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)

ANNOUNCEMENT OF 2012 INTERIM RESULTS

OPERATING AND FINANCIAL HIGHLIGHTS

- Consolidated revenue increased by 51.8%, from RMB449.2 million to RMB681.9 million, which is mainly due to the increase in sales volume of nickel cathode and copper cathode, the Group's major products, by 91.9% and 192.3% respectively.

- Net realised consolidated profit attributable to the equity holders of the Company decreased by 69.4% to RMB18.7 million.

- Basic earnings per share attributable to the equity holders of the Company amounted to RMB0.008, representing a decrease of RMB0.02 per share as compared to the Same Period Last Year.

1. COMPANY RESULTS

The board of directors (the "Board") of Xinjiang Xinxin Mining Industry Co., Ltd.* (the "Company") hereby announces the unaudited consolidated operating results of the Company and its subsidiaries (the "Company and its Subsidiaries" or the "Group") prepared in accordance with the China Accounting Standards for Business Enterprises ("CAS") for the six months ended 30 June 2012 (the "Period"), together with the unaudited consolidated operating results for the six months ended 30 June 2011 ("First Half Year of 2011" or the "Same Period Last Year") for comparison. Such operating results have been reviewed and confirmed by the Company's audit committee (the "Audit Committee"). Consolidated revenue of the Group for the Period increased by 51.8% to RMB681.9 million from RMB449.2 million, mainly due to increase in sales of the Group's major products, namely nickel cathode and copper cathode by 91.9% and 192.3%, respectively. The net realised consolidated profit attributable to the equity holders of the Company decreased by 69.4% to RMB18.7 million, mainly due to the drop in product selling prices of the Group for the Period which in turn squeezed the gross profit margin.

* *For identification purpose only*

Basic earnings per share attributable to the equity holders of the Company for the Period amounted to RMB0.008, representing a decrease of RMB0.02 per share as compared to that for the Same Period Last Year. The decrease in basic earnings per share was mainly due to the decrease in net profit.

The Board does not recommend any payment of interim dividend for 2012.

Please refer to the unaudited consolidated interim financial statements for details of the consolidated operating results.

2. MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the Period, due to the effects of the debt crisis in Europe and the slowdown of the Chinese economic growth, the international and domestic prices of nickel and copper dropped continuously.

During the Period, London Metal Exchange ("LME") average three-month future price of nickel cathode was US$18,472 per tonne, representing a 27.9% decrease from US$25,629 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US$8,078 per tonne, representing a 14.1% decrease from US$9,406 per tonne for the Same Period Last Year.

During the Period, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB132,478 per tonne, representing a 31.5% decrease from RMB193,457 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB57,732 per tonne, representing a 18.0% decrease from RMB70,446 per tonne for the Same Period Last Year.

During the Period, the domestic price trend of nickel cathode and copper cathode was basically in line with the international market.

Prospects and Countermeasures

The Group expects that in the second half of 2012, the average market prices of nickel cathode and copper cathode in the domestic market can maintain at the same level as the average spot prices of Shanghai Yangtze River Non-ferrous Metals Spot Market in the second quarter of 2012, and demonstrate a bumpy upward trend.

In the second half of 2012, the Group will continue to expand the production scale. The plan is to produce 5,416 tonnes of nickel cathode, which is expected to increase 18.2% when compared to the Period; and to produce 4,026 tonnes of copper cathode, which is expected to increase 25.5% when compared to the Period. Such increases aim at achieving the production operational objectives, which is to produce 10,000 tonnes of nickel cathode and 7,233 tonnes of copper cathode in 2012. The Group will endeavor to stabilize the production of existing technological renovation and expansion projects and to uplift the level of skills and techniques. Besides, the Group will continue its effort to keep expanding the production capacity and to improve the recycle rate of metal, with an aim to accomplishing the goals in production volume and standard of the technological renovation and expansion projects as soon as possible. At the same time, the Group will continue its endeavor to proceed with the construction of the technological renovation and expansion projects in progress in order to ensure that all projects in progress will be completed and can commence production as scheduled.

In order to counteract with the general decrease in selling prices of non-ferrous metals triggered by the international economic downturn, in the second half of 2012, the Group will continue to reinforce its corporate management and explore its internal potential, so as to further reduce the production cost of the Group and increase its corporate operational efficiency. Meanwhile, as both the domestic and international prices of nickel and copper remain at a relatively low position and the market is highly volatile, the Group will enhance its analyses and researches on product markets and implement a more flexible marketing strategy, which will enable the Group to realize sales at higher metal prices and to raise the economic efficiency of the Group.

Business Review

During the Period, the consolidated revenue of the Group amounted to RMB681.9 million, representing a 51.8% increase from RMB449.2 million for the Same Period Last Year. The total net realised consolidated profit attributable to the equity holders of the Company was RMB18.7 million, down 69.4% from RMB61.3 million for the Same Period Last Year.

During the Period, the Group produced 4,584 tonnes of nickel cathode, up 68.5% as compared to 2,720 tonnes for the Same Period Last Year, and produced 3,207 tonnes of copper cathode, representing an increase of 126.8% comparing with 1,414 tonnes for the Same Period Last Year.

During the Period, the Group sold 4,353 tonnes of nickel cathode, surging 91.9% as compared to 2,268 tonnes for the Same Period Last Year, and sold 3,273 tonnes of copper cathode, representing an increase of 192.3% from 1,120 tonnes for the Same Period Last Year.

During the Period, the average selling price of nickel cathode of the Group was RMB113,386 per tonne (excluding tax), representing a 29% decrease from RMB159,708 for the Same Period Last Year, and the average selling price of copper cathode was RMB49,293 per tonne (excluding tax), representing a 16.6% decrease from RMB59,104 for the Same Period Last Year.

Resources and Reserves

The estimated resources and reserves for the deposits of the Group's mines at Kalatongke, Huangshandong, Huangshan and Xiangshan as at 30 June 2012 are set out in the following tables:

	Ore	Grade		Metal contents	
		Cu	Ni	Cu	Ni
	(t)	*(%)*	*(%)*	*(t)*	*(t)*
Resources as at 30 June 2012					
Kalatongke	33,410,532	1.01	0.57	337,462	189,449
Huangshandong, Huangshan, Xiangshan	84,357,620	0.27	0.45	230,017	379,095
Total	117,768,152			567,479	568,544
Reserves as at 30 June 2012					
Kalatongke	19,422,667	1.04	0.63	201,780	121,752
Huangshandong, Huangshan, Xiangshan	33,660,918	0.30	0.50	102,632	166,750
Total	53,083,585			304,412	288,502

Note: The resources and reserves for the deposits at Kalatongke Mine were based on the 2007 estimation stated in the independent technical review report set out in the Company's prospectus dated 27 September 2007. The resources and reserves for the deposits at Huangshandong, Huangshan and Xiangshan mines were based on the 2008 estimates of resource and reserves approved for record by the Ministry of Land and Resources of the PRC. The increases and decreases of mining consumption and exploration during the Period were confirmed by internal experts.

Mineral Exploration, Mine Development and Mining Production Activities

Mineral Exploration

During the Period, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining"), a wholly-owned subsidiary of the Company, mainly conducted the supplementary exploration of No. 1 and No. 2 ore deposits and exploration of mine areas, as well as completed 7,612 meters of drilling in pit and 330 meters of surface drilling. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao"), the wholly-owned subsidiaries of the Company, carried out exploration works at Huangshandong No. 17 Mine Area and Xiangshan Mine Areas and completed tunneling footage totaling 266 meters.

During the Period, the Group's geological exploration expenditure amounted to RMB2.2 million.

Mine Development

During the Period, Kalatongke Mining completed a number of works, namely, cumulative brush expansion of 417 meters at the 770-410 meter level of primary sliding well of No. 1 ore body, excavation of 352 meters at the 590 meter level of the west transportation strike drive, excavation of 50 meters at the 506 meter level of No. 2 wind well of No. 2 ore body with cumulative excavation of 295 meters, excavation of 774 meters in west-east direction at 530 meter level of filling return airway of No. 4 wind well of No. 3 ore body, excavation of 53 meters of No. 3 wind well, cumulative excavation of 321 meters at 410 meter level of airway, excavation of 246 meters in east-west direction at 530 meter level of filling return airway and cumulative excavation of 148 meters of ramp and access. Xinjiang Yakesi has made respective investments in developing No. 17 ore body of Huangshandong of 23,611 m^3, developing the auxiliary well of Xiangshan Mine of 13,930 m^3, developing No. 30 ore body of Huangshanxi of 29,701 m^3 and No. 32 ore body and well-lane of Huangshanxi of 9,931 m^3. Hami Jubao has invested in developing No. 12 Mine of Huangshandong of 30,969 m^3.

During the Period, the Group's total expenditure for development and construction in the mining industry amounted to RMB81.3 million.

Mining Production

During the Period, Kalatongke Mining produced 255,707 tonnes of ores. Xinjiang Yakesi and Hami Jubao produced 315,698 tonnes of ores.

During the Period, the aggregate expenditure on the ore mining operation of the Group was RMB130.0 million.

Financial Review and Analysis

Revenue and gross profit

The following table illustrates the details of sales by products of the Group for the Period and the Same Period Last Year:

	For the period ended 30 June 2012			For the period ended 30 June 2011		
Product Name	**Sales Volume** *Tonnes*	**Amount** *RMB'000*	**% to Revenue**	Sales Volume *Tonnes*	Amount *RMB'000*	% to Revenue
Revenue						
Nickel cathode	**4,352.8**	**493,544**	**72.4%**	2,268.2	362,254	80.6%
Copper cathode	**3,273.4**	**161,357**	**23.7%**	1,120.0	66,195	14.7%
Copper concentrate	**1,077.5**	**12,307**	**1.8%**	–	–	0.0%
Other products		**14,701**	**2.1%**		20,751	4.7%
		681,909	**100%**		449,200	100.0%
Cost of sales						
Nickel cathode		**(443,243)**			(256,737)	
Copper cathode		**(115,834)**			(44,196)	
Copper concentrate		**(3,949)**			–	
Other products		**(14,326)**			(12,654)	
		(577,352)	**84.7%**		(313,587)	69.8%
Gross profit		**104,557**	**15.3%**		135,613	30.2%

During the Period, the revenue of nickel cathode of the Group increased 36.2% to RMB493.5 million as compared to that in the Same Period Last Year. The average selling price of nickel cathode decreased 29% to RMB113,386 per tonne as compared to the Same Period Last Year. During the Period, the sales volume of nickel cathode of the Group increased 91.9% to 4,352.8 tonnes. The increase in revenue attributable to the increase in sales volume of nickel cathode was partially offset by the decrease in price.

During the Period, the revenue of copper cathode of the Group increased 143.8% to RMB161.4 million as compared to that in the Same Period Last Year. The average selling price of copper cathode decreased 16.6% to RMB49,293 per tonne as compared to the Same Period Last Year. During the Period, the sales volume of copper cathode of the Group increased 192.3% to 3,273.4 tonnes. The increase in revenue attributable to the increase in sales volume of copper cathode was partially offset by the decrease in price.

During the Period, the revenue of copper concentrate of the Group was RMB12.3 million, the average selling price of copper concentrate was RMB11,421 per tonne and its sales volume was 1,077.5 tonnes.

During the Period, the revenue of other products of the Group decreased 29.2% to RMB14.7 million as compared to the Same Period Last Year. The decrease in revenue was due to the decrease in the sales volumes of the precious metals such as gold, silver, platinum and palladium and the increase in inventory during the Period.

During the Period, the per unit cost of sales of nickel cathode of the Group decreased approximately 10.0% to RMB101,830 per tonne as compared to the Same Period Last Year. The per unit cost of sales of copper cathode decreased approximately 10.3% as compared to the Same Period Last Year to RMB35,386 per tonne.

During the Period, the gross profit of the Group was RMB104.6 million, representing a decrease of 22.9% as compared to RMB135.6 million of the Same Period Last Year. The gross profit margin for the Period and the Same Period Last Year were 15.3% and 30.2%, respectively. The decrease in gross profit margin of the Group during the Period is due to the decrease in selling prices of nickel cathode and copper cathode.

Sales and marketing costs

During the Period, sales and marketing costs of the Group increased by 102.4% to RMB6.2 million as compared to that in the Same Period Last Year, mainly due to the significant increase in the sales volume of nickel cathode and copper cathode as compared to the Same Period Last Year.

Administrative expenses

During the Period, administrative expenses of the Group decreased 3.5% to RMB59.1 million as compared to that in the Same Period Last Year, mainly due to the decrease in the mineral resources compensation fee as compared to the Same Period Last Year.

Finance (expenses)/income – net

During the Period, the net finance cost of the Group increased RMB17.8 million to RMB6.2 million as compared to that in the Same Period Last Year (the net finance income was RMB11.6 million), mainly due to the significant increase in bank borrowings for the Period as compared to that in the Same Period Last Year, leading to an increase in interest from bank borrowings.

Financial position

The consolidated balance sheet of the Group remains strong. As at 30 June 2012, the shareholders' equity decreased by 0.8% to RMB5,649.3 million as compared to 31 December 2011, primarily due to distribution of final dividend for 2011 during the Period as approved by the shareholders in Annual General Meeting 2011. As at 30 June 2012, total assets increased by 7.5% to RMB7,785 million as compared to 31 December 2011, primarily due to the receipt of the project constructions and the working capital loans and the operating profit generated during the Period.

At at 30 June 2012, the Group's net cash outflow generated from operating activities was RMB99.7 million, representing a decrease of RMB127.4 million as compared to that in the Same Period Last Year, primarily due to an increase in revenue. Net cash outflow used in investing activities of RMB479.7 million mainly consisted of the payments for the equipment and project expenses in relation to various technology renovation and expansion projects of the Group. Net cash inflow generated from financing activities of RMB467.5 million mainly consisted of the project construction loans received by the Group.

Liquidity and Financial Resources

As at 30 June 2012, the Group had total cash and cash equivalents amounting to RMB456.5 million, and those as at 31 December 2011 were RMB568.5 million.

	As at 30 June 2012	As at 31 December 2011
Current Ratio (Times)	**1.96**	2.3
Gearing Ratio (Total borrowings/total assets)	**17%**	11.3%

As at 30 June 2012, the Group's borrowings were working capital borrowings of RMB360 million and the loans, amounting to RMB710 million for infrastructure projects of Xinjiang Yakesi, as well as the loans, amounting to RMB250 million for infrastructure projects of a controlling subsidiary of the Company, Xinjiang Wuxin Copper Company Limited ("Wuxin Copper").

Historical Capital Expenditure

Capital expenditure was primarily used to expand the production capacities of the Group and to improve the mining, ore processing, smelting and refining technology of the Group. The following table sets out the conditions of the Group's capital expenditure as well as the ratio of the capital expenditure of each operation over total capital expenditure based on various categories of operations for the six months ended 30 June 2012:

	Six months ended 30 June 2012	
		Percentage
	RMB'000	%
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	78,063	15.5%
Refining and complementary operations in Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd.	30,461	6.1%
Mining and ore processing operations in Xinjiang Yakesi	129,467	25.7%
Mining operation in Hami Jubao	8,236	1.6%
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	3,281	0.7%
Smelting operation of Wuxin Copper with capacity of 100,000 tonnes	253,592	50.4%
	503,100	100%

3. SHARE CAPITAL AND DIVIDENDS

(A) Share Capital

The Company's share capital as at 30 June 2012 is as follows:

	Number of shares issued	**% of capital**	**Nominal value**
			RMB'000
Registered, issued and fully paid			
Domestic shares of RMB0.25 each	1,451,000,000	65.66%	362,750
H shares of RMB0.25 each	759,000,000	34.34%	189,750
	2,210,000,000	100.00%	552,500

(B) Shareholding of Substantial Shareholders

So far as known to any director or supervisor of the Company, as at 30 June 2012, the persons or companies (other than a director or supervisor of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") were as follows:

Name	Number of shares held	Class of share	Approximate percentage of shareholding on relevant class of shares (%)	Approximate percentage of the total share capital (%)
Xinjiang Non-ferrous Metal Industry (Group) Ltd.* (新疆有色金屬工業（集團）有限責任公司)	885,204,000 (L)	Domestic share	61.01	40.06
Shanghai Yilian Kuangneng Co. Ltd* (上海怡聯礦能實業有限公司) *(Note)*	282,896,000 (L)	Domestic share	19.50	12.80
Zhongjin Investment (Group) Ltd* (中金投資（集團）有限公司) *(Note)*	198,028,000 (L)	Domestic share	13.65	8.96
The National Council for Social Security Fund of the PRC (中國全國社會保障基金理事會)	69,000,000 (L)	H share	9.09	3.12

(L) = Long positions

Note: The entire shareholdings or equity interests of Shanghai Yilian Kuangneng Co. Ltd ("Shanghai Yilian") and Zhongjin Investment (Group) Ltd ("Zhongjin Investment") are beneficially owned by Mr. Zhou Chuanyou.

* The English name is a translation of the Chinese name and provided for reference only.

Save as disclosed above, as at 30 June 2012, the directors of the Company were not aware of any other person (other than a director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

(C) Dividends

The Board does not recommend any payment of interim dividend for 2012 (Nil for 2011).

4. DIRECTORS' INTEREST

(A) Directors' and Supervisors' Interest in Contract

As at 30 June 2012, none of the directors or supervisors of the Company had any material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, its subsidiaries or any of its fellow subsidiaries was a party during the Period.

(B) Interests and Short Positions of Directors and Supervisors in Shares, Underlying Shares and Debentures

As at 30 June 2012, the interests or short positions, if any, of the directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long Positions in Shares and Underlying Shares of the Company

		Number of Shares held				
Director/ Supervisor	**Personal interest**	**Corporate interests**	**Total interests**	**Classes of share**	**Percentage of aggregate interests to relevant class of share**	**Percentage of aggregate interests to the total share capital**
Zhou Chuanyou		480,924,000	480,924,000	Domestic share *(Note 1)*	33.14	21.76
		3,638,000	3,638,000	H share *(Note 2)*	0.48	0.17

Note 1: The domestic shares are held by Shanghai Yilian and Zhongjin Investment. The entire shareholding or equity interest of Shanghai Yilian and Zhongjin Investment are beneficially owned by Zhou Chuanyou.

2: The H shares are directly held by Hong Kong CCIG International Industrial Co., Ltd., which is beneficially owned by Zhou Chuanyou.

Save as disclosed above, none of the directors and supervisors of the Company or their respective associates had, as at 30 June 2012, any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Appreciation Rights Incentive Scheme

At the annual general meeting held on 29 May 2008, the Company adopted and approved a share appreciation rights incentive scheme (the "Share Appreciation Rights Incentive Scheme" or "SARIS") to acknowledge the contributions of senior management and key personnel. The SARIS is an arrangement providing an incentive for the management of the Company such that it attaches importance to the performance of the shares of the Company and its long-term development without the characteristics of shares. It is intended to align the senior management's interests to those of the Company and its shareholders. It is intended that the operation of the SARIS will not involve any issue of new H Shares of the Company, and the exercise of any share appreciation rights will not create a dilution effect on the Company's shareholding structure.

The SARIS entitles persons who are granted such rights to receive cash payments when the Company's share price rises above the exercise price granted in the share appreciation rights in a certain pre-determined period, subject to certain terms and conditions of the SARIS.

The share appreciation rights are not transferable, nor are there any voting rights attached to the share appreciation rights. The SARIS is not a scheme involving the grant of options over new securities of the Company, and therefore will not fall within the ambit of, and will not be subject to, Chapter 17 of the Listing Rules.

Below listed are the recipients of the SARIS and their allocated number of shares under the SARIS as at 16 March 2012:

Name	**Position**	**Number of shares under the SARIS**	**Percentage of total issued shares** *(%)*
Yuan Ze	Chairman of the Board and executive director	3,000,000	0.136
Shi Wenfeng	General manager and executive director	2,000,000	0.090
Zhang Guohua	Executive deputy general manager and executive director	2,000,000	0.090
Liu Jun	Deputy general manager and executive director	1,000,000	0.045
Niu Xuetao	Non-executive director	500,000	0.023
He Hongfeng	Financial controller	1,000,000	0.045
Zhang Junjie	Company secretary	1,000,000	0.045
Wu Tao	Chief engineer	1,000,000	0.045
Senior management		11,500,000	0.521
Twelve other key personnel		3,120,000	0.141
		14,620,000	0.662

As the operating results of the Company for the years from 2008 to 2011 did not achieve the target results of the respective years triggering the exercising of the right under the SARIS, the above allotted 14,620,000 of SAR were, according to the terms and conditions of the SARIS and as approved by the Board meeting held on 16 March 2012, voided and cancelled.

(C) Directors' and Supervisors' Rights to Acquire Shares or Debentures

Save as disclosed above, during the Period no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company was granted to any directors or supervisors of the Company or their respective spouses or minor children, or no any such rights was exercised by them; and none of the Company, its holding company, its subsidiary or any of its fellow subsidiaries was a party to any arrangement to enable the directors or Supervisors of the Company to acquire such rights in any other body corporate.

5. COMMODITY PRICE RISK

The prices of the Group's products are impacted by their international and domestic market prices and changes in global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as the volatility of supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the revenue and profit of the Company. The Group did not engage in nor enter into any trading contracts and pricing arrangements to hedge the risk of volatility of non-ferrous metals prices.

6. RISK OF FLUCTUATIONS IN EXCHANGE RATE

The transactions of the Company are all denominated in Renminbi. Fluctuations in currency exchange rates may affect the international and domestic non-ferrous metal commodity prices, which may impact the Group's results of operation. Renminbi is not a freely convertible currency and the conversion of Renminbi to a basket of currencies may involve fluctuations. In light of further actions and measures adopted for free transactions of Renminbi by the PRC government, fluctuations in exchange rates may adversely affect the value, translated or converted into Hong Kong dollars, of the Group's net assets, earnings and any dividends declared by the Company.

7. TAX RISK

The Company and its branches (excluding its Shanghai sales branch) were exempted from corporate income tax from 2007 to 2010 pursuant to an approval obtained from the People's Government of Xinjiang Uygur Autonomous Region and the local tax bureau of where the corporate locates, Xinjiang Yakesi was subject to corporate income tax rate of 15% during the period from 1 January 2005 to 31 December 2010, while Hami Jubao was subject to corporate income tax rate of 7.5% during the period from 1 January 2009 to 31 December 2010. The above preferential income tax policies had expired at the end of 2010. Under the stipulation of the Notice Concerning the Issues on Corporate Income Tax with Respect to Further Implementing the Western China Development Strategy (關於深入實施西部大開發戰略有關企業所得稅問題的公告) of the State Administration of Taxation, before the publication of the catalogue of Encouraged Industries in Western China (西部地區鼓勵類產業目錄), the Company, Xinjiang Yakesi and Hami Jubao had been approved by the local tax bureaus where these corporates locate. Under such approvals, for the first half of 2012, the corporate income taxes of the Company and its branches (except the Shanghai sales branch), Xinjiang Yakesi and Hami Jubao shall be determined and paid at a temporary tax rate of 15%. At present, the tax bureau has not yet issued a finalized written confirmation regarding the above tax preference for the Company and its branches (except the Shanghai sales branch), Xinjiang Yakesi and Hami Jubao.

8. CHARGE ON ASSETS

As at 30 June 2012, a bank deposit in an amount of RMB17.9 million was set aside as the security for the issue of acceptance bill by banks and deposits for various purposes. Saved as disclosed foregoing, there were no other charges or pledges of assets in the Group as at 30 June 2012.

9. MATERIAL LITIGATION

The Group was not involved in any material litigation or arbitration during the Period.

10. CONTINGENT LIABILITIES

Each of the Company and its joint venture partner has issued corporate guarantees of RMB190,000,000.00 in favour of the bank borrowing of RMB280,000,000.00 and finance lease of RMB100,000,000.00 (the finance lease with remaining balance of RMB45,567,157.59 as at 30 June 2012) of Hami Hexin Mining Company Limited. Such corporate guarantees remained in force as at 30 June 2012.

Save as disclosed above and the disclosure included in Note 9 and 10(7) to the unaudited interim financial statements of the Group, the Group had no other significant contingent liabilities as at 30 June 2012.

11. MAJOR ACQUISITIONS AND DISPOSAL

There were no other major acquisitions and disposals in relation to the Group during the Period.

12. BUSINESS REORGANIZATION

Under the approval of the Board, the Company completed the process of injecting the entire assets, business, personnel of the Kalatongke Mine of Xinjiang Xinxin Mining Industry Co., Ltd. (the branch wholly-owned by the Company) to Xinjiang Kalatongke Mining Industry Co. Ltd. (a wholly-owned subsidiary of the Company) on 28 March 2012.

13. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

As at the date of this announcement, the Group did not have any significant event after balance sheet date.

14. EMPLOYEES AND WELFARE

As at 30 June 2012, the Group had a total of 3,793 full-time employees. Breakdowns by function and division are as follows:

Division	Employees	Total (In percentage)
Management and administration	219	5.8%
Engineering technician	610	16.1%
Production staff	2,191	57.8%
Repair and maintenance	563	14.8%
Inspection	189	5.0%
Sales	21	0.5%
	3,793	100.0%

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organised by local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing provident funds. According to the currently applicable local regulations, the respective percentages of the pension insurance, medical insurance, unemployment insurance and housing provident funds which the Group must contribute are 20%, 6%-9%, 2% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 0.5%-2% of its employees' total monthly basic salary for occupational injury insurance and 0.6%-1% of their total monthly basic salary for maternity cover.

15. USE OF PROCEEDS

During the Period, the Company has not utilised proceeds from the initial public offering.

16. PURCHASE, DISPOSAL OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Period.

17. COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries as it believes that effective corporate governance practices are fundamental to safeguarding the interests of shareholders and other stakeholders and enhancing shareholder value.

The Stock Exchange made various amendments to the Code on Corporate Governance Practices (the "Old Code") contained in Appendix 14 to the Listing Rules and renamed it the Corporate Governance Code and Corporate Governance Report (the "CG Code"). The CG Code took effect on 1 April 2012.

The Company has fully complied with all code provisions of the Old Code during the period from 1 January 2012 to 31 March 2012. It has also fully complied with the CG Code during the period from 1 April 2012 to 30 June 2012, other than code provision A.1.8 of the CG Code.

Code provision A.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. During the Period, the Company did not arrange appropriate insurance cover in respect of legal action against its directors. However, the Company has obtained insurance policy covering legal action against its directors which became effective on 1 August 2012.

18. 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 Period, the Board convened three meetings (with an attendance rate of 25/27) in which one executive director, Shi Wenfeng, and one non-executive director, Zhou Chuanyou, both attended two of the Board meetings and the other directors attended all of the Board meetings.

19. SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising five Supervisors to exercise supervision over the Board and its members and the senior management, and preventing them from abusing their power and authorities and jeopardizing the legal interests of the Company, its shareholders and its employees. The supervisory committee convened one meeting during the Period (with an attendance rate of 4/5).

20. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company had adopted the Model Code as its code of conduct regarding securities transactions by the directors of the Company (the "Directors") on terms no less exacting than the required standard set out in the Model Code. Upon specific enquiries made of all the Directors and in accordance with information provided, the Board confirmed that all Directors have complied with the provisions under the Model Code during the Period.

21. 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 Group's auditors in matters falling within the scope of the audit of the Group. 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. Li Wing Sum Steven. The Audit Committee is chaired by Mr. Chen Jianguo. The Audit Committee has reviewed the unaudited financial results of the Group for the Period and considered that they are in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

22. DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGES WEBSITE

This announcement will be published on the website of the Stock Exchange at http://www.hkex.com.hk under "Latest Listed Company Information" and the website of the Company at www.xjxxky.com.cn or kunlun.wsfg.hk. The 2012 interim report will be despatched to shareholders and published on the Stock Exchange's website and the Company's website.

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

Xinjiang, the PRC, 24 August 2012

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. Wang Lijin and Mr. Li Wing Sum Steven.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2012

(All amounts in RMB Yuan unless otherwise stated)

	Note	**30 June 2012 Consolidated (unaudited)**	31 December 2011 Consolidated (audited)
ASSETS			
Current assets			
Cash at bank and on hand	*(2)*	**474,424,211.62**	611,497,590.46
Notes receivable	*(3)*	**351,855,180.24**	293,053,627.37
Interest receivable		**–**	211,414.77
Accounts receivable	*(4)*	**104,537,451.11**	75,015,347.87
Advances to suppliers		**170,809,510.42**	67,113,350.93
Other receivables		**24,729,562.01**	17,462,538.48
Inventories		**718,728,590.30**	688,100,398.94
Other current assets		**50,698,991.99**	53,055,049.93
Total current assets		**1,895,783,497.69**	1,805,509,318.75
Non-Current assets			
Long-term equity investments	*(5)*	**146,339,926.70**	151,428,773.82
Fixed assets	*(6)*	**1,470,610,811.01**	1,428,032,052.41
Construction materials		**11,803,390.40**	14,093,703.01
Construction in progress		**3,085,328,800.22**	2,667,772,682.16
Intangible assets	*(7)*	**1,031,540,846.43**	969,754,943.63
Goodwill		**28,087,550.20**	28,087,550.20
Long-term prepaid expenses		**377,928.13**	566,097.77
Deferred tax assets		**23,603,729.59**	19,043,271.19
Other non-current assets		**91,482,490.00**	159,898,326.50
Total non-current assets		**5,889,175,472.68**	5,438,677,400.69
TOTAL ASSETS		**7,784,958,970.37**	7,244,186,719.44

	Note	30 June 2012 Consolidated (unaudited)	31 December 2011 Consolidated (audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans		**350,000,000.00**	250,000,000.00
Notes payable		**11,999,588.00**	54,533,511.46
Accounts payable	*(8)*	**96,890,466.77**	94,354,985.37
Advances from customers		**53,380,422.07**	12,337,202.49
Employee benefits payable		**43,829,546.84**	52,608,823.66
Taxes payable		**14,097,513.53**	32,244,740.70
Other payables		**333,018,330.60**	287,114,544.91
Dividends payable		**66,300,000.00**	–
Total current liabilities		**969,515,867.81**	783,193,808.59
Non-current liabilities			
Provisions		**6,117,678.30**	6,117,678.30
Long-term loans		**970,000,000.00**	569,000,000.00
Deferred tax liabilities		**150,368,811.36**	150,863,045.84
Other non-current liabilities		**39,647,111.12**	39,763,291.04
Total non-current liabilities		**1,166,133,600.78**	765,744,015.18
Total liabilities		**2,135,649,468.59**	1,548,937,823.77
Shareholders' equity			
Share capital		**552,500,000.00**	552,500,000.00
Capital surplus		**4,254,754,857.49**	4,254,754,857.49
Special reserve		**2,849,507.46**	–
Surplus reserve		**217,192,800.32**	217,192,800.32
Undistributed profits		**266,805,842.01**	314,373,550.50
Total equity attributable to shareholders of the Company		**5,294,103,007.28**	5,338,821,208.31
Minority interests		**355,206,494.50**	356,427,687.36
Total shareholders' equity		**5,649,309,501.78**	5,695,248,895.67
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**7,784,958,970.37**	7,244,186,719.44

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
For the six months ended 30 June 2012
(All amounts in RMB Yuan unless otherwise stated)

	Note	**Six months ended 30 June 2012 Consolidated (unaudited)**	Six months ended 30 June 2011 Consolidated (unaudited)
Revenue	*(9)*	**681,909,014.33**	449,199,559.18
Less: Cost of sales	*(9)*	**(577,352,064.57)**	(313,586,988.23)
Taxes and surcharges		**(4,392,463.78)**	(1,564,963.65)
Selling and distribution expenses		**(6,225,881.75)**	(3,075,123.37)
General and administrative expenses		**(59,099,519.61)**	(61,231,317.16)
Finance (expenses)/income – net	*(10)*	**(6,181,506.52)**	11,564,491.22
Asset impairment losses	*(11)*	**(1,717,612.86)**	(272,116.22)
Investment (losses)/income	*(12)*	**(5,088,847.12)**	354,171.80
Including: Share of (losses)/profit of an associate and a joint-venture		**(5,088,847.12)**	354,171.80
Operating profit		**21,851,118.12**	81,387,713.57
Add: Non-operating income		**884,378.14**	1,798,027.90
Less: Non-operating expenses		**(775,866.83)**	(2,691,656.28)
Including: Losses on disposal of non-current assets		**–**	(547,550.96)
Total profit		**21,959,629.43**	80,494,085.19
Less: Income tax expenses	*(13)*	**(4,449,358.13)**	(19,107,353.01)
Net profit		**17,510,271.30**	61,386,732.18
Attributable to shareholders of the Company		**18,732,291.51**	61,312,175.07
Minority interests		**(1,222,020.21)**	74,557.11
Earnings per share			
Basic earnings per share	*(14)*	**0.008**	0.028
Diluted earnings per share	*(14)*	**0.008**	0.028
Other comprehensive income		**–**	–
Total comprehensive income		**17,510,271.30**	61,386,732.18
Attributable to shareholders of the Company		**18,732,291.51**	61,312,175.07
Minority interests		**(1,222,020.21)**	74,557.11

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months ended 30 June 2012
(All amounts in RMB Yuan unless otherwise stated)

	Six months ended 30 June 2012 Consolidated (unaudited)	Six months ended 30 June 2011 Consolidated (unaudited)
Cash flows from operating activities		
Cash received from sales of goods	**745,883,496.89**	515,142,171.55
Cash received relating to other operating activities	**38,926,570.68**	69,536,776.97
Subtotal of cash inflows	**784,810,067.57**	584,678,948.52
Cash paid for goods and services	**(620,547,583.41)**	(630,640,420.48)
Cash paid to and on behalf of employees	**(152,763,498.51)**	(106,403,486.81)
Payments of taxes and surcharges	**(91,302,118.53)**	(51,323,285.89)
Cash paid relating to other operating activities	**(19,888,996.46)**	(23,365,557.10)
Subtotal of cash outflows	**(884,502,196.91)**	(811,732,750.28)
Net cash flows from operating activities	**(99,692,129.34)**	(227,053,801.76)
Cash flows from investing activities		
Cash received from disposal of fixed assets	**28,651.55**	–
Subtotal of cash inflows	**28,651.55**	–
Cash prepaid for investment	**–**	(80,000,000.00)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**(479,737,757.81)**	(533,343,855.02)
Cash paid to dispose fixed assets	**–**	(575,928.56)
Subtotal of cash outflows	**(479,737,757.81)**	(613,919,783.58)
Net cash flows from investing activities	**(479,709,106.26)**	(613,919,783.58)

	Six months ended 30 June 2012 Consolidated (unaudited)	Six months ended 30 June 2011 Consolidated (unaudited)
Cash flows from financing activities		
Cash received from borrowings	**551,000,000.00**	310,000,000.00
Cash received from capital contributions	**–**	64,600,000.00
Including: Cash received from minority shareholders of subsidiaries	**–**	64,600,000.00
Subtotal of cash inflows	**551,000,000.00**	374,600,000.00
Cash repayment of loans	**(50,000,000.00)**	–
Cash payments for interest expenses	**(33,549,259.33)**	(8,125.00)
Subtotal of cash outflows	**(83,549,259.33)**	(8,125.00)
Net cash flows from financing activities	**467,450,740.67**	374,591,875.00
Effect of foreign exchange rate changes on cash and cash equivalents	**–**	–
Net decrease in cash and cash equivalents	**(111,950,494.93)**	(466,381,710.34)
Add: Cash and cash equivalents at beginning of period	**568,501,002.36**	1,501,686,084.60
Cash and cash equivalent at end of period	**456,550,507.43**	1,035,304,374.26

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2012

(All amounts in RMB Yuan unless otherwise stated)

	Attributable to equity holders of the Company							
	Share capital	Capital surplus	Specific reserve	Surplus reserves	Undistributed profits	Subtotal	Minority interests	Total shareholders' equity
Balance at 1 January 2011	552,500,000.00	4,254,754,857.49	–	194,806,549.58	476,994,280.77	5,479,055,687.84	216,060,426.83	5,695,116,114.67
Movements for the six months ended 30 June 2011								
Net profit	–	–	–	–	61,312,175.07	61,312,175.07	74,557.11	61,386,732.18
Profit distribution								
– Profit distribution to shareholders	–	–	–	–	(331,500,000.00)	(331,500,000.00)	–	(331,500,000.00)
Appropriation to specific reserve	–	–	3,919,996.03	–	–	3,919,996.03	–	3,919,996.03
Utilisation of specific reserve	–	–	(2,730,847.66)	–	–	(2,730,847.66)	–	(2,730,847.66)
Capital contribution by minority shareholders	–	–	–	–	–	–	64,600,000.00	64,600,000.00
Balance at 30 June 2011	552,500,000.00	4,254,754,857.49	1,189,148.37	194,806,549.58	206,806,455.84	5,210,057,011.28	280,734,983.94	5,490,791,995.22
Balance at 1 January 2012	**552,500,000.00**	**4,254,754,857.49**	**–**	**217,192,800.32**	**314,373,550.50**	**5,338,821,208.31**	**356,427,687.36**	**5,695,248,895.67**
Movements for the six months ended 30 June 2012								
Net profit	**–**	**–**	**–**	**–**	**18,732,291.51**	**18,732,291.51**	**(1,222,020.21)**	**17,510,271.30**
Profit distribution								
– Profit distribution to shareholders	**–**	**–**	**–**	**–**	**(66,300,000.00)**	**(66,300,000.00)**	**–**	**(66,300,000.00)**
Appropriation to specific reserve	**–**	**–**	**5,626,881.85**	**–**	**–**	**5,626,881.85**	**827.35**	**5,627,709.20**
Utilisation of specific reserve	**–**	**–**	**(2,777,374.39)**	**–**	**–**	**(2,777,374.39)**	**–**	**(2,777,374.39)**
Balance at 30 June 2012	**552,500,000.00**	**4,254,754,857.49**	**2,849,507.46**	**217,192,800.32**	**266,805,842.01**	**5,294,103,007.28**	**355,206,494.50**	**5,649,309,501.78**

(1) Basis of preparation and principal accounting policies

The financial statements have been prepared according to the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS").

The accounting policies and methods of computation used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements of the Company for the year ended 31 December 2011. These interim results have not been audited by the auditor of the Company, and have been reviewed by the audit committee of the Company.

(2) Cash and bank balances

	30 June 2012	31 December 2011
Cash on hand	**97,388.40**	52,164.69
Cash at bank	**456,453,119.03**	568,448,837.67
Restricted cash at banks *(Note (a))*	**17,873,704.19**	42,996,588.10
	474,424,211.62	611,497,590.46

(a) Included in the restricted cash at banks, approximately RMB14,006,203.75 was set aside as the security for issuing bank notes by the banks (31 December 2011: RMB37,669,127.88), and pursuant to the relevant rules and regulations issued by the government authorities, approximately RMB1,860,884.69 was set aside as guarantee deposits for environmental recovery and safety of production (31 December 2011: RMB3,325,757.44), and approximately RMB2,006,615.75 was set aside as deposits for compensation of industrial injury of migrant workers (31 December 2011: RMB2,001,702.78).

(3) Notes receivable

	30 June 2012	31 December 2011
Bank acceptance notes	**351,855,180.24**	293,053,627.37

The ageing of notes receivable is within 180 days. As at 30 June 2012, the Group did not pledge any notes receivable (31 December 2011: RMB19,530,000.00 was pledged to the banks as the guarantee of issuing notes payable).

(4) Accounts receivable

	30 June 2012	31 December 2011
Accounts receivable	**107,992,099.62**	78,025,535.80
Less: provision for bad debts	**(3,454,648.51)**	(3,010,187.93)
	104,537,451.11	75,015,347.87

The Group conducted sales transactions mainly through cash on delivery, cash receipts in advance or bank acceptance notes. For other sales transactions, credit terms not exceeding 180 days were granted. As at 30 June 2012, there were no significant accounts receivable that were past due but provision for bad debts was not made.

The ageing and provision for bad debt of accounts receivable are analysed below:

	30 June 2012			31 December 2011		
	Amount	**% of total balance**	**Provision for bad debts**	Amount	% of total balance	Provision for bad debts
Within 1 year	**103,805,407.74**	**96.12%**	**(47,843.37)**	74,205,090.32	95.10%	(103,410.62)
1 to 2 years	**943,246.40**	**0.87%**	**(230,605.92)**	769,954.70	0.99%	(57,886.41)
2 to 3 years	**192,954.70**	**0.18%**	**(132,616.44)**	501,558.70	0.64%	(299,958.82)
3 to 4 years	**501,558.70**	**0.47%**	**(494,650.70)**	324,351.70	0.42%	(324,351.70)
4 to 5 years	**324,351.70**	**0.30%**	**(324,351.70)**	–	–	–
Over 5 years	**2,224,580.38**	**2.06%**	**(2,224,580.38)**	2,224,580.38	2.85%	(2,224,580.38)
	107,992,099.62	**100.00%**	**(3,454,648.51)**	78,025,535.80	100.00%	(3,010,187.93)

(5) Long-term equity investments

	30 June 2012	31 December 2011
Joint-venture (a)	**142,266,215.50**	147,076,126.29
Associate (b)	**4,073,711.20**	4,352,647.53
Less: Provision for impairment of long-term equity investments	**–**	–
	146,339,926.70	151,428,773.82

The long-term equity investments are unlisted and do not have significant limitation on transfer.

(a) Joint-venture

	Accounting treatment	Investment cost	31 December 2011	Share of losses	**30 June 2012**	Equity interest held	Voting rights held
Hexin Mining	Equity method	145,326,500.00	147,076,126.29	(4,809,910.79)	**142,266,215.50**	50%	50%

Pursuant to an agreement entered into between the Company and Xinjiang Non-ferrous Group on 20 August 2008, the Company acquired 50% equity interests in Hexin Mining with a consideration of RMB95,096,500.00. Initial investment cost included the goodwill which represented the difference of consideration paid in excess of the share of fair value of identifiable net assets obtained.

On 4 September 2008, the Company paid additional capital of RMB50,000,000.00 into Hexin Mining.

Hexin Mining owns mining right of Tulargen copper/nickel mine in Hami Region. 2012 was the second fiscal year commenced mass production.

(b) Associate

	Accounting treatment	Investment cost	31 December 2011	Share of losses	**30 June 2012**	Equity interest held	Voting rights held
Puxiong Mining	Equity method	6,901,029.17	4,352,647.53	(278,936.33)	**4,073,711.20**	30%	30%

According to the agreement signed on 28 May 2006 by Xinjiang Yakesi and original shareholders of Puxiong Mining, Xinjiang Yakesi purchased 30% equity interests in Puxiong Mining at a consideration of RMB13,000,000.00. The Company acquired Xinjiang Yakesi in February 2009, and the fair value of the investment in Puxiong Mining upon the acquisition date was RMB6,901,029.17.

(c) Investments in joint-venture and associate

	Equity interests held	Voting rights held	**30 June 2012**			**Six months ended 30 June 2012**	
			Total assets	**Total liabilities**	**Net assets**	**Revenue**	**Net losses**
Joint-venture							
– Hexin Mining	50%	50%	**539,636,653.54**	**344,440,995.22**	**195,195,658.32**	**54,422,793.60**	**(9,619,821.57)**
Associates							
– Puxiong Mining	30%	30%	**49,944,067.27**	**36,365,029.92**	**13,579,037.35**	**2,622,045.22**	**(929,787.75)**

(6) Fixed assets

	Building	**Mining structure**	**Machinery and equipment**	**Electronic equipment and others**	**Motor vehicles**	**Total**
Cost						
31 December 2011	636,213,700.81	142,410,911.56	1,088,523,262.74	21,049,897.40	51,753,604.68	1,939,951,377.19
Transfer-in from construction in progress	29,980,788.75	–	45,816,807.17	–	–	75,797,595.92
Additions	60,000.00	100,000.00	6,220,959.64	4,762,366.32	893,408.19	12,036,734.15
Disposals	–	–	–	–	(887,230.00)	(887,230.00)
30 June 2012	**666,254,489.56**	**142,510,911.56**	**1,140,561,029.55**	**25,812,263.72**	**51,759,782.87**	**2,026,898,477.26**
Accumulated depreciation						
31 December 2011	196,936,579.65	60,497,149.81	222,263,664.56	10,829,464.09	21,392,466.67	511,919,324.78
Additions	11,893,027.70	3,114,585.58	26,383,734.65	1,412,875.65	2,424,730.99	45,228,954.57
Disposals	–	–	–	–	(860,613.10)	(860,613.10)
30 June 2012	**208,829,607.35**	**63,611,735.39**	**248,647,399.21**	**12,242,339.74**	**22,956,584.56**	**556,287,666.25**
Net book value						
30 June 2012	**457,424,882.21**	**78,899,176.17**	**891,913,630.34**	**13,569,923.98**	**28,803,198.31**	**1,470,610,811.01**
31 December 2011	439,277,121.16	81,913,761.75	866,259,598.18	10,220,433.31	30,361,138.01	1,428,032,052.41

As at 31 December 2011 and 30 June 2012, the Group has not pledged any fixed assets.

For the six months ended 30 June 2012, RMB40,803,399.27 of the depreciation expense of fixed assets has been charged to cost of sales, RMB3,311,254.24 to general and administrative expense, RMB53,496.73 to selling expense and RMB1,060,804.33 to construction in progress (six months ended 30 June 2011: RMB29,681,019.25, RMB5,398,992.17, RMB18,381.54 and RMB1,857,847.83).

The costs of fixed assets transferred-in from construction in progress amounted to RMB75,797,595.92 for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB617,475,928.01).

(7) Intangible assets

	31 December 2011	Additions/ (Reductions)	**30 June 2012**
Cost	1,041,008,431.11	70,650,978.13	**1,111,659,409.24**
Mining rights	699,654,158.24	–	**699,654,158.24**
Exploration rights	208,153,000.00	–	**208,153,000.00**
Land use rights	132,052,779.99	70,648,335.13	**202,701,115.12**
Others	1,148,492.88	2,643.00	**1,151,135.88**
Accumulated amortisation	71,253,487.48	8,865,075.33	**80,118,562.81**
Mining rights	56,978,362.88	7,272,793.51	**64,251,156.39**
Land use rights	13,532,407.31	1,482,607.75	**15,015,015.06**
Others	742,717.29	109,674.07	**852,391.36**
Net book value	969,754,943.63	61,785,902.80	**1,031,540,846.43**
Mining rights	642,675,795.36	(7,272,793.51)	**635,403,001.85**
Exploration rights	208,153,000.00	–	**208,153,000.00**
Land use rights	118,520,372.68	69,165,727.38	**187,686,100.06**
Others	405,775.59	(107,031.07)	**298,744.52**

For the six months ended 30 June 2012, the amortisation expense of intangible assets was RMB8,865,075.33 (six months ended 30 June 2011: RMB8,627,030.49).

The exploration rights owned by the Group were acquired through the acquisition of Shaanxi Xinxin in 2011. Shaanxi Xinxin has applied to covert the exploration rights of two mines located in Shangnan, Shaanxi into mining rights. As at 30 June 2012, the application was yet to be approved.

As at 30 June 2012 and 31 December 2011, there was no indication of impairment on intangible assets, and no impairment provision was made.

None of intangible assets was pledged for borrowings.

As at 30 June 2012 and 31 December 2011, the Group's land use rights were located in mainland China with land use right periods ranging from 10-50 years.

(8) Accounts payable

	30 June 2012	31 December 2011
Payable for materials	**80,555,487.46**	72,370,227.82
Services fee payable	**13,664,264.68**	19,602,894.52
Transportation fee payable	**1,509,423.01**	2,091,167.90
Others	**1,161,291.62**	290,695.13
	96,890,466.77	94,354,985.37

(a) As at 30 June 2012, there were no payables due to shareholders who held more than 5% (including 5%) of the voting rights in the Company (31 December 2011: Nil).

(b) As at 30 June 2012, accounts payable over one year with carrying amount of RMB5,063,997.96 (31 December 2011: RMB3,530,486.34) were mainly payables for purchase of materials.

(c) The ageing analysis of trade payables are as follows:

	30 June 2012	31 December 2011
0-90 days	**81,338,138.97**	87,236,805.85
91-180 days	**2,062,801.00**	2,260,387.90
Over 181 days	**13,489,526.80**	4,857,791.62
	96,890,466.77	94,354,985.37

(9) Revenue and cost of sales

	Six months ended 30 June 2012	Six months ended 30 June 2011
Revenue from main operation	**669,440,387.61**	430,973,716.83
Revenue from other operation	**12,468,626.72**	18,225,842.35
	681,909,014.33	449,199,559.18

	Six months ended 30 June 2012	Six months ended 30 June 2011
Cost of main operation	**566,906,974.88**	302,936,680.06
Cost of other operation	**10,445,089.69**	10,650,308.17
	577,352,064.57	313,586,988.23

Revenue and cost of sales from main operation

The Group is principally engaged in sales of nickel,copper and other non-ferrous metal products, all sales are conducted in the PRC and bearing equal risk and reward.

	Six months ended 30 June 2012		Six months ended 30 June 2011	
	Revenue from main operation	**Cost of main operation**	Revenue from main operation	Cost of main operation
Nickel cathode	**493,543,938.00**	**443,242,895.31**	362,253,743.88	257,136,977.94
Copper cathode	**161,357,191.15**	**115,833,593.84**	66,195,166.84	44,196,337.06
Copper concentrate	**12,306,800.05**	**3,949,265.40**	–	–
Others	**2,232,458.41**	**3,881,220.33**	2,524,806.11	1,603,365.06
	669,440,387.61	**566,906,974.88**	430,973,716.83	302,936,680.06

(10) Finance (expenses) /income – net

	Six months ended 30 June 2012	Six months ended 30 June 2011
Interest income on deposits	**4,532,642.70**	11,036,109.50
Net foreign exchange (losses)/gains	**(270.91)**	729.40
Discount interest unwinding	**–**	630,520.00
Interest expense on bank borrowings	**(10,605,856.46)**	(8,125.00)
Bank charges	**(108,021.85)**	(94,742.68)
	(6,181,506.52)	11,564,491.22

For each of the six months end 30 June 2012 and 2011, all the Group's interest expense was related to the borrowings repayable within five years.

(11) Asset impairment losses

	Six months ended 30 June 2012	Six months ended 30 June 2011
Provision for decline in value of inventories	**1,183,081.08**	–
Provision for bad debts	**534,531.78**	272,116.22
	1,717,612.86	272,116.22

(12) Investment (losses) /income

	Six months ended 30 June 2012	Six months ended 30 June 2011
Share of (losses) /income of a joint-venture	**(4,809,910.79)**	684,374.05
Share of loss of an associate	**(278,936.33)**	(330,202.25)
	(5,088,847.12)	354,171.80

(13) Income tax expenses

	Six months ended 30 June 2012	Six months ended 30 June 2011
Current income tax – outside Hong Kong	**9,504,051.01**	6,483,573.04
Deferred income tax – outside Hong Kong	**(5,054,692.88)**	12,623,779.97
	4,449,358.13	19,107,353.01

The reconciliation from income tax expenses calculated based on the applicable tax rates and the total profit presented in the consolidated income statement to the income tax expenses is listed below:

	Six months ended 30 June 2012	Six months ended 30 June 2011
Total profit	**21,959,629.43**	80,494,085.19
Income tax expenses calculated at applicable tax rate of 25%	**5,489,907.36**	20,123,521.30
Effect of tax reduction during tax incentive period	**(3,455,206.28)**	(1,012,263.74)
Losses/(income) not subject to tax	**1,272,211.78**	(88,542.95)
Expenses not deductible for tax purposes	**299,206.73**	84,638.40
Temporary differences for which no deferred tax asset was recognised	**843,238.53**	–
	4,449,358.13	19,107,353.01

(14) Earnings per share

Basic earnings per share is calculated by dividing consolidated net profit for the current period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue of the Company:

	Six months ended 30 June 2012	Six months ended 30 June 2011
Consolidated net profit attributable to equity holders of the Company	**18,732,291.51**	61,312,175.07
Weighted average number of ordinary shares outstanding	**2,210,000,000.00**	2,210,000,000.00
Basic/diluted earnings per share	**0.008**	0.028

Diluted earnings per share is calculated by dividing net profit attributable to equity holders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares in issue of the Company. As there were no dilutive potential ordinary shares for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil), diluted earnings per share equal to basic earnings per share.

(15) Segment information

The Group are engaged in the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. Based on the Group's internal organisational structure, management requirements, internal reporting policies, and the segment reporting requirements stipulated by No. 3 Interpretation of CAS, management of the Group considers the Group itself is one operating segment.

For each of the six months ended 30 June 2012 and 2011, the Group's sales were conducted in China and the Group's assets and liabilities were in China.

For the six months ended 30 June 2012, revenue of top three customers of the Group accounted for 20.63%, 20.31% and 8.86% of the total revenue of the Group respectively (six months ended 30 June 2011: 37.08%, 26.72% and 12.71%).

(16) Commitments

(a) Capital commitments

Capital expenditures contracted for or as approved by the management as budget but are not yet necessary to be recognised on the balance sheet:

	30 June 2012	31 December 2011
Buildings, machinery, and equipment	**2,328,644,576.99**	3,008,731,590.64

(b) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	30 June 2012	31 December 2011
Within 1 year	**817,965.00**	1,635,930.00