,580
Finance income earned under finance leases to fellow subsidiaries	69	–	–	69
Gain (loss) arising on change in fair value of				
– derivatives	3,731	4,927	–	8,658
– trade receivables at FVTPL	(4,978)	(59,876)	–	(64,854)
– trade payables designated at FVTPL	–	63,127	–	63,127
Income tax expense	50,604	29,112	167	79,883

* Non-current assets exclude financial instruments, input VAT receivables and deferred tax assets.

Unallocated interest income represents interest income earned from bank balances of the Holding Companies.

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are mainly in Zambia and DRC. US$1,289,435,000 (2018: US$1,124,637,000) and US$596,775,000 (2018: US$261,594,000) of the Group's non-current assets (other than financial instruments, input VAT receivables and deferred tax assets) are in Zambia and DRC, respectively, by location of the assets.

The Group's revenue from external customers by their geographical locations which are based on the destination of shipments is detailed below:

	2019 ***US$'000***	2018 *US$'000*
Mainland China	**909,799**	921,400
Hong Kong	**564,478**	350,200
Switzerland	**171,824**	338,879
Singapore	**229,069**	278,859
Africa	**83,991**	72,906
Luxemburg	**49,558**	91,076
	2,008,719	2,053,320

6. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group are as follows:

	2019	2018
	US$'000	*US$'000*
Customer A[1]		
– Leaching	**360,972**	298,373
– Smelting	**548,805**	614,927
Customer B[1]		
– Smelting	**415,850**	350,200
Customer C[1]		
– Leaching	**N/A[2]**	14,777
– Smelting	**N/A[2]**	190,397
Customer D[1]		
– Leaching	**N/A[2]**	109,101
– Smelting	**N/A[2]**	139,484

1 Revenue from copper products

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	2019 *US$'000*	2018 *US$'000*
Interest income	**5,542**	8,835
Government grants	**341**	671
Finance income earned under finance leases to fellow subsidiaries	**15**	69
Net income from sale of spare parts and other materials	**2,650**	2,098
Net income from service of custom clearance	**1,767**	728
Others	**3,140**	840
	13,455	13,241

8. OTHER GAINS AND LOSSES

	2019 *US$'000*	2018 *US$'000*
Loss on disposal of property, plant and equipment, net	**(300)**	(891)
Impairment (losses) reversal		
– input VAT receivables	**(5,879)**	(10,026)
– financial assets under ECL	**2,316**	–
Foreign exchange losses, net*	**(24,883)**	(40,866)
Gain (loss) from changes in fair value of financial assets/ liabilities at FVTPL		
– Derivatives	**(1,652)**	8,658
– Trade receivables at FVTPL	**515**	(64,854)
– Trade payables designated at FVTPL	**(3,096)**	63,127
	(32,979)	(44,852)

* The amount included exchange losses arising from the retranslation of input VAT receivables denominated in Zambia Kwacha ("ZMK") to US$ amounting to US$23,344,000 during the current year (2018: US$37,002,000).

9. FINANCE COSTS

	2019 US$'000	2018 US$'000
Interest on bank and other borrowings	**61,947**	57,546
Unwinding of the discount *(note 31)*	**926**	818
	62,873	58,364
Less: amounts capitalised in construction in progress arose on the borrowings specifically for the purpose of qualifying assets	**(46,217)**	(33,784)
	16,656	24,580
The weighted average capitalisation rate used to determine the amount of borrowing costs arose on the borrowings specifically eligible for capitalisation *(per annum)*	**5.48%**	5.33%

10. OTHER EXPENSES

	2019 US$'000	2018 US$'000
Expense on suspension of production *(note)*	**–**	11,199
Others	**1,908**	36
	1,908	11,235

Note: The amount represented the operating expenses, including depreciation of property, plant and equipment, incurred during the year in relation to the Baluba Center Mine of CNMC Luanshya Copper Mines PLC ("Luanshya"), which has been suspended as a result of the force majeure event that Zambia has reduced the power supply in September 2015. The Baluba Center Mine resumed production in July 2018 and no further expense on suspension of production has been recognised since then.

11. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss:

	2019	2018
	US$'000	*US$'000*
Current tax:		
– Income tax in The Republic of Ireland ("Ireland")	**5**	6
– Income tax in DRC	**30,975**	33,702
– Income tax in Zambia	**45,271**	44,946
	76,251	78,654
Deferred tax *(note 32)*		
– Current year	**23,270**	1,229
Total income tax expense	**99,521**	79,883

Income tax in Ireland is calculated at 12.5% (2018: 12.5%) on the estimated assessable income.

Income tax in DRC is calculated at 30% (2018: 30%) on the estimated assessable income.

Income tax in Zambia is calculated at 35% (2018: 35%) on the assessable income, except for that arising from mining activities which is stated as below.

For both reporting periods, the applicable tax rate on income from mining operation in Zambia is 30% where the assessable income does not exceed 8% of gross sales and variable tax rate up to 15% plus 30% where the assessable income exceed 8% of gross sales. Accordingly for both reporting periods, the applicable tax rate on the assessable income of Chambishi Copper Smelter Limited ("CCS") is 35%, and the applicable tax rate on the assessable income of NFCA, Luanshya and Sino-metals Leach Zambia Limited ("SML") ranges from 30% to 45%.

11. INCOME TAX EXPENSE (CONTINUED)

The Group enjoyed the following income tax incentives:

- CCS is eligible for the tax exemption for the first five profitable years; 50% income tax relief for the next three years thereafter; and 25% of income tax relief for the next two years thereafter. The tax incentives are applicable to the assessable profit generated from the two different phases of production facilities of CCS with different dates of commencement of the tax incentives. One of the phases of production facilities of CCS is under the second year of 25% of income tax relief during the current year (2018: 25%). The remaining phase of production facilities of CCS is still under the tax holiday during the current year.

According to the Convention between the Republic of Zambia and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Tax on, which is effective on 1 January 2016, certain dividend paid by a company which is a resident of Zambia to a resident of Ireland may be taxed in Zambia according to tax law of Zambia, but as the beneficial owner of the dividends is a resident of Ireland, the tax so charged shall not exceed 7.5% of the gross amount of the dividends in Zambia. Therefore certain dividend income of CNMH from Zambia subsidiaries may be subject to withholding income tax in Zambia at tax rate of 7.5%.

For both reporting periods, certain dividend income of CNMHK from DRC subsidiaries may be subject to withholding income tax in DRC at tax rate of 10%.

At the end of the reporting period, deferred tax liability of US$41,358,000 (2018: US$33,018,000) has been provided for temporary differences associated with undistributed earnings of these subsidiaries (see note 32).

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

11. INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 US$'000	2018 US$'000
Profit before tax	**324,035**	323,861
Tax at income tax rate in Ireland		
– for operations at 12.5%	**5**	6
Tax at income tax rate in DRC		
– for operations at 30%	**25,558**	30,527
Tax at income tax rate in Zambia		
– for operations at 30%	**27,150**	22,258
– for operations at 35%	**49,333**	51,527
	102,046	104,318
Tax effect of expenses not deductible for tax purpose	**19,110**	10,865
Deferred and withholding tax on undistributed earnings	**9,600**	119
Effect of tax incentives granted to the Group	**(31,235)**	(33,884)
Recognition of temporary differences previously not recognised	**–**	(1,535)
Income tax expense for the year	**99,521**	79,883

11. INCOME TAX EXPENSE (CONTINUED)

Other taxes

The Group is also subject to other non-income taxes as below:

For both reporting periods, the Group is subject to VAT at 16% on purchases and sales in Zambia and DRC whereas VAT is exempted on export, and relevant input VAT paid for purchases supported by valid VAT invoices could be refunded by the Zambia Revenue Authority and DRC to the extent total input VAT paid on purchases exceeds total output VAT payable on domestic sales.

On 7 June 2016, the Parliament of Zambia enacted "An Act to amend the Mines and Minerals Development Act, 2015" with effect from 1 June 2016, which included, to change a mineral royalty at the rate of 4% when the norm price of copper is less than US$4,500 per tonne, 5% when the norm price of copper is US$4,500 per tonne or greater but less than US$6,000 per tonne and 6% when the norm price of copper is US$6,000 per tonne or greater. The mineral royalty rates are applicable for both open cast mining operations and underground mining operations.

On 26 December 2018, the Parliament of Zambia enacted "An Act to amend the Mines and Minerals Development Act, 2015" with effect from 1 January 2019, which included, to change a mineral royalty at the rate of 5.5% when the norm price of copper is less than US$4,500 per tonne, 6.5% when the norm price of copper is US$4,500 per tonne or greater but less than US$6,000 per tonne, 7.5% when the norm price of copper is US$6,000 per tonne or greater but less than US$7,500 per tonne, 8.5% when the norm price of copper is US$7,500 per tonne or greater but less than US$9,000 per tonne and 10% when the norm price of copper is US$9,000 per tonne or greater. The mineral royalty rates are applicable for both open cast mining operations and underground mining operations.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2019	2018
	US$'000	*US$'000*
Depreciation of property, plant and equipment	**108,875**	111,427
Depreciation of right-of-use assets	**5,543**	–
Amortisation of mining right	**883**	–
Total depreciation and amortisation	**115,301**	111,427
Less: capitalised in inventories	**100,010**	100,522
capitalised in construction in progress	**5,052**	1,749
	10,239	9,156
Auditor's remuneration	**1,017**	1,148
Staff costs (including Directors' remuneration as disclosed in note 13):		
Salaries, wages and welfare	**94,437**	79,909
Retirement benefit schemes contributions	**8,270**	6,532
Total staff costs	**102,707**	86,441
Less: capitalised in inventories	**52,864**	53,319
capitalised in construction in progress	**23,171**	3,137
	26,672	29,985
Cost of inventories recognised as an expense	**1,540,246**	1,489,661
Donations	**400**	819

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid or payable to the Directors are as follows:

	2019				
		Other emoluments			
Name of director	**Fees** *US$'000*	**Salaries and other allowances** *US$'000*	**Discretionary performance bonus*** *US$'000*	**Retirement benefit schemes contributions** *US$'000*	**Total emoluments** *US$'000*
Executive Directors					
Mr. Tongzhou Wang *(i)*	–	–	–	–	–
Mr. Xiaowei Wang *(ii)*	–	–	–	–	–
Mr. Lin Zhang	–	115	32	11	158
Mr. Chunlai Wang	–	112	59	11	182
Mr. Kaishou Xie	–	–	–	–	–
	–	227	91	22	340
Non-Executive Directors					
Mr. Jinjun Zhang *(iii)*	–	–	–	–	–
Mr. Diyong Yan *(vi)*	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors					
Mr. Chuanyao Sun	34	–	–	–	34
Mr. Jingwei Liu	34	–	–	–	34
Mr. Huanfei Guan	34	–	–	–	34
	102	–	–	–	102
Total					442

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors (Continued)

	2018				
		Other emoluments			
Name of director	Fees	Salaries and other allowances	Discretionary performance bonus*	Retirement benefit schemes contributions	Total emoluments
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive Directors					
Mr. Xinghu Tao *(iv)*	–	–	–	–	–
Mr. Tongzhou Wang *(i)*	–	–	–	–	–
Mr. Xiaowei Wang *(ii)*	–	–	–	–	–
Mr. Lin Zhang	–	78	28	11	117
Mr. Chunlai Wang	–	110	30	11	151
Mr. Wei Fan *(v)*	–	74	33	6	113
Mr. Kaishou Xie	–	–	–	–	–
	–	262	91	28	381
Non-Executive Director					
Mr. Diyong Yan *(vi)*	–	–	–	–	–
Independent Non-executive Directors					
Mr. Chuanyao Sun	35	–	–	–	35
Mr. Jingwei Liu	35	–	–	–	35
Mr. Huanfei Guan	35	–	–	–	35
	105	–	–	–	105
Total					486

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors (Continued)

(i) Mr. Tongzhou Wang was appointed as the chairman of the Board and executive director of the Company with effect from 30 August 2018.

(ii) Mr. Xiaowei Wang was appointed as executive director of the Company with effect from 30 August 2018.

(iii) Mr. Jinjun Zhang was appointed as non-executive director of the Company with effect from 29 March 2019.

(iv) Mr. Xinghu Tao resigned as the chairman of the Board and executive director of the Company with effect from 30 August 2018.

(v) Mr. Wei Fan resigned as executive director of the Company with effect from 30 August 2018.

(vi) Mr. Diyong Yan resigned as non-executive director of the Company with effect from 29 March 2019.

(vii) Mr. Kaishou Xie resigned as executive director of the Company with effect from 24 March 2020.

(vii) Mr. Wei Fan was appointed as executive director of the Company with effect from 24 March 2020.

* Certain executive directors of the Company are entitled to bonus payments which are determined based on operation results of the subsidiary for which the director is in charge.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No Directors waived any emoluments in the year ended 31 December 2019 (2018: Nil).

Mr. Xinghu Tao, the former chairman of the Board, assumed the role as a chief executive officer and his emoluments for services rendered by him to the Group up to the date of his resignation have been borne by CNMC.

Mr. Tongzhou Wang, the chairman of the Board, assumes the role as a chief executive officer in CNMC and his emoluments for services rendered by him to the Group commencing from the date of appointment have been borne by CNMC.

Mr. Xiaowei Wang assumes the role in CNMC and his emoluments for services rendered by him to the Group commencing from the date of his appointment have been borne by CNMC.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors (Continued)

Mr. Kaishou Xie has assumed a role in CNMC from May 2017. His emoluments for services rendered to the Group have been borne by CNMC from then on.

Mr. Jinjun Zhang and Diyong Yan's emoluments for services rendered to the Group have been borne by CNMC.

Employees

Of the five individuals with the highest emoluments in the Group, one (2018: one) was a Director whose emoluments is included in the disclosure above. The emoluments of the remaining four (2018: four) individuals were as follows:

	2019	2018
	US$'000	*US$'000*
Salaries, other allowances and bonus	**515**	484
Discretionary performance bonus	**224**	178
Retirement benefit schemes contributions	**30**	32
	769	694

The emoluments of the above employees were within the following bands:

	2019	2018
	Number of employees	
HK$1,000,001 to HK$1,500,000	**2**	4
HK$1,500,001 to HK$2,000,000	**2**	–
	4	4

14. DIVIDENDS

	2019	2018
	US$'000	*US$'000*
Dividends recognised as distribution during the year:		
2019 Final, paid – US¢0.8384 per share	**29,252**	–
2018 Final, paid – US¢0.6124 per share	**–**	21,367

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2019 of US¢0.7740 per share amounting to approximately US$27,005,200 (2018: US¢0.8384 per share amounting to approximately US$29,252,100) has been proposed by the Directors and is subject to the approval of the shareholders of the Company in the forthcoming annual general meeting.

15. EARNINGS PER SHARE

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

	2019	2018
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share *(in US$'000)*	**134,874**	146,260
Number of ordinary shares for the purpose of basic and diluted earnings per share *(in '000)*	**3,489,036**	3,489,036
Earnings per share		
– Basic and diluted *(US cents per share)*	**3.87**	4.19
– Basic and diluted *(equivalent to approximately HK$ per share)*	**0.30**	0.33

During the years ended 31 December 2019 and 2018, there was no potential ordinary share outstanding with diluted impact.

16. PROPERTY, PLANT AND EQUIPMENT

	Mining properties	Land and buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	US'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost						
At 1 January 2018	453,911	437,905	715,492	59,564	521,594	2,188,466
Additions	19,595	733	24,714	11,060	330,601	386,703
Transfer from construction in progress	10,658	33,671	23,039	–	(67,368)	–
Disposals	(50)	(1,167)	(8,156)	(561)	–	(9,934)
At 31 December 2018	**484,114**	**471,142**	**755,089**	**70,063**	**784,827**	**2,565,235**
Additions	**–**	**865**	**24,518**	**28,380**	**453,751**	**507,514**
Transfer from construction in progress	**97,007**	**99,101**	**119,969**	**–**	**(316,077)**	**–**
Disposals	**–**	**–**	**(1,943)**	**(1,878)**	**–**	**(3,821)**
At 31 December 2019	**581,121**	**571,108**	**897,633**	**96,565**	**922,501**	**3,068,928**
Depreciation and impairment						
At 1 January 2018	(297,332)	(168,155)	(491,244)	(51,001)	(159,568)	(1,167,300)
Depreciation	(32,848)	(21,184)	(51,942)	(5,453)	–	(111,427)
Disposals	50	367	7,986	538	–	8,941
At 31 December 2018	**(330,130)**	**(188,972)**	**(535,200)**	**(55,916)**	**(159,568)**	**(1,269,786)**
Depreciation	**(27,607)**	**(22,175)**	**(51,964)**	**(7,129)**	**–**	**(108,875)**
Transfer of impairment	**(22,515)**	**(14,112)**	**(21,387)**	**–**	**58,014**	**–**
Disposals	**–**	**–**	**1,653**	**1,814**	**–**	**3,467**
At 31 December 2019	**(380,252)**	**(225,259)**	**(606,898)**	**(61,231)**	**(101,554)**	**(1,375,194)**
Carrying amounts						
At 31 December 2019	**200,869**	**345,849**	**290,735**	**35,334**	**820,947**	**1,693,734**
At 31 December 2018	153,984	282,170	219,889	14,147	625,259	1,295,449

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note: As at 31 December 2019, owing actual copper price below management's expectation set out in prior year, management specifically assessed whether NFCA's property, plant and equipment of which carrying amount was US$787,336,000 at 31 December 2019 may have impairment. As it is not possible to estimate the recoverable amount of the property, plant and equipment of NFCA individually, the Group estimated the recoverable amount of the CGU to which NFCA's property, plant and equipment belong ("NFCA CGU").

The recoverable amount of NFCA CGU has been determined based on such CGU's value in use. The cash flows were determined based on cash flow projections which incorporate management's best estimates of mining plan, future copper prices, production cost, capital expenditures and discount rates.

As a result of impairment assessment as at 31 December 2019, the Directors determined there was no further impairment to NFCA CGU.

The significant estimation and inputs used in calculating the NFCA CGU's cash flows included future copper price as summarised below, a pre-tax discount rate of 15.86% per annum, and mine reserves based on the most recent reserve report.

	2020-2024		**Long term**
	2020	**Average**	**average**
	US$	*US$*	*US$*
Copper price *(per ton)*	6,000	6,298	7,051

Future copper price with reference to the market estimation has taken into account the historical fluctuation.

17. RIGHT-OF-USE ASSETS

	Leased properties *US$'000*
As at 1 January 2019	
Carrying amount	8,041
As at 31 December 2019	
Carrying amount	19,860
For the year ended 31 December 2019	
Depreciation charge	5,543
Expense relating to short-term leases and other assets with lease terms end within 12 months of the date of initial application of HKFRS 16	125
Total cash outflow for leases	125
Additions to right-of-use assets*	17,362

* Amount includes right-of-use assets resulting from lease modifications.

For both years, the Group leases properties for its operations. Lease contracts are entered into for fixed terms of 3 years to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. MINING RIGHTS

	Mining rights
	US$'000
Cost	
At 31 December 2018	–
Addition	79,108
At 31 December 2019	79,108
Amortisation	
At 31 December 2018	–
Addition	(883)
At 31 December 2019	(883)
Carrying amount	
At 31 December 2019	78,225
At 31 December 2018	–

The Group and an independent third party ("Party A") established an entity (the "Entity") in June 2017, pursuant to an original establishment agreement (the "Original Agreement") entered into between the Company and Party A in August 2016. The Company's rights and obligations in the Original Agreement were subsequently assigned to a wholly-owned subsidiary of the Company.

Pursuant to the Original Agreement, the Group shall hold 55% equity interest and Party A shall hold 45% equity interest in the Entity. The registered capital of the Entity is US$10,000, for which the Group and Party A had subscribed in proportion to their respective equity percentage. Party A shall transfer the relevant mining rights in the area in which the Group currently operates (the "Mining Rights") to the Entity without consideration and the Company is responsible for carrying out exploration and feasibility study of the Mining Rights. The equity interest of Party A in the Entity shall not be diluted, so the Group shall subscribe for all the new shares to be issued by the Entity and shall transfer such relevant number of shares to Party A so as to maintain the agreed-upon percentages of equity interests of the Group and Party A. Detailed financing terms will be negotiated before operation.

18. MINING RIGHTS (CONTINUED)

As the Group controls the board of directors of the Entity, the Entity becomes a non-wholly-owned subsidiary of the Company upon its establishment and Party A became a non-controlling shareholder of the Entity.

In 2019, the feasibility study for certain parts of the Mining Rights (the "Partial Mining Rights") was approved by the Group and Party A. Pursuant to a supplemental operation agreement entered into among the Group, Party A and the Entity (the "Supplemental Agreement"), the maximum total investment for the integrated exploration and construction related to the Partial Mining Rights (the "Maximum Investment") amounted to US$238,594,800. 30% of the Maximum Investment will be injected by the Group in the form of a non-refundable and interest-free contribution. For the remaining 70% of the Maximum Investment, the Group may inject it in the form of shareholder's loan or the Entity may procure the borrowings from third party lender(s).

At the end of the reporting period, no non-refundable and interest-free contribution were injected by the Group. According to the Original Agreement and the Supplemental Agreement, the fair value of the Partial Mining Rights amounting to US$58,774,000 was recognised as mining rights and non-cash contribution by Party A to the Entity.

19. INVENTORIES

	2019	2018
	US$'000	*US$'000*
Raw materials	**323,677**	366,262
Spare parts and consumables	**101,528**	94,704
Work in progress	**84,203**	66,179
Finished goods	**20,685**	13,074
	530,093	540,219

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

	2019	2018
	US$'000	*US$'000*
Trade receivables at amortised cost contracts with customers	**12,020**	5,863
Less: Allowance for credit losses	**(524)**	(2,840)
	11,496	3,023
Trade receivables at FVTPL contracts with customers	**162,212**	138,616

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

	2019	2018
	US$'000	*US$'000*
0 to 30 days	**6,450**	1,542
31 to 90 days	**3,263**	1,021
91 to 180 days	**360**	258
181 to 365 days	**1,423**	202
	11,496	3,023

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

	2019	2018
	US$'000	*US$'000*
0 to 30 days	**144,259**	129,931
31 to 90 days	**13,085**	7,996
91 to 180 days	**4,868**	689
	162,212	138,616

Details of impairment assessment of trade receivables at amortised cost are set out in note 36.

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

Included in the Group's trade receivables at amortised cost/trade receivables at FVTPL are balances with the following related parties:

	2019	2018
	US$'000	*US$'000*
Trade receivables at amortised cost:		
Fellow subsidiaries	**4,761**	940
Trade receivables at FVTPL:		
Fellow subsidiaries	**56,266**	90,745
Subsidiaries of a non-controlling shareholder of a subsidiary	**51,016**	39,438
	107,282	130,183

The above balances with related parties are unsecured, interest-free and are receivable according to the relevant sales contracts.

21. PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	US$'000	*US$'000*
Non-current:		
Deposits for property, plant and equipment	**3,019**	18,091
Deposits in connection with the restoration and rehabilitation obligations *(note 31)*	**2,139**	2,139
Premium for electricity supply *(notes a and b)*	**9,861**	10,301
Input VAT receivables, net *(note c)*	**79,372**	60,251
	94,391	90,782
Current:		
Prepayments for inventories and others	**50,950**	34,384
Input VAT receivables, net *(note c)*	**127,877**	141,966
Deposits in futures margin accounts	**31,257**	22,929
Other receivables	**7,985**	5,289
	218,069	204,568

Notes:

a. Pursuant to a power supply agreement (the "Luanshya Power Supply Agreement") and a connection agreement (the "Luanshya Connection Agreement") entered into between Luanshya and Copperbelt Energy Corporation Plc ("Copperbelt Energy"), a power supply company in Zambia, Luanshya undertook to construct certain power supply network assets (the "Luanshya Network Assets") to enable Copperbelt Energy to supply the electricity to the mining/leaching project of Luanshya in Muliashi, Copperbelt Province of Zambia. According to the Luanshya Connection Agreement, Luanshya transferred the Luanshya Network Assets to Copperbelt Energy upon the completion of the construction in March 2012 at a consideration of US$3,725,000. Luanshya received the consideration during the year ended 31 December 2016.

The total construction cost of the Luanshya Network Assets is US$9,442,000 and the construction of the Luanshya Network Assets completed in March 2012.

The Directors consider that the difference between the construction costs for the Luanshya Network Assets and the consideration received from Copperbelt Energy amounting to US$5,717,000 is, in substance, premium for electricity supply that will be amortised over the tenure of the Luanshya Power Supply Agreement (expiring in January 2025) upon the commencement of electricity consumption by Luanshya. During the year ended 31 December 2019, premium for electricity supply released to profit or loss is amounting to US$440,000 (2018: US$440,000). As at 31 December 2019, premium for electricity supply is amounting to US$2,419,000 (2018: US$2,859,000).

21. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

b. Pursuant to a connection agreement (the "NFCA Connection Agreement") entered into between NFCA and Copperbelt Energy, NFCA undertook to construct certain power supply network assets (the "NFCA Network Assets") to enable Copperbelt Energy to supply the electricity to the Chambishi Southeast Mine Project of NCFA at Chambishi, Copperbelt Province of Zambia. According to the NFCA Connection Agreement, NFCA shall transfer the NFCA Network Assets to Copperbelt Energy on the date which Copperbelt Energy issues a Taking-Over Certificate. A consideration of US$4,695,000 will be paid by Copperbelt Energy to NFCA within the seventh anniversary from the date of transfer, subject to NFCA's fulfillment of consumption of electricity prescribed in the NFCA Connection Agreement.

The construction of NFCA Network Assets is completed and is in progress of transferring to Copperbelt Energy. The construction cost of the NFCA Network Assets is US$7,442,000 as at 31 December 2019 (2018: US$7,442,000).

The Directors consider that the difference between the construction costs for the NFCA Network Assets and the consideration to be received from Copperbelt Energy amounting to US$2,747,000 are, in substance, premium for electricity supply that will be amortised over the estimated useful life of the NFCA Network Assets upon the commencement of electricity consumption by NFCA.

c. The gross carrying amount of input VAT receivables is US$231,014,000 (2018: US$220,103,000). Impairment provision is estimated based on the present value of the estimated future cash flows, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the input VAT receivables for which the estimates of future cash flows have not been adjusted. An impairment provisions amounting to US$23,765,000 (2018: US$17,886,000) in aggregate have been made on input VAT receivables amounting to US$196,141,000 (2018: US$195,344,000) generated in Zambia and US$34,873,000 (2018: US$24,759,000) generated in DRC.

The movements in the allowance for input VAT receivables during the year are as follows:

	2019	2018
	US$'000	*US$'000*
1 January	**17,886**	7,860
Impairment losses recognised	**5,879**	10,026
31 December	**23,765**	17,886

21. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

Included in the Group's prepayments and other receivables are balances with the following related parties:

	2019	2018
	US$'000	*US$'000*
CNMC	**41**	41
Fellow subsidiaries	**8,403**	2,035
A subsidiary of a non-controlling shareholder of a subsidiary	**4,888**	4,378
	13,332	6,454

The above balances with related parties are unsecured, interest-free and are repayable on demand.

22. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

a. Restricted bank balances

The Group's restricted bank balances are analysed as follows:

	2019	2018
	US$'000	*US$'000*
Non-current restricted bank deposits for the banks' letters of guarantee to secure future restoration costs as required by the government of Zambia *(note 31)*	**6,146**	6,044
Current restricted bank deposits for:		
– Issuing letters of credit	**1,297**	2,676
	7,443	8,720

The restricted bank balances carry interest at rates ranging from 0.1% to 0.5% (2018: from 0.1% to 0.5%) per annum.

22. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH (CONTINUED)

b. Bank balances and cash

Bank balances carry interest at market rates ranging from 0.1% to 0.5% (2018: 0.1% to 0.4%) per annum.

23. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

	2019	2018
	US$'000	*US$'000*
Trade payables	**156,478**	118,229
Trade payables designated at FVTPL	**116,051**	131,760

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

	2019	2018
	US$'000	*US$'000*
0 to 30 days	**74,979**	49,265
31 to 90 days	**18,042**	14,769
91 to 180 days	**17,517**	4,812
181 to 365 days	**630**	1,961
1–2 years	**981**	344
Over 2 years	**44,329**	47,078
	156,478	118,229

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

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

	2019 **US$'000**	2018 US$'000
0 to 30 days	**85,941**	80,155
31 to 90 days	**11,976**	19,738
91 to 180 days	**10,728**	21,171
181 to 365 days	**7,406**	10,696
	116,051	131,760

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

Included in the Group's trade payables/trade payables designated at FVTPL are balances with the following related parties:

	2019 **US$'000**	2018 US$'000
Trade payables:		
Fellow subsidiaries	**55,595**	39,184
CNMC	**154**	–
	55,749	39,184
Trade payables designated at FVTPL:		
Fellow subsidiaries	**1,611**	23,826

The above balances with related parties are unsecured, interest-free and are repayable within the three months.

24. OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	US$'000	*US$'000*
Payables for properties, plant and equipment	**51,935**	23,093
Dividend payable to a non-controlling shareholder of a subsidiary	**1,050**	–
Other tax payables	**8,954**	4,087
Payroll payables	**10,113**	10,670
Accrued expenses	**11,982**	14,017
	84,034	51,867

Included in the Group's other payables and accrued expenses are balances with the following related parties:

	2019	2018
	US$'000	*US$'000*
CNMC	**1,358**	1,822
Fellow subsidiaries	**11,388**	5,020
A non-controlling shareholder of a subsidiary	**1,057**	–
	13,803	6,842

The above balances with related parties are unsecured, interest-free and are repayable on demand.

25. CONTRACT LIABILITIES

	2019	2018
	US$'000	*US$'000*
Advance from customers	**18,502**	7,547

As at 1 January 2018, contract liabilities amounted to US$20,899,000.

US$7,547,000 (2018: US$20,899,000) of the revenue recognised relates to carried-forward contract liabilities.

26. BANK AND OTHER BORROWINGS

	2019	2018
	US$'000	*US$'000*
Bank loans, unsecured *(note a)*	**1,043,693**	924,032
Loan from a fellow subsidiary, unsecured *(note b)*	**130,000**	138,000
Loan from a non-controlling shareholder of a subsidiary, unsecured *(note c)*	**20,000**	–
Interest payable	**2,085**	449
	1,195,778	1,062,481
The carrying amounts are repayable:		
Within one year	**301,298**	527,494
More than one year but not exceeding two years	**365,480**	314,610
More than two years but not exceeding five years	**372,500**	220,377
More than five years	**156,500**	–
	1,195,778	1,062,481
Less: Amounts shown under current liabilities	**(301,298)**	(527,494)
Amounts shown under non-current liabilities	**894,480**	534,987

Notes:

a. As at 31 December 2019, the unsecured bank loans of US$475,480,000 (2018: US$741,085,000) are supported by corporate guarantees issued by CNMC in favour of the relevant banks, the unsecured bank loans of US$ Nil (2018: US$80,000,000) are supported by joint corporate guarantees issued by both CNMC and a non-controlling shareholder of a subsidiary in favour of the relevant banks and the unsecured bank loans of US$139,600,000 (2018: Nil) are supported by a non-controlling shareholder of a subsidiary in favour of the relevant banks.

   The unsecured bank loans as at 31 December 2019 bore interest at rates varied based on LIBOR ranging from 3.8% to 5.7% per annum (2018: from 3.8% to 5.4% per annum).

b. The loan from a fellow subsidiary of US$130,000,000 (2018: US$138,000,000) bore interest at rates varied based on LIBOR ranging from 5.6% to 5.8% per annum (2018: a fixed rate of 4.0% per annum).

c. The loan from a non-controlling shareholder of a subsidiary of US$20,000,000 bore interest at fixed rate 6% per annum.

27. LEASE LIABILITIES

	2019
	US$'000
Lease liabilities payable:	
Within one year	**6,802**
Within a period of more than one year but not more than two years	**5,221**
Within a period of more than two years but not more than five years	**13,380**
	25,403
Less: Amount due for settlement with 12 months shown under current liabilities	**(6,802)**
Amount due for settlement after 12 months shown under non-current liabilities	**18,601**

Included in the Group's lease liabilities are balances with the following related parties:

	2019
	US$'000
A fellow subsidiary	**25,403**

During the year ended 31 December 2019, the Group entered into a lease modification agreement for the use of properties with a fellow subsidiary for 4 years. Except for short-term lease and low value leases in which the Group applied recognition exemption, the Group has recognised an addition of right-of-use assets and lease liabilities of US$19,860,000 and US$25,403,000 respectively.

28. DERIVATIVES

	2019	2018
	US$'000	*US$'000*
Copper futures contracts	**(1,431)**	3,413

Details of the above futures contracts are analysed as follows:

	At December 31	
	2019	2018
Number of contracts		
– Sell	**395**	626
Notional amount *(in US$'000)*	**59,621**	96,813
Exercise price *(in US$)*	**6,154-6,175**	5,958-5,973
Maturity date	**8 January 2020 – 31 March 2020**	16 January 2019 – 18 March 2019

During the year, the Group entered into certain copper futures contracts to hedge its risk associated with the prices of its blister copper and copper cathodes sold and recognised a loss of US$1,652,000 (2018: a gain of US$8,658,000) arising on changes in fair value of derivatives in profit or loss. Hedge accounting is not applied by the Group.

29. SHARE CAPITAL

	Number of shares		Share capital	
	2019	2018	**2019**	2018
	'000	*'000*	***HK$'000***	*HK$'000*
Issued and fully paid:				
At beginning and end of the year ordinary shares with no par value	**3,489,036**	3,489,036	**4,775,319**	4,775,319
			US$'000	*US$'000*
Presented in the consolidated financial statements as			**613,233**	613,233

30. DEFERRED INCOME

	2019	2018
	US$'000	*US$'000*
At beginning of year	**15,528**	16,199
Additions	**1,379**	–
Recognised in profit or loss during the year	**(341)**	(671)
At end of year	**16,566**	15,528

The above balances represented grants from Ministry of Finance of the PRC to subsidise the Group's capital expenditure and interest incurred in its copper mines development activities in Zambia which were capitalised under mining properties. These grants are recognised in profit or loss on a systematic and rational basis over the useful lives of the related assets.

31. PROVISION FOR RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

	2019 *US$'000*	2018 *US$'000*
Balance at beginning of year	**18,010**	18,960
Provisions revision	**4,195**	(1,768)
Unwinding of discount *(note 9)*	**926**	818
Balance at end of year	**23,131**	18,010

The Group's provision for restoration, rehabilitation and environmental costs is related to the Group's subsidiaries in Zambia which are involved in mining, leaching and smelting operations. The provision represents the accrued cost required to provide adequate restoration and rehabilitation measured by qualified professionals in Zambia, as discounted at rates ranging from 4.9% to 5.3% per annum (2018: 4.2% to 5.3% per annum), upon the completion of their operations. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project life, which ranges from 4 to 36 years.

The Group is required, under the prevailing regulations, to make an annual contribution over a period of five years beginning from the year of prospecting, exploration or mining operations are commissioned, at 5% to 20% of the estimated restoration costs into an Environmental Protection Fund which is administrated by the Government of the Republic of Zambia amounting to US$2,139,000 (2018: US$2,139,000) (note 21). The regulations also require that the balance of the estimated restoration costs be secured using letters of guarantee. Companies in Zambia of the Group have provided the relevant letters of guarantee as at 31 December 2019 amounting to US$6,146,000 (2018: US$6,044,000) (note 22 (a)), except for SML, which has not received a demand notice at the date of issuance of these consolidated financial statements.

The Directors opined that adequate provision has been made at the end of each reporting period.

32. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019	2018
	US$'000	*US$'000*
Deferred tax assets	**18,735**	42,823
Deferred tax liabilities	**(44,775)**	(45,593)
	(26,040)	(2,770)

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Property, plant and equipment	**Undistributed profits of subsidiaries**	**Tax losses**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 31 January 2018	(68,429)	(33,499)	100,387	(1,541)
Credit (charge) to profit or loss	16,713	481	(18,423)	(1,229)
At 31 December 2018	(51,716)	(33,018)	81,964	(2,770)
Credit (charge) to profit or loss	989	(8,340)	(15,919)	(23,270)
At 31 December 2019	**(50,727)**	**(41,358)**	**66,045**	**(26,040)**

As at 31 December 2019, the Group has unused tax losses of US$220,150,000 (2018: US$273,213,000) in respect of the subsidiaries in Zambia and DRC available for offset against future profits. Deferred tax assets have been recognised in respect of all the losses of these subsidiaries in Zambia and DRC. Subject to regulations in Zambia and DRC, the above tax losses of these subsidiaries are available to be carried forward up to a maximum of ten years from the year in which they are incurred for set off against future taxable profits from the same source of those subsidiaries.

33. OPERATING LEASE

The Group as lessee

At 31 December 2018, the Group had commitments for future minimum lease payments under a non-cancellable operating lease in respect of buildings and properties of CNMC and a fellow subsidiary in the PRC and Zambia for general and ancillary purposes which fall due as follows:

	2018 *US$'000*
Within one year	5,637
In the second to fifth years inclusive	2,708
	8,345

34. CAPITAL COMMITMENTS

	2019 ***US$'000***	2018 *US$'000*
Capital expenditure contracted for but not provided for in respect of:		
– acquisition of property, plant and equipment	**101,578**	342,919

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes bank and other borrowings, net of restricted bank balances, bank balances and cash) and equity attributable to owners of the Company (comprising share capital and retained profits).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The Group's management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The gearing ratio of the Group at the end of the reporting period was as follows:

	Notes	**2019** ***US$'000***	2018 *US$'000*
Debts	(a)	**1,195,778**	1,062,481
Less:			
Restricted bank balances and bank balances and cash		**(488,653)**	(513,811)
Net debt		**707,125**	548,670
Equity	(b)	**1,013,804**	908,182
Net debt to equity ratio		**69.7%**	60.4%

Notes:

(a) Debts comprise non-current and current bank and other borrowings as detailed in note 26.

(b) Equity includes share capital and retained profits attributable to owners of the Company.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019	2018
	US$'000	*US$'000*
Financial assets		
FVTPL		
Trade receivables at FVTPL	**162,212**	138,616
Derivative financial instruments	**–**	3,413
Financial assets at amortised cost	**539,454**	545,353
Financial liabilities		
FVTPL		
Trade payables designated at FVTPL	**116,051**	131,760
Derivative financial instruments	**1,431**	–
Amortised costs	**1,442,626**	1,217,820

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables (at amortised cost or FVTPL) and other receivables, restricted bank balances, bank balances and cash, trade payables (at amortised cost or designated at FVTPL) and other payables, bank and other borrowings, lease liabilities and derivatives. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group's significant operations are in Zambia and DRC and most of its sales and purchases were denominated in US$, the functional currency of the companies comprising the Group, while certain sales and purchases were mainly settled in currencies of ZMK, Congolese Franc ("CDF") and Renminbi ("RMB") other than the functional currency of these group entities that expose the Group to foreign currency risk.

The carrying amounts of the Group's ZMK, CDF and RMB denominated monetary assets (including financial assets and input VAT receivables) and liabilities (including financial liabilities and tax payables) which expose the Group to foreign currency risk are as follows:

	2019 ***US$'000***	2018 *US$'000*
ZMK denominated monetary assets	**199,481**	199,915
ZMK denominated monetary liabilities	**(32,324)**	(26,408)
CDF denominated monetary assets	**25,112**	17,135
CDF denominated monetary liabilities	**(52,165)**	(56,977)
RMB denominated monetary assets	**9,046**	4,605
RMB denominated monetary liabilities	**(1,724)**	(2,068)

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The sensitivity analysis below has been determined based on the exposure to exchange rates of ZMK, CDF and RMB against US$. For a 5%, 10%, 15% weakening of ZMK, CDF and RMB against US$ and all other variables being held constant, there would have no material impact on the Group's total equity apart from the retained profits and the effect on the Group's profit after tax are as follows:

	2019	2018
	US$'000	*US$'000*
	Increase/(Decrease)	
ZMK against US$		
Weakening		
– 5%	**(6,881)**	(7,519)
– 10%	**(13,763)**	(15,037)
– 15%	**(20,644)**	(22,556)
CDF against US$		
Weakening		
– 5%	**947**	1,395
– 10%	**1,893**	2,788
– 15%	**2,840**	4,183
RMB against US$		
Weakening		
– 5%	**(290)**	(122)
– 10%	**(580)**	(243)
– 15%	**(870)**	(365)

For a 5%, 10%, 15% strengthening of ZMK, CDF and RMB against US$, there would be an equal and opposite impact on the profit after tax.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

Apart from the fixed rate loan from a fellow subsidiary and lease liabilities that expose the Group to fair value interest rate risk, the Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest-bearing financial assets and liabilities, mainly interest-bearing restricted bank balances, and balances, and bank and other borrowings at variable interest rates. The Group currently does not have an interest rate hedging policy. However, the Directors will consider hedging significant interest rate risk should the need arise.

The sensitivity analysis below has been determined based on the exposure to variable rate bank and other borrowings at the end of each reporting period and assumed that the amount of liabilities outstanding at the end of each reporting period was outstanding for the whole year. The effect on restricted bank balances and bank balances, however, had been ignored as most of them bore interest at minimal rate at the end of each reporting period.

If interest rates on bank and other borrowings had been 100 basis points ("BPs") change and all other variables were held constant, there would have no material impact on the Group's total equity apart from retained profits and the potential effect on profit after tax is as follows:

	2019 ***US$'000***	2018 *US$'000*
(Decrease) increase in profit for the year		
– as the result of increase in interest rate	**(3,798)**	(3,630)
– as the result of decrease in interest rate	**3,798**	3,630

(iii) Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper which are the major commodities purchased, produced and sold by the Group. To minimise this risk, the Group enters into copper futures contracts and provisional price arrangement to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrates, inventories and firm commitments to sell the Group's copper products.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Commodity price risk- continued

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper mainly comprise copper futures contracts and provisional price arrangements. If all prices of copper futures had been increased by 10% and all other variables were held constant, there would have no material impact on the Group's total equity apart from retained profits and the potential effect on profit after tax is as follows:

	2019	2018
	US$'000	*US$'000*
Increase (decrease) in profit after tax for the year	**11,519**	(28,537)

There would be an equal and opposite impact on the profit after tax for the year where there had been 10% decrease in all prices of copper futures.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables at amortised cost, other receivables and finance lease receivables. In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables at amortised cost, other receivables, finance lease receivables, deposits in futures margin accounts, restricted bank balances and bank balances individually. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables at amortised cost

As at 31 December 2019, included in the Group's trade receivables at amortised cost balance were debtors with aggregate amount of US$12,020,000(2018: 5,863,000) and were assessed for impairment individually. Impairment allowance of US$524,000(2018: 2,840,000) were made on these debtors.

The Group has concentration of credit risk as 67% (2018: 84%) of the total trade receivables at amortised cost was due from the Group's three (2018: two) largest customer. The three largest customers accounted for 45% (2018: 35%) of the Group's sales and are large and reputable in the market. They have been trading with the Group with good settlement history.

Other than the above, the Group does not have significant concentration of credit risk.

For trade receivables at amortised cost, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime. The Group determines the expected credit losses on these items individually.

During the year ended 31 December 2019, movement in the loss allowance all of which is relating to credit-impaired trade receivables is as follows:

	2019 ***US$'000***
1 January	**2,840**
Impairment recognised	**524**
Impairment losses reversed	**(2,840)**
31 December	**524**

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables at amortised cost (Continued)

For all other financial assets including bank balances, restricted bank balances, other receivables and deposits in futures margin account, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition. The Group has assessed and concluded that the risk of default rate for the aforementioned other financial assets are steady based on the Group's assessment of the financial health of the counterparties, especially the counterparty banks of bank balances and restricted bank balances with good reputation and external public credit ratings. Thus, the Directors considered that the ECL for the aforementioned other financial assets of the Group is insignificant as at December 31, 2019.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	**12-month or lifetime ECL**	**Gross carrying amount**	
			2019	2018
			US$'000	*US$'000*
Financial assets at amortised cost				
Trade receivables at amortised cost	20	Lifetime ECL	**11,496**	3,023
		Credit impaired	**524**	2,840
			12,020	5,863
Other receivables	21	12-month ECL	**7,985**	5,289
Deposits in futures margin accounts	21	12-month ECL	**31,257**	22,929
Bank balances	22	12-month ECL	**481,210**	505,091
Restricted Bank balances	22	12-month ECL	**7,443**	8,720
Other item				
Finance lease receivables		12-month ECL	**63**	301

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Directors have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of its financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or if variable, based on the prevailing market rate at the end of each reporting period. For derivatives settled on a net basis, the table has been drawn up based on undiscounted contractual net cash flows.

	Weighted average interest rate	On demand or less than 6 months	Over 6 months but not more than1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
31 December 2019							
Non-derivative financial liabilities							
Trade and other payables		221,445	–	–	–	221,445	221,445
Other borrowings at fixed rate	6.0	600	600	21,230	–	22,430	20,000
Bank borrowings at variable rate	5.1	95,775	258,105	787,221	177,240	1,318,341	1,175,778
Lease liabilities		3,401	3,401	20,406	–	27,208	25,403
Trade payables designated at FVTPL		116,051	–	–	–	116,051	116,051
		437,272	262,106	828,857	177,240	1,705,475	1,558,677
Derivatives – net settlement							
Copper futures contracts		1,431	–	–	–	1,431	1,431

36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate	On demand or less than 6 months	Over 6 months but not more than1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
31 December 2018							
Non-derivative financial liabilities							
Trade and other payables		155,339	–	–	–	155,339	155,339
Other borrowings at fixed rate	4.0	138,000	–	–	–	138,000	138,000
Bank borrowings at variable rate	5.2	139,797	288,392	577,578	–	1,005,767	924,481
Trade payables designated at FVTPL		131,760	–	–	–	131,760	131,760
		564,896	288,392	577,578	–	1,430,866	1,349,580

Fair value measurement of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
31 December 2019				
Copper future contracts *(note a)*	**–**	**(1,431)**	**–**	**(1,431)**
Trade receivables at FVTPL *(note b)*	**–**	**162,212**	**–**	**162,212**
Trade payables designated at FVTPL *(note b)*	**–**	**(116,051)**	**–**	**(116,051)**
31 December 2018				
Copper future contracts *(note a)*	–	3,413	–	3,413
Trade receivables at FVTPL *(note b)*	–	138,616	–	138,616
Trade payables designated at FVTPL *(note b)*	–	(131,760)	–	(131,760)

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments *(Continued)*

Notes:

a. Calculated based on the initial transaction prices and quoted prices in an active market.

b. Calculated based on the quoted prices in an active market and the estimated grades of copper, gold and silver in Group's copper products.

There were no transfers between Level 1 and 2 in the year.

Except as detailed above, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost recognised in the consolidated financial statements approximate their fair values.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were for future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings *US$'000*	Interests payable *US$'000*	Dividends payable *US$'000*	Lease liabilities *US$'000*	Total *US$'000*
At 1 January 2018	1,268,737	1,262	245	–	1,270,244
Financing cash flows	(263,802)	(1,262)	(25,612)	–	(290,676)
Interest expenses	57,546	–	–	–	57,546
Dividends declared	–	–	25,367	–	25,367
At 31 December 2018	1,062,481	–	–	–	1,062,481
Adjustment upon application of HKFRS 16	**–**	**–**	**–**	**8,041**	**8,041**
At 1 January 2019	**1,062,481**	**–**	**–**	**8,041**	**1,070,522**
Financing cash flows	**71,350**	**–**	**(42,602)**	**–**	**28,748**
Interest expenses	**61,947**	**–**	**–**	**–**	**61,947**
Dividends declared	**–**	**–**	**43,652**	**–**	**43,652**
Lease modified	**–**	**–**	**–**	**17,362**	**17,362**
At 31 December 2019	**1,195,778**	**–**	**1,050**	**25,403**	**1,222,231**

38. RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

(1) Transactions with government-related entities

(a) Transactions with CNMC and its subsidiaries

Relationships	*Notes*	Nature of transactions	2019 US$'000	2018 US$'000
Fellow subsidiaries	(i)(iii)	Sales of blister copper	**215,404**	374,891
	(i)(iii)	Sales of copper cathodes	**361,286**	294,222
	(i)(iii)	Sales of copper anode	**339,271**	209,133
	(i)	Sales of sulfuric acid	**33,879**	13,815
	(i)	Sales of other materials	**1,368**	1,988
	(i)	Services income	**43**	40
	(i)(ii)	Finance income earned under finance leases	**15**	69
	(i)	Purchases of plant and equipment	**(151,014)**	(83,147)
	(i)(iv)	Purchases of copper concentrate	**(155,404)**	(261,918)
	(i)	Purchases of materials	**(65,902)**	(51,020)
	(i)	Purchases of electricity	**(31,571)**	(28,544)
	(i)	Purchases of services	**(72,851)**	(84,052)
	(i)	Purchases of freight and transportation	**–**	(6,040)
	(i)	Interest expenses on borrowings	**(5,815)**	(9,729)
	(i)	Interest expenses on lease liabilities	**(104)**	–
	(i)	Expenses relating to leases	**(5,543)**	–
	(i)	Operating lease expenses	**–**	(5,780)
Ultimate holding company	(i)	Guarantee fees	**–**	(656)
	(i)	Interest expenses on borrowings	**–**	(17)
	(i)	Expenses relating to short-term leases	**(125)**	–

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Transactions with government-related entities (Continued)

(a) Transactions with CNMC and its subsidiaries (Continued)

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(ii) The finance income earned under finance leases arose from the finance leases to fellow subsidiaries.

(iii) Included in the sales amount of blister copper, gains arising from provisional pricing arrangement are US$273,000 (2018: US$23,004,000).

Included in the sales amount of copper cathodes, losses arising from provisional pricing arrangement are US $314,000(2018: US$4,150,000 (gain)).

Included in the sales amount of copper anode, losses arising from provisional pricing arrangement are US$6,143,000(2018: US$7,900,000 (gain)).

(iv) Included in the purchase amount of copper concentrate, gain arising from provisional pricing arrangement is USS$8,306,000 (2018: US$9,221,000).

In addition to the above, the Group also had the following transactions with CNMC and its subsidiaries:

- CNMC provided guarantees to banks, at nil consideration, for granting unsecured loans to the Group. Further details are set out in note 26.

- On 1 July 2009, a subsidiary of the Company, CCS, entered into an agreement with Fifteen MCC Africa Construction & Trade Ltd. ("Fifteen MCC Africa"), a fellow subsidiary, (the "Fifteen MCC Africa Agreement") pursuant to which that subsidiary agreed to provide certain living quarters to Fifteen MCC Africa on a free of charge basis. Fifteen MCC Africa shall pay for the use of water and electricity and other expenses such as repair and any applicable tax in Zambia. The Fifteen MCC Africa Agreement shall remain for as long as CCS is in existence. As Fifteen MCC Africa provides construction as well as equipment repair and maintenance services to CCS on an ongoing basis, it requires accommodation for its staff based in Zambia.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(1) Transactions with government-related entities (Continued)

(b) Transactions with other government-related entities

Relationships	*Notes*	**Nature of transactions**	**2019** ***US$'000***	2018 *US$'000*
Subsidiaries of a non-controlling shareholder of a subsidiary	(i)(ii)	Sales of blister copper	**192,748**	224,100
	(i)(ii)	Copper cathodes	**219,446**	109,168

Notes:

(i) These transactions were conducted in accordance with terms of the relevant agreements.

(ii) Included in the sales amount of blister copper, gains arising from provisional pricing arrangement are US$4,417,000(2018: US$12,390,000)

Included in the sales amount of copper anode, losses arising from provisional pricing arrangement are US$761,000 (2018: US$4,542,000 (gain)).

In addition to the above, the Group has entered into various transactions, amongst others, including deposit placements, borrowings and other bank facilities, with certain banks and financial institutions which are the PRC government-related entities in its ordinary course of business. In view of the nature of these transactions, the Directors are of the opinion that separate disclosures would not be meaningful.

(2) Transactions with a subsidiary of a non-controlling shareholder of a subsidiary

Relationships	*Note*	**Nature of transactions**	**2019** ***US$'000***	2018 *US$'000*
A subsidiary of a non-controlling shareholder of a subsidiary	(a)	Purchases of materials	**32,112**	14,126
	(a)	Interest expense on borrowings	**1,190**	–

Note:

(a) These transactions were conducted in accordance with terms of the relevant agreements.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(3) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2019	2018
	US$'000	*US$'000*
Short-term benefits	**1,077**	988
Post-employment benefits	**62**	65
	1,139	1,053

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

39. RETIREMENT BENEFIT SCHEMES

The local employees of the Group's subsidiaries in Zambia and DRC are members of the state-managed retirement benefits scheme operated by the Zambia government and DRC government, respectively. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. Besides, certain employees of the Group are also members of the state-managed retirement benefits scheme operated by the PRC government. The Group also contributes a certain percentage of their payroll to the retirement benefits scheme to fund the benefits.

The only obligation of the Group with respect to the aforesaid retirement benefits schemes is to make the required contributions under the schemes.

40. CONTINGENT LIABILITIES

On 4 December 2013, Charles Lubasi Milupi (the “CLM”) initiated a legal proceeding in the high court for Zambia against the Company’s subsidiary, NFCA. CLM averred his beneficial ownership of the property No.S/D26 of Lot 542/M Kalulushi of the Copperbelt Province of Zambia (the “Property”) and large scale mining license No.7069-HQ-LML (the “License”). CLM claims an order for the cancellation of the Property and the License currently issued to NFCA or, as an alternative, a compensation in sum of US$100,000,000 to CLM and any other reliefs of court may deem fit, exclusive of interest and legal costs. The case does not reach the stage of evidence submission. The proceedings in the high court were stayed and referred to arbitration by a ruling of the court dated 3 March 2014. A panel of three arbitrators was appointed and a preliminary meeting was held on 23 June 2016. CLM was supposed to file a statement of case by 7 July 2016 but did not do so. As a result, the case has been become dormant since the date of preliminary meeting. According to the analysis and opinion of the NFCA’s lawyer, the possibility of loss by NFCA in this case is remote and the outcome should be favourable to NFCA.

On 18 December 2014, Hybrid Poultry (Z) Ltd. (the “HP(Z)”) initiated a legal proceeding in the high court for Zambia against NFCA. HP(Z) averred the disturbance to its breeder farms, contamination of water supply and damage to its land etc. were resulted from NFCA’s heavy mining operation. HP(Z) claims for compensation in sum of US$25,459,760.17 exclusive of interest and legal costs. The oral hearing is expected to take place from 6 April 2020 to 10 April 2020. The written submissions/legal arguments will be submitted by 24 June 2020 and delivery of a reasoned award will be made within 90 days thereafter. According to the analysis and opinion of the NFCA’s lawyer and the report of an independent consultant engaged by Zambia Environmental Management Agency, the claims by HP(Z) are invalid and ongoing continuous environmental monitoring reports indicate no adverse effects from mining operations on the HP(Z)’s farms. The possibility of loss by NFCA in this case is less than 50% and all outcomes are expected to be favourable to NFCA. The directors have not made any provision for any amount arising from the above-mentioned contingency in the consolidated financial statements.

In the process of the parent company’s group restructuring the above two legal proceedings were disclosed in the relevant published documents. Accordingly, the Directors disclosed the above information for the benefit of doubts. In the opinion of the Directors, the outcomes of the above legal proceedings should be favourable to the Group.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of company	Place/Country of operations of incorporation	Issued and fully paid-up ordinary share capital	Equity interest attributable to the Company as at 31 December 2019 %	2018 %	Principal activities
CNMH *(Note (a))*	Ireland	Euro171,152,002	**100**	100	Investment holding
CNMHK *(Note (a))*	Hong Kong	HK$10,000	**70**	70	Investment holding
CNMHKI *(Note (a))*	Hong Kong	US$20,000	**100**	100	Investment holding
NFCA	Zambia	US$9,000,001	**85**	85	Exploration and mining of copper and production of copper concentrates
CCS	Zambia	US$2,000	**60**	60	Production and sale of blister copper, copper anode, copper-cobalt alloy and sulfuric acid
SML	Zambia	US$1,000	**67.75**	67.75	Production and sale of copper cathodes
Luanshya	Zambia	US$10,000,001	**80**	80	Exploration and mining of copper and production of copper concentrates and copper cathode
Huachin Metal Leach SA *(Note (c))*	DRC	US$10,000,000	**43.75**	43.75	Production and sale of copper cathodes
CNMC Huachin Mabende Mining SA ("CHM") *(Note (c))*	DRC	US$9,000,000	**42**	42	Production and sale of copper cathodes
Green Home Farm Limited	Zambia	ZMK5,000,000	**85**	85	Farming
CCS Chinda Trade & Investment SARL	DRC	US$2,000	**60**	60	Sale of sulfuric acid
Sylver Back Resources SARL ("SBR") *(Note (b))*	DRC	CDF717,005,314	**39.9**	39.9	Exploration and mining of copper

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of company	Place/Country of operations of incorporation	Issued and fully paid-up ordinary share capital	Equity interest attributable to the Company as at 31 December 2019 %	2018 %	Principal activities
Lualaba Copper Smelter SAS ("LCS") *(Note (d), (e))*	DRC	US$2,000	**57**	57	Production and sale of blister copper and sulfuric acid
Kambove Mining SAS ("KM") *(Note (d))*	DRC	CDF14,000	**55**	55	Exploration and mining of copper and production of copper concentrates
Kingsail Limited ("KL") *(Note (d))*	Hong Kong	HK$10,000	**60**	60	Sale of copper cathodes and copper concentrates
CNMC Congo Luano Mining SASU ("LUANO") *(Note (c))*	DRC	US$10,000	**100**	–	Production and sale of copper cathodes

Notes:

(a) The ordinary share capital of these companies is directly held by the Company.

(b) CHM acquired SBR on 20 November 2015 and 95% of the issued and paid-up ordinary share capital of SBR is directly held and controlled by CHM.

(c) 62.5%, 60% and 100% of the issued and paid-up ordinary share capital of Huachin Metal Leach SA, CHM and LUANO, respectively, are directly held and controlled by CNMHK.

(d) 57%, 55% and 60% of the issued and paid-up ordinary share capital of LCS, KM and KL, respectively, are directly held and controlled by CNMHKI.

(e) On 13 April 2018, LCS received capital contributions of US$37,860,000 and US$56,790,000 from non-controlling shareholder and CNMHKI, respectively, which were credited to share premium account. According to Article 71 of Mines Act 007/2002 published on 11 July 2002 and Article 144 of Mines Act 68/2003 published on 26 March 2003, 5% non-diluted equity interest of share capital of LCS was required to be transferred to DRC government. In 2018, CNMHKI and the non-controlling shareholder transferred 3% and 2% equity interest of LCS to the DRC government at no consideration respectively, and the paid-up ordinary share capital held and controlled by CNMHKI changed from 60% to 57%.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of company	Place/Country of operations and Principal place of activities	Proportion of ownership interests and voting rights held interests by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
		%	%				
CCS	Zambia	**40**	40	**46,307**	45,953	**257,761**	211,454
CHM	DRC	**58**	58	**19,656**	29,317	**81,293**	73,817
Subsidiaries with individually immaterial non-controlling interests						**183,218**	103,102
						522,272	388,373

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

CCS	2019 US$'000	2018 US$'000
Current assets	**733,339**	682,016
Non-current assets	**192,649**	179,257
Current liabilities	**(136,532)**	(298,546)
Non-current liabilities	**(145,052)**	(34,090)
Equity attributable to owners of the Company	**386,643**	317,183
Non-controlling interests	**257,761**	211,454
Revenue	**1,378,640**	1,505,310
Expenses	**(1,262,873)**	(1,390,428)
Profit and total comprehensive income for the year	**115,767**	114,882
Profit and total comprehensive income attributable to owners of the Company	**69,460**	68,929
Profit and total comprehensive income attributable to the non-controlling interests	**46,307**	45,953
Dividends paid to the non-controlling interests	**–**	–
Net cash inflow (outflow) from operating activities	**140,832**	(8,717)
Net cash outflow from investing activities	**(14,257)**	(7,733)
Net cash outflow from financing activities	**(9,583)**	(46,000)
Effect of foreign exchange rate changes	**(82)**	(40)
Net cash inflow (outflow)	**116,910**	(62,490)

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

CHM	**2019** ***US$'000***	2018 *US$'000*
Current assets	**137,140**	127,810
Non-current assets	**78,974**	63,474
Current liabilities	**(70,005)**	(56,450)
Non-current liabilities	**(5,949)**	(7,564)
Equity attributable to owners of the Company	**58,867**	53,453
Non-controlling interests	**81,293**	73,817
Revenue	**169,361**	224,335
Expenses	**(135,471)**	(173,789)
Profit and total comprehensive income for the year	**33,890**	50,546
Profit and total comprehensive income attributable to owners of the Company	**14,234**	21,229
Profit and total comprehensive income attributable to the non-controlling interests	**19,656**	29,317
Dividends paid to the non-controlling interests	**12,180**	4,000
Net cash inflow from operating activities	**38,400**	24,838
Net cash outflow from investing activities	**(26,005)**	(12,928)
Net cash outflow from financing activities	**(19,950)**	(4,000)
Effect of foreign exchange rate changes	**(54)**	(16)
Net cash (outflow) inflow	**(7,609)**	7,894

42. EVENT AFTER THE REPORTING PERIOD

Since January 2020, the pandemic of 2019 Novel Coronavirus (the "COVID-19") has been affecting the business and economic activities of the Group. The affected regions relevant to the Group include PRC, Hong Kong, Zambia and DRC. Owing to the unpredictable changes in pandemic situation, the Directors can only preliminary assess the impact of COVID-19 outbreak in those regions. The Directors consider the outbreak would not have a significant impact on the Group's operations as the numbers of confirmed diagnoses of COVID-19 in Zambia and DRC, the Group principal operating regions, are still small. The Directors will continue to monitor closely the changes in the pandemic situation and to evaluate the impact on the financial position and operating results of the Group accordingly.

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019	2018
	US$'000	*US$'000*
ASSETS		
Non-current Assets		
Equipment	**42**	50
Investment in subsidiaries	**272,085**	272,085
Receivable from a subsidiary	**98,057**	94,285
Loans to subsidiaries	**270,713**	215,103
	640,897	581,523
Current Assets		
Other receivables	**2,155**	116
Due from subsidiaries	**978**	2,175
Bank balances and cash	**169,636**	246,398
	172,769	248,689
Total Assets	**813,666**	830,212

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	2019	2018
	US$'000	*US$'000*
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	**613,233**	613,233
Retained profits	**67,213**	70,691
Total Equity	**680,446**	683,924
Non-Current Liabilities		
Bank and other borrowings		
– due after one year	**–**	59,213
Current Liabilities		
Accrued expenses	**1,768**	1,186
Amount due to a subsidiary	**72,000**	72,000
Bank and other borrowings		
– due within one year	**59,452**	13,889
	133,220	87,075
Total Liabilities	**133,220**	146,288
Total Equity and Liabilities	**813,666**	830,212

The Company's statement of financial position was approved and authorised for issue by the board of directors on 24 March 2020 and is signed on its behalf by:

Tongzhou Wang
DIRECTOR

Lin Zhang
DIRECTOR

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movements in reserve of the Company

	Retained profits
	US$'000
At 31 December 2017	81,561
Profit and total comprehensive income for the year	10,497
Dividend	(21,367)
At 31 December 2018	70,691
Profit and total comprehensive income for the year	25,774
Dividend	(29,252)
At 31 December 2019	**67,213**

FIVE YEAR FINANCIAL SUMMARY

A summary of selected items of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and the Prospectus, is set out below.

RESULTS

	Year ended 31 December				
	2019	2018	2017	2016	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	**2,008,719**	2,053,320	1,838,731	1,313,291	1,189,164
Gross profit	**468,473**	500,532	431,948	199,913	125,609
Profit (loss) before tax	**324,035**	323,861	319,227	69,097	(351,561)
Net profit (loss)	**224,514**	243,978	233,859	45,447	(313,509)
Profit (loss) attributable to owners of the Company	**134,874**	146,260	142,428	11,832	(279,902)

ASSETS, LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	At 31 December				
	2019	2018	2017	2016	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets	**1,911,091**	1,435,165	1,102,193	998,240	994,191
Current assets	**1,404,440**	1,397,840	1,701,004	1,431,501	1,175,076
Total assets	**3,315,531**	2,833,005	2,803,197	2,429,741	2,169,267
Current liabilities	**781,902**	922,332	860,445	403,428	610,669
Net current assets	**622,538**	475,508	840,559	1,028,073	564,407
Non-current liabilities	**997,553**	614,118	902,668	1,182,667	771,127
Equity attributable to owners of the Company	**1,013,804**	908,182	787,075	644,647	632,815
Non-controlling interests	**522,272**	388,373	253,009	198,999	154,656

DEFINITIONS

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	the annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of the Company that were adopted on 27 April 2012
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"CCS"	Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*), a company incorporated in Zambia on 19 July 2006 and a subsidiary of the Company
"CG Code" or "Corporate Governance Code"	code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
"Chambishi Leach Plant"	the copper leaching plant located in the Copperbelt province in Zambia held by SML and where SML undertakes its leaching operations
"China" or "PRC"	the People's Republic of China. For the purpose of this report and for geographical reference only and except where the context requires, references to "China" and the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong Special Administrative Region
"CNMC"	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a state-owned enterprise incorporated under the laws of the PRC in 1997 with operating history dating back to 1983, directly administered by SASAC, and the ultimate controlling shareholder of the Company
"CNMC Guarantee Fees Framework Agreement"	the framework agreement dated 18 November 2014 entered into between the Company and CNMC in relation to the reimbursement of guarantee fees paid by CNMC to third party financial institutions

"CNMC Huachin Mabende"	CNMC Huachin Mabende Mining SA (中色華鑫馬本德礦業股份有限公司*) (formerly known as "CNMC Mabende SPRL" (中色馬本德礦業有限公司*), a joint venture established in the DRC on 9 November 2012 by SML and Huachin SPRL, an associate of the Group
"CNMD"	China Nonferrous Mining Development Limited (中色礦業發展有限公司*), an investment holding company incorporated under the laws of the BVI on 12 July 2011, a wholly-owned subsidiary of CNMC and the controlling shareholder of the Company
"CNMH"	China Nonferrous Mining Holdings Limited (中色礦業控股有限公司*), an investment holding company incorporated under the laws of the Republic of Ireland on 23 September 2011 and a wholly-owned subsidiary of the Company
"CNMHK"	China Nonferrous Mining Hong Kong Holdings Limited (中色礦業香港控股有限公司), an investment holding company incorporated in Hong Kong on 6 October 2015 with limited liability under the Companies Ordinance, a directly controlling subsidiary of the Company
"CNMHKI"	China Nonferrous Mining Hong Kong Investment Limited (中色礦業香港投資有限公司), an investment holding company incorporated in Hong Kong on 2 December 2016 with limited liability under the Companies Ordinance, a directly controlling subsidiary of the Company
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "we", "us" or "our"	China Nonferrous Mining Corporation Limited (中國有色礦業有限公司), a company incorporated in Hong Kong on 18 July 2011 with limited liability under the Companies Ordinance and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"Compliance Committee"	the compliance committee of the Board
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules

"connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"COVID-19"	Corona Virus Disease 2019
"Deed of Non-Competition Undertaking"	a deed of non-competition undertaking dated 14 May 2012 entered into between CNMC and the Company under which CNMC has given us certain undertakings in respect of the conduct of certain of its activities outside the PRC
"Director(s)"	director(s) of the Company
"DRC"	the Democratic Republic of the Congo
"Fifteen MCC Africa"	Fifteen MCC Africa Construction & Trade Ltd (中國十五冶非洲建築貿易公司*), a company incorporated under the laws of Zambia on 24 May 2007 and a fellow subsidiary of CNMC
"Global Offering"	the offering of the Shares of the Company for subscription by the public in Hong Kong and purchase by institutional and professional investors as described in the Prospectus
"Group", "we" or "us"	the Company and its subsidiaries or any of them, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company
"HK$"or "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standard, as issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Zhongfei"	Hong Kong Zhongfei Mining Investment Limited (香港中非礦業投資有限公司), a company incorporated under the Companies Ordinance in Hong Kong in January 2014 holding 30% of SML and 30% of CNMHK

DEFINITIONS (CONTINUED)

"Huachin Leach"	Huachin Metal Leach SA (中色華鑫濕法冶煉股份有限公司*), a company incorporated under the laws of the DRC on 17 December 2010 and a subsidiary of SML
"Independent Shareholders"	Shareholders other than CNMD and its associates
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kambove Mining"	Kambove Mining SAS (剛波夫礦業簡易股份有限公司*), a company established in DRC and a subsidiary of the Company
"Kingsail"	Kingsail Limited (香港鑫晟有限公司), a company incorporated in Hong Kong on 9 October 2018 with limited liability under the Companies Ordinance, a subsidiary of the Company
"LIBOR"	London Interbank Offer Rate
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange on 29 June 2012
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Lualaba Copper Smelter"	Lualaba Copper Smelter SAS (盧阿拉巴銅冶煉股份有限公司*), a company established in DRC and a subsidiary of the Company
"Luanshya"	CNMC Luanshya Copper Mines PLC (中色盧安夏銅業有限公司*), formerly Luanshya Copper Mines PLC, a company incorporated in Zambia on 10 July 2003 and a subsidiary of the Company
"Mabende Mining"	Mabende Mining SARL (馬本德礦業有限責任公司*) (formerly known as Mabende Mining SPRL (馬本德礦業有限公司*)), a company incorporated under the laws of the DRC
"Mabende Project"	the project undertaken by CNMHK through CNMC Huachin Mabende to construct and operate a leaching plant in the DRC
"Main Board"	the Main Board of the Hong Kong Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Muliashi Project"	an integrated project involving the mining and leaching of copper oxide ores undertaken by Luanshya, including the Muliashi North Mine, the Muliashi Leach Plant and the planned Baluba East Mine
"NFCA"	NFC Africa Mining PLC (中色非洲礦業有限公司*), a company incorporated in Zambia on 5 March 1998, and a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"Non-Competition Undertaking"	the non-competition undertaking set out in the Deed of Non-Competition Undertaking
"PRC government" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Properties Leasing Framework Agreement"	the properties leasing framework agreement dated 18 November 2014 entered into between the Company and CNMC
"Prospectus"	the prospectus dated 20 June 2012 issued by the Company in connection with the Global Offering and the Listing
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi yuan, the lawful currency for the time being of the PRC
"Retained Group"	CNMC and its subsidiaries (excluding the Group)
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares of the Company
"SML"	Sino-Metals Leach Zambia Limited (贊比亞謙比希濕法冶煉有限公司*), a company incorporated under the laws of Zambia on 3 December 2004 and a subsidiary of the Company

DEFINITIONS (CONTINUED)

"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed thereto in the Listing Rules
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US ¢ " or "US cent(s)"	United States cents, the lawful currency for the time being of the United States
"US$", "USD" or "US dollar(s)"	United States dollars, the lawful currency for the time being of the United States
"VAT"	value-added tax; all amounts are exclusive of VAT in this report except indicated otherwise
"Year"	year ended 31 December 2019
"YH Metal"	Yunnan & Hongkong Metal Company Limited (雲港金屬有限公司), a company established in Hong Kong with limited liability and a wholly-owned subsidiary of Yunnan Copper Group
"Yunnan Copper"	Yunnan Copper Industry Co., Ltd* (雲南銅業股份有限公司), a company incorporated under the laws of the PRC on 15 May 1998 and a subsidiary of Yunnan Copper Group
"Yunnan Copper Group"	Yunnan Copper Industry (Group) Co., Ltd.* (雲南銅業(集團)有限公司), a company incorporated under the laws of the PRC in April 1996 holding 40% of the issued share capital of CCS
"Zambia"	the Republic of Zambia
"ZCCM"	Zambia Consolidated Copper Mines Limited, a company incorporated in Zambia in 1982 and succeeded by ZCCM-IH
"ZCCM-IH"	Zambia Consolidated Copper Mines Investments Holdings Plc, the successor company to ZCCM, majority owned by the Government of Zambia
"ZMK"	Zambian Kwacha, the lawful currency for the time being of Zambia

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

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