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 2014 INTERIM RESULTS

OPERATING AND FINANCIAL HIGHLIGHTS

- Consolidated revenue was RMB1,139.4 million, representing an increase of 167.5% as compared to that for the Same Period Last Year, RMB426.0 million, mainly due to the increase in production volume of nickel cathode and copper cathode during the Period, and the rebound in the price of domestic nickel cathode market during the Period pushed the sales of 2013 closing inventory of 4,383 tons of nickel cathode.

- Consolidated total net profit attributable to the shareholders of the Company was RMB66.3 million, representing an increase of 1,018.4% as compared to that for the Same Period Last Year, RMB5.9 million, mainly due to the substantial increase in sales volume and the decrease in cost of sales of products of the Group for the Period and the rebound in market price of nickel cathode in the second quarter of 2014 which expanded the gross profit margin.

- Basic earnings per share attributable to the shareholders of the Company amounted to RMB0.03, representing an increase of RMB0.027 per share as compared to that for the Same Period Last Year.

- The Board does not recommend a payment of interim dividend for 2014.

* *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 2014 (the "Period"), together with the unaudited consolidated operating results for the six months ended 30 June 2013 ("First Half of 2013" 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 RMB1,139.4 million, representing an increase of 167.5% as compared to that for the Same Period Last Year, mainly due to the fact that during the Period, the sales of nickel cathode and copper cathode, which are the Group's major products, increased by 310.2% and 7.0% as compared to that for the Same Period Last Year, respectively. The consolidated net profit attributable to the shareholders of the Company was RMB66.3 million, representing an increase of 1,018.4% as compared to that for the Same Period Last Year, mainly due to the substantial increase in the sales volume and the decrease in cost of sales of products of the Group for the Period and the prices rebound of nickel cathode in the second quarter of 2014 which in turn improved the gross profit.

Basic earnings per share attributable to the shareholders of the Company for the Period amounted to RMB0.03, representing an increase of RMB0.027 per share as compared to that for the Same Period Last Year. The increase in basic earnings per share was mainly due to the increase in net profit.

The Board does not recommend any payment of interim dividend for 2014.

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

2. RESOURCES AND RESERVES

As at 30 June 2014, 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 contents	**Grade**		**Metal contents**	
		Cu	**Ni**	**Cu**	**Ni**
	(t)	*(%)*	*(%)*	*(t)*	*(t)*
Resources as at 30 June 2014					
Kalatongke nickel-copper mine	32,607,402	0.99	0.56	323,895	180,861
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	83,015,729	0.27	0.45	226,490	372,292
Total	115,623,131			550,385	553,153
Reserves as at 30 June 2014					
Kalatongke nickel-copper mine	18,628,920	1.01	0.61	188,639	113,460
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	32,634,979	0.30	0.49	99,566	161,174
Total	51,263,899			288,205	274,634

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 2014, the resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River, which are 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 2014			
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, London Metal Exchange ("LME") average three-month future price of nickel cathode was US$16,610 per tonne (among which, US$14,704 per tonne for the first quarter and US$18,516 per tonne for the second quarter), representing an increase of 2.6% from US$16,197 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US$6,881 per tonne (among which, US$6,999 per tonne for the first quarter and US$6,763 per tonne for the second quarter), representing a decrease of 9.1% from 7,571 per tonne for the Same Period Last Year.

During the Period, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Nonferrous Metals Spot Market was RMB112,114 per tonne (among which, RMB96,195 per tonne for the first quarter and RMB128,034 per tonne for the second quarter), representing a decrease of 1.6% from RMB113,891 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB49,379 per tonne (among which, RMB49,464 per tonne for the first quarter and RMB49,293 per tonne for the second quarter), representing a decrease of 10.3% from RMB55,017 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 2014, 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 2014, and the market may fluctuate slightly.

In the second half of 2014, the Group will continue to expand its production scale. The Group plans to produce 5,703 tonnes of nickel cathode, and 60,280 tonnes of copper cathode (among which, Fukang Refinery produces 3,505 tonnes and Xinjiang Wuxin Copper Company Limited ("Wuxin Copper") produces 56,775 tonnes). The Board would like to emphasize that due to the uncertainties in metal prices and the domestic raw materials market, the above plan has been made solely on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan according to the changes of situation.

In the second half of 2014, the Group will endeavor to stabilize the production capacity and uplift the level of skills and techniques of existing projects, strengthen the management, improve the recycle rate of metal, and reduce the production costs, with an aim to improving the operational efficiency and economic benefits of the Group.

Business Review

During the Period, the consolidated revenue of the Group amounted to RMB1,139.4 million, representing an increase of 167.5% from RMB426.0 million for the Same Period Last Year. The total consolidated net profit amounted to RMB53.6 million, representing an increase of 1,572.8% from RMB3.2 million for the Same Period Last Year. Among which, the total consolidated net profit attributable to the shareholders of the Company was RMB66.3 million, representing an increase of 1,018.4% from RMB5.9 million for the Same Period Last Year.

During the Period, the Group produced 5,297 tonnes of nickel cathode, representing an increase of 20.1% as compared to 4,411 tonnes for the Same Period Last Year, and produced 3,830 tonnes of copper cathode, representing an increase of 35.4% comparing to 2,828 tonnes for the Same Period Last Year.

During the Period, the Group sold 9,680 tonnes of nickel cathode, representing an increase of 310.2% as compared to 2,360 tonnes for the Same Period Last Year, and sold 3,273 tonnes of copper cathode, representing an increase of 7.0% from 3,058 tonnes for the Same Period Last Year. The increase in the sales of nickel cathode and copper cathode was mainly due to the increase in the production volume of nickel cathode and copper cathode during the Period and the increase in the sales of 4,383 tonnes nickel cathode, the inventory at the end of 2013, as a result of the price rebound of nickel cathode during the Period.

During the Period, the average selling price of nickel cathode of the Group (excluding tax) was RMB99,227 per tonne, among which, RMB81,951 per tonne for the first quarter and RMB109,051 per tonne for the second quarter. The average selling price of copper cathode (excluding tax) was RMB41,899 per tonne, among which, RMB41,942 per tonne for the first quarter and RMB41,865 per tonne for the second quarter.

Mineral Exploration, Mine Development and Ore Mining Activities

Mineral Exploration

During the Period, Kalatongke Mining, a wholly-owned subsidiary of the Company, mainly completed 4,764.20 meters of drilling in pit. It also jointly carried out the project of "special research on prospecting in the deep ore body of the Kalatongke Copper and Nickel Mine in Fuyun County, Xinjiang" with the Institue of Geology and Geophysics under the Chinese Academy of Science. Xinjiang Yakesi and Hami Jubao mainly completed mineral exploration projects such as 120 meters of tunnel exploration, 1,540.90 meters of drilling in pit, 1,775.50 meters of surface drilling, 1,623 meters of borehole three-component magnetic survey and 12.1 kilometers of 1: 5000 gravity profile surveying.

During the Period, the Group's mineral exploration expenditure amounted to RMB3.3 million.

Mine Development

During the Period, Kalatongke Mining completed excavation of 1,722 meters at 410 meters level of tunnel, excavation of 203 meters from line 59 to 79 at 410 meters level of exploration tunnel for No. 3 ore of Kalatongke nickel-copper mine. No. 3 ore completed the excavation of 322 meters for tunnel access in the direction of No. 3 wind well, and the construction of drainage ditch of 300 meters on the completed ramp between 410 meters and 530 meters level. Xinjiang Yakesi completed certain mining development projects for the mid-section of 150,250,350,450 and 530 for No. 30 ore body of Huangshanxi, including the excavation of 2,534 meters of various tunnels, excavation of 239 cubic meters of various chambers and pouring of 2,842 cubic meters of various chambers.

During the Period, the Group's total expenditure for the mine development and construction amounted to RMB34.6 million.

Ore Mining

During the Period, Kalatongke Mining produced 316,338 tonnes of ores. Xinjiang Yakesi and Hami Jubao produced 316,485 tonnes of ores.

During the Period, the aggregate expenditure on the ore mining operation of the Group was RMB139.0 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:

Product Name	**For the period ended 30 June 2014**			For the period ended 30 June 2013		
	Sales Volume	**Amount**	**% to**	Sales Volume	Amount	% to
	Tonnes	*RMB'000*	*Revenue*	*Tonnes*	*RMB'000*	*Revenue*
Nickel cathode	**9,680**	**960,549**	**84.3%**	2,360.3	243,780	57.2%
Copper cathode	**3,273**	**137,129**	**12.0%**	3,057.5	144,624	34.0%
Copper concentrate	**877**	**4,256**	**0.4%**	461.6	5,120	1.2%
Other products		**37,460**	**3.3%**		32,469	7.6%
Total revenue		**1,139,394**	**100.0%**		425,993	100.0%
Cost of sales		**(944,599)**	**82.9%**		(343,361)	80.6%
Included: Nickel cathode		**(804,447)**			(225,902)	
Copper cathode		**(116,897)**			(104,516)	
Copper concentrate		**(1,424)**			(1,442)	
Other products		**(21,831)**			(11,501)	
Gross profit		**194,795**	**17.1%**		82,632	19.4%

During the Period, the revenue of nickel cathode of the Group increased by 294% to RMB960.5 million as compared to that in the Same Period Last Year. The average selling price of nickel cathode decreased by 3.9% to RMB99,227 per tonne as compared to the Same Period Last Year. The sales volume of nickel cathode increased by 310.2% to 9,680 tonnes as compared to the Same Period Last Year.

During the Period, the revenue of copper cathode of the Group decreased by 5.2% to RMB137.1 million as compared to that in the Same Period Last Year. The average selling price of copper cathode decreased by 11.4% to RMB41,899 per tonne as compared to the Same Period Last Year. The sales volume of copper cathode of the Group increased by 7.0% to 3,273 tonnes as compared to the Same Period Last Year.

During the Period, the revenue of copper concentrate of the Group was RMB4.3 million, the average selling price of copper concentrate was RMB4,853 per tonne and its sales volume was 877 tonnes.

During the Period, the revenue of other products of the Group increased by 15.4% to RMB37.5 million as compared to the Same Period Last Year. The increase in revenue was due to the increase in the sales volume of gold during the Period.

During the Period, the cost of sales per unit of nickel cathode of the Group decreased by approximately 13.2% to RMB83,102 per tonne as compared to the Same Period Last Year. The cost of sales per unit of copper cathode increased by approximately 4.5% as compared to the Same Period Last Year to RMB35,717 per tonne.

During the Period, the gross profit of the Group was RMB194.8 million, representing an increase of 135.7% as compared to RMB82.6 million of the Same Period Last Year.

Sales and marketing costs

During the Period, sales and marketing costs of the Group increased by 160% to RMB10.3 million as compared to that in the Same Period Last Year, mainly due to the 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 increased by 3.9% to RMB65.6 million as compared to that in the Same Period Last Year, the increase in the administrative expenses was mainly due to the increase in property related taxes as a result of the commencement of the utilisation of some construction projects progressively as compared to the Same Period Last Year.

Finance expenses-net

Finance expenses-net of the Group for the Period increased to RMB49.7 million as compared to that for the Same Period Last Year of RMB0.7 million, mainly due to the increase in finance expenses resulting from the issuance of medium-term notes and the interest expenses arising from the loan attributable to the fixed assets of Kalatongke Mining which were transferred from the project under construction during the Period.

Investment losses

Investment losses of the Group for the Period increased to RMB17.8 million from RMB4.8 million of the Same Period Last Year, mainly due to the losses arising from the settlement of part of the futures contracts during the Period of RMB16.2 million.

Financial position

The consolidated balance sheet of the Group remains strong. As at 30 June 2014, the shareholders' equity increased by 1.0% to RMB5,642.3 million as compared to 31 December 2013. As at 30 June 2014, total assets increased by 5.0% to RMB11,614.1 million as compared to 31 December 2013, primarily due to the fact that the Group received the medium-term notes issued by the Company to supplement the working capital and the operating profits generated during the Period.

For the six months ended 30 June 2014, the Group's net cash outflow generated from operating activities was RMB93.5 million, representing an increase of RMB74.4 million as compared to its net cash outflow in the Same Period Last Year, primarily due to the increase in the raw materials storage of Wuxin Copper prepared for its trial production. Net cash outflow generated from investing activities of RMB273.1 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 RMB287.7 million mainly consisted of the medium-term notes issued during the Period by the Company of RMB500.0 million (among which, RMB200.0 million was used to repay the short-term borrowings from the bank, and RMB300.0 million was used to supplement the working capital of the Company).

Liquidity and Financial Resources

As at 30 June 2014, the Group had total cash and cash equivalents amounting to RMB499.0 million, and those as at 31 December 2013 were RMB577.9 million.

	As at 30 June 2014	As at 31 December 2013
Current Ratio *(Times)*	**1.3**	1.1
Gearing Ratio (Total borrowings/total assets)	**40.0%**	38.7%

As at 30 June 2014, the aggregate amount of borrowings of the Group was RMB4,661.3 million, of which, the working capital borrowings by the Company was RMB210.0 million, the proceeds from the issuance of medium-term notes was RMB500.0 million, the technological renovation and expansion projects borrowings by Xinjiang Yakesi was RMB822.0 million, the working capital and infrastructure projects borrowings by a controlling subsidiary of the Company,Wuxin Copper, was RMB2,650.6 million (including the entrustment loan of RMB120.0 million which Wuxin Copper borrowed from a shareholder of the Company, Xinjiang Non-ferrous Metal Industry (Group) Ltd. ("Non-ferrous Group") and gold lease financing of RMB330.5 million), the working capital borrowings by Kalatongke Mining was RMB428.7 million (including gold lease financing of RMB88.7 million), and the interest-free borrowings by Beijing Xinding Shunze High Technology Co., Ltd., a wholly-owned subsidiary of the Company, from Non-ferrous Group was RMB50.0 million (as at 30 June 2014, the provision made for discounted interest was RMB5.6 million).

As at 30 June 2014, the Group's total borrowings amounted to RMB4,661.3 million (as at 31 December 2013: RMB4,335.2 million), including floating rate borrowings amounted to RMB2,459.7 million (as at 31 December 2013: RMB2,769.4 million), fixed rate borrowings amounted to RMB1,732.4 million (as at 31 December 2013: RMB1,515.8 million), gold lease financing amounted to RMB419.2 million (as at 31 December 2013: Nil), and the interest-free loan amounted to RMB50.0 million (as at 31 December 2013: RMB50.0 million). Out of the total borrowings, US dollar borrowings amounted and equivalent to RMB2.3 million (as at 31 December 2013: equivalent to RMB195.8 million) and RMB borrowings amounted to RMB4,659.0 million (as at 31 December 2013: RMB4,139.4 million); secured borrowings amounted to RMB380.0 million (as at 31 December 2013: RMB200.0 million) and unsecured borrowings amounted to RMB4,281.3 million (as at 31 December 2013: RMB4,135.2 million).

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 Period:

	Six months ended 30 June 2014	
	RMB'000	*Percentage %*
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	65,111	16.7%
Refining and complementary operations in Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd.	7,475	1.9%
Mining and ore processing operations in Xinjiang Yakesi	89,359	22.9%
Mining operation in Hami Jubao	3,766	1.0%
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	3,280	0.8%
Smelting operating of Wuxin Copper with capacity of 100,000 tonnes	190,940	48.9%
Research and development of non-ferrous metal industrial products and storage base project of Beijing Xinding	30,593	7.8%
	390,524	100.0%

4. SHARE CAPITAL AND DIVIDENDS

(A) Share Capital

The Company's share capital as at 30 June 2014 is as follows:

	Number of shares issued	**% of share 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 2014, 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 Mining Co., Ltd. ("Shanghai Yilian") *(Note)*	282,896,000(L)	Domestic share	19.50	12.80
Zhongjin Investment (Group) Co., Ltd. ("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 2014, 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 2014 (Nil for 2013).

5. DIRECTORS' INTEREST

(A) Directors' and Supervisors' Interests in Contracts

As at 30 June 2014, none of the directors or supervisors of the Company had any material interests, 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 2014, 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					
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

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

Save as disclosed above, none of the directors or supervisors of the Company or their respective associates had, as at 30 June 2014, any interests or short positions in 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 2014.

(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.

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. INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans and interest-bearing long-term borrowings. Bank deposits and loans at variable rate expose the Group to cash flow interest rate risk. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 30 June 2014, among the Group's interest bearing borrowings, borrowings at floating rates amounted to RMB2,459.7 million. Had annual interest rates of deposits and loans been lower/higher by 10%, provided all other variables held constant, the Group's net profit for the Period would have increased/decreased by approximately RMB0.3 million.

9. 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.

10. CHARGE ON ASSETS

As at 30 June 2014, a restricted cash of RMB44.1 million out of the cash of the Group (including cash in bank and on hand) was set aside as the security for issuing bank acceptance notes and other purposes. Wuxin Copper, a subsidiary of the Company, entered into two mortgage agreements with the bank in 2013 in respect of the pledge of copper concentrate inventories with the value of RMB303.9 million for securing the bank borrowings of RMB200.0 million. As at 30 June 2014, such bank borrowings were not repaid. During the Period, Wuxin Copper entered into a gold lease contract with the bank in respect of the pledge of copper concentrate inventories with the value of RMB151.2 million for securing the gold lease of approximately RMB100.0 million. During the Period, Wuxin Copper entered into another mortgage agreement with the bank to obtain bank borrowings in relation to the pledge of the industrial plant in progress and the land use right with an aggregate value of RMB745.9 million and the bank borrowings obtained was RMB80.0 million as at 30 June 2014.

Save as disclosed, there were no other charges or pledges of assets in the Group as at 30 June 2014.

11. MATERIAL LITIGATION OR ARBITRATION

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

12. 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(23) 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 in the PRC, the 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 (1) the exact nature and extent of the contamination at various sites including, but not limited to mines and land development areas, whether under operation, closed or sold, (2) the extent of required cleanup efforts, (3) varying costs of alternative remediation strategies, (4) changes in environmental remediation requirements, and (5) 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) Provision of guarantee

The Company and the joint venture partner provided joint guarantees for the bank borrowings by Hexin Mining of RMB 377,000,000.00 in which the Company issued corporate guarantees to the related lender of Hexin Mining in the amount of RMB188,500,000.00 (31 December 2013: RMB184,750,000.00). Such corporate guarantees remained in force as at 30 June 2014.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2014.

13. MAJOR ACQUISITIONS AND DISPOSALS

During the period, the Group had no major acquisitions and disposals of assets.

14. 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.

15. EMPLOYEES AND WELFARE

As at 30 June 2014, the Group had a total of 3,759 employees. Breakdowns by functions and divisions are as follows:

Division	**Employees**	**Total** *(In percentage)*
Management and administration	220	5.9%
Engineering technician	574	15.3%
Production staff	2,145	57.1%
Repair and maintenance	588	15.6%
Inspection	208	5.5%
Sales	24	0.6%
	3,759	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.

16. USE OF PROCEEDS

During the Period, the Company did not utilise any proceeds from the initial public offering.

17. 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.

18. 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 safeguard the interests of shareholders and other stakeholders and enhance the shareholder value.

The Company has fully complied with all code provisions prescribed in the Corporate Governance Code ("CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the Period.

Subsequent to the resignation of the chairman of the Board, Mr. Yuan Ze, on 5 August 2014, the Company deviates from the Code Provision A.5.1 of the CG Code as the nomination committee of the Company is not chaired by the chairman of the Board. The Company will endeavour to appoint an appropriate person to fill the vacancy of the chairman of the Board.

19. BOARD OF DIRECTORS

The Board currently consists of eight directors, including three executive directors, two non-executive directors and three independent non-executive directors. During the Period, the Board convened two meetings (with an attendance rate of 16/16).

20. 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 4/5).

21. 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.

22. 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.

23. DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S 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 kunlun.wsfg.hk. The 2014 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.
Zhou Chuanyou
Vice Chairman

Xinjiang, the PRC, 22 August 2014

As at the date of this announcement, the executive Directors are 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 2014

(All amounts in RMB Yuan unless otherwise stated)

	Note	**30 June 2014 Consolidated *(unaudited)***	31 December 2013 Consolidated *(audited)*
ASSETS			
Current assets			
Cash at bank and on hand	(2)	**543,111,523.19**	651,010,080.21
Notes receivable	(3)	**493,211,592.17**	133,886,691.82
Interest receivable		**245,719.69**	245,719.69
Accounts receivable	(4)	**176,553,196.89**	22,900,277.31
Advances to suppliers		**166,297,152.16**	280,532,390.93
Other receivables		**71,134,219.54**	62,520,664.23
Inventories		**2,217,573,583.55**	1,923,981,097.13
Other current assets		**298,768,755.65**	354,074,494.70
Total current assets		**3,966,895,742.84**	3,429,151,416.02
Non-Current assets			
Long-term equity investments	(5)	**150,907,123.51**	148,419,053.08
Fixed assets	(6)	**2,577,053,520.62**	2,628,112,008.92
Construction materials		**3,198,550.32**	4,266,819.31
Construction in progress		**3,729,519,587.68**	3,657,516,423.72
Intangible assets	(7)	**1,024,353,164.52**	1,033,453,316.15
Goodwill		**28,087,550.20**	28,087,550.20
Long-term prepaid expenses		**352,520.61**	400,406.52
Deferred tax assets		**47,090,775.91**	43,164,884.23
Other non-current assets		**86,619,500.00**	86,619,500.00
Total non-current assets		**7,647,182,293.37**	7,630,039,962.13
TOTAL ASSETS		**11,614,078,036.21**	11,059,191,378.15

	Note	**30 June 2014 Consolidated *(unaudited)***	31 December 2013 Consolidated *(audited)*
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans		**1,195,817,424.06**	1,783,765,982.36
Financial liabilities at fair value through profit or loss	(8)	**427,731,640.00**	7,521,800.00
Notes payable	(9)	**23,907,534.42**	40,000,000.00
Accounts payable		**412,177,407.91**	272,831,076.59
Advances from customers		**48,604,176.55**	77,211,138.47
Employee benefits payable		**49,702,349.11**	54,433,598.44
Taxes payable		**27,590,446.96**	17,045,455.77
Interest payable		**16,651,496.27**	7,270,360.33
Other payables		**530,635,817.82**	468,800,548.88
Current portion of non-current liabilities		**453,130,000.00**	451,700,000.00
Total current liabilities		**3,185,948,293.10**	3,180,579,960.84
Non-current liabilities			
Provisions		**6,523,554.58**	6,348,279.62
Long-term loans		**2,043,100,000.00**	2,049,700,000.00
Bonds payable		**500,000,000.00**	—
Long-term payables		**44,374,145.94**	43,069,517.66
Deferred tax liabilities		**139,619,711.84**	139,980,434.51
Other non-current liabilities		**52,249,003.48**	51,908,349.38
Total non-current liabilities		**2,785,866,415.84**	2,291,006,581.17
Total liabilities		**5,971,814,708.94**	5,471,586,542.01
Shareholders' equity			
Share capital		**552,500,000.00**	552,500,000.00
Capital surplus		**4,254,754,857.49**	4,254,754,857.49
Specific reserve		**2,825,649.61**	1,739,144.73
Surplus reserve		**225,379,515.90**	225,379,515.90
Undistributed profits		**269,483,064.79**	203,196,020.03
Total equity attributable to shareholders of the Company		**5,304,943,087.79**	5,237,569,538.15
Minority interests		**337,320,239.48**	350,035,297.99
Total shareholders' equity		**5,642,263,327.27**	5,587,604,836.14
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,614,078,036.21**	11,059,191,378.15

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2014

(All amounts in RMB Yuan unless otherwise stated)

	Note	**Six months ended 30 June 2014 Consolidated *(unaudited)***	Six months ended 30 June 2013 Consolidated *(unaudited)*
I. Revenue	(10)	**1,139,394,197.99**	425,993,175.53
Less: Cost of sales	(10)	**(944,598,576.51)**	(343,360,711.61)
Taxes and surcharges		**(7,193,627.21)**	(1,154,555.87)
Selling and distribution expenses		**(10,342,050.51)**	(3,977,302.21)
General and administrative expenses		**(65,581,880.63)**	(63,140,388.15)
Finance expenses — net	(11)	**(49,654,128.31)**	(651,032.43)
Asset impairment write-back/(losses)	(12)	**10,473,786.73**	(6,446,138.13)
Add: Losses on the changes in fair value of futures contracts		**(961,500.00)**	—
Investment losses	(13)	**(17,766,682.53)**	(4,767,164.23)
Including: Share of losses of associate and a joint-venture		**(1,571,953.89)**	(4,767,164.23)
II. Operating profit		**53,769,539.02**	2,495,882.90
Add: Non-operating income		**2,205,070.08**	1,773,183.09
Less: Non-operating expenses		**(459,935.95)**	(198,015.93)
Including: Losses on disposal of non-current assets		**—**	(1,357.24)
III. Total profit		**55,514,673.15**	4,071,050.06
Less: Income tax expenses	(14)	**(1,943,055.18)**	(868,590.92)
IV. Net profit		**53,571,617.97**	3,202,459.14
Attributable to shareholders of the Company		**66,287,044.76**	5,926,718.60
Minority interests		**(12,715,426.79)**	(2,724,259.46)
V. Earnings per share			
Basic earnings per share	(15)	**0.03**	0.003
Diluted earnings per share	(15)	**0.03**	0.003
VI. Other comprehensive income after tax		**—**	—
VII. Total comprehensive income		**53,571,617.97**	3,202,459.14
Attributable to shareholders of the Company		**66,287,044.76**	5,926,718.60
Minority interests		**(12,715,426.79)**	(2,724,259.46)

NOTES TO 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 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on and after 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 Ministry of Finance issued the Accounting Standards for Business Enterprises No. 39 - fair value measurement and No. 40 - the joint venture arrangement and revised standard No. 30 - presentation of financial statements and No. 33 - the consolidated financial statements in 2014. The above standards will take effect on 1 July 2014 and overseas listed companies are encouraged to implement in advance. The Company is a H share listed company, and has therefore early adopted the above standards for the preparation of its financial statements for the year of 2013 and first half-year of 2014.

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 2013. 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 2014	31 December 2013
Cash on hand	**104,096.85**	82,891.23
Cash at bank	**498,914,241.81**	577,825,049.02
Restricted cash at banks *(a)*	**44,093,184.53**	73,102,139.96
	543,111,523.19	651,010,080.21

(a) Included in the restricted cash at banks, cash balances of RMB10,434,094.69 represented deposits of the Group for the purpose of applying for irrevocable bank letters of guarantee (31 December 2013: RMB39,490,456.53); RMB13,703,545.47 was set aside as the security for issuing bank notes by the banks (31 December 2013: RMB20,000,000.00); RMB5,004,520.88 was set aside as the security for gold lease (31 December 2013: Nil); RMB12,928,185.24 was set aside as guarantee deposits for environmental recovery and safety of production subject to relevant regulations promulgated by related governmental departments (31 December 2013: RMB11,590,214.67); and RMB2,022,838.25 was set aside as deposits for compensation of industrial injury of migrant workers (31 December 2013: RMB2,021,468.76).

(3) Notes receivable

	30 June 2014	31 December 2013
Bank acceptance notes	**493,211,592.17**	133,886,691.82

The ageing of notes receivable of the Group is within 180 days. As at 30 June 2014, the Group did not have any notes receivable pledged to the bank as the guarantee of issuing notes payable (31 December 2013: Nil).

(4) Accounts receivable

	30 June 2014	31 December 2013
Accounts receivable	**180,515,101.31**	26,474,876.63
Less: provision for bad debts	**(3,961,904.42)**	(3,574,599.32)
	176,553,196.89	22,900,277.31

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 2014 and 31 December 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 2014			31 December 2013		
	Amount	**% of total balance**	**Provision for bad debts**	Amount	% of total balance	Provision for bad debts
Within 1 year	**175,148,734.38**	**97.03%**	**—**	21,388,180.75	80.79%	—
1 to 2 years	**1,056,431.05**	**0.59%**	**(79,830.54)**	776,760.00	2.93%	—
2 to 3 years	**1,196,548.40**	**0.66%**	**(768,686.40)**	1,196,548.40	4.52%	(461,211.84)
3 to 4 years	**192,954.70**	**0.11%**	**(192,954.70)**	192,954.70	0.73%	(192,954.70)
4 to 5 years	**386,729.70**	**0.21%**	**(386,729.70)**	394,650.70	1.49%	(394,650.70)
Over 5 years	**2,533,703.08**	**1.40%**	**(2,533,703.08)**	2,525,782.08	9.54%	(2,525,782.08)
	180,515,101.31	**100.00%**	**(3,961,904.42)**	26,474,876.63	100.00%	(3,574,599.32)

(5) Long-term equity investments

	30 June 2014	31 December 2013
Joint-venture *(a)*		
— Quoted	**—**	—
— Unquoted	**150,907,123.51**	148,419,053.08
	150,907,123.51	148,419,053.08

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

(a) Joint-venture

Long-term equity investment in joint ventures

				Current period movement								
	Accounting Method	Investment cost	31 December 2013	Increase/ Decrease in investment	Share of net profit using the equity method	Cash dividend declared	Other changes in equity	**30 June 2014**	**Share holding (%)**	**Voting rights (%)**	**Provision for impairment**	**Impairment provided in the current period**
Hexin Mining	Equity	145,326,500.00	148,419,053.08	–	2,488,070.43	–	–	**150,907,123.51**	**50%**	**50%**	**–**	**–**

The place of registration and main premises of Hexin Mining are both in China, Hexin Mining is one of the main raw material suppliers of the Group and it has strategic significance to ensure the raw material supply of the Group. The Group has 50% shareholding and 50% voting rights in Hexin Mining.

Pursuant to an equity transfer 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 RMB 95,096,500.00. 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 RMB 50,000,000.00 into Hexin Mining.

Hexin Mining owns mining right of Tulargen copper/nickel mine in Hami Region.

(6) Fixed assets and depreciation expenses

	Building	Mining structure	Machinery and equipment	Electronic and office equipment	Motor vehicles	Total
Cost						
31 December 2013	930,616,413.19	825,384,014.36	1,453,658,091.43	53,452,096.31	70,673,835.60	3,333,784,450.89
Transfer-in from construction in progress	1,500,208.92	24,485,527.23	4,142,522.53	—	—	30,128,258.68
Additions	1,400,000.00	—	3,056,412.41	214,749.25	776,068.39	5,447,230.05
Disposal	—	—	(862,300.00)	—	(373,551.00)	(1,235,851.00)
30 June 2014	**933,516,622.11**	**849,869,541.59**	**1,459,994,726.37**	**53,666,845.56**	**71,076,352.99**	**3,368,124,088.62**
Accumulated depreciation						
31 December 2013	239,374,432.98	82,131,586.57	335,996,091.59	18,143,524.36	30,026,806.47	705,672,441.97
Additions	16,186,753.31	16,435,674.28	47,511,572.04	3,002,807.89	2,829,089.87	85,965,897.39
Disposal	—	—	(390,334.56)	—	(177,436.80)	(567,771.36)
30 June 2014	**255,561,186.29**	**98,567,260.85**	**383,117,329.07**	**21,146,332.25**	**32,678,459.54**	**791,070,568.00**
Net book value						
30 June 2014	**677,955,435.82**	**751,302,280.74**	**1,076,877,397.30**	**32,520,513.31**	**38,397,893.45**	**2,577,053,520.62**
31 December 2013	691,241,980.21	743,252,427.79	1,117,661,999.84	35,308,571.95	40,647,029.13	2,628,112,008.92

As at 31 December 2013 and 30 June 2014, the Group has not pledged any fixed assets.

For the six months ended 30 June 2014, RMB 80,169,380.41 of depreciation expense of fixed assets has been charged to cost of sales, RMB 4,596,272.99 to general and administrative expense, RMB 75,247.71 to selling expense and RMB 1,124,996.28 to construction in progress (For the six months ended 30 June 2013: RMB57,193,904.87, RMB4,259,089.56, RMB72,055.10 and RMB917,874.37 respectively).

The costs of fixed assets transferred-in from construction in progress amounted to RMB30,128,258.68 for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB4,531,338.64).

(7) Intangible assets and amortisation

	31 December 2013	Additions	Reduction	**30 June 2014**
Cost	1,142,936,958.96	—	—	**1,142,936,958.96**
Mining rights	699,654,158.24	—	—	**699,654,158.24**
Exploration rights	208,153,000.00	—	—	**208,153,000.00**
Land use rights	233,702,169.12	—	—	**233,702,169.12**
Others	1,427,631.60	—	—	**1,427,631.60**
Accumulated amortisation	109,483,642.81	9,100,151.63	—	**118,583,794.44**
Mining rights	86,069,534.73	7,292,793.14	—	**93,362,327.87**
Land use rights	22,309,629.28	1,511,965.00	—	**23,821,594.28**
Others	1,104,478.80	295,393.49	—	**1,399,872.29**
Net book value	1,033,453,316.15	(9,100,151.63)	—	**1,024,353,164.52**
Mining rights	613,584,623.51	(7,292,793.14)	—	**606,291,830.37**
Exploration rights	208,153,000.00	—	—	**208,153,000.00**
Land use rights	211,392,539.84	(1,511,965.00)	—	**209,880,574.84**
Others	323,152.80	(295,393.49)	—	**27,759.31**

For the six months ended 30 June 2014, the amortisation expense of intangible assets was RMB 9,100,151.63 (For the six months ended 30 June 2013: RMB 8,860,979.64), of which RMB 9,053,396.27 (For the six months ended 30 June 2013: RMB 8,738,073.42) is recognised in profit or loss for the current period.

The exploration rights were acquired through the acquisition of Shaanxi Xinxin by the Group 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 2014, the application was in the process of approving.

As at 30 June 2014 and 31 December 2013, there was no impairment on intangible assets provided.

For the six months ended 30 June 2014, Wuxin Copper has signed a pledged loan contract with a bank to get loans, and has pledged land use right with the amount of RMB 96,082,638.00.

As at 30 June 2014 and 31 December 2013, the Group's land use rights were located in mainland China with land use right periods ranging from 10-70 years.

Land use rights by locations and approved land use periods are analysed as follows:

	30 June 2014	31 December 2013
In Mainland China		
10 to 50 years	**230,042,061.39**	230,042,061.39
Over 50 years	**3,660,107.73**	3,660,107.73
	233,702,169.12	233,702,169.12

(8) Financial liabilities at fair value through profit or loss

	30 June 2014	31 December 2013
Gold lease and related futures contracts*(a)*	**419,248,340.00**	—
Futures contracts*(b)*	**8,483,300.00**	7,521,800.00
	427,731,640.00	7,521,800.00

(a) During the period from 1 January 2014 to 30 June 2014, Wuxin Copper and Kalatongke Mining signed gold lease contracts with three banks and one bank respectively to obtain short-term financing from leased gold. For the purpose of managing the risk of price fluctuation of gold, Wuxin Copper and Kalatongke Mining authorized the banks to purchase the long-term gold futures in line with the quantity of leased gold, price of leased gold and the lease period. As at 30 June 2014, the fair value of the leased gold and long-term gold futures amounted to RMB 419,248,340.00.

(b) The Group entered into the futures contracts from October 2013 to June 2014 with the initial hold fair value of zero. According to the fluctuation of the prices of the futures contracts, the Group settled some of the futures contract. For the period from January to June 2014, losses arising from the settlement of the futures contracts were RMB 16,049,500.00 and the transaction costs were RMB 145,228.64. As at 30 June 2014, the Group still held 641 lots (3,205 tons) of copper futures contracts and 18 lots (18 kg) of gold futures contracts. According to the closing price of Shanghai Futures Exchange on 30 June 2014, the fair value of the futures contracts was floating loss of RMB 8,483,300.00 (31 December 2013: floating loss of RMB 7,521,800.00).

(9) Accounts payable

	30 June 2014	31 December 2013
Payable for materials	**338,264,541.41**	191,935,280.79
Services fee payable	**54,265,332.72**	69,529,953.78
Transportation fee payable	**7,616,371.26**	9,266,570.44
Others	**12,031,162.52**	2,099,271.58
	412,177,407.91	272,831,076.59

(a) As at 30 June 2014, there were no payables due to shareholders who held more than 5% (including 5%) of the voting rights in the Company (31 December 2013: Nil).

(b) As at 30 June 2014, accounts payable over one year with carrying amount of RMB8,253,310.10 (31 December 2013: RMB14,287,895.30) were mainly payables for purchase of materials.

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

	30 June 2014	31 December 2013
Within 3 months	**338,205,433.15**	203,238,725.73
3 to 6 months	**37,454,678.62**	36,019,689.06
Above 6 months	**36,517,296.14**	33,572,661.80
	412,177,407.91	272,831,076.59

(10) Revenue and cost of sales

	Six months ended 30 June 2014	Six months ended 30 June 2013
Revenue from main operation *(a)*	**1,115,625,366.75**	395,062,192.65
Revenue from other operation	**23,768,831.24**	30,930,982.88
	1,139,394,197.99	425,993,175.53

	Six months ended 30 June 2014	Six months ended 30 June 2013
Cost of main operation *(a)*	**934,925,793.16**	333,905,575.16
Cost of other operation	**9,672,783.35**	9,455,136.45
	944,598,576.51	343,360,711.61

(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 2014		Six months ended 30 June 2013	
	Revenue from main operation	**Cost of main operation**	Revenue from main operation	Cost of main operation
Nickel cathode	**960,548,896.10**	**804,447,470.12**	243,780,419.45	225,901,657.58
Copper cathode	**137,129,077.32**	**116,897,552.21**	144,624,185.37	104,515,628.19
Copper concentrate	**4,255,486.86**	**1,423,640.65**	5,119,389.42	1,441,515.61
Others	**13,691,906.47**	**12,157,130.18**	1,538,198.41	2,046,773.78
	1,115,625,366.75	**934,925,793.16**	395,062,192.65	333,905,575.16

(11) Finance expenses – net

	Six months ended 30 June 2014	Six months ended 30 June 2013
Interest expense	**147,446,516.96**	127,731,787.73
Include: Bank borrowings	**143,384,516.96**	115,988,642.24
Other borrowings	**4,062,000.00**	11,743,145.49
Less: Capitalised interest	**(96,588,699.11)**	(124,695,402.39)
Less: Interest income on bank deposits	**(3,852,382.36)**	(2,765,819.27)
Foreign exchange (gains)/losses	**(2,683,811.40)**	(3,165.82)
Bank charges	**2,382,878.75**	218,125.69
Discount interest expenses	**1,479,903.24**	(165,506.49)
Discount bills	**1,469,722.23**	—
	49,654,128.31	651,032.43

(12) Asset impairment (write-back)/losses

	Six months ended 30 June 2014	Six months ended 30 June 2013
(Reversal)/provision for decline in value of inventories - net	**(10,861,091.83)**	6,469,288.13
Provision/(reversal) for bad debts - net	**387,305.10**	(23,150.00)
	(10,473,786.73)	6,446,138.13

(13) Investment losses

	Six months ended 30 June 2014	Six months ended 30 June 2013
Income/(loss) from a joint-venture under equity method *(a)*	**2,488,070.43**	(4,767,164.23)
Offset of unrealized internal trade	**(4,060,024.32)**	—
(Losses) arising from settlement of futures contracts *(Note 8(b))*	**(16,194,728.64)**	—
	(17,766,682.53)	(4,767,164.23)

There is no restriction on recovery of investment income.

Investment incomes of the Group are all from non-listed investments for the six months ended 30 June 2014. (For the six months ended 30 June 2013: Investment incomes from non-listed investments RMB 4,767,164.23).

(a) Income/(loss) from long-term equity investments under equity method

	Six months ended 30 June 2014	Six months ended 30 June 2013	Reason for current period fluctuation
Hexin Mining	2,488,070.43	(4,767,164.23)	Change of business conditions

(14) Income tax expenses

	Six months ended 30 June 2014	Six months ended 30 June 2013
Current income tax – outside Hong Kong	**6,229,669.53**	4,961,389.13
Deferred income tax – outside Hong Kong	**(4,286,614.35)**	(4,092,798.21)
	1,943,055.18	868,590.92

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 2014	Six months ended 30 June 2013
Consolidated total profit	**55,514,673.15**	4,071,050.06
Income tax expenses calculated at applicable tax rate of 25%	**13,878,668.29**	1,017,762.52
Effect of tax reductions	**(11,514,262.09)**	(3,119,407.87)
Effect of change in the tax rates	**—**	1,878,809.91
Income not subject to tax identification	**(1,244,035.22)**	—
Expenses not deductible for tax purposes	**1,093,417.07**	1,097,168.09
Deductible temporary differences for which no deferred tax assets were recognised	**9,231,474.69**	1,453,020.10
Differences resulted from tax examination for previous year's income tax	**(9,502,207.56)**	(1,458,761.83)
	1,943,055.18	868,590.92

(15) 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 2014	Six months ended 30 June 2013
Consolidated net profit attributable to shareholders of the Company	**66,287,044.76**	5,926,718.60
Weighted average number of ordinary shares outstanding	**2,210,000,000.00**	2,210,000,000.00
Basic/diluted earnings per share	**0.03**	0.003

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 2014 (for the six months ended 30 June 2013 : Nil), diluted earnings per share equal to basic earnings per share.

(16) Segment information

The Group is engaged in 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 2014 and 2013, 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 2014, revenue from top three customers of the Group accounted for 17.10%, 15.89% and 12.04% of the total revenue of the Group respectively (six months ended 30 June 2013: 13.38%, 12.86% and 11.64%, respectively).

(17) 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 2014	31 December 2013
Buildings, machinery, and equipment	**287,782,526.56**	250,902,790.16

(b) Operating lease commitments

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

	30 June 2014	31 December 2013
Within 1 year	**1,635,930.00**	1,635,930.00
1 to 2 years	**817,965.00**	1,635,930.00
2 to 3 years	**—**	—
	2,453,895.00	3,271,860.00