Xinjiang Xinxin Mining Industry Co., Ltd.*
新疆新鑫礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3833)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors (the "Board") of Xinjiang Xinxin Mining Industry Co., Ltd. (the "Company") is pleased to announce the audited interim financial results of the Company and its subsidiary (collectively referred to as the "Group") for the six months ended 30 June 2007.

CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2007

		Six months ended 30 June	
(RMB'000)	*Note*	**2007**	2006 (Unaudited)
Revenue	3	**731,744**	387,384
Cost of sales	4	**(204,228)**	(160,027)
Gross profit		**527,516**	227,357
Selling and marketing expenses	4	**(4,980)**	(5,375)
Administrative expenses	4	**(41,015)**	(26,910)
Other income	6	**4,659**	2,484
Other gains/(losses) – net	7	**3,995**	(337)
Operating profit		**490,175**	197,219
Finance costs	8	**(5,031)**	(4,863)
Profit before income tax		**485,144**	192,356
Income tax expense	9	**(238)**	–
Profit for the period		**484,906**	192,356
Attributable to:			
Equity holders of the Company		**486,069**	192,888
Minority interests		**(1,163)**	(532)
		484,906	192,356
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in Renminbi per share)			
– basic and diluted	10	**0.3198**	0.1512
Proposed special dividend	12	**480,914**	–

CONSOLIDATED INTERIM BALANCE SHEET
As at 30 June 2007

(RMB'000)	*Note*	**As at 30 June 2007**	As at 31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment		**442,690**	468,028
Mining rights		**279,161**	284,117
Land use rights		**78,751**	77,995
Other intangible assets		**78**	94
Total non-current assets		**800,680**	830,234
Current assets			
Inventories		**222,375**	163,299
Accounts and bills receivable	*13*	**10,441**	1,099
Other receivables, prepayments and other current assets		**50,820**	6,871
Cash and bank balances		**474,667**	562,482
Total current assets		**758,303**	733,751
Total assets		**1,558,983**	1,563,985
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*14*	**380,000**	380,000
Capital reserve		**90,750**	90,750
Other reserves		**251,785**	213,457
Retained earnings			
– Proposed profit distribution	*11*	**–**	13,045
– Proposed dividend	*12*	**480,914**	400,000
– Others		**8,418**	51,436
		1,211,867	1,148,688
Minority interests		**–**	23,613
Total equity		**1,211,867**	1,172,301
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**–**	50,000
Long-term payables	*15*	**121,990**	122,002
Provision for close down, restoration and environmental costs		**4,239**	4,092
Deferred income		**16,560**	13,360
Total non-current liabilities		**142,789**	189,454
Current liabilities			
Short-term borrowings		**44,800**	44,800
Current portion of long-term borrowings		**–**	10,000
Current portion of long-term payables	*15*	**7,195**	4,011
Trade payables	*16*	**44,388**	60,390
Other payables and accruals		**107,944**	82,910
Income tax payable		**–**	119
Total current liabilities		**204,327**	202,230
Total liabilities		**347,116**	391,684
Total equity and liabilities		**1,558,983**	1,563,985
Net current assets		**553,976**	531,521
Total assets less current liabilities		**1,354,656**	1,361,755

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the Company						
(RMB'000)	**Share capital**	**Capital reserve**	**Other reserves**	**Retained earnings**	**Total**	**Minority interests**	**Total equity**
At 1 January 2006	300,000	62,712	175,663	70,264	608,639	–	608,639
Profit for the period	–	–	–	192,888	192,888	(532)	192,356
Contribution from equity holders of the Company	80,000	28,038	–	–	108,038	–	108,038
Contribution from minority interests	–	–	–	–	–	28,420	28,420
Listing expenses charged to other reserves	–	–	(6,528)	–	(6,528)	–	(6,528)
Acquisition of equity interests in a subsidiary from minority interests	–	–	–	–	–	(3,480)	(3,480)
At 30 June 2006 (Unaudited)	380,000	90,750	169,135	263,152	903,037	24,408	927,445
At 1 January 2007	380,000	90,750	213,457	464,481	1,148,688	23,613	1,172,301
Profit for the period	–	–	–	486,069	486,069	(1,163)	484,906
Profit distribution	–	–	–	(13,045)	(13,045)	–	(13,045)
Dividend	–	–	–	(400,000)	(400,000)	–	(400,000)
Appropriation to statutory reserve	–	–	48,173	(48,173)	–	–	–
Listing expenses charged to other reserves	–	–	(9,845)	–	(9,845)	–	(9,845)
Disposal of a subsidiary	–	–	–	–	–	(22,450)	(22,450)
At 30 June 2007	380,000	90,750	251,785	489,332	1,211,867	–	1,211,867

CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2007

(RMB'000)	**Six months ended 30 June**	
	2007	2006 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	**397,980**	265,340
Interest paid	**(1,188)**	(2,590)
Income tax paid	**(357)**	–
Net cash generated from operating activities	**396,435**	262,750
Cash flows from investing activities		
Purchase of property, plant and equipment	**(88,791)**	(89,358)
Purchase of land use rights	**(927)**	–
Instalment payment of mining rights	**–**	(1,148)
Net cash outflow in respect of the disposal of a subsidiary	**(35,780)**	–
Proceeds from disposal of property, plant and equipment	**–**	190
Interest received	**4,293**	2,024
Net cash used in investing activities	**(121,205)**	(88,292)
Cash flows from financing activities		
Profit distribution to Holding Company	**(13,045)**	(123,625)
Dividend paid	**(400,000)**	–
Proceeds of capital contribution from equity holders	**–**	28,966
Capital contribution from minority shareholders in a subsidiary	**–**	24,940
Proceeds from borrowings	**50,000**	–
Repayment of borrowings	**–**	(10,000)
Net cash used in financing activities	**(363,045)**	(79,719)
Net (decrease)/increase in cash and bank balances	**(87,815)**	94,739
Cash and bank balances at beginning of the period	**562,482**	327,468
Cash and bank balances at end of the period	**474,667**	422,207

NOTES:

1 General information

The Group is principally engaged in the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. The Company was incorporated in the People's Republic of China ("the PRC") on 1 September 2005 as a joint stock limited company. The address of the Company's office is Youse Building, No.4 You Hao North Road, Urumqi, Xinjiang Uygur Autonomous Region of the PRC.

2 Basis of preparation

The consolidated interim financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The consolidated interim financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities at fair value as appropriate.

The preparation of financial statements in conformity with HKFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following new standards, amendments to existing standards and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 30 June 2007 or later periods that the Group has not early adopted:

- HKFRS 8, "Operating Segments", effective for annual periods beginning on or after 1 January 2009. This requires the disclosures of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates and its major customers. Management is currently assessing the impact of HKFRS 8;

- HK(IFRIC)-Int 11, "HKFRS 2 – Group and Treasury Share Transactions", effective for annual periods beginning on or after 1 March 2007. Management believes that this interpretation should not have a significant impact to the Group;

- HK(IFRIC)-Int 12, "Service Concession Arrangements", effective for annual periods beginning on or after 1 January 2008. Management believes that this interpretation should not have a significant impact to the Group;

- HK(IFRIC)-Int 13, "Customer Loyalty Programmes", effective for annual periods beginning on or after 1 July 2008. Management believes that this interpretation should not have a significant impact to the Group;

- HK(IFRIC)-Int 14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", effective for annual periods beginning on or after 1 January 2008. Management believes that this interpretation should not have a significant impact to the Group.

- HKAS 23 (revised), "Borrowing Cost", effective after annual periods beginning on or after 1 January 2009. Management believes that this revised standard should not have a significant impact to the Group.

3 Revenue

Revenue represents the sales value of goods sold to customers net of value added tax.

Revenue recognised during the six months ended 30 June 2006 and 2007 is analysed as follows:

(RMB'000)	Six months ended 30 June **2007**	Six months ended 30 June 2006 (Unaudited)
Nickel cathode	**567,119**	241,069
Copper cathode	**78,384**	89,491
Copper concentrate	**67,889**	48,437
Others	**18,352**	8,387
	731,744	387,384

4 Expenses by nature

The following items have been (credited)/charged to the operating profit during the period:

(RMB'000)	Six months ended 30 June **2007**	Six months ended 30 June 2006 (Unaudited)
Depreciation	**12,513**	11,414
Amortisation	**5,765**	5,228
Reversal of impairment of inventories	**(3,913)**	–
Provision for/(reversal of) impairment of accounts receivable	**415**	(490)
Provision for/(reversal of) impairment of other receivables	**63**	(347)
Staff costs *(Note 5)*	**94,785**	61,652
Changes in inventories of finished goods and work-in-progress	**(41,874)**	9,424
Raw materials and consumables used	**111,218**	41,327
Power and fuel consumed	**26,578**	28,896
Subcontracting expenses	**11,601**	10,199
Other manufacturing overheads	**4,374**	3,828
Transportation expenses	**4,112**	4,729
Sales tax levies	**7,573**	3,631
Others	**17,013**	12,821
Total cost of sales, selling and marketing expenses and administrative expenses	**250,223**	192,312

5 Staff costs

(RMB'000)	Six months ended 30 June 2007	2006 (Unaudited)
Wages and salaries	**71,765**	45,330
Housing benefits *(Note a)*	**3,055**	2,577
Contributions to pension plans *(Note b)*	**5,860**	5,621
Welfare and other expenses	**14,105**	8,124
	94,785	61,652

Notes:

(a) These represent the Group's contributions to government-sponsored housing funds at a rate of 10% of the employees' basic salary for the six months ended 30 June 2006 and 2007.

(b) These represent the Group's contributions to the defined contribution pension plans organised by the relevant municipal and provincial governments at a rate of 20% of the employees' basic salary for the six months ended 30 June 2006 and 2007.

6 Other income

(RMB'000)	Six months ended 30 June 2007	2006 (Unaudited)
Interest income	**4,293**	2,024
Subsidy income	**366**	460
	4,659	2,484

7 Other gains/(losses) – net

(RMB'000)	Six months ended 30 June 2007	2006 (Unaudited)
Gains on disposal of a subsidiary	**3,301**	–
Scrap sales	**1,002**	584
Losses on disposal of property, plant and equipment	**(493)**	(1,021)
Others	**185**	100
	3,995	(337)

8 Finance costs

(RMB'000)	Six months ended 30 June 2007	2006 (Unaudited)
Bank borrowings	**479**	145
Unwinding of discount	**4,552**	4,718
	5,031	4,863

9 Income tax expense

(RMB'000)	Six months ended 30 June 2007	2006 (Unaudited)
Current tax	**238**	–
Deferred tax	**–**	–
	238	–

The provision for PRC current income tax is calculated based on the statutory income tax rate of 33% of the assessable income of each of the companies/branches now comprising the Group determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2006 and 2007.

The Company, except for its Shanghai branch, is exempted from enterprise income tax from 2005 to 2006 pursuant to the approval obtained from the Xinjiang Uygur Autonomous Region Government. This tax exemption was further extended to 2010 pursuant to the approval subject to annual review for the tax exemption from 2007 to 2010. The tax on profit during the six months ended 30 June 2007 mainly represented the tax for the Company's Shanghai branch.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law reduces (increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33% (15% or 24%) to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that the interim financial statements are approved, detailed implementing rules concerning these items have yet to be issued by the State Council. Consequently, the Company is not in a position to assess the impact, if any, to the carrying value of deferred tax assets and liabilities as at 30 June 2007. The Company will continue to evaluate the impact as more detailed implementing rules are announced.

Reconciliation between actual tax expense and accounting profit at applicable tax rates is as follows:

(RMB'000)	Six months ended 30 June 2007	2006 (Unaudited)
Profit before tax	**485,144**	192,356
Tax recalculated at statutory income tax of 33%	**160,098**	63,477
Effect of tax exemptions/preferential tax rate	**(159,860)**	(63,477)
Income tax expense	**238**	–

10 Earnings per share

	Six months ended 30 June	
	2007	2006 (Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**486,069**	192,888
Adjusted weighted average number of shares in issue *(thousand)*	**1,520,000**	1,276,022
Basic and diluted earnings per share *(RMB)*	**0.3198**	0.1512

Upon incorporation on 1 September 2005, the Company issued 300,000,000 shares at par value of RMB1 each to Xinjiang Non-ferrous Metal Industry (Group) Ltd. (新疆有色金屬工業(集團)有限責任公司) ("Xinjiang Non-ferrous" or the "Holding Company"), Shanghai Yilian Kuangneng Industry Co., Ltd. (上海怡聯礦能實業有限公司), Zhongjin Investment (Group) Ltd. (中金投資(集團)有限公司), Xiamen Zijin High-tech Co., Ltd. (廈門紫金科技有限公司), Xinjiang Xinying New Material Co., Ltd. (新疆信盈新型材料有限公司) and Shaanxi Honghao Industry Co., Ltd. (陝西鴻浩實業有限公司). On 19 May 2006, the Company increased its paid-up capital from RMB300,000,000 to RMB380,000,000 by issuing of 80,000,000 new shares at par value of RMB1 each to existing equity holders of the Company. In addition, the weighted average number of shares in issue has been adjusted for the share split effective on 27 September 2007 *(Note 14)*.

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for all periods presented.

11 Profit distribution

The net assets contributed by Xinjiang Non-ferrous as at 1 September 2005 was in excess of the net assets which was approved by the State-owned Assets Supervision and Administration Commission of Xinjiang Uygur Autonomous Region. The excessive net assets of RMB13,045,000 would be distributed to Xinjiang Non-ferrous according to the reorganisation agreement. The distribution was approved by the directors of the Company on 7 March 2007 and subsequently approved by the Company's equity holders on 22 March 2007. The Company paid cash of RMB13,045,000 to the Holding Company as profit distribution in March 2007.

12 Dividend

	Six months ended 30 June	
(RMB'000)	**2007**	2006 (Unaudited)
Proposed special dividend	**480,914**	–

Pursuant to a resolution passed at the meeting of the Board of Directors held on 19 November 2007, it was resolved to declare and pay a special dividend of RMB1.2656 per share, amounting to a total of approximately RMB480,914,000 based on the original number of shares prior to the share split *(Note 14)*, to the Company's Promoters.

A dividend in respect of the period from 1 September 2005 to 31 December 2006 of RMB1.0526 per share, amounting to a total of RMB400,000,000, was proposed by the directors on 7 March 2007 and subsequently approved by the Company's equity holders on 22 March 2007. The dividend of RMB400,000,000 was paid to the Company's Promoters during the six months ended 30 June 2007.

13 Accounts and bills receivable

(RMB'000)	As at **30 June 2007**	31 December 2006
Accounts receivable *(Note (a))*	**6,615**	4,478
Bills receivable	**7,700**	80
Less: Impairment provision	**(3,874)**	(3,459)
	10,441	1,099

Notes:

(a) Accounts receivable is analysed as follows:

(RMB'000)	As at **30 June 2007**	31 December 2006
Accounts receivable		
– Fellow subsidiaries	**1,507**	1,907
– Other state-owned enterprises	**498**	498
– Third parties	**4,610**	2,073
Accounts receivable, gross	**6,615**	4,478

Aging analysis of the gross accounts receivable at the respective balance sheet date is as follows:

(RMB'000)	As at **30 June 2007**	31 December 2006
0 – 90 days	**2,580**	–
91 – 180 days	**116**	–
181 – 365 days	**–**	233
Over 365 days	**3,919**	4,245
	6,615	4,478

As at 30 June 2007 and 31 December 2006, the aging of bills receivable are all within 180 days.

(b) The credit period of accounts receivable is generally from 1 to 3 months.

(c) Accounts receivable from related parties are unsecured, interest free and repayable in accordance with the relevant contract entered into between the Group and these related parties. Accounts receivable from third parties are unsecured and non-interest bearing.

(d) The carrying amounts of accounts and bills receivable approximate their fair values.

(e) The movements of impairment of receivables are as follows:

(RMB'000)	As at 30 June 2007	31 December 2006
Opening balance	**3,459**	4,059
Additional/(write-back) provision	**415**	(600)
Closing balance	**3,874**	3,459

14 Share capital

	Number of shares	Share capital *(RMB'000)*	Capital reserve *(RMB'000)*	Total *(RMB'000)*
At 1 January 2006	300,000,000	300,000	62,712	362,712
Issue of new shares for the acquisition of land use rights from Holding Company	58,551,000	58,551	20,521	79,072
Capital contribution of cash from other equity holders of the Company	21,449,000	21,449	7,517	28,966
At 31 December 2006 and 30 June 2007	380,000,000	380,000	90,750	470,750

Pursuant to a resolution passed in the extraordinary shareholders meeting on 10 May 2006, the Company increased its registered capital from RMB300,000,000 to RMB380,000,000 by creation of 80,000,000 shares of RMB1 each. 58,551,000 shares of RMB1 each were issued to Xinjiang Non-ferrous for the acquisition of land use rights at fair value of approximately RMB79,072,000 contributed to the Company and 21,449,000 shares of RMB1 each were issued to the other five promoters of the Company for capital contribution of cash of approximately RMB28,966,000. The fair value of land use rights was determined by market price and valued by a qualified PRC valuer. The land use rights acquired from Xinjiang Non-ferrous were administratively authorised land. Xinjiang Non-ferrous confirmed that they would pay the charges to government if the Company transfers such land use rights to third party.

Pursuant to a resolution of the shareholders of the Company dated 11 May 2007 and the approval from China Securities Regulatory Commission dated 29 August 2007, each share of RMB1 was subdivided into four shares of RMB0.25 each with effect from 27 September 2007. The total number of shares immediately after the share split was 1,520,000,000.

In October 2007, the Company issued 690,000,000 H shares at HK$6.50 per H share of the Company for cash (including 600,000,000 new H shares of the Company and over-allotment of 90,000,000 H shares of the Company on 12 October 2007) in connection with the Company's Global Offering and listing of the Company's H shares on The Stock Exchange of Hong Kong Limited.

15 Long-term payables

(RMB'000)	As at 30 June 2007	31 December 2006
Mining rights payable *(Note)*	**124,138**	119,947
Early retirement benefit obligation	**5,047**	6,066
	129,185	126,013
Less: Amounts due within one year	**(7,195)**	(4,011)
	121,990	122,002
Analysis of mining rights payable		
Current	**5,573**	1,382
Non-current	**118,565**	118,565
	124,138	119,947

Note:

The fair value of mining rights payable is estimated based on discounted future cash flow using applicable interest rates for loan facility offered to the Group with terms of the same maturities and characteristics.

Pursuant to the Mining Rights Transfer Agreement dated 3 September 2005 (the "Mining Rights Transfer Agreement"), the Company obtained the mining rights to the Company's mine in Kalatongke (the "Kalatongke Mine") from Xinjiang Non-ferrous. On 25 July 2007, the Company entered into a new agreement with Xinjiang Non-ferrous (the "New Agreement") to terminate the Mining Rights Transfer Agreement pursuant to which the Company acquired the mining rights at Kalatongke Mine from Xinjiang Non-ferrous at a consideration of approximately RMB297,332,000 to be paid by 30 instalments over 30 years. Pursuant to the New Agreement, it was agreed that Xinjiang Non-ferrous will refund the money that the Company paid in the past two years pursuant to the Mining Right Transfer Agreement. On 25 July 2007, the Company entered into an agreement with the Land and Resources Department of Xinjiang Uygur Autonomous Region (the "New Mining Rights Transfer Agreement") to acquire for the mining rights at Kalatongke Mine at a consideration of approximately RMB297,021,000. Pursuant to the New Mining Rights Transfer Agreement, the consideration would be settled by a down-payment of approximately RMB59,466,000 and the remaining balance of approximately RMB237,555,000 would be paid in the next nine years with interest charged at market rate. Since these agreements were entered after 30 June 2007, these agreements have not affected the Company's ownership of the mining rights as at 30 June 2007.

16 Trade payables

Trade payables are analysed as follows:

(RMB'000)	As at 30 June 2007	31 December 2006
Trade payables		
– Fellow subsidiaries	**8,182**	11,848
– Other state-owned enterprises	**2,933**	6,790
– Third parties	**33,273**	41,752
	44,388	60,390

As at 30 June 2007 and 31 December 2006, the aging analysis of trade payables are as follows:

	As at **30 June 2007**	As at 31 December 2006
0 – 90 days	**30,113**	40,146
91 – 180 days	**4,709**	4,260
181 – 365 days	**2,438**	13,640
Over 365 days	**7,128**	2,344
	44,388	60,390

Trade payables are repayable according to normal trade terms within one year.

The carrying amounts of trade payable approximate their fair values.

RESULTS REVIEW

1. Market Review

*Nickel**

As indicated by the London Metal Exchange ("LME") at its website (www.lme.com), world nickel prices have fluctuated during the period from 1 January 2007 to 30 June 2007 (the "Reporting Period") with spot nickel prices varying from a low of approximately US$33,000 per tonne in January 2007 to a high of approximately US$51,500 per tonne in May 2007 and retreated to approximately US$36,200 per tonne towards the end of June 2007.

In the PRC market, as indicated by the Changjiang spot rates of Shanghai Non-ferrous Metal (上海有色金屬網之長江現貨價) at its website (www.smm.com.cn), nickel prices for the Reporting Period averaged at RMB401,337 per tonne, representing an increase of approximately 148% as compared with RMB162,016 per tonne for the same period in 2006.

*Copper**

World copper prices have also fluctuated during the Reporting Period with LME spot copper prices varying from a low of approximately US$6,225 per tonne in January 2007 to a high of approximately US$8,325 per tonne in May 2007 and retreated to approximately US$7,560 per tonne towards the end of June 2007.

In respect of the PRC market, according to Shanghai Non-ferrous Metals (上海有色金屬網) at its website (www.smm.com.cn), the average copper spot price slightly increased during the Reporting Period by approximately 9% to RMB61,249 per tonne from RMB56,176 per tonne for the same period in 2006.

Nickel and copper prices are affected by numerous factors beyond our control as described further in the section headed "Risk Factors" of the prospectus of the Company dated 27 September 2007 (the "Prospectus").

* Commodity prices of nickel and copper are inclusive of value-added tax.

2. Business Review

For the Reporting Period, the Group achieved a marginal increase in sales volume of nickel cathode to 1,770.3 tonnes from 1,767.9 tonnes for the same period in 2006. However, sales volume of copper cathode dropped to 1,517.0 tonnes from 1,869.3 tonnes, and sales volume of copper concentrate also decreased to 4,805.0 tonnes from 5,102.8 tonnes. The major reason for such decreases was the over-haul of the Group's production facilities in May 2007. During the Reporting Period, the Group continued to invest in mining and ore processing operations for its Kalatongke Mine and for the expansion of the Company's refinery operation in Fukang, Xinjiang.

On 25 May 2007, the Company disposed its 57% equity interest in Xinjiang Zhongxin Mining Company Limited (新疆眾鑫礦業有限責任公司) to an independent third party for a consideration of RMB33,060,000.

The directors of Company believe that the PRC economy will maintain a moderate overall growth despite certain macro-economic control measures to be launched in a continuous manner by the PRC government to curb inflation and stabilise the stock markets. Based on the economic conditions and the robust demand of nickel products in the PRC, the directors of the Company consider that the current underlying supply and demand conditions in the PRC nickel market remain supportive with the prevailing nickel price. In the second half of 2007, the Company will continue its investment plan in expanding its refinery operation and strive to make progress towards its goal for the year and beyond.

3. Financial Review

Summary

The consolidated interim financial statements of the Group for the Reporting Period have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. There were no significant changes in accounting policies.

For the Reporting Period, the Group recorded a profit attributable to equity holders of RMB486.1 million, representing a 152% increase from the same period in 2006 and outperforming the estimated profit of RMB466.0 million as stated in the Prospectus by approximately 4.3%.

Turnover and gross profit

	For the six months ended 30 June 2007		For the six months ended 30 June 2006 (Unaudited)		
	RMB'000	***% of turnover***	*RMB'000*	*% of turnover*	*+/(-) %*
Nickel cathode	**567,119**	**77.5%**	241,069	62.2%	135.3%
Copper cathode	**78,383**	**10.7%**	89,491	23.1%	(12.4)%
Copper concentrate	**67,889**	**9.3%**	48,437	12.5%	40.1%
Other products	**18,353**	**2.5%**	8,387	2.2%	118.8%
Total turnover	**731,744**	**100.0%**	387,384	100.00%	88.9%
Cost of sales	**204,228**	**27.9%**	160,027	41.3%	27.6%
Gross profit	**527,516**	**72.1%**	227,357	58.70%	132.0%

Total turnover for the Reporting Period increased by 88.9% to approximately RMB731.7 million from RMB387.4 million for the same period in 2006. Such increase was primarily due to the increase in average selling prices of nickel cathode and copper products and other metal prices in general.

Sales of nickel cathode were 1,770.3 tonnes during the Reporting Period, yielding a turnover of approximately RMB567.1 million and representing an increase of 135.3% as compared with that for the same period in 2006. It was mainly due to the average selling price of nickel cathode soaring by 134.9% to RMB320,352 per tonne from RMB136,359 per tonne for the same period in 2006. Turnover of copper products for the Reporting Period increased by 6.1% to RMB146.3 million from RMB137.9 million for the same period in 2006, mainly due to the increases in average selling prices of copper cathode and copper concentrate by 7.9% and 48.8%, respectively. Turnover of other products was RMB18.4 million for the Reporting Period, an increase of 118.8% from RMB8.4 million for the same period in 2006, mainly due to the increases of sales in palladium (鈀), cobalt products (電鈷) and ultra-fine nickel powder (超細鎳粉).

Gross profit for the Reporting Period significantly increased by 132.0% to RMB527.5 million from RMB227.4 million for the same period in 2006. Gross profit margin for the Reporting Period was approximately 72.1%, as compared with approximately 58.7% for the same period in 2006, mainly due to the increase in the average selling price of nickel cathode.

Selling, marketing and administration expenses and finance costs

Selling and marketing expenses for the Reporting Period slightly dropped to RMB5.0 million from RMB5.4 million for the same period in 2006. Such decrease was primarily due to a decrease in transportation and freight expenses as a result of decreases in the sales volume of both copper cathode and copper concentrate to the provinces outside Xinjiang in the first half 2007 as compared with the same period in 2006.

Administration expenses for the Reporting Period increased to RMB41.0 million from RMB26.9 million for the same period in 2006, representing an increase of 52.4%. Such increase was mainly due to increases in staff costs and resource compensation fees as a result of the increased turnover.

Finance costs for the Reporting Period slightly increased by 2% to RMB5.0 million from RMB4.9 million for the same period in 2006.

Other income

Other income for the Reporting Period amounted to RMB4.7 million, representing an increase of 88.0% as compared with that for the same period in 2006, mainly due to the increase in interest income as a result of the increase in cash and bank balances.

DIRECTOR'S INTEREST

Directors' and supervisors' interest in contract

As at 30 June 2007, none of the directors or supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company, its holding company, its subsidiary or any of its fellow subsidiaries was a party during the period.

Interests of directors, chief executives and supervisors in share capital

As at 30 June 2007, none of the directors, chief executives or supervisors of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which would be required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Directors' and supervisors' rights to acquire shares or debentures

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors and supervisors of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, its subsidiary or any of its fellow subsidiaries a party to any arrangement to enable the directors or supervisors of the Company to acquire such rights in any other body corporate.

DIVIDENDS

A dividend in respect of the period from 1 September 2005 to 31 December 2006 of RMB1.0526 per share, amounting to a total dividend of RMB400,000,000, was proposed by the directors on 7 March 2007 and subsequently approved by the Company's equity holders on 22 March 2007. The Company paid cash of approximately RMB385,120,000 of dividend to its equity holders in March 2007 and RMB14,880,000 in April 2007.

Pursuant to the Board meeting held on 19 November 2007, the directors of the Company proposed payment of a special dividend of RMB480,914,360 to the promoters of the Company in respect of the retained profit as at 31 December 2006 and the profit for the Reporting Period after appropriation to the statutory reserve.

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

The Company's H shares were listed on the main board of the Stock Exchange on 12 October 2007. The Company and its subsidiary did not purchase, sell or redeem any securities of the Company during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to its shareholders. For the Reporting Period, in the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

BOARD OF DIRECTORS

The Board consists of nine directors, including four executive directors, two non-executive directors and three independent non-executive directors. During the Reporting Period, the Board convened three meetings (with an average attendance rate of 100%) in which all four executive directors attended all Board meetings.

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising five supervisors to exercise supervision over the Board and its members and senior management; and preventing them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened one meeting during the Reporting Period (with an attendance rate of 100%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Since the Company listed its H shares on the Stock Exchange on 12 October 2007, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules was not applicable to the directors of the Company for the Reporting Period.

AUDIT COMMITTEE

Written terms of reference of the audit committee of the Board (the "Audit Committee") based on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The Audit Committee provides an important link between the Board and the Company's auditors in matters falling within the scope of the audit of the Company. The Audit Committee reviews the effectiveness of the external audit and of internal controls, evaluate risks and will provide comments and advice to the Board. The Audit Committee comprises one non-executive director, namely, Mr. Zhou Chuanyou and two independent non-executive directors, namely, Mr. Chen Jianguo and Mr. Ng Yuk Keung. The Audit Committee is chaired by Mr. Chen Jianguo. The Audit Committee has reviewed the audited financial results of the Company for the Reporting Period and considered that they are in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.
Yuan Ze
Chairman

Xinjiang, the PRC, 19 November 2007

* *For identification purpose only*

As at the date of this announcement, the executive directors are Mr. Yuan Ze, Mr. Shi Wenfeng, Mr. Zhang Guohua and Mr. Liu Jun; the non-executive directors are Mr. Zhou Chuanyou and Mr. Niu Xuetao; and the independent non-executive directors are Mr. Chen Jianguo, Mr. Sun Baosheng and Mr. Ng Yuk Keung.