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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 2013 INTERIM RESULTS

OPERATING AND FINANCIAL HIGHLIGHTS

- Consolidated revenue was RMB426.0 million, representing a decrease of 37.5% as compared to that for the Same Period Last Year, mainly due to the decline of the selling prices of nickel cathode and copper cathode by 8.9% and 4.0%, respectively, and the sales volume declined by 45.8% and 6.6%, respectively.

- Consolidated net profit attributable to the shareholders of the Company was RMB5.9 million, representing a decrease of 68.4% as compared to the Same Period Last Year, mainly due to the decreases in product selling prices for the Period which squeezed the gross profit margin.

- Basic earnings per share attributable to the shareholders of the Company amounted to RMB0.003, representing a decrease of RMB0.005 per share as compared to that for the Same Period Last Year.

- The Board does not recommend a payment of interim dividend for the year of 2013.

* *For identification purpose only*

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 2013 (the "Period"), together with the unaudited consolidated operating results for the six months ended 30 June 2012 ("First Half of 2012" 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 was RMB426.0 million, representing a decrease of 37.5% as compared to that for the Same Period Last Year, mainly due to the fact that during the Period, the selling prices of nickel cathode and copper cathode, which are the Group's major products, declined by 8.9% and 4.0% as compared to that for the Same Period Last Year, respectively, and their sales declined by 45.8% and 6.6% as compared to that for the Same Period Last Year, respectively. The consolidated net profit attributable to the shareholders of the Company was RMB5.9 million, representing a decrease of 68.4% as compared to that for the Same Period Last Year, mainly due to the decrease in product selling prices of the Group for the Period which in turn squeezed the gross profit margin.

Basic earnings per share attributable to the shareholders of the Company for the Period amounted to RMB0.003, representing a decrease of RMB0.005 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 2013.

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

2. RESOURCES AND RESERVES

As at 30 June 2013, the estimated resources and reserves for the four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan respectively, which are wholly-owned by the Company, are set out in the following tables:

	Ore	Grade		Metal contents	
		Cu	Ni	Cu	Ni
	(t)	*(%)*	*(%)*	*(t)*	*(t)*
Resources as at 30 June 2013					
Kalatongke nickel-copper mine	32,733,710	1.00	0.56	327,808	182,650
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	83,875,010	0.27	0.45	228,266	375,524
Total	116,608,720			556,074	558,174
Reserves as at 30 June 2013					
Kalatongke nickel-copper mine	18,781,398	1.02	0.61	192,257	115,066
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	33,224,120	0.30	0.49	101,036	163,928
Total	52,005,518			293,293	278,994

Note: The resources and reserves for the Kalatongke nickel-copper 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 three nickel-copper mines in Huangshandong, Huangshan and Xiangshan 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 of mining consumption and exploration during the Period were confirmed by internal experts.

As at 30 June 2013, the resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River, which is owned as to 51% by the Company, are set out in the following table:

	Ore contents	V_2O_5 Grade	V_2O_5 Contents
	(t)	*(%)*	*(t)*
Resources as at 30 June 2013			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	29,295,500	0.88	257,800
Total	39,454,900		354,100

Note: The resources for the deposits at two vanadium mines in Xianghe Street and Mujia River were based on the 2012 estimates of resources as approved for record by the Department of Land and Resources of Shaanxi Province.

3. MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the Period, due to the restructuring and slow-down of the PRC economy, the effects of weaker-than-expected recovery of the global economy on the demands for nickel cathode and copper cathode as well as the increase in the inventories of global nickel products caused by the increased output, 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$16,197 per tonne, representing a 12.3% decrease from US$18,472 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US$7,571 per tonne, representing a 6.3% decrease from US$8,078 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 RMB113,891 per tonne, representing a 14.0% decrease from RMB132,478 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB55,017 per tonne, representing a 4.7% decrease from RMB57,732 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 2013, 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 2013, and the market may fluctuate slightly.

In the second half of 2013, the Group will continue to expand its production scale. The plan is to produce 6,089 tonnes of nickel cathode, which is expected to increase by 38.0% when compared to the Period, and to produce 4,272 tonnes of copper cathode, which is expected to increase by 51.1% when compared to the Period. Such increases aim at achieving the production operational objectives, which is to produce 10,500 tonnes of nickel cathode and 7,100 tonnes of copper cathode in 2013. The Group will endeavor to stabilize the production capacity of existing technological renovation and expansion projects and to uplift the level of skills and techniques. Moreover, the Group will continue to improve the recycle rate of metal, with an aim to accomplishing the production volume targets and the standard of the technological renovation and expansion projects as soon as possible.

In order to counteract with the general decrease in selling prices of non-ferrous metals under the sluggish recovery of the international economy and the structural adjustment and slower growth of the PRC economy, in the second half of 2013, the Group will continue to reinforce its corporate management and explore its internal potential, so as to further reduce its production cost and increase its corporate operational efficiency. When 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 market analyses and researches and implement a more flexible marketing strategy, which will enable the Group to realize sales at higher metal prices and to increase its economic efficiency.

Business Review

During the Period, the consolidated revenue of the Group amounted to RMB426.0 million, representing a 37.5% decrease from RMB681.9 million for the Same Period Last Year. The total consolidated net profit attributable to the equity holders of the Company was RMB5.9 million, representing a decrease of 68.4% from RMB18.7 million for the Same Period Last Year.

During the Period, the Group produced 4,411 tonnes of nickel cathode, representing a decrease of 3.8% as compared to 4,584 tonnes for the Same Period Last Year, and produced 2,828 tonnes of copper cathode, representing a decrease of 11.8% comparing to 3,207 tonnes for the Same Period Last Year. The decrease in the output was mainly due to the fact that during the Period, the Group deliberately suspended the production in its major production enterprises for inspection and repair, in order to guarantee the fulfillment of production and operation targets in 2013 and prepare for the further expansion of production scale.

During the Period, the Group sold 2,360 tonnes of nickel cathode, representing a decrease of 45.8% as compared to 4,353 tonnes for the Same Period Last Year, and sold 3,058 tonnes of copper cathode, representing a decrease of 6.6% from 3,273 tonnes for the Same Period Last Year. The decrease in the sales of nickel cathode was mainly due to the continuous decrease of market prices of nickel cathode during the Period. Since the second quarter of 2013, the Group adopted the marketing strategy of increasing the inventories of finished products, in order to sell the nickel cathode products at relatively high market price and increase the economic benefits for the Group. The decrease in the sales of copper cathode was mainly attributable to the decrease in the output during the Period.

During the Period, the average selling price of nickel cathode of the Group (excluding tax) was RMB103,282 per tonne, representing a 8.9% decrease from RMB113,386 for the Same Period Last Year, and the average selling price of copper cathode (excluding tax) was RMB47,301 per tonne, representing a 4.0% decrease from RMB49,293 for the Same Period Last Year.

Mineral Exploration, Mine Development and Ore Mining Activities

Mineral Exploration

During the Period, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining"), a wholly-owned subsidiary of the Company, mainly conducted the exploration for production of No. 1 and No. 2 ore bodies of Kalatongke nickel-copper mine, as well as completed 111 meters of exploration drive in pit and 7,547 meters of drilling in pit. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao"), the wholly-owned subsidiaries of the Company, mainly carried out exploration for production of Huangshandong No. 17 Mine Area and Xiangshan Mine Areas, as well as geological exploration for the mining project of Huangshandong alternative resources, which involved the completion of 133 meters of exploration drive in pit, 4,894 meters of drilling in pit, and measuring 12,500 meters of CSAMT profiling.

During the Period, the Group's mineral exploration expenditure amounted to RMB1.4 million.

Mine Development

During the Period, Kalatongke Mining completed mining development projects such as the project for the pumping room at 410 meter level of No. 2 ore of Kalatongke nickel-copper mine, the construction of the rails, the installation of the lights, the laying of the wires for locomotives and the excavation for the pumping room at 260 meter level thereof, etc. It also completed the excavation of 160 meters in various exploiting drives at 410 meter level and 530 meters level for No. 3 ore of Kalatongke nickel-copper mine, and excavation of 43 meters in slope supporting. Xinjiang Yakesi had developed No. 17 Mine Area of Huangshandong of 6,009 m^3, the auxiliary well of Xiangshan Mine Area of 3,579 m^3, No. 30 ore body of Huangshanxi of 3,750 m^3 and No. 32 ore body and well-lane of Huangshanxi of 933 m^3. Hami Jubao had completed No. 12 ore body of Huangshandong of 5,302 m^3.

During the Period, the Group's total expenditure for the mine development and construction amounted to RMB124.6 million.

Ore Mining

During the Period, Kalatongke Mining produced 299,403 tonnes of ores. Xinjiang Yakesi and Hami Jubao produced 279,232 tonnes of ores.

During the Period, the aggregate expenditure on the ore mining operation of the Group was RMB121.1 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 2013			For the period ended 30 June 2012		
Product Name	**Sales Volume**	**Amount**	**% to**	Sales Volume	Amount	% to
	Tonnes	***RMB'000***	***Revenue***	*Tonnes*	*RMB'000*	*Revenue*
Nickel cathode	**2,360.3**	**243,780**	**57.2%**	4,352.8	493,544	72.4%
Copper cathode	**3,057.5**	**144,624**	**34.0%**	3,273.4	161,357	23.7%
Copper concentrate	**461.6**	**5,120**	**1.2%**	1,077.5	12,307	1.8%
Other products		**32,469**	**7.6%**		14,701	2.1%
Total revenue		**425,993**	**100%**		681,909	100%
Cost of sales		**(343,361)**	**80.6%**		(577,352)	84.7%
Included: Nickel cathode		**(225,902)**			(443,243)	
Copper cathode		**(104,516)**			(115,834)	
Copper concentrate		**(1,442)**			(3,949)	
Other products		**(11,501)**			(14,326)	
Gross profit		**82,632**	**19.4%**		104,557	15.3%

During the Period, the revenue of nickel cathode of the Group decreased by 50.6% to RMB243.8 million as compared to that in the Same Period Last Year. The average selling price of nickel cathode decreased by 8.9% to RMB103,282 per tonne as compared to the Same Period Last Year. The sales volume of nickel cathode decreased by 45.8% to 2,360.3 tonnes as compared to the Same Period Last Year.

During the Period, the revenue of copper cathode of the Group decreased by 10.4% to RMB144.6 million as compared to that in the Same Period Last Year. The average selling price of copper cathode decreased by 4.0% to RMB47,301 per tonne as compared to the Same Period Last Year. The sales volume of copper cathode of the Group decreased by 6.6% to 3,057.5 tonnes as compared to the Same Period Last Year.

During the Period, the revenue of copper concentrate of the Group was RMB5.1 million, the average selling price of copper concentrate was RMB11,091 per tonne and its sales volume was 461.6 tonnes.

During the Period, the revenue of other products of the Group increased by 120.9% to RMB32.5 million as compared to the Same Period Last Year. The increase in revenue was due to the increase in the sales volume of scrap during the Period.

During the Period, the cost of sales per unit of nickel cathode of the Group decreased by approximately 6.0% to RMB95,707 per tonne as compared to the Same Period Last Year. The cost of sales per unit of copper cathode decreased by approximately 3.4% as compared to the Same Period Last Year to RMB34,183 per tonne.

During the Period, the gross profit of the Group was RMB82.6 million, representing a decrease of 21.0% as compared to RMB104.6 million of the Same Period Last Year, mainly attributable to the decrease in selling prices of nickel cathode and copper cathode and the marketing strategy of the Group.

Sales and marketing costs

During the Period, sales and marketing costs of the Group decreased by 36.1% to RMB4.0 million as compared to that in the Same Period Last Year, mainly due to the decrease 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 increased by 6.8% to RMB63.1 million as compared to that in the Same Period Last Year, the increase in the administrative expenses was mainly due to the increase in depreciation and property related taxes as a result of the commencement of the utilisation of some construction projects as compared to the Same Period Last Year.

Financial position

The consolidated balance sheet of the Group remains strong. As at 30 June 2013, the shareholders' equity increased by 0.1% to RMB5,644.5 million as compared to 31 December 2012. As at 30 June 2013, total assets increased by 6.5% to RMB9,034.2 million as compared to 31 December 2012, primarily due to the receipt of the project constructions and the working capital loans and the operating profit generated during the Period.

As at 30 June 2013, the Group's net cash outflow generated from operating activities was RMB19.1 million, representing a decrease of RMB80.6 million as compared to its net cash inflow in the Same Period Last Year, primarily due to successive maturity of the notes receivable received during the Period. Net cash outflow used in investing activities of RMB232.5 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 RMB434.1 million mainly consisted of the project construction loans received by the Group.

Liquidity and Financial Resources

As at 30 June 2013, the Group had total cash and cash equivalents amounting to RMB652.7 million, and those as at 31 December 2012 were RMB470.2 million.

	As at 30 June 2013	As at 31 December 2012
Current Ratio *(Times)*	**1.1**	1.4
Gearing Ratio (Total borrowings/total assets)	**27.9%**	23.8%

As at 30 June 2013, the aggregate amount of borrowings of the Group was RMB2,524.5 million, of which, the working capital borrowings of the Company was RMB270.0 million, the technological renovation and expansion projects borrowings of Xinjiang Yakesi was RMB900.0 million, the infrastructure projects borrowings of a controlling subsidiary of the Company, Xinjiang Wuxin Copper Company Limited ("Wuxin Copper"), was RMB1,054.5 million (including the entrustment loan of RMB455.0 million which Wuxin Copper borrowed from a shareholder of the Company, Xinjiang Non-ferrous Metal Industry (Group) Ltd. ("Non-ferrous Group")), the technological renovation and expansion projects borrowings of Kalatongke Mining was RMB250.0 million, and the borrowings from Non-ferrous Group to Beijing Xinding Shunze High Technology Co., Ltd., a wholly-owned subsidiary of the Company, was RMB50.0 million.

As at 31 December 2012 and 30 June 2013, the Group's aggregate borrowings of RMB2,020.0 million and RMB2,524.5 million comprised interest-free borrowings amounting to RMB nil and RMB50.0 million and floating-rate borrowings amounting to RMB2,020.0 million and RMB2,474.5 million, respectively. The Group does not have any other fixed-rate borrowings.

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 2013:

	Six months ended 30 June 2013	
		Percentage
	RMB'000	*%*
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	63,317	19.7%
Refining and complementary operations in Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd.	6,168	1.9%
Mining and ore processing operations in Xinjiang Yakesi	106,992	33.2%
Mining operation in Hami Jubao	10,774	3.3%
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	3,459	1.1%
Smelting operating of Wuxin Copper with capacity of 100,000 tonnes	131,220	40.8%
	321,930	100%

4. SHARE CAPITAL AND DIVIDENDS

(A) Share Capital

The Company's share capital as at 30 June 2013 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 2013, 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 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 *(Note)*	282,896,000(L)	Domestic share	19.50	12.80
Zhongjin Investment *(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/equity interests of Shanghai Yilian and 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 2013, 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 2013 (Nil for 2012).

5. DIRECTORS' INTEREST

(A) Directors' and Supervisors' Interest in Contract

As at 30 June 2013, 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 2013, 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 Securities and Futures Ordinance) 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				Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share capital
Director/Supervisor	**Personal interest**	**Corporate interests**	**Total interests**	**Classes of share**		
Zhou Chuanyou		480,924,000	480,924,000	Domestic share *(Note 1)*	33.14	21.76

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.

Save as disclosed above, none of the directors and supervisors of the Company or their respective associates had, as at 30 June 2013, 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.

There were no share appreciation rights allocated and outstanding as at 30 June 2013.

(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.

6. 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 Group. 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.

7. RISK OF FLUCTUATIONS IN EXCHANGE RATE

The transactions of the Group 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.

8. 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 15.0% 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 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) as issued by the State Administration of Taxation, prior to 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, Hami Jubao and Kalatongke Mining have been admitted by the local tax bureaus that, during the Period, the corporate income taxes of the Company and its branches (except the Shanghai sales branch), Xinjiang Yakesi, Hami Jubao and Kalatongke Mining shall be determined and paid at a temporary tax rate of 15.0%. At present, the tax bureau has yet to issue a final written confirmation regarding the above tax preference for the Company and its branches (except the Shanghai sales branch), Xinjiang Yakesi, Hami Jubao and Kalatongke Mining.

9. CHARGE ON ASSETS

As at 30 June 2013, among cash at bank and on hand of the Group, a bank deposit in an amount of RMB21.5 million was set aside as security for the issue of acceptance bill by banks and deposits for various purposes. Save as disclosed, there were no other charges or pledges of assets in the Group as at 30 June 2013.

10. MATERIAL LITIGATION

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

11. CONTINGENT LIABILITIES

(A) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except for the provision for close down, restoration and environmental costs as disclosed in Note 7(22) to the unaudited interim Financial Statements of the Group, the Group is presently not involved in any other environmental remediation and has not accrued any other amounts for environmental remediation relating to its operations. Under existing legislations, management of the Company believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, may move further towards the adoption of more stringent environmental standards.

Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislations cannot reasonably be estimated at present, and could be material.

(B) Guarantee provided for related parties

As at 30 June 2013, the entrusted loan of RMB455,000,000.00 was provided to Wuxin Copper Mining (a company owned as to 66% by the Company and 34% by another shareholder) by Non-ferrous Group through a bank, and a guarantee was provided by the Company and the other shareholder of Wuxin Copper Mining in proportion to their respective equity interest in Wuxin Copper Mining.

As at 30 June 2013, corporate guarantees issued by the Company in favour of the bank loans amounted to RMB202,500,000.00 of Hami Hexin Mining Company Limited ("Hexin Mining"), a joint venture of the Company.

Save as disclosed in the above, the Group had no other significant contingent liabilities as at 30 June 2013.

12. MAJOR ACQUISITIONS AND DISPOSAL

During the Period, Xinjiang Yakesi, a wholly-owned subsidiary of the Group, has agreed to transfer 30% of its equity interest in Tibet Puxiong Mining Co., Ltd. ("Puxiong Mining"), its associated company, to Tibet Qiangrui Mining Development Co., Ltd., an independent third party, at a consideration of RMB3,600,000.00, representing the amount of the interest attributable to the Group. The transfer was expected to be completed within one year from 26 March 2013.

Save as disclosed in the above, there were no other major acquisitions and disposals in relation to the Group during the Period.

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 2013, the Group had a total of 3,783 employees. Breakdowns by function and division are as follows:

Division	**Employees**	**Total** *(In percentage)*
Management and administration	219	5.8%
Engineering technician	620	16.4%
Production staff	2,153	56.9%
Repair and maintenance	581	15.4%
Inspection	189	5.0%
Sales	21	0.5%
	3,783	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 did not utilise any 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 CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain relatively 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 Company has fully complied with all code provisions prescribed in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the Period.

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 27/27).

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, preventing them from abusing their power 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 5/5).

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

During the Period, the Company had adopted the Model Code as its code of conduct regarding securities transactions by the directors, supervisors and senior management of the Company. Upon specific enquiries made of all the directors, supervisors and senior management, all the directors, supervisors and senior management have complied with the required standards as set out in the Model Code during the Period.

21. AUDIT COMMITTEE

Written terms of reference of the Audit Committee was prepared primarily 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, evaluates risks and provides comments and advice to the Board. The Audit Committee comprises one non-executive director, namely, Mr. Niu Xuetao and two independent non-executive directors, namely, Mr. Chen Jianguo and Mr. Li Wing Sum Steven, with Mr. Chen Jianguo serving as the Chairman. 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 in this announcement.

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 2013 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, 23 August 2013

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.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2013

(All amounts in RMB Yuan unless otherwise stated)

	Note	**30 June 2013 Consolidated *(unaudited)***	31 December 2012 Consolidated *(audited)*
ASSETS			
Current assets			
Cash at bank and on hand	(2)	**674,176,627.85**	482,972,122.96
Notes receivable	(3)	**115,946,035.96**	456,807,562.15
Interest receivable		**—**	87,979.00
Accounts receivable	(4)	**17,046,038.57**	45,663,452.26
Advances to suppliers		**290,845,917.05**	101,830,470.37
Other receivables		**19,070,401.53**	20,318,231.64
Inventories		**1,092,969,195.70**	804,676,938.17
Other current assets		**142,450,059.98**	122,002,829.27
Total current assets		**2,352,504,276.64**	2,034,359,585.82
Non-Current assets			
Long-term equity investments	(5)	**142,901,536.62**	151,255,784.82
Fixed assets	(6)	**1,582,805,040.96**	1,635,932,436.98
Construction materials		**5,101,411.12**	1,640,762.29
Construction in progress		**3,799,386,391.65**	3,490,268,403.71
Intangible assets	(7)	**1,017,125,742.51**	1,025,986,722.15
Goodwill		**28,087,550.20**	28,087,550.20
Long-term prepaid expenses		**347,865.78**	372,227.22
Deferred tax assets		**29,744,573.37**	25,979,885.76
Other non-current assets		**76,165,100.00**	86,619,500.00
Total non-current assets		**6,681,665,212.21**	6,446,143,273.13
TOTAL ASSETS		**9,034,169,488.85**	8,480,502,858.95

	Note	30 June 2013 Consolidated *(unaudited)*	31 December 2012 Consolidated *(audited)*
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans		**1,099,450,835.66**	845,000,000.00
Notes payable		**8,000,000.00**	100,000.00
Accounts payable	(8)	**164,433,975.60**	161,931,531.84
Advances from customers		**25,879,153.04**	11,005,077.30
Employee benefits payable		**48,510,541.30**	54,741,279.04
Taxes payable		**17,323,744.41**	12,213,207.52
Interest payable		**2,049,877.15**	470,250.01
Other payables		**403,138,603.25**	384,431,446.15
Non-current liabilities due within one year		**280,000,000.00**	30,000,000.00
Total current liabilities		**2,048,786,730.41**	1,499,892,791.86
Non-current liabilities			
Provisions		**6,154,767.86**	5,989,261.37
Long-term loans		**890,000,000.00**	690,000,000.00
Long-term payables		**255,000,000.00**	455,000,000.00
Deferred tax liabilities		**138,279,379.53**	138,607,490.13
Other non-current liabilities		**51,427,251.28**	51,855,931.20
Total non-current liabilities		**1,340,861,398.67**	1,341,452,682.70
Total liabilities		**3,389,648,129.08**	2,841,345,474.56
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		**2,161,436.85**	—
Surplus reserve		**225,379,515.90**	225,379,515.90
Undistributed profits		**267,636,888.79**	261,710,170.19
Total equity attributable to shareholders of the Company		**5,302,432,699.03**	5,294,344,543.58
Minority interests		**342,088,660.74**	344,812,840.81
Total shareholders' equity		**5,644,521,359.77**	5,639,157,384.39
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,034,169,488.85**	8,480,502,858.95

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2013

(All amounts in RMB Yuan unless otherwise stated)

	Note	**Six months ended 30 June 2013 Consolidated *(unaudited)***	Six months ended 30 June 2012 Consolidated *(unaudited)*
I. Revenue	(9)	**425,993,175.53**	681,909,014.33
Less: Cost of sales	(9)	**(343,360,711.61)**	(577,352,064.57)
Taxes and surcharges		**(1,154,555.87)**	(4,392,463.78)
Selling and distribution expenses		**(3,977,302.21)**	(6,225,881.75)
General and administrative expenses		**(63,140,388.15)**	(59,099,519.61)
Finance expenses — net	(10)	**(651,032.43)**	(6,181,506.52)
Asset impairment losses	(11)	**(6,446,138.13)**	(1,717,612.86)
Investment losses	(12)	**(4,767,164.23)**	(5,088,847.12)
Including: Share of losses of an associate and a joint-venture		**(4,767,164.23)**	(5,088,847.12)
II. Operating profit		**2,495,882.90**	21,851,118.12
Add: Non-operating income		**1,773,183.09**	884,378.14
Less: Non-operating expenses		**(198,015.93)**	(775,866.83)
Including: Losses on disposal of non-current assets		**(1,357.24)**	—
III. Total profit		**4,071,050.06**	21,959,629.43
Less: Income tax expenses	(13)	**(868,590.92)**	(4,449,358.13)
IV. Net profit		**3,202,459.14**	17,510,271.30
Attributable to shareholders of the Company		**5,926,718.60**	18,732,291.51
Minority interests		**(2,724,259.46)**	(1,222,020.21)

	Note	**Six months ended 30 June 2013 Consolidated** *(unaudited)*	Six months ended 30 June 2012 Consolidated *(unaudited)*
V. Earnings per share			
Basic earnings per share	(14)	**0.003**	0.008
Diluted earnings per share	(14)	**0.003**	0.008
VI. Other comprehensive income		**—**	—
VII. Total comprehensive income		**3,202,459.14**	17,510,271.30
Attributable to shareholders of the Company		**5,926,718.60**	18,732,291.51
Minority interests		**(2,724,259.46)**	(1,222,020.21)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2013

(All amounts in RMB Yuan unless otherwise stated)

	Six months ended 30 June 2013 Consolidated (unaudited)	Six months ended 30 June 2012 Consolidated (unaudited)
I. Cash flows from operating activities		
Cash received from sales of goods and provision of services	**881,230,534.53**	745,883,496.89
Cash received relating to other operating activities	**3,983,341.57**	38,926,570.68
Subtotal of cash inflows from operating activities	**885,213,876.10**	784,810,067.57
Cash paid for goods and services	**(694,561,642.95)**	(620,547,583.41)
Cash paid to and on behalf of employees	**(156,377,038.12)**	(152,763,498.51)
Payments of taxes and surcharges	**(27,130,188.05)**	(91,302,118.53)
Cash paid relating to other operating activities	**(26,263,764.07)**	(19,888,996.46)
Subtotal of cash outflows from operating activities	**(904,332,633.19)**	(884,502,196.91)
Net cash flows from operating activities	**(19,118,757.09)**	(99,692,129.34)
II. Cash flows from investing activities		
Cash received from disposal of fixed assets	**34,759.72**	28,651.55
Cash paid to acquire fixed assets	**(232,577,377.14)**	(479,737,757.81)
Net cash flows from investing activities	**(232,542,617.42)**	(479,709,106.26)

	Six months ended 30 June 2013 Consolidated (unaudited)	Six months ended 30 June 2012 Consolidated (unaudited)
III. Cash flows from financing activities		
Cash received from borrowings	**504,450,835.66**	551,000,000.00
Subtotal of cash inflows from financing activities	**504,450,835.66**	551,000,000.00
Cash repayment of loans	**—**	(50,000,000.00)
Cash payments for interest expenses	**(70,326,303.88)**	(33,549,259.33)
Subtotal of cash outflows from financing activities	**(70,326,303.88)**	(83,549,259.33)
Net cash flows from financing activities	**434,124,531.78**	467,450,740.67
IV. Effect of foreign exchange rate changes on cash	**—**	—
V. Net increase/(decrease) in cash and cash equivalents	**182,463,157.27**	(111,950,494.93)
Add: Cash and cash equivalents at beginning of period	**470,196,746.21**	568,501,002.36
VI. Cash and cash equivalent at end of period	**652,659,903.48**	456,550,507.43

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2013

(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 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
Balance at 1 January 2013	552,500,000.00	4,254,754,857.49	—	225,379,515.90	261,710,170.19	5,294,344,543.58	344,812,840.81	5,639,157,384.39
Movements for the six months ended 30 June 2013								
Net profit	—	—	—	—	5,926,718.60	5,926,718.60	(2,724,259.46)	3,202,459.14
Appropriation to specific reserve	—	—	5,811,980.22	—	—	5,811,980.22	79.39	5,812,059.61
Utilisation of specific reserve	—	—	(3,650,543.37)	—	—	(3,650,543.37)	—	(3,650,543.37)
Balance at 30 June 2013	552,500,000.00	4,254,754,857.49	2,161,436.85	225,379,515.90	267,636,888.79	5,302,432,699.03	342,088,660.74	5,644,521,359.77

NOTES TO CONDENSED FINANCIAL INFORMATION (UNAUDITED)

(All amounts in RMB Yuan unless otherwise stated)

(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 2012. 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 2013	31 December 2012
Cash on hand	**101,024.59**	180,693.71
Cash at bank	**652,558,878.89**	470,016,052.50
Restricted cash at banks *(Note (a))*	**21,516,724.37**	12,775,376.75
	674,176,627.85	482,972,122.96

(a) Included in the restricted cash at banks, RMB8,000,000.00 was set aside as the security for issuing bank notes by the banks (31 December 2012: RMB100,000.00), and pursuant to the relevant rules and regulations issued by the government authorities, RMB11,500,674.07 was set aside as guarantee deposits for environmental recovery and safety of production (31 December 2012: RMB10,662,814.07), and RMB2,016,050.30 was set aside as deposits for compensation of industrial injury of migrant workers (31 December 2012: RMB2,012,562.68).

(3) Notes receivable

	30 June 2013	31 December 2012
Bank acceptance notes	**115,946,035.96**	456,807,562.15

The ageing of notes receivable is within 180 days. As at 30 June 2013, the Group did not have any notes receivable pledged to the banks as the guarantee of issuing notes payable (31 December 2012: Nil).

(4) Accounts receivable

	30 June 2013	31 December 2012
Accounts receivable	**19,579,741.65**	48,220,305.34
Less: provision for bad debts	**(2,533,703.08)**	(2,556,853.08)
	17,046,038.57	45,663,452.26

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 2013, there were no significant accounts receivable that were past due but provision for bad debts was not made.

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

	30 June 2013			31 December 2012		
	Amount	**% of total balance**	**Provision for bad debts**	Amount	% of total balance	Provision for bad debts
Within 1 year	**14,316,462.86**	**73.12%**	**—**	43,523,935.06	90.26%	—
1 to 2 years	**984,167.31**	**5.03%**	**—**	1,559,832.80	3.24%	—
2 to 3 years	**1,358,678.70**	**6.94%**	**—**	192,954.70	0.40%	—
3 to 4 years	**7,921.00**	**0.04%**	**(7,921.00)**	394,650.70	0.82%	(7,921.00)
4 to 5 years	**687,931.40**	**3.51%**	**(301,201.70)**	324,351.70	0.67%	(324,351.70)
Over 5 years	**2,224,580.38**	**11.36%**	**(2,224,580.38)**	2,224,580.38	4.61%	(2,224,580.38)
	19,579,741.65	**100.00%**	**2,533,703.08**	48,220,305.34	100.00%	(2,556,853.08)

(5) Long-term equity investments

	30 June 2013	31 December 2012
Joint-venture *(a)*	**142,901,536.62**	147,668,700.85
Associate *(b)*	**—**	3,587,083.97
	142,901,536.62	151,255,784.82

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

(a) Joint-venture

	Accounting treatment	Investment cost	31 December 2012	Share of losses under equity method	**30 June 2013**	Equity interest held	Voting rights held
Hexin Mining	Equity method	145,326,500.00	147,668,700.85	(4,767,164.23)	**142,901,536.62**	50%	50%

(b) Associate

	Accounting treatment	Investment cost	31 December 2012	Reclassified to investment held for sale *Note*	**30 June 2013**	Equity interest held	Voting rights held
Puxiong Mining	Equity method	6,901,029.17	3,587,083.97	(3,587,083.97)	**–**	30%	30%

Note: According to the agreement entered into between the shareholders of Puxiong Mining and Tibet Qiangrui Mining Development Co., Ltd. (hereafter "Qiangrui Mining") on 26 March 2013, the shareholders of Puxiong Mining transferred their 100% equity interest of Puxiong Mining to Qiangrui Mining with a consideration of RMB12,000,000.00. As at 30 June 2013, the equity transfer was still in progress, which was expected to be completed within one year.

(c) Investments in a joint-venture

			30 June 2013			**Six months ended 30 June 2013**	
	Equity interests held	**Voting rights held**	**Total assets**	**Total liabilities**	**Net assets**	**Revenue**	**Net losses**
Joint-venture							
– Hexin Mining	50%	50%	**605,294,740.22**	**408,828,439.69**	**196,466,300.53**	**52,851,455.30**	**(9,534,328.47)**

(6) Fixed assets

	Building	Mining structure	Machinery and equipment	Electronic equipment and others	Motor vehicles	Total
Cost						
31 December 2012	712,109,527.30	295,641,545.82	1,122,454,407.93	24,809,469.48	60,846,836.25	2,215,861,786.78
Transfer-in from construction in progress	1,918,949.18	270,513.28	2,184,355.95	157,520.23	—	4,531,338.64
Additions	—	—	1,421,308.68	1,469,778.21	1,929,219.32	4,820,306.21
Disposals	—	—	(14,163.14)	(25,910.00)	(237,130.00)	(277,203.14)
30 June 2013	**714,028,476.48**	**295,912,059.10**	**1,126,045,909.42**	**26,410,857.92**	**62,538,925.57**	**2,224,936,228.49**
Accumulated depreciation						
31 December 2012	213,635,704.00	66,734,648.73	259,877,149.44	14,454,229.47	25,227,618.16	579,929,349.80
Additions	12,836,025.61	7,686,850.66	37,520,202.73	1,837,400.17	2,562,444.73	62,442,923.90
Disposals	—	—	(1,335.34)	(9,734.73)	(230,016.10)	(241,086.17)
30 June 2013	**226,471,729.61**	**74,421,499.39**	**297,396,016.83**	**16,281,894.91**	**27,560,046.79**	**642,131,187.53**
Net book value						
30 June 2013	**487,556,746.87**	**221,490,559.71**	**828,649,892.59**	**10,128,963.01**	**34,978,878.78**	**1,582,805,040.96**
31 December 2012	498,473,823.30	228,906,897.09	862,577,258.49	10,355,240.01	35,619,218.09	1,635,932,436.98

As at 31 December 2012 and 30 June 2013, the Group has not pledged any fixed assets.

For the six months ended 30 June 2013, RMB57,193,904.87 of the depreciation expense of fixed assets had been charged to cost of sales, RMB4,259,089.56 to general and administrative expense, RMB72,055.10 to selling expense and RMB917,874.37 to construction in progress (six months ended 30 June 2012: RMB40,803,399.27, RMB3,311,254.24, RMB53,496.73 and RMB1,060,804.33, respectively).

The costs of fixed assets transferred-in from construction in progress amounted to RMB4,531,338.64 for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB75,797,595.92).

(7) Intangible assets

	31 December 2012	Additions/ (Reductions)	**30 June 2013**
Total cost	1,116,335,904.96	—	**1,116,335,904.96**
Mining rights	699,654,158.24	—	**699,654,158.24**
Exploration rights	208,153,000.00	—	**208,153,000.00**
Land use rights	207,101,115.12	—	**207,101,115.12**
Others	1,427,631.60	—	**1,427,631.60**
Total accumulated amortisation	90,349,182.81	8,860,979.64	**99,210,162.45**
Mining rights	71,523,948.37	7,272,793.18	**78,796,741.55**
Land use rights	17,858,936.86	1,499,996.28	**19,358,933.14**
Others	966,297.58	88,190.18	**1,054,487.76**
Total net book value	1,025,986,722.15	(8,860,979.64)	**1,017,125,742.51**
Mining rights	628,130,209.87	(7,272,793.18)	**620,857,416.69**
Exploration rights	208,153,000.00	—	**208,153,000.00**
Land use rights	189,242,178.26	(1,499,996.28)	**187,742,181.98**
Others	461,334.02	(88,190.18)	**373,143.84**

For the six months ended 30 June 2013, the amortisation expense of intangible assets was RMB8,860,979.64 (six months ended 30 June 2012: RMB8,865,075.33).

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 2013, relevant materials required for the conversion had been submitted, and the application was yet to be approved.

As at 30 June 2013 and 31 December 2012, no impairment provision was made on intangible assets.

None of intangible assets was pledged for borrowings.

As at 30 June 2013 and 31 December 2012, the Group's land use rights were located in mainland China with land use right periods ranging from 5-70 years.

(8) Accounts payable

	30 June 2013	31 December 2012
Payable for materials	**109,630,652.41**	109,928,799.99
Services fee payable	**50,023,618.67**	44,663,300.85
Transportation fee payable	**3,665,439.16**	6,417,936.21
Others	**1,114,265.36**	921,494.79
	164,433,975.60	161,931,531.84

(a) As at 30 June 2013, there were no payables due to shareholders who held more than 5% (including 5%) of the voting rights in the Company (31 December 2012: Nil).

(b) As at 30 June 2013, accounts payable over one year with carrying amount of RMB5,313,283.28 (31 December 2012: RMB6,925,282.89) were mainly payables for purchase of materials.

(c) The ageing analysis of trade payables based on their recording dates are as follows:

	30 June 2013	31 December 2012
Within 3 months	**133,662,854.39**	136,855,237.88
3 to 6 months	**9,519,717.90**	8,759,344.21
Above 6 months	**21,251,403.31**	16,316,949.75
	164,433,975.60	161,931,531.84

(9) Revenue and cost of sales

	Six months ended 30 June 2013	Six months ended 30 June 2012
Revenue from main operation *(a)*	**395,062,192.65**	669,440,387.61
Revenue from other operation	**30,930,982.88**	12,468,626.72
	425,993,175.53	681,909,014.33

	Six months ended 30 June 2013	Six months ended 30 June 2012
Cost of main operation *(a)*	**333,905,575.16**	566,906,974.88
Cost of other operation	**9,455,136.45**	10,445,089.69
	343,360,711.61	577,352,064.57

(a) Revenue and cost of sales from main operation

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

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Revenue from main operation	**Cost of main operation**	Revenue from main operation	Cost of main operation
Nickel cathode	**243,780,419.45**	**225,901,657.58**	493,543,938.00	443,242,895.31
Copper cathode	**144,624,185.37**	**104,515,628.19**	161,357,191.15	115,833,593.84
Copper concentrate	**5,119,389.42**	**1,441,515.61**	12,306,800.05	3,949,265.40
Others	**1,538,198.41**	**2,046,773.78**	2,232,458.41	3,881,220.33
	395,062,192.65	**333,905,575.16**	669,440,387.61	566,906,974.88

(10) Finance expenses – net

	Six months ended 30 June 2013	Six months ended 30 June 2012
Interest income on bank deposits	**2,765,819.27**	4,532,642.70
Interest expense on borrowings	**(3,036,385.34)**	(10,605,856.46)
Bank charges	**(218,125.69)**	(108,021.85)
Unwinding of discount	**(165,506.49)**	—
Foreign exchange gains/(losses)	**3,165.82**	(270.91)
	(651,032.43)	(6,181,506.52)

(11) Asset impairment losses

	Six months ended 30 June 2013	Six months ended 30 June 2012
Provision for decline in value of inventories	**6,469,288.13**	1,183,081.08
Provision for/(written back of) bad debt provision – net	**(23,150.00)**	534,531.78
	6,446,138.13	1,717,612.86

(12) Investment losses

	Six months ended 30 June 2013	Six months ended 30 June 2012
Share of losses of a joint-venture under equity method	**(4,767,164.23)**	(4,809,910.79)
Share of losses of an associate under equity method	**—**	(278,936.33)
	(4,767,164.23)	(5,088,847.12)

(13) Income tax expenses

	Six months ended 30 June 2013	Six months ended 30 June 2012
Current income tax – outside Hong Kong	**4,961,389.13**	9,504,051.01
Deferred income tax – outside Hong Kong	**(4,092,798.21)**	(5,054,692.88)
	868,590.92	4,449,358.13

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 2013	Six months ended 30 June 2012
Total profit	**4,071,050.06**	21,959,629.43
Income tax expenses calculated at statutory tax rate of 25%	**1,017,762.52**	5,489,907.36
Effect of tax reductions	**(3,119,407.87)**	(3,455,206.28)
Effect of change in the tax rates	**1,878,809.91**	—
Income not subject to tax identification	**—**	1,272,211.78
Costs, expenses and losses not deductible for tax purposes	**1,097,168.09**	299,206.73
Deductible temporary differences for which no deferred tax assets were recognised	**1,453,020.10**	843,238.53
Differences recognised by tax law for previous year's losses	**(1,458,761.83)**	—
	868,590.92	4,449,358.13

(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	**5,926,718.60**	18,732,291.51
Weighted average number of ordinary shares outstanding	**2,210,000,000.00**	2,210,000,000.00
Basic/diluted earnings per share	**0.003**	0.008

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 2013 (for the six months ended 30 June 2012 : 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 2013 and 2012, 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 2013, revenue from top three customers of the Group accounted for 13.38%, 12.86% and 11.64% of the total revenue of the Group respectively (six months ended 30 June 2012: 20.63%, 20.31% and 8.86%, respectively).

(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 2013	31 December 2012
Buildings, machinery, and equipment	**779,460,278.54**	889,366,358.97

(b) Operating lease commitments

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

	30 June 2013	31 December 2012
Within 1 year	**1,635,930.00**	1,635,930.00
1 to 2 years	**1,635,930.00**	1,635,930.00
2 to 3 years	**817,965.00**	1,635,930.00
	4,089,825.00	4,907,790.00