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China Nonferrous Mining Corporation Limited
中國有色礦業有限公司

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

(Stock Code: 01258)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS OF THE GROUP

In 2021, the Group's production system continues to maintain its high-load operations, with its major projects putting into production in the middle of the year resulting in a significant year-on-year increase in the output of main products. Moreover, attributed to the year-on-year increase in global copper prices, the Group recorded revenue of US\$4,050.6 million, representing an increase by 56.0% from US\$2,597.2 million in 2020.

In 2021, the Group recorded net profit of US\$515.4 million, representing an increase by 161.8% from US\$196.9 million in 2020.

In 2021, the Group recorded profit attributable to owners of the Company of US\$357.1 million, representing an increase by 185.7% from US\$125.0 million in 2020.

In 2021, basic earnings per share attributable to owners of the Company was approximately US¢9.78 (equivalent to approximately HK\$0.76), representing an increase by approximately US¢6.20 (equivalent to approximately HK\$0.48) from approximately US¢3.58 (equivalent to approximately HK\$0.28) in 2020.

The Board proposes a payment of US¢3.8205 per share as final dividend for the year of 2021.

FINANCIAL INFORMATION

The board of directors (the “**Board**”) of China Nonferrous Mining Corporation Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the corresponding period in 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 US\$'000	2020 US\$'000
Revenue from contracts with customers	3, 4	4,050,588	2,597,213
Cost of sales		<u>(2,965,553)</u>	<u>(1,967,771)</u>
Gross profit		1,085,035	629,442
Other income		9,656	7,634
Other gains and losses	5	(35,743)	(122,860)
Distribution and selling expenses		(82,313)	(67,886)
Administrative expenses		(122,902)	(91,486)
Other expenses		(9,381)	(7,967)
Finance costs	6	<u>(37,316)</u>	<u>(37,022)</u>
Profit before tax		807,036	309,855
Income tax expense	7	<u>(291,641)</u>	<u>(112,915)</u>
Profit and total comprehensive income for the year		<u>515,395</u>	<u>196,940</u>
Profit and total comprehensive income attributable to:			
Owners of the Company		357,121	124,965
Non-controlling interests		<u>158,274</u>	<u>71,975</u>
		<u>515,395</u>	<u>196,940</u>
Earnings per share			
– Basic and diluted	9	US¢9.78/share	US ¢3.58/share
– Basic and diluted (HK\$ equivalent)	9	<u>HK\$0.76/share</u>	<u>HK\$0.28/share</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

		2021	2020
	<i>Notes</i>	US\$'000	US\$'000
ASSETS			
Non-current Assets			
Property, plant and equipment		1,697,104	1,719,997
Right-of-use assets		9,930	14,895
Mining rights		130,216	136,187
Restricted bank balances		1,505	1,505
Deferred tax assets		13,102	20,588
Prepayments and other receivables		68,283	34,508
		1,920,140	1,927,680
Current Assets			
Inventories	10	848,301	671,427
Trade receivables at amortised cost	11	25,863	20,666
Trade receivables at fair value through profit or loss (“FVTPL”)	11	529,904	227,740
Prepayments and other receivables		229,784	185,728
Restricted bank balances		3,246	2,289
Bank balances and cash		606,746	497,829
		2,243,844	1,605,679
Total Assets		4,163,984	3,533,359

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2021

	<i>Notes</i>	2021 US\$'000	2020 <i>US\$'000</i>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		740,119	613,233
Retained profits		802,083	498,531
Equity attributable to owners of the Company		1,542,202	1,111,764
Non-controlling interests		629,682	547,178
Total Equity		2,171,884	1,658,942
Non-current Liabilities			
Deferred tax liabilities		141,373	63,233
Bank and other borrowings			
– due after one year	13	848,133	464,000
Lease liabilities		6,411	13,424
Provision for restoration, rehabilitation and environmental costs		37,400	28,272
Deferred income		13,940	16,345
		1,047,257	585,274
Current Liabilities			
Trade payables	12	359,327	219,728
Trade payables designated at FVTPL	12	231,803	205,178
Other payables and accrued expenses		112,507	114,417
Income tax payable		196,669	123,525
Bank and other borrowings			
– due within one year	13	24,225	597,442
Lease liabilities		7,472	6,770
Contract liabilities		9,069	11,141
Financial liabilities designated at FVTPL		3,771	10,942
		944,843	1,289,143
Total Liabilities		1,992,100	1,874,417
Total Equity and Liabilities		4,163,984	3,533,359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Equity attributable to owners of the Company			Non- controlling interests	Total equity
	Share capital <i>US\$'000</i>	Retained profits <i>US\$'000</i>	Sub-total <i>US\$'000</i>		
At 1 January 2020	613,233	400,571	1,013,804	522,272	1,536,076
Profit and total comprehensive income for the year	–	124,965	124,965	71,975	196,940
Dividend declared by a subsidiary	–	–	–	(47,069)	(47,069)
Dividend declared by the Company	–	(27,005)	(27,005)	–	(27,005)
At 31 December 2020	613,233	498,531	1,111,764	547,178	1,658,942
Issue of shares	127,482	–	127,482	–	127,482
Share issuance cost	(596)	–	(596)	–	(596)
Profit and total comprehensive income for the year	–	357,121	357,121	158,274	515,395
Dividend declared by subsidiaries	–	–	–	(75,770)	(75,770)
Dividend declared by the Company (note 8)	–	(53,569)	(53,569)	–	(53,569)
At 31 December 2021	740,119	802,083	1,542,202	629,682	2,171,884

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 US\$'000	2020 <i>US\$'000</i>
NET CASH FROM OPERATING ACTIVITIES	536,383	482,454
NET CASH USED IN INVESTING ACTIVITIES	(204,393)	(210,330)
NET CASH USED IN FINANCING ACTIVITIES	(225,050)	(249,941)
NET INCREASE IN CASH AND CASH EQUIVALENTS	106,940	22,183
CASH AND CASH EQUIVALENTS AT 1 JANUARY	497,829	481,210
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1,977	(5,564)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER,		
Represented by:		
Bank balances and cash	606,746	497,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. In the opinion of the directors of the Company (the “**Directors**”), as at the date of this announcement, the Company’s immediate holding company is China Nonferrous Mining Development Limited, a private company incorporated in the British Virgin Islands (“**CNMD**”), 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**”). The registered office of the Company is located at Unit 1303, 13/F, Austin Tower, 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong, and its principal places of business are located at 32 Enos Chomba Road, Kitwe, the Republic of Zambia (“**Zambia**”) and Bloc B-Luano City-Route Aeroport Commune Annexe Lubumbashi, the Democratic Republic of Congo (“**DRC**”).

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting of copper and cobalt, and sale of copper cathodes, blister copper and copper anodes, cobalt hydroxide, sulfuric acid and liquid sulphur dioxide.

The consolidated financial statements of the Group are presented in United States dollar (“**US\$**”), which is also the functional currency of the Company.

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results 2021 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) (“**CO**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the CO and will deliver the financial statements for the year ended 31 December 2021 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO (or under their equivalent requirements found in section 141 of the predecessor CO).

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realised value of inventories.

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

2.1 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying *HKFRS 7 Financial Instruments: Disclosures* (“HKFRS 7”).

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

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 and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ²

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

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

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

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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)

Amendments to HKAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The Group’s existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers

	2021	
	Leaching US\$'000	Smelting US\$'000
Types of goods or services		
Sales of goods to external customers		
Copper cathodes	954,423	–
Blister copper and copper anodes	–	2,890,597
Sulfuric acid	–	132,023
Liquid sulphur dioxide	–	22,498
Cobalt contained in cobaltous hydroxide	14,584	–
Copper products processing services	–	36,463
Total	<u>969,007</u>	<u>3,081,581</u>
Timing of revenue recognition		
A point in time	<u>969,007</u>	<u>3,081,581</u>
	2020	
	Leaching US\$'000	Smelting US\$'000
Types of goods or services		
Sales of goods to external customers		
Copper cathodes	662,897	–
Blister copper and copper anodes	–	1,781,780
Sulfuric acid	–	117,689
Liquid sulphur dioxide	–	15,629
Cobalt contained in cobaltous hydroxide	3,008	–
Copper products processing services	–	16,210
Total	<u>665,905</u>	<u>1,931,308</u>
Timing of revenue recognition		
A point in time	<u>665,905</u>	<u>1,931,308</u>

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(ii) Performance obligations for contracts with customers

The Group sells copper products, sulphuric acid, liquid sulphur dioxide and cobalt hydroxide and renders copper products processing services to customers, revenue is recognised when control of the goods or services has transferred based on the terms of relevant contracts. In most cases, the control of goods has transferred upon delivery when the goods have been shipped at the Group's premises. In some other cases, the control of goods has transferred upon delivery at specific destination ports. Revenue from the rendering of copper products processing service is recognised when control of the completed processing copper products has transferred based on the terms of the service contracts. 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.

4. 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, 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 and cobalt hydroxide (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 and copper anodes (including exploration and mining of sulfuric copper mines), sulfuric acid and liquid sulphur dioxide which are produced using ISA smelting technology. Sulfuric acid and liquid sulphur dioxide are by-products in the production of blister copper and copper anodes. Copper products processing services are also rendered using ISA smelting technology.

No operating segments have been aggregated to be derived from the reportable segments of the Group.

4. 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 2021

	Leaching US\$'000	Smelting US\$'000	Consolidated US\$'000
Total segment revenue	969,007	3,128,704	4,097,711
Less: inter-segment sales	–	(47,123)	(47,123)
Revenue from external customers	<u>969,007</u>	<u>3,081,581</u>	<u>4,050,588</u>
Segment profit	<u>286,291</u>	<u>246,012</u>	532,303
Unallocated income*			192
Unallocated expenses [#]			<u>(17,100)</u>
Profit for the year			<u>515,395</u>

For the year ended 31 December 2020

	Leaching US\$'000	Smelting US\$'000	Consolidated US\$'000
Total segment revenue	665,905	1,972,792	2,638,697
Less: inter-segment sales	–	(41,484)	(41,484)
Revenue from external customers	<u>665,905</u>	<u>1,931,308</u>	<u>2,597,213</u>
Segment profit	<u>127,583</u>	<u>76,559</u>	204,142
Unallocated income*			971
Unallocated expenses [#]			<u>(8,173)</u>
Profit for the year			<u>196,940</u>

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

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

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

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.

Segment assets and liabilities

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
<i>Segment assets</i>		
Leaching	1,348,698	1,005,540
Smelting	<u>2,746,800</u>	<u>2,509,331</u>
Total segment assets	4,095,498	3,514,871
Unallocated assets*	73,319	29,178
Elimination	<u>(4,833)</u>	<u>(10,690)</u>
Consolidated assets	<u><u>4,163,984</u></u>	<u><u>3,533,359</u></u>
<i>Segment liabilities</i>		
Leaching	517,953	401,246
Smelting	<u>1,432,463</u>	<u>1,427,834</u>
Total segment liabilities	1,950,416	1,829,080
Unallocated liabilities*	46,517	56,027
Elimination	<u>(4,833)</u>	<u>(10,690)</u>
Consolidated liabilities	<u><u>1,992,100</u></u>	<u><u>1,874,417</u></u>

* 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.

5. OTHER GAINS AND LOSSES

	2021 US\$'000	2020 US\$'000
Loss on disposal of property, plant and equipment, net	(6,745)	(408)
Impairment loss (recognised) reversed in respect of		
– input VAT receivables	(28,977)	7,866
– financial assets under ECL	(2,473)	(13,845)
– mining rights	–	(16,898)
Foreign exchange gains (losses), net	6,433	(57,703)
(Loss) gain from changes in fair value of financial liabilities/assets at FVTPL		
– financial liabilities designated at FVTPL	(48,246)	(41,843)
– trade receivables at FVTPL	168,753	91,159
– trade payables designated at FVTPL	(124,488)	(91,188)
	(35,743)	(122,860)

6. FINANCE COSTS

	2021 US\$'000	2020 US\$'000
Interest on bank and other borrowings	34,365	51,352
Interest on lease liabilities	637	938
Unwinding of the discount	2,314	802
	37,316	53,092
Less: amounts capitalised in construction in progress arose on the borrowings specifically for the purpose of qualifying assets	–	(16,070)
	37,316	37,022
The weighted average capitalisation rate used to determine the amount of borrowing costs arose on the borrowings specifically eligible for capitalisation (per annum)	N/A	3.72%-5.34%

7. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Current tax:		
– Income tax in The Republic of Ireland (“ Ireland ”)	1,338	5
– Income tax in DRC	65,802	34,900
– Income tax in Zambia	138,875	61,405
	206,015	96,310
Deferred tax		
– Current year	83,676	16,605
– Attribute to a change in tax rate	1,950	–
	85,626	16,605
Total income tax expense	291,641	112,915

Income tax in Ireland is calculated at 12.5% (2020: 12.5%) on the estimated assessable income.

Income tax in DRC is calculated at 30% on the estimated assessable income where 30% of the assessable income exceeds 1% of gross sales, and calculated at 1% (2020: 1%) of gross sales where 30% of the assessable income does not exceeds 1% of gross sales.

In accordance with the 2018 Mining Code of DRC with effect from 8 June 2018, should a single product meet the threshold condition that its average effective selling price within one accounting year rise over 25% more than its average selling price in such year as predicated in its feasibility report, excess profit taxes is imposed on a tax base being the difference between the EBITDA of the product and the predicted amount in the feasibility report in that accounting year with applicable tax rate of 50%.

Income tax in Zambia is calculated at 35% (2020: 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% and the mineral royalty is not allowed to be deducted from profit before tax. 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 NFC Africa Mining PLC (“**NFCA**”), CNMC Luanshya Copper Mines PLC (“**Luanshya**”) and Sino-metals Leach Zambia Limited (“**SML**”) are 30%.

The Group enjoyed the following income tax incentives:

- Certain phase of production facilities of CCS (the “Phase”) 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 Phase is under the second year of 50% income tax relief during the current year (2020: 50%).

The actual applicable tax rate of CCS is 27.1% during the current year (2020: 27.1%).

7. INCOME TAX EXPENSE (CONTINUED)

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 CCS is subject to withholding tax in Zambia at tax rate of 7.5% (2020: 7.5%) and certain dividend income of CNMH from Luanshya, NFCA and SML is under withholding tax relief for both years.

Certain dividend income of CNMHK from DRC subsidiaries is subject to withholding income tax in DRC at tax rate of 10% (2020: 10%).

Pursuant to “An Act to amend the Income Tax Act, 2021” enacted by the Parliament of Zambia on 29 December 2021, the income tax rate of Zambia changes from 35% to 30% and non-deductible mineral royalty expense under the Mines and Minerals Development Act, 2015 becomes deductible.

8. DIVIDENDS

	2021 US\$'000	2020 US\$'000
Dividends recognised as distribution during the year:		
2021 Final, paid – US¢ 1.4327 per share	53,569	–
2020 Final, paid – US¢ 0.7740 per share	<u>–</u>	<u>27,005</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of US¢3.8205 (2020: final dividend in respect of the year ended 31 December 2020 of US¢1.4327) per share, in an aggregate amount of US\$142,848,400, has been proposed by the Directors and is subject to the approval of the shareholders of the Company in the forthcoming annual general meeting.

9. 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:

	2021	2020
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share (<i>in US\$'000</i>)	<u>357,121</u>	<u>124,965</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (<i>in '000</i>)	<u>3,649,995</u>	<u>3,489,036</u>
Earnings per share		
– Basic and diluted	US¢ 9.78/share	US ¢ 3.58/share
– Basic and diluted (<i>HK\$ equivalent</i>)	<u>HK\$0.76/share</u>	<u>HK\$0.28/share</u>

During the years ended 31 December 2021 and 2020, there were no potential ordinary shares outstanding with diluted impact.

10. INVENTORIES

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Raw materials	490,952	415,646
Spare parts and consumables	90,829	89,699
Work in progress	150,286	110,149
Finished goods	116,234	55,933
	<u>848,301</u>	<u>671,427</u>

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Trade receivables at amortised cost – contracts with customers	28,438	22,463
Less: Allowance for credit losses	<u>(2,575)</u>	<u>(1,797)</u>
	<u>25,863</u>	<u>20,666</u>
Trade receivables at FVTPL – contracts with customers	<u>529,904</u>	<u>227,740</u>

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
0 to 30 days	22,245	13,625
31 to 90 days	<u>3,618</u>	<u>7,041</u>
	<u>25,863</u>	<u>20,666</u>

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

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
0 to 30 days	370,242	196,126
31 to 90 days	139,626	27,472
91 to 180 days	15,338	4,142
181 to 365 days	4,698	–
	529,904	227,740

12. TRADE PAYABLES/TRADE PAYABLES DESIGNATED AT FVTPL

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Trade payables	359,327	219,728
Trade payables designated at FVTPL	231,803	205,178

The following is an aged analysis of trade payables presented based on the invoice date:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
0 to 30 days	160,051	101,332
31 to 90 days	96,299	34,435
91 to 180 days	44,208	19,207
181 to 365 days	13,385	17,135
1–2 years	1,055	3,290
Over 2 years	44,329	44,329
	359,327	219,728

The following is an aged analysis of trade payables designated at FVTPL presented based on the invoice date:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
0 to 30 days	209,919	169,845
31 to 90 days	9,166	26,230
91 to 180 days	12,718	7,715
181 to 365 days	–	1,388
	231,803	205,178

13. BANK AND OTHER BORROWINGS

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Bank loans, unsecured	870,633	929,480
Loan from a fellow subsidiary, unsecured	–	130,000
Interest payable	<u>1,725</u>	<u>1,962</u>
	<u>872,358</u>	<u>1,061,442</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	24,225	597,442
More than one year but not exceeding two years	45,000	112,500
More than two years but not exceeding five years	696,633	240,000
More than five years	<u>106,500</u>	<u>111,500</u>
	872,358	1,061,442
Less: Amounts due within one year shown under current liabilities	<u>(24,225)</u>	<u>(597,442)</u>
Amounts shown under non-current liabilities	<u>848,133</u>	<u>464,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2021, 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 main production and operation indicators of the Group has overfulfilled its annual budget and plan.

During the reporting period, revenue has increased by 56.0% to US\$4,050.6 million over the last year as a result of the continued growth in sales volumes of the Group's products and the impact of a year-on-year increase of international copper price.

During the reporting period, the profit attributable to owners of the Company amounted to US\$357.1 million, representing an increase of 185.7% over the last year.

Meanwhile, along with the achievement in production volume and standards of the Integrated Exploration and Construction Project of Chambishi Southeast Mine as well as the commissioning of the main ore body project of Kambove Mining with an planned investment of US\$238 million, 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 the Republic of Zambia (“**Zambia**”) and the Democratic Republic of the Congo (“**DRC**”). In particular, sulphuric acid and liquid sulphur dioxide are by-products generated during the blister copper smelting process. The Group is making greater efforts to develop cobalt business.

The businesses of the Group are principally carried out through the following companies: NFC Africa Mining PLC (中色非洲礦業有限公司*) (“**NFCA**”), CNMC Luanshya Copper Mines PLC (中色盧安夏銅業有限公司*) (“**Luanshya**”), Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*) (“**CCS**”) and Sino-Metals Leach Zambia Limited (贊比亞謙比希濕法治煉有限公司*) (“**SML**”) located in Zambia, as well as Huachin Metal Leach SA (中色華鑫濕法治煉股份有限公司*) (“**Huachin Leach**”) located in DRC, CNMC Huachin Mabende, Lualaba Copper Smelter and Kambove Mining SAS (剛波夫礦業簡易股份有限公司*) (“**Kambove Mining**”) located in the DRC.

* Translation of English forms for reference purposes only

In 2021, blister copper and copper anodes, and sulphuric acid produced by the Group amounted to 324,501 tonnes and 1,041,490 tonnes in total, representing an increase of 26.2% and 31.3% over last year, respectively. Copper cathodes produced amounted to 124,327 tonnes, representing an increase of 7.3% over last year; cobaltous hydroxide produced amounted to 602 tonnes; liquid sulphur dioxide produced amounted to 26,002 tonnes; the processed copper products for the Group amounted to 58,615 tonnes. In 2021, revenue of the Group increased by 56.0% to US\$4,050.6 million in 2021 from US\$2,597.2 million in 2020 as a result of the continued growth in sales volumes of the Group's products and the impact of a year-on-year increase of international copper price.

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 announcement. 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 of 31 December 2021, the Group's mineral resources and mineral reserves reported in accordance with the JORC Code were as follows:

(1) Resources

Chambishi Main Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	9.67	2.35%	–	–	9.73	2.33%	–	–
Indicated	7.48	2.50%	–	–	3.86	2.43%	–	–
Inferred	6.68	2.20%	–	–	7.47	2.33%	–	–
	<u>6.68</u>	<u>2.20%</u>	<u>–</u>	<u>–</u>	<u>7.47</u>	<u>2.33%</u>	<u>–</u>	<u>–</u>

Note: Mining exploration for production purposes was conducted in 2021, with 190,000 tonnes of ore being extracted.

Chambishi West Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Oxide ore								
Measured	3.64	2.03%	1.00%	–	3.64	2.03%	1.00%	–
Indicated	1.46	1.83%	0.96%	–	1.46	1.83%	0.96%	–
Inferred	1.45	2.32%	1.10%	–	1.45	2.32%	1.10%	–
Sulphide Ore								
Measured	14.89	2.08%	–	–	14.68	2.12%	–	–
Indicated	6.25	2.23%	–	–	4.66	2.15%	–	–
Inferred	7.77	2.04%	–	–	3.54	2.18%	–	–

Note: Mining exploration for production purposes was conducted in 2021, with 1,640,000 tonnes of ore being extracted.

Chambishi Southeast Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	38.99	2.29%	–	0.13%	37.54	2.29%	–	0.12%
Indicated	33.04	1.87%	–	0.11%	38.47	1.83%	–	0.10%
Inferred	55.89	1.76%	–	0.08%	52.75	1.87%	–	0.11%

Note: Mining exploration for production purposes was conducted in 2021, with 1.93 million tonnes of ore being consumed.

Mwambashi Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	0.76	2.26%	1.25%	–	2.14	2.04%	1.18%	–
Indicated	4.25	2.13%	0.58%	–	4.61	2.11%	0.58%	–
Inferred	2.49	2.35%	0.31%	–	3.75	2.06%	–	–

Note: 194,600 tonnes of ore were extracted in 2021.

Samba Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	–	–	–	–	–	–	–	–
Indicated	3.89	1.74%	–	–	2.80	1.73%	–	–
Inferred	5.14	1.55%	–	–	5.85	1.65%	–	–

Note: The resource was audited by SRK.

Baluba Center Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Oxide ore								
Measured	3.86	1.98%	1.15%	0.12%	1.19	2.46%	1.91%	0.18%
Indicated	5.53	1.86%	0.87%	0.12%	2.41	2.30%	1.68%	0.14%
Inferred	1.33	2.18%	1.36%	0.19%	1.70	2.11%	1.17%	0.13%
Sulphide Ore								
Measured	1.59	2.23%	0.11%	0.15%	2.19	2.26%	0.08%	0.12%
Indicated	2.61	2.02%	0.15%	0.14%	0.85	2.22%	0.08%	0.08%
Inferred	1.56	2.01%	0.22%	0.14%	3.85	1.51%	0.08%	0.09%

Note: In 2020, supplemental exploration for oxide ore was carried out at Baluba Center Mine, and the resource was reported again in 2021. 840,000 tonnes of ore was extracted from sulphide ore.

Muliashi North Mine

JORC category	Ore (Mt)	31 December 2021 Average grade			Ore (Mt)	31 December 2020 Average grade		
		Total copper	Oxide copper	Cobalt		Total copper	Oxide copper	Cobalt
Measured	3.14	1.26%	0.47%	0.03%	5.89	1.23%	–	0.03%
Indicated	4.83	1.66%	0.56%	0.02%	5.30	1.13%	–	0.02%
Inferred	18.50	1.31%	0.43%	0.02%	21.19	1.17%	–	0.01%

Note: In 2021, 4.8 million tonnes of ore was extracted, and supplementary exploration was carried out, but the report has not yet been released.

Mashiba Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	–	–	–	–	–	–	–	–
Indicated	6.62	1.88%	–	0.03%	6.65	2.27%	–	0.02%
Inferred	1.05	1.68%	–	0.01%	1.48	1.94%	–	0.02%

Note: No mining activities were carried out in 2021.

Baluba East Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	10.47	1.67%	0.56%	–	14.64	1.67%	0.67%	0.02%
Indicated	1.67	1.23%	0.20%	–	2.07	1.21%	1.16%	0.01%
Inferred	0.79	1.08%	0.18%	–	0.90	0.98%	0.88%	0.02%

Note: No mining activities were carried out in 2021, and the decrease in ore volume was attributable to the adoption of new bulk density test results.

Roan Basin

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	5.32	2.38%	1.75%	0.02%	–	–	–	–
Indicated	1.95	2.10%	1.51%	0.02%	1.87	1.81%	1.52%	–
Inferred	1.24	2.29%	1.51%	0.02%	–	–	–	–

Note: Supplemental exploration was conducted in 2020, and the resource was reported again in 2021. 290,000 tonnes of ore was extracted in 2021.

Roan Ext. West

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	1.17	2.57%	2.18%	–	–	–	–	–
Indicated	–	–	–	–	2.04	3.56%	3.07%	–
Inferred	–	–	–	–	0.31	2.51%	2.31%	–

Note: Mining exploration for production purposes was conducted in 2021, with 1.48 million tonnes of ore being extracted in Roan Ext. West.

Roan Ext. East

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	4.70	2.54%	2.03%	–	–	–	–	–
Indicated	–	–	–	–	4.97	2.49%	2.32%	–
Inferred	–	–	–	–	0.22	2.33%	2.20%	–

Note: Mining exploration for production purposes was conducted, with 200,000 tonnes of ore being extracted in 2021.

Smelting Slag

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	-	-	-	-	-	-	-	-
Indicated	6.58	1.03%	0.31%	-	7.28	1.03%	0.31%	-
Inferred	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: 700,000 tonnes of ore was extracted in 2021.

Kambove Main Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	-	-	-	-	-	-	-	-
Indicated	6.41	2.80%	-	0.12%	8.79	3.21%	-	-
Inferred	4.25	2.88%	-	0.10%	2.67	3.09%	-	-
	<u>6.41</u>	<u>2.80%</u>	<u>-</u>	<u>0.12%</u>	<u>8.79</u>	<u>3.21%</u>	<u>-</u>	<u>-</u>

Notes: Mining exploration for production purposes was conducted, with 650,000 tonnes of ore being extracted in 2021.

Kambove Main Open Pit Tailings

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	1.41	0.69%	-	0.17%	1.49	0.72%	-	-
	<u>1.41</u>	<u>0.69%</u>	<u>-</u>	<u>0.17%</u>	<u>1.49</u>	<u>0.72%</u>	<u>-</u>	<u>-</u>

Kambove West Open Pit Tailings

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	2.35	1.15%	-	0.22%	2.35	1.15%	-	-

(2) Reserves

Chambishi Main Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	5.59	1.74%	-	-	1.48	1.85%	-	-
Probable	1.63	1.63%	-	-	5.85	1.48%	-	-

Note: Mining exploration for production purposes was conducted, with 190,000 tonnes of resource being consumed in 2021.

Chambishi West Mine

JORC category	31 December 2021				31 December 2020			
	Ore <i>(Mt)</i>	Average grade		Cobalt	Ore <i>(Mt)</i>	Average grade		Cobalt
		Total	Oxide			Total	Oxide	
		copper	copper			copper	copper	
Sulphide Ore								
Proved	11.72	1.70%	–	–	7.94	1.93%	–	–
Probable	2.20	1.84%	–	–	10.59	1.98%	–	–

Note: Mining exploration for production purposes and supplemental exploration was conducted, with 1,640,000 tonnes of resource being consumed in 2021.

Chambishi Southeast Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	36.92	1.93%	-	0.11%	38.17	2.00%	-	0.11%
Probable	10.90	1.62%	-	0.07%	11.69	1.72%	-	0.08%

Note: 1,930,000 tonnes of volumes of resource was consumed by mining in 2021. The dilution rate increased in 2021.

Mwambashi Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	0.74	2.23%	1.22%	-	1.04	2.17%	1.23%	-
Probable	1.49	2.31%	0.97%	-	3.58	2.06%	1.05%	-

Note: 194,600 tonnes of ore were extracted in 2021.

Baluba Center Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	0.50	1.30%	-	-	0.40	1.28%	0.06%	0.10%
Probable	0.33	1.36%	-	-	0.25	1.38%	0.06%	0.10%

Note: Supplemental exploration was conducted in oxidized oxide in 2020. 840,000 tonnes of ore were extracted from sulfide ore.

Muliashi North Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	0.58	1.98%	0.62%	-	-	-	-	-
Probable	1.16	1.95%	0.62%	-	9.35	1.18%	0.31%	0.02%

Note: In 2021, 4.8 million tonnes of ore was extracted, and supplementary exploration was carried out, but the report has not yet been released.

Mashiba Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	2.71	1.93%	0.30%	-	-	-	-	-
Probable	1.78	1.83%	0.19%	-	5.61	2.11%	-	-

Note: No mining activities were conducted in 2021.

Baluba East Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	3.53	2.06%	0.89%	-	7.38	1.77%	0.86%	-
Probable	0.04	1.48%	0.48%	-	0.06	1.54%	0.45%	-

Note: No mining activities were carried out in 2021, and the decrease in ore volume was attributable to the adoption of new bulk density test results.

Roan Ext. East

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	3.07	2.32%	1.96%	-	-	-	-	-
Probable	-	-	-	-	3.68	2.14%	2.10%	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.68</u>	<u>2.14%</u>	<u>2.10%</u>	<u>-</u>

Note: 200,000 tonnes of ore were extracted in 2021.

Roan Basin

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	1.33	2.67%	1.71%	-	-	-	-	-
Probable	0.09	2.79%	2.12%	-	1.93	2.67%	2.12%	-
	<u>0.09</u>	<u>2.79%</u>	<u>2.12%</u>	<u>-</u>	<u>1.93</u>	<u>2.67%</u>	<u>2.12%</u>	<u>-</u>

Note: Supplementary exploration was carried out in 2020 and a feasibility study was not completed. 290,000 tonnes of ore was extracted in 2021.

Smelting Slag

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	-	-	-	-	-	-	-	-
Probable	6.58	1.03%	0.31%	-	7.28	1.03%	0.31%	-
	<u>6.58</u>	<u>1.03%</u>	<u>0.31%</u>	<u>-</u>	<u>7.28</u>	<u>1.03%</u>	<u>0.31%</u>	<u>-</u>

Note: 700,000 tonnes of ore were extracted from Smelting Slag in 2021. Reserves were provided by Luanshya without audit by SRK (ore reserves estimation cannot be made without the measurement data of the slag status).

Kambove Main Mine

JORC category	31 December 2021				31 December 2020			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Proved	-	-	-	-	-	-	-	-
Probable	<u>6.03</u>	<u>2.61%</u>	<u>-</u>	<u>0.11%</u>	<u>7.63</u>	<u>2.98%</u>	<u>-</u>	<u>-</u>

Note: Mining exploration for production purposes and supplemental exploration was conducted, with 650,000 tonnes of ore being extracted in 2021.

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 2021, copper anodes produced by NFCA amounted to 66,005 tonnes, representing a year-on-year increase of 64.3%, among which, the production of copper anodes at the southeast ore body amounted to 35,016 tonnes. Such increase was primarily attributable to the significant year-on-year increase in production of the southeast ore body in this year.

Luanshya

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

In 2021, blister copper produced by Luanshya amounted to 13,836 tonnes, representing a year-on-year increase of 1.6%; the total amount of copper cathodes produced amounted to 43,391 tonnes, representing a year-on-year increase of 0.9%.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In 2021, CCS produced 162,610 tonnes in total of blister copper and copper anodes, representing a year-on-year increase of 8.8%; produced 718,962 tonnes in total of sulphuric acid, representing a year-on-year increase of 11.8%. In 2021 CCS processed copper products of 86,614 tonnes for enterprises under the Group.

SML

SML mainly operates Mwambashi Mine and the Chambishi Leach Plant.

Blister copper produced by SML in 2021 amounted to 6,773 tonnes, representing a year-on-year increase of 109.8%, mainly attributable to the year-on-year increase of the processing volume of purchased ore; the total cathode copper produced by SML amounted to 9,127 tons, representing a year-on-year increase of 0.1%.

CNMC Huachin Mabende

CNMC Huachin Mabende produced 36,129 tonnes in total of copper cathodes, representing a year-on-year decrease of 2.3%. mainly attributable to the shortage of electricity in the third quarter.

Huachin Leach

Huachin Leach accumulatively produced 27,001 tonnes of copper cathodes in 2021, representing a year-on-year increase of 0.7%.

Lualaba Copper Smelter

Lualaba Copper Smelter mainly operates the Lualaba Smelting Plant.

Lualaba Copper Smelter reaches its designed capacity in 2021 and accumulatively produced 75,278 tonnes of blister copper, representing a year-on-year increase of 151.2%; accumulatively produced 322,528 tonnes of sulfuric acid, representing a year-on-year increase of 115.1%; accumulatively produced 26,002 tonnes of liquid sulfur dioxide, representing a year-on-year increase of 52%. Lualaba Copper Smelter processed 58,615 tonnes of blister copper for enterprises outside of the Group.

Kambove Mining

The Kambove Main Mine completed construction and commenced trial operation in the third quarter of 2021, and produced 8,679 tonnes of copper cathodes in 2021.

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

	Production volume for 2021^{(1), (2)} (Tonnes)	Production volume for 2020^{(1), (2)} (Tonnes)	Year-on- year growth (%)
Blister copper and copper anodes	324,501	257,219	26.2
Copper cathodes	124,327	115,904	7.3
Cobalt contained in cobalt hydroxide	602	191	215.2
Sulphuric acid	1,041,490	793,221	31.3
Liquid sulphur dioxide	26,002	17,102	52.0
Copper products processing services	58,615	27,389	114.0

Notes:

- (1) The production of all products is based on the copper content, except for sulfuric acid, liquid sulfur dioxide, and copper hydroxide.
- (2) Copper product processing services refer to the processing and production of copper product made by the fire smelters of the Group under the entrust of enterprises outside of the Group, and the Group collects processing fees from these enterprises.
- (3) Among the above copper products, production volume of copper by self-owned mine are as follows:

	Production volume for the twelve months ended 31 December 2021 (Tonnes)	Production volume for the twelve months ended 31 December 2020 (Tonnes)
Blister copper and copper anodes produced by self-owned mine	76,377	53,117
Copper cathodes produced by self-owned mine	54,399	45,937
Total	130,776	99,055

EXPLORATION, DEVELOPMENT AND MINING COST OF THE GROUP

Expenses of exploration, development, and mining activities of the Group for the year ended 31 December 2021 are set out below:

	NFCA		Luanshya				SML		Chambishi		Huachin Leach		Kambove Mining		
	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Muliashi South Mine	Baluba East Mine	Roan Basin	Mwambashi Mine	Exploration right 27089	Copper Smelter PE5468	PE5276 Mine	CNMC Mahende PE1060 Mine	Main mineral deposit	West mineral deposit	Total
<i>Unit: Million US dollars</i>															
Exploration activities															
Including:															
Drilling and analysis	3.07	2.15	0.24	0.82	-	-	-	-	0.17	-	0.31	0.13	-	1.03	7.92
Others	0.11	-	-	-	-	-	-	-	-	0.48	-	-	0.08	1.09	2.10
Sub-total	3.18	2.15	0.24	0.82	-	-	-	-	0.17	0.48	0.31	0.13	0.08	2.12	10.02
Development activities (including mine construction)															
Including:															
Purchases of assets and equipment	3.73	2.77	-	-	-	-	-	-	-	-	-	-	85.97	-	92.47
Civil work for construction of tunnels and roads	16.29	29.02	-	-	-	-	-	-	-	-	-	-	43.98	-	89.29
Sub-total	20.02	31.79	-	-	-	-	-	-	-	-	-	-	129.95	-	181.76
Mining activities (excluding ore processing)															
Including:															
Staff cost	2.74	8.64	1.88	0.15	-	-	-	0.15	-	-	-	-	-	-	13.56
Materials and equipment	10.75	40.96	2.57	1.16	-	0.13	2.90	-	-	-	-	-	-	-	58.47
Fuel, electricity, water and others services	11.22	16.66	7.38	25.96	-	-	-	0.38	-	-	-	-	-	-	61.60
Non-income taxes, royalties and other government expenses	-	-	-	-	-	1.14	1.13	-	-	-	-	-	-	-	39.56
Sub-contracting charges	37.82	48.43	16.50	34.10	-	2.68	1.46	5.64	-	-	-	-	8.42	-	155.05
Depreciation	7.20	44.85	4.89	13.53	0.37	0.50	0.06	1.71	-	-	-	-	3.97	-	77.08
Sub-total	69.73	159.54	46.02	99.39	0.37	4.45	5.55	7.88	-	-	-	-	12.39	-	405.32

MINING EXPLORATION, MINING DEVELOPMENT AND ORE MINING ACTIVITIES

Mining Exploration

During the reporting period, NFCA, Luanshya, Huachin Mabende, Kambove Mining and CCS, each being subsidiaries 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, 403 drilling holes in the pit and deep exploration drilling holes were completed, with 39,588.61 m drilled, of which 100 underground drilling holes were completed at Chambishi Main Mine and Chambishi West Mine in aggregate, with 13,125.6 m drilled, and 294 drilling holes in the pit were completed at Chambishi Southeast Mine in aggregate, with 18,931.86 m drilled. 9 deep exploration drilling holes were completed at Chambishi West Mine, with 7,531.19 m drilled.

Luanshya conducted exploration, drilling and platform trenches. In particular, 66 surface drilling with a drilling footage of 7,182 m was completed at the deep north side of Muliashi and Baluba survey. At Muliashi North Strip Mine, Roan (East & West) Extension, Roan Basin 46 platform trenches for production and exploration purposes were completed, with a total length of 2,892 m and a total capacity of 1,438 m³.

Huachin Mabende conducted exploration at the PE1060 tenement, during which 2 drilling holes were completed, with 486.84 m drilled, and 511.04 m of shallow drilling. It completed shallow drilling of 525.20 m at the PE5276 tenement.

Kambove Mining has re-compiled the resource estimation report of the main ore body according to the open-pit exposure; the supplementary exploration of the west ore body and its sequel have completed 9 drilling holes with a footage of 3,212.82 m; the MSEA ore body has completed the pit underwater topography measurement.

CCS conducted geophysical and geochemical explorations for PE5468, during which the workloads of 1/25,000 soil geochemical survey was completed, with an area of 119 km²; 1/10,000 soil geochemical survey was completed, with an area of 16 km²; 1/10,000 low-altitude high-precision magnetic survey was conducted, with an area of 150 km²; EH-4 geophysical survey, with 100 points completed; and trenching was conducted, with an area of 2,000 m³.

Mining Development

For details of mining development, please refer to “Projects Under Progress” on page 39.

Mining Activities

For details of mining activities, please refer to “Production Overview” on pages 33 to 34.

Infrastructure projects, subcontracting arrangements and procurement of equipment

The par value of new infrastructure project contracts entered into by the Group in 2021 amounted to approximately US\$19 million.

No subcontracting arrangements were entered into by the Group during 2021*.

During 2021, contracts which amounted to approximately US\$10.5 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 in part the project to a third party.

PROJECTS UNDER PROGRESS

Luanshya

Strip Mine Project at the Extended Section of Roan

The Strip Mine Project at the Extended Section of Roan has a designated capacity of one million tonnes of quality oxide copper mine per annum and an output of 20,000 tonnes of copper cathodes. The project consists of the Extend Section of East Roan and the Extend Section of West Roan. The Extend Section of West Roan completed all mining work in July 2021. The Extend Section of East Roan started the construction and stripping work in September 2021, with an expenditure of US\$2.2835 million in stripping in 2021.

Kambove Mining

The Integrated Exploration and Construction Project of Kambove Main Mine

The project of Kambove Main Mine 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 cathodes, 978 tonnes of blister cobaltous hydroxide with an estimated investment of US\$238 million in total. The project has completed the construction and been put into produce in the third quarter of 2021.

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							
	2021		% of Total Revenue		2020		% of Total Revenue	
	Sales Volume ⁽¹⁾ (Tonnes)	Average Selling Price (US\$ per tonne)			Sales Volume ⁽¹⁾ (Tonnes)	Average Selling Price (US\$ per tonne)		
			Revenue (US\$'000)	(%)			Revenue (US\$'000)	(%)
Blister copper and copper anodes	333,499	8,667	2,890,597	71.4	288,492	6,176	1,781,780	68.6
Copper cathodes	114,521	8,334	954,423	23.6	117,457	5,644	662,897	25.5
Cobalt contained in cobalt hydroxide	363	40,193	14,584	0.3	143	21,035	3,008	0.1
Sulphuric acid	765,565	172	132,023	3.2	534,004	220	117,689	4.5
Liquid sulphur dioxide	25,833	871	22,498	0.6	17,038	917	15,629	0.6
Copper products processing services ⁽²⁾	58,615	622	36,463	0.9	27,389	592	16,210	0.7
Total			<u>4,050,588</u>	<u>100.0</u>			<u>2,597,213</u>	<u>100.0</u>

Notes: (1) The sales volumes of blister copper and copper anodes, copper cathodes are on a contained-copper basis.

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

Revenue

The revenue of the Group increased by 56.0% from US\$2,597.2 million in 2020 to US\$4,050.6 million in 2021. In 2021, the Group's revenue generated from blister copper and copper anodes, copper cathodes and sulphuric acid accounted for 71.4%, 23.6% and 3.2%, respectively, of the total revenue.

The revenue from blister copper and copper anodes increased by 62.2% from US\$1,781.8 million in 2020 to US\$2,890.6 million in 2021, mainly due to the increase in global copper prices and the increase in sales volume.

The revenue from copper cathodes increased by 44.0% from US\$662.9 million in 2020 to US\$954.4 million in 2021, mainly due to the increase in global copper price, as compared with the same period last year.

The revenue from sulphuric acid increased by 12.1% from US\$117.7 million in 2020 to US\$132.0 million in 2021, 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							
	2021				2020			
	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	2,363,683	7,088	526,914	18.2	1,532,466	5,312	249,314	14.0
Copper cathodes	522,953	4,566	431,470	45.2	389,676	3,318	273,221	41.2
Cobalt contained in cobalt hydroxides	4,919	13,557	9,665	66.3	2,558	17,888	450	15.0
Sulphuric acid	39,926	52	92,097	69.8	27,400	51	90,289	76.7
Liquid sulphur dioxide	4,320	167	18,178	80.8	1,734	102	13,895	88.9
Copper products processing services ^{Note}	29,752	508	6,711	18.4	13,937	509	2,273	14.0
Total	<u>2,965,553</u>		<u>1,085,035</u>	<u>26.8</u>	<u>1,967,771</u>		<u>629,442</u>	<u>24.2</u>

Note: The copper products processing services refer to the processing and production of copper products by the Group's smelters as entrusted by the external enterprises and the Group receives processing fees from these enterprises.

The cost of sales of the Group increased by 50.7% from US\$1,967.8 million in 2020 to US\$2,965.6 million in 2021, primarily due to the increase in the volume of sales as compared with the same period last year, and higher international copper prices led to higher raw material costs for copper concentrate and oxide ore.

The cost of sales in respect of blister copper and copper anodes increased by 54.2% from US\$1,532.5 million in 2020 to US\$2,363.7 million in 2021, primarily due to the increase in the volume of crude copper and copper anode sales as compared with the same period last year, higher raw material costs for copper concentrates due to higher global copper prices.

The cost of sales in respect of copper cathodes increased by 34.2% from US\$389.7 million in 2020 to US\$523.0 million in 2021, primarily due to the increase in the cost of raw materials for oxide ore due to higher international copper prices.

The cost of sales in respect of sulphuric acid increased by 45.6% from US\$27.4 million in 2020 to US\$39.9 million in 2021, primarily due to the increase in sales volume and unit sale costs as compared with the same period last year.

Gross profit and gross profit margin

The Group recorded a gross profit of US\$1,085.0 million in 2021, representing an increase of 72.4% from US\$629.4 million in 2020. The gross profit margin increased from 24.2% in 2020 to 26.8% in 2021. In particular:

The gross profit margin of blister copper and copper anodes increased from 14.0% in 2020 to 18.2% in 2021, primarily attributable to the increase in global copper price as compared with the same period last year.

The gross profit margin of copper cathodes increased from 41.2% in 2020 to 45.2% in 2021, mainly due to the increase in the global copper price as compared with the same period last year.

The gross profit margin of sulphuric acid decreased from 76.7% in 2020 to 69.8% in 2021, primarily due to the decrease in unit sale price as compared with the same period last year.

Distribution and selling expenses

The distribution and selling expenses of the Group amounted to US\$82.3 million in 2021, representing an increase of 21.2% from US\$67.9 million in 2020, primarily due to the higher freight costs and clearance fee due to increased product sales as compared with the same period last year.

Administrative expenses

The administrative expenses of the Group increased by 34.3% from US\$91.5 million in 2020 to US\$122.9 million in 2021, primarily due to the expanding scale of production of the Group.

Finance costs

The finance costs of the Group was US\$37.3 million in 2021, basically unchanged as compared with the same period last year.

Other gains and losses

Other gains and losses of the Group decreased by US\$87.2 million from a net loss of US\$122.9 million in 2020 to a net loss of US\$35.7 million in 2021, mainly due to the decrease in exchange loss and loss on change in fair value of financial instruments as compared with the same period last year.

Income tax expense

The income tax expenses of the Group increased by US\$178.7 million from US\$112.9 million in 2020 to an expense of US\$291.6 million in 2021, mainly due to the significant increase in total profit 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 increased by 185.7% from US\$125.0 million in 2020 to a profit of US\$357.1 million in 2021. 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 4.8% in 2020 and 8.8% in 2021, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

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 the purchase of raw materials and various operating expenses. Net cash flows generated from the operating activities of the Group increased by 11.2% from an inflow of US\$482.5 million in 2020 to an inflow of US\$536.4 million in 2021, primarily attributable to the year-on-year profit increase.

Net cash flows used in investing activities

Cash outflows used in investing activities are mainly for the purchase and construction of properties, plants and equipment for copper production. The net cash flows used in investing activities of the Group amounted to US\$204.4 million in 2021, basically flat with an outflow of US\$210.3 million in 2020.

Net cash flows 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 decreased by US\$24.8 million from an outflow of US\$249.9 million in 2020 to an outflow of US\$225.1 million in 2021, primarily due to additional stock issuance in 2021 resulting in increased capital raised as compared with the same period last year.

Bank balances and cash

The Group's bank balances and cash (including cash, time deposits and demand deposits) increased by US\$108.9 million from US\$497.8 million as at 31 December 2020 to US\$606.7 million as at 31 December 2021.

Trade receivables at amortised cost/Trade receivables at FVTPL

As at 31 December 2021, the Group recorded trade receivables at amortised cost of US\$25.9 million and trade receivables at FVTPL of US\$529.9 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\$555.8 million, which increased by US\$307.4 million from US\$248.4 million as at 31 December 2020, primarily attributable to the increase in global copper price and 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 increased by US\$176.9 million from US\$671.4 million as at 31 December 2020 to US\$848.3 million as at 31 December 2021, which was mainly due to the increase in stock of raw and auxiliary materials as a result of the expansion of production scale, and the increase in in-process, finished goods inventories as compared with the same period last year.

Trade payables/Trade payables designated at FVIPL

As at 31 December 2021, the Group recorded trade payables of US\$359.3 million and trade payables designated at FVTPL of US\$231.8 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\$591.1 million, which increased by US\$166.2 million from US\$424.9million as at 31 December 2020, primarily due to the increase in balance of the settlement payable of raw materials as a result of the copper price rise.

Capital expenditure

	For the year ended	
	31 December	
	2021	2020
	(US\$'000)	(US\$'000)
Mining and ore processing facilities at Chambishi Southeast		
Mine of NFCA	33,578	22,780
Other mining and ore processing facilities of NFCA	21,784	19,007
Mining and ore processing facilities at Luanshya		
(Baluba Center Mine)	–	4,049
Mining and leaching facilities at Luanshya		
(Muliashi Project)	15,017	19,550
Mining facilities at Luanshya (Roan Mine)	1,848	3,588
Smelting facilities at CCS	5,333	7,752
Leaching facilities at SML	2,660	1,060
Leaching facilities at Huachin Leach	1,604	10,440
Mining rights and leaching facilities at CNMC		
Huachin Mabende	3,473	6,889
Smelting facilities at Lualaba Copper Smelter	473	31,515
Mining and the processing facilities at Kambove Mining	135,912	98,818
Other facilities	38	28
	<hr/>	<hr/>
Total	221,720	225,476
	<hr/>	<hr/>

The total capital expenditure of the Group amounted to US\$221.7 million, basically flat with US\$225.5 million in 2020.

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.

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. 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. To mitigate this risk, the Group has adopted the sales strategy with combination of long-term and short-term orders and combined with hedging to enhance the turnover of spot inventory, so as to strive to reduce the commodity price risks.

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.

Human resources

As of 31 December 2021, the Group employed a total of 8,756 employees (as of 31 December 2020: 8,352 employees), which comprised 904 Chinese and 7,852 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 2021, the total cost of employees reflected in the consolidated statement of profit or loss and other comprehensive income amounted to approximately US\$130.1 million (2020: US\$113.7 million).

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 results announcement, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the year ended 31 December 2021, and there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this annual results announcement.

Charge on assets

As at 31 December 2021 and 2020, no assets of the Group were pledged.

Gearing ratio

As at 31 December 2021, the gearing ratio was 16.9% (as at 31 December 2020: 50.4%) 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 results announcement, there were no other material contingent liabilities.

2022 OUTLOOK

The year 2021 is the start of the “14th Five-Year Plan”, during which the Group closely followed the theme of high-quality development, based itself on the new development stage, and implemented new development concepts to promote the construction of a new development pattern. Despite the third-year COVID-19 pandemic, thanks to the Group’s focus on the prevention and control of COVID-19, and the scientific decision of production and operation, the Company’s results have continued to grow against the trend, especially in 2021 when key economic indicators reached record highs and landmark progress was made on key projects. The accelerated bookbuilding in the capital market successfully raised HK\$985 million, which not only effectively improved the equity and capital structure and kick-started the stock liquidity, but also helped the group successfully enter the “Hong Kong Stock Connect” this year to improve the Company’s market image and visibility, thus laying the foundation for further healthy and high-quality development. Achievements are made along with continuous efforts. All these achievements were attained by the hard work of our front-line employees, strong leadership of the holding group, and support of the our shareholders.

Looking forward to 2022, as the international situation is complex and ever changing, the capital market is unpredictable, and the COVID-19 pandemic persists in affecting us, there are still numerous challenges ahead for the Group. However, we can also see that the recovery of the global real economy and accelerated deployment of the “dual-carbon” industry will provide more abundant application scenarios for non-ferrous metals such as copper and cobalt. Global supply and demand will maintain a “tight balance” and provide strong support for commodity prices, which will bring more opportunities and hopes to the Group.

The past is the prologue of the future. The Group will adhere to the path of high-quality development and the strategic goals of the “14th Five-Year Plan”, further improve corporate governance, enhance operating efficiency, increase resource development efforts, and speed up the pace of technological innovation, striving to reach a new level in the new year. Looking forward, there are multiple possibilities in the future and it’s our opportunity to forge ahead. All the members of the Group will work hard and persevere to deliver a satisfactory report to all shareholders in the new year.

OTHER INFORMATION

Use of Proceeds from Global Offering

As of 31 December 2021, the Company has used net proceeds of US\$247.77 million from the Global Offering. Details of the use of proceeds from the Global Offering are as follows:

	Intended use of net proceeds <i>US\$'000</i>	Utilised amount as at 31 December 2021 <i>US\$'000</i>	Utilised amount for the year ended 31 December 2021 <i>US\$'000</i>	Unutilised amount as at 31 December 2021 <i>US\$'000</i>	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
Kambove integrated exploration and construction project	37,000	37,000	5,000	–	N/A
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	<u>247,770</u>	<u>247,770</u>	<u>5,000</u>	<u>–</u>	

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 6 May 2021, the Company, China Nonferrous Mining Development Limited (the “**Placing Shareholder**”) and CLSA Limited (the “**Placing Agent**”) entered into a placing and subscription agreement (the “**Placing and Subscription Agreement**”), pursuant to which (i) the Placing Shareholder has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent for the Placing Shareholder, to use its best efforts, to procure placees to purchase 250,000,000 Shares held by the Placing Shareholder and to be placed pursuant to the Placing and Subscription Agreement (the “**Placing Shares**”) at HK\$3.96 per share (the “**Placing**”); and (ii) the Placing Shareholder has agreed to subscribe for, and the Company has agreed to issue to the Placing Shareholder, the Subscription Shares (being equivalent to the number of Placing Shares sold by the Placing Shareholder pursuant to the Placing) (the “**Subscription**”). Completion of the Placing and the Subscription took place on 11 May 2021 and 14 May 2021, respectively. Details of the Placing and the Subscription were set out in the announcements of the Company dated 6 May 2021 and 14 May 2021 (the “**Announcements**”).

As disclosed in the Announcements, the Company received total net proceeds (the “**Proceeds**”) from the Subscription and intends to use the same for (i) project construction and development works; (ii) acquisitions of mineral resources; and (iii) replenishing part of the working capital of the Group. As at 31 December 2021, details of the use of the Proceeds are as follows:

Unit: US\$’000

Net proceeds from the Placing	Planned usage	Amount utilized	Actual usage	Unutilized amount	Timeline for the planned use
126,886	Project construction and development	46,886 <i>(note)</i>	Project construction and development		
	Acquisitions of resources			–	–
	Replenishing part of the working capital	80,000	Replenishment of working capital		

Note: In April 2021, the Company entered into a loan agreement with a bank (the “**Bank**”) in respect of a term loan of US\$150 million for the designated purpose of the Kambove Main Mine Leach Copper Smelting Project. After the completion of the Placing and Subscription, through communication with the Bank, the Bank agreed that the Company could pay Kambove Mining with the Proceeds in advance and then withdraw from the Bank to replace the Proceeds. In May and June 2021, the Company successively paid Kambove Mining with the Proceeds of US\$126,886,000. As at 30 June 2021, Kambove Mining had used US\$36,000,000 cumulatively for the Kambove Main Mine Leach Copper Smelting Project. In late July 2021, the Company withdrew a loan of US\$80,000,000 from the Bank to replace the Proceeds of the same amount. In March 2022, the Company withdrew US\$70,000,000 loans from the bank, among which US\$46,886,000 of loans were used for replacement of proceeds with the same amount.

DIVIDEND

During the year ended 31 December 2021, the 2020 final dividend of US\$1.4327 per share had been paid. During the year ended 31 December 2020, the 2019 final dividend of US\$0.7740 per share had been paid.

Subsequent to the reporting period, the Board proposed the payment of US\$3.8205 per share as 2021 final dividend (“**Final Dividend**”). The proposed Final Dividend is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting of the Company (the “**AGM**”) and payable in Hong Kong dollars, which will be calculated at the market exchange rate on 28 June 2022 to shareholders whose names appear on the register of members of the Company on Tuesday, 5 July 2022. The proposed Final Dividend will be paid on Thursday, 14 July 2022 after approval at the AGM.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Tuesday, 28 June 2022. Notice of the AGM will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the AGM

The share register of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 22 June 2022 will be entitled to attend and vote at the AGM. In order to be entitled to attend the AGM, all completed share transfer forms accompanying with the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 June 2022.

For Final Dividend

The distribution of the Final Dividend recommended by the Board is subject to approval by the Company’s shareholders at the forthcoming AGM. The Register of Members of the Company will be closed on Tuesday, 5 July 2022. To be qualified to receive the Final Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 4 July 2022.

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 (“**Model Code**”) 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 2021.

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

As at 31 December 2021, 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 of the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Division 7 and 8 at 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 Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

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 minor children can obtain benefit by acquiring shares of the Company or other body corporate.

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

As at 31 December 2021, 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 Stock Exchange pursuant to the provisions of Division 2 and 3 at 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
China Nonferrous Mining Development Limited ^(Note)	Registered owner	Long position	2,600,000,000	69.54%
CNMC	Interest in a controlled corporation	Long position	2,600,000,000	69.54%

Note: China Nonferrous Mining Development Limited 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 China Nonferrous Mining Development Limited.

Save as disclosed above, as at 31 December 2021, 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 2021, 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	Zambia Consolidated Copper Mines Investments Holdings Plc (“ZCCM-IH”)	15%
Luanshya CCS	ZCCM-IH	20%
	Yunnan Copper Industry (Group) Co., Ltd* (雲南銅業集團有限公司)	40%
SML	Hong Kong Zhongfei Mining Investment Limited (“Hong Kong Zhongfei”)	30%
Huachin Leach	Huachin SARL	32.5%
CNMC Huachin Mabende	Huachin SARL	35%
CNMHK	Hong Kong Zhongfei	30%
Kambove Mining	La Generale Des Carrieres Et Des Mines SA	45%
Lualaba Copper Smelter	Yunnan & Hongkong Metal Company Limited (“YH Metal”)	38%
Kingsail Limited	YH Metal	40%

* Translation of English terms for reference purposes only

CORPORATE GOVERNANCE

Mr. Jinjun ZHANG was appointed as the Chairman of the Board on 8 January 2021, and continued to serve as the President of the Company. Save as that Mr. Jinjun ZHANG serves as the Chairman and President of the Company with effect from 8 January 2021 which is at variance with code provision C.2.1 of the CG Code (as defined below), the Company had complied with all the code provisions as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 of the Listing Rules during the year ended 31 December 2021.

The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced talents with a sufficient number of Directors being independent non-executive Directors, and therefore, the performance of the roles of the Chairman of the Board and the President of the Company concurrently by Mr. Jinjun ZHANG will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. As to the deviation from code provision C.2.1 of the CG Code, the Board will continue to review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

AUDIT COMMITTEE

The Company’s audit committee (“**Audit Committee**”) was established with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3 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 announcement, the Audit Committee consisted of three members, being Mr. Jingwei LIU (independent non-executive Director), Mr. Yaoyu TAN (non-executive Director), and Mr. Huanfei GUAN (independent non-executive Director). The Group’s financial statements for the year ended 31 December 2021 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year, and are approved by the Board of Directors on 30 March 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 2021.

SUBSEQUENT EVENT AFTER THE END OF FINANCIAL YEAR

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cnmc1.net>). The annual report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
China Nonferrous Mining Corporation Limited
Jinjun ZHANG
Chairman and President

Beijing, 30 March 2022

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