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 2019 INTERIM RESULTS

OPERATING AND FINANCIAL HIGHLIGHTS

- Consolidated revenue of the Group for the Period was RMB594.4 million, representing a decrease of 31.4% as compared with consolidated revenue of RMB886.1 million for the Same Period Last Year.

- The consolidated net loss attributable to shareholders of the Company was RMB59.2 million during the Period, representing a significant decrease in operating results as compared with the consolidated net profit attributable to shareholders of the Company of RMB8.7 million for the Same Period Last Year.

- Basic losses per share attributable to shareholders of the Company amounted to RMB0.027 during the Period, while the basic earnings per share amounted to RMB0.004 per share for the Same Period Last Year.

- The Board does not recommend any payment of interim dividend for 2019.

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 2019 (the "**Period**"), together with the unaudited consolidated operating results for the six months ended 30 June 2018 ("**First Half of 2018**" 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 RMB594.4 million, representing a decrease of 31.4% as compared with consolidated revenue of RMB866.1 million for the Same Period Last Year. The consolidated net loss attributable to shareholders of the Company was RMB59.2 million during the Period, while the consolidated net profit attributable to shareholders of the Company was RMB8.7 million for the Same Period Last Year. The significant decline in consolidated revenue and operating results of the Group during the Period was mainly due to the decrease in market prices of the Group's major products, nickel cathode and copper cathode, and the decrease in sales volume of nickel cathode for the Period since the Company adopted "to sell at better price" selling strategies in order to obtain greater benefit.

Basic loss per share attributable to shareholders of the Company amounted to RMB0.027 during the Period, while the basic earnings per share amounted to RMB0.004 per share in the Same Period Last Year.

The Board does not recommend any payment of interim dividend for 2019.

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

2. RESOURCES AND RESERVES

As at 30 June 2019, 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
	Tonnes	*%*	*%*	*Tonnes*	*Tonnes*
Resources as at 30 June 2019					
Kalatongke nickel-copper mine	30,787,042	0.96	0.56	294,251	172,783
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	78,795,381	0.27	0.45	214,485	351,476
Total	109,582,423			508,736	524,259
Reserves as at 30 June 2019					
Kalatongke nickel-copper mine	20,482,702	0.98	0.61	201,013	125,188
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	29,358,415	0.31	0.49	90,558	144,328
Total	49,841,117			291,571	269,516

Note: The resources and reserves for the Kalatongke nickel-copper mine were estimated based on the 2007 estimates 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 estimated 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 2019, the estimated resources for the 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	**Grade V_2O_5**	**Contents V_2O_5**
	Tonnes	*%*	*Tonnes*
Resources as at 30 June 2019			
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 two vanadium mines in Xianghe Street and Mujia River were estimated 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$12,395 per tonne, representing a decrease of 11.0% from US$13,931 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US$6,177 per tonne, representing a decrease of 11.1% from US$6,950 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 RMB99,822 per tonne, representing a decrease of 4.8% from RMB104,888 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB48,305 per tonne, representing a decrease of 7.0% from RMB51,958 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.

Business review

During the Period, the consolidated revenue of the Group amounted to RMB594.4 million, representing a decrease of 31.4% from the consolidated revenue of RMB866.1 million for the Same Period Last Year. The consolidated net loss amounted to RMB60.9 million, representing a significant decrease in operating results as compared with the consolidated net profit of RMB8.8 million for the Same Period Last Year. In particular, the consolidated net loss attributable to shareholders of the Company was RMB59.2 million, while the consolidated net profit attributable to shareholders of the Company was RMB8.7 million for the Same Period Last Year.

During the Period, the consolidated revenue and operating results of the Group significantly declined as compared with those of the Same Period Last Year, which was primarily attributable to the decrease in market prices of the Group's major products, nickel cathode and copper cathode, and the decrease in sales volume of nickel cathode for the Period since the Company adopted "to sell at better price" selling strategies in order to obtain greater benefit.

During the Period, the Group produced 5,474 tonnes of nickel cathode, representing a decrease of 4.9% as compared with 5,758 tonnes for the Same Period Last Year, and produced 4,558 tonnes of copper cathode, representing an increase of 13.5% as compared with 4,016 tonnes for the Same Period Last Year.

During the Period, the Group sold 4,654 tonnes of nickel cathode, representing a decrease of 34.4% as compared with 7,093 tonnes for the Same Period Last Year, and sold 3,304 tonnes of copper cathode, representing an increase of 23.4% from 2,678 tonnes for the Same Period Last Year.

During the Period, the average selling price of nickel cathode of the Group (excluding tax) was RMB84,723 per tonne, representing a decrease of 11.2% from RMB95,376 per tonne for the Same Period Last Year, while the average selling price of copper cathode (excluding tax) was RMB41,969 per tonne, representing a decrease of 3.9% from RMB43,684 per tonne for the Same Period Last Year.

Prospects and countermeasures

In the second half of 2019, the Group plans to produce 6,026 tonnes of nickel cathode and 7,032 tonnes of copper cathode. The Board would like to emphasize that due to the uncertainties in metal prices, the domestic raw materials market and the production environment, the above plan is 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 the situation.

In the second half of 2019, the Group will strengthen the analysis and research on the market price movement of international and domestic nickel cathode and copper cathode and implement more flexible and proactive marketing strategies based on its actual situation and financial capability, in order to achieve sales of products at a higher price level. Moreover, the Group will endeavour to upgrade our major production processes to cater for the optimisation of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government for production safety and environmental protection improvement. On top of these, the Group will fully explore its internal potential, strive to increase output and income, and further reduce its production cost and expenses through stringent control of non-production expenditures with an aim to continually generate greater economic benefits for the Group and improve its management standards and general operation efficiency.

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 2019			For the period ended 30 June 2018		
Product Name	**Sales Volume**	**Amount**	**% to Revenue**	Sales Volume	Amount	% to Revenue
	Tonnes	***RMB'000***		*Tonnes*	*RMB'000*	
Nickel cathode	**4,654**	**394,263**	**66.8%**	7,093	676,463	78.1%
Copper cathode	**3,304**	**138,679**	**23.5%**	2,678	116,969	13.5%
Copper concentrate	**4,185**	**39,778**	**6.7%**	3,817	39,258	4.5%
Electrolytic cobalt	**–**	**–**	**–**	32	16,077	1.9%
Other products	**–**	**21,661**	**2.9%**	–	17,294	2.0%
Total revenue		**594,381**	**100.0%**		866,061	100.0%
Cost of sales		**(527,965)**	**88.7%**		(700,220)	80.9%
Of which: Nickel cathode		**(359,622)**			(557,759)	
Copper cathode		**(122,969)**			(99,583)	
Copper concentrate		**(29,317)**			(30,133)	
Electrolytic cobalt		**–**			(6,539)	
Other products		**(16,057)**			(6,206)	
Gross profit		**66,416**	**11.3%**		165,841	19.1%

During the Period, the revenue from nickel cathode of the Group decreased by 41.7% to RMB394.3 million as compared with that of the Same Period Last Year. The average selling price of nickel cathode was RMB84,723 per tonne, representing a decrease of 11.2% as compared with that of the Same Period Last Year. The sales volume of nickel cathode was 4,654 tonnes, representing a decrease of 34.4% as compared with that of the Same Period Last Year. The decrease in revenue of nickel cathode was due to the decrease in selling price of nickel cathode for the Period, and the Group adopted "to sell at better price" selling strategies for nickel cathode according to its market price. During the Period, the Group sold a total of 4,654 tonnes of nickel cathode, and the inventory of nickel cathode increased by 820 tonnes.

During the Period, the revenue of copper cathode of the Group increased by 18.6% to RMB138.7 million as compared with that of the Same Period Last Year. The average selling price of copper cathode decreased by 3.9% to RMB41,969 per tonne as compared with that of the Same Period Last Year. The sales volume of copper cathode of the Group increased by 23.4% to 3,304 tonnes as compared with that of the Same Period Last Year. The increase in revenue of copper cathode was due to the increase in sales volume of copper cathode as compared with that of the Same Period Last Year.

During the Period, the Group did not sell any electrolytic cobalt. There has been no sales of electrolytic cobalt since selling price of electrolytic cobalt decreased during the Period, and the Group adopted "to sell at better price" selling strategies for electrolytic cobalt according to its market price.

During the Period, the revenue of copper concentrates of the Group increased by 1.3% to RMB39.8 million as compared with that of the Same Period Last Year. The average selling price of copper concentrates decreased by 7.6% to RMB9,506 per tonne as compared with that of the Same Period Last Year. The sales volume of copper concentrates of the Group increased by 9.6% to 4,185 tonnes as compared with that of the Same Period Last Year. The increase in revenue of copper concentrates was due to the increase in sales volume of copper concentrates for the Period as compared with those of the Same Period Last Year.

During the Period, the revenue of other products of the Group amounted to RMB21.7 million.

During the Period, the unit cost of sales of nickel cathode of the Group decreased by 1.7% to RMB77,279 per tonne as compared with that of the Same Period Last Year, the unit cost of sales of copper cathode decreased by 0.1% to RMB37,215 per tonne as compared with that of the Same Period Last Year. The decrease in unit cost of sales of nickel cathode was mainly attributable the decrease in purchase price of raw material resulting in the decrease in the production cost of nickel cathode.

During the Period, the Group recorded gross profit of RMB66.4 million while the Group recorded gross profit amounted to RMB165.8 million in the Same Period Last Year. The decrease in gross profit of the Group was mainly due to the decrease in market prices of the Group's major products, nickel cathode and copper cathode, and the Group adopted "to sell at better price" selling strategies for nickel cathode according to its market price and the increase in inventory of nickel cathode for the Period.

Sales and marketing costs

During the Period, sales and marketing costs of the Group were RMB18.2 million, representing a decrease of 7.1% as compared with that of the Same Period Last Year, mainly due to the decrease in transportation costs due to the decrease in sales volume of nickel cathode as compared with that of the Same Period Last Year.

Administrative expenses

During the Period, the administrative expense of the Group increased by 15.9% to RMB57.3 million as compared with that of the Same Period Last Year as a result of the increased miscellaneous expenses.

Finance expenses – net

Finance expenses – net of the Group for the Period decreased to RMB48.5 million as compared with that of the Same Period Last Year of RMB67.0 million, mainly due to the fact that the Company replaced its medium-term notes of RMB800 million due 2018 by working capital loans at relatively lower interest rates, resulting in the decrease in borrowing interest.

Investment income

Investment income of the Group for the Period was RMB0.5 million while investment loss was RMB1.0 million for the Same Period Last Year. The increase in investment income of the Group for the Period as compared with that of the Same Period Last Year was mainly due to the increase in investment income from net profit of joint venture recognized by the Group as compared with that of the Same Period Last Year.

Financial position

The consolidated balance sheet of the Group remains strong. As at 30 June 2019, owners' equity decreased by1.3% to RMB4,173.4 million as compared with that as of 31 December 2018, mainly due to the loss during the Period. As at 30 June 2019, total assets decreased by 3.2% to RMB7,647.8 million as compared with that as of 31 December 2018.

For the six months ended 30 June 2019, the Group's net cash inflow generated from operating activities was RMB1.2 million. As compared to the net cash inflow of RMB55.8 million in the Same Period Last Year, there was a decrease in the inflow of RMB54.6 million, primarily due to the decrease in revenue as a result of the "to sell at better price" selling strategies adopted by the Group for the Period; the net cash inflow generated from investment activities was RMB38.6 million, which was mainly due to the disposal of financial assets and the income from the short-term asset management by the Group as offset by the purchase of financial assets and equipment for various technological renovation and expansion projects and their construction costs; and the net cash outflow generated from financing activities amounted to RMB244.3 million, which was mainly attributable to the repayment of bank borrowings by the Group during the Period.

Liquidity and financial resources

As at 30 June 2019, the Group had total cash and cash equivalents amounting to RMB284.7 million (31 December 2018: RMB489.2 million), and the total borrowings of the Group amounted to RMB2,276.0 million (31 December 2018: RMB2,475.2 million). As such, the net debts of the Group (total borrowings minus cash and cash equivalents) amounted to RMB1,991.3 million (31 December 2018: RMB1,986.0 million) and the gearing ratio (net debts divided by total capital*) was 32.30% (31 December 2018: 31.96%).

	As at 30 June 2019	As at 31 December 2018
Current Ratio *(Times)*	**0.9**	1.0
Gearing Ratio *(net debts/total capital*)*	**32.30%**	31.96%

* Total capital: net debts + total owners' equity

As at 30 June 2019, the aggregate amount of borrowings of the Group was RMB2,276.0 million, of which, the loans for working capital of RMB1,336.0 million, the loans for working capital for technological renovation and expansion projects by Xinjiang Yakesi was RMB200.0 million, the loans for working capital by Kalatongke Mining was RMB740 million.

As at 30 June 2019, the Group's interest-bearing borrowings amounted to RMB2,276.0 million (31 December 2018: RMB2,475.2 million), including floating rate borrowings amounted to RMB1,737 million (31 December 2018: RMB1,132.5 million), fixed rate borrowings amounted to RMB539 million (31 December 2018: RMB1,342.7 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 2019	
	RMB'000	***%***
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	**16,550**	**22.5%**
Refining and complementary operations in Fukang Refinery	**34,606**	**47.0%**
Mining and ore processing operations in Xinjiang Yakesi	**21,578**	**29.3%**
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	**325**	**0.5%**
Research and development of non-ferrous metal industrial products and storage base project of Beijing Xinding Shunze High Technology Co., Ltd.	**529**	**0.7%**
Total	**73,588**	**100%**

Future plans of the group for material investments or acquisition of capital assets

Kalatongke Mining will further enhance subsequent construction of mining expansion projects, technological innovation and expansion projects for converter melting, expansion project for sulfuric acid tail gas absorption facilities and ore processing renovation project, and plans to invest approximately RMB148.9 million.

Fukang Refinery will further enhance its technological renovation, expansion and environmental protection projects for the auxiliary facilities of the refining capacity of nickel cathode and copper cathode, and plans to invest approximately RMB15.9 million.

Xinjiang Yakesi and Hami Jubao will further improve the mining and processing projects, and plans to invest approximately RMB41.7 million.

The capital expenditure of the Group for the exploration projects is planned to be approximately RMB3.9 million.

The capital expenditure of the Group for the acquisition of fixed assets is planned to be approximately RMB37.7 million.

The sources of fund for the plans mentioned above will be contributed by internal working capital of the Group.

Save for the plans as disclosed above, the Group had no other plans for material investments or acquisition of capital assets as at 30 June 2019.

4. SHARE CAPITAL AND DIVIDENDS

(A) Share Capital

The Company's share capital as at 30 June 2019 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 2019, 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 (Chapter 571 of the Laws of Hong Kong) (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 Kuangneng Co., Ltd. ("**Shanghai Yilian**") *(Note)*	282,896,000(L)	Domestic share	19.50	12.80
Zhongjin Investment (Group) 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 position

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 2019, 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 2019 (Nil for 2018).

5. DIRECTORS' INTEREST

(A) Directors' and supervisors' interest in contract

As at 30 June 2019, 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 2019, the interests or short positions, if any, of the directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

Long positions in shares and underlying shares of the company

Director/ Supervisor	Personal interest	Number of Shares held Corporate interests	Total interests	Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share
Zhou Chuanyou		480,924,000	480,924,000	Domestic share *(Note 1)*	33.14	21.76
			5,000,000	H share	0.66	0.23

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 2019, 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.

(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 prices of the international and domestic markets and changes in global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and the PRC economic cycle 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 the profit of the Company.

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. ENVIRONMENTAL RISK

The Chinese economy has shifted from a fast-growing phase to a high-quality development phase where emphasis is placed on the optimisation of economic structure and the transformation of development patterns. The government Environmental Protection Supervision Committee will increase the volatility of the output by the enterprises to some extent. The Group will endeavour to upgrade our major production processes to cater for the optimization of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government for production safety and improvement of environmental protection standards.

9. 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, while fixed rate interest-bearing financial liabilities of the Group are subject to the risk of the fair value of interest. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 30 June 2019, the Group's interest-bearing debts were mainly floating rate borrowings contracts, fixed rate borrowings contracts and interest-bearing bonds payable denominated in RMB, which totaled RMB2,276.0 million (31 December 2018: RMB2,475.2 million). The Group has no interest rate swap arrangement.

10. 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.

11. CHARGE ON ASSETS

As at 30 June 2019, a restricted bank deposit of RMB80.7 million out of the cash in bank and on hand of the Group was set aside as the security for issuing bank acceptance notes and other purposes. Save as disclosed above, as at 30 June 2019, there were no charges or pledges of assets in the Group.

12. MATERIAL LITIGATION OR ARBITRATION

On 11 January 2019, the Company was notified that four court judgments which were passed by the Intermediate People's Court of the Xi'an City of Shaanxi Province of the PRC ("**Xi'an Intermediate People's Court**") dated 25 July 2018, 11 December 2018, 17 December 2018 and 17 December 2018, respectively ("**Four Court Judgements**"), have been granted against one of its subsidiaries, Shaanxi Xinxin Mining Co., Ltd.* (陝西新鑫礦業有限公司) ("**Shaanxi Xinxin**") in respect of the guarantee obligations incurred by Shaanxi Xinxin in relation to loans (the "**Loans**") granted by two PRC banks to Shaanxi Mingtai Engineering Construction Co., Ltd.* (陝西明泰工程建設有限責任公司) ("**Shaanxi Mingtai**") and guaranteed by Xi An Investment Holding Co., Ltd.* (西安投資控股有限公司) ("**Xi An Investment**"). The guarantees provided by Xi An Investment in respect of the Loans were counter-guaranteed by several parties, including but not limited to Shaanxi Xinxin. The Company was not informed of the provision of such counter-guarantees by Shaanxi Xinxin prior to 11 January 2019. According to the Four Court Judgments, the aggregate principal amounts of the Loans amounted to RMB330 million. As Shaanxi Mingtai was unable to repay the Loans and related interest when they fell due, Xi An Investment repaid the Loans and related interest on behalf of Shaanxi Mingtai and claimed against the respective counter-guarantors under the Loans.

On 22 March 2019, the Group based on the estimate of the worst scenario, made a provision for the pending litigation in respect of the Xi An Investment's claim in the amount of approximately RMB161 million and all the non-current assets of Shaanxi Xinxin were reclassified to the other current assets in the financial statements of the Group for the year ended 31 December 2018.

Immediately after the notification of the Four Court Judgments, the Company sought advice from its PRC legal advisers, and following which, Shaanxi Xinxin made four separate applications for re-trial to the Higher People's Court of the Shaanxi Province of the PRC (the "**Shaanxi Higher People's Court**") to set aside the Four Court Judgments and that Xi An Investment be ordered to pay costs.

The Shaanxi Higher People's Court has, in four separate judgments dated 11 and 19 June 2019, ordered that the relevant four cases be handed back to the Xi'an Intermediate People's Court for re-trial and the execution of the Four Court Judgments be suspended.

13. CONTINGENT LIABILITIES

(A) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except the provisions as disclosed in note 4(26) to the Financial Statements of the 2019 Interim Report, 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) Insurance

The Group carries commercial insurance for its employees who work underground for personal injury and its mining equipment underground. However, such insurance may not be sufficient to cover the potential future losses. While the effect of under-insurance on future incidents cannot be reasonably assessed at present, management of the Company believes this can have a material adverse impact on the results of operations or the financial position of the Group.

(C) Provision of guarantee

The Company and the joint venture partner provided joint guarantees for the bank borrowings by Hami Hexin Mining Co., Ltd. ("**Hexin Mining**") in which the Company provided corporate guarantees to the related lender of Hexin Mining in the amount of RMB100.7 million (31 December 2018: RMB104.5 million). Such corporate guarantees remained in force as at 30 June 2019.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2019.

14. COMMITMENTS

See note (18) to the financial information of this announcement.

15. MAJOR ACQUISITIONS AND DISPOSALS

The Group had no major acquisition or disposal during the Period.

16. EVENTS AFTER BALANCE SHEET DATE

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

17. EMPLOYEES AND WELFARE

As at 30 June 2019, the Group had a total of 2,213 employees. Breakdowns by functions and divisions are as follows:

Division	No. of Employees	% to Total
Management and administration	147	6.64%
Engineering technician	205	9.26%
Production staff	1,437	64.93%
Repair and maintenance	294	13.29%
Inspection	111	5.02%
Sales	19	0.86%
Total	2,213	100%

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 16%-18%, 6% to 9%, 0.5% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 0.65% to 2.85% of its employees' total monthly basic salary for occupational injury insurance and 0.5% to 0.8% of their total monthly basic salary for maternity cover.

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 ("**Corporate Governance Code**")and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the Period.

19. BOARD OF DIRECTORS

The Board currently consists of nine directors, including two executive directors, four non-executive directors and three independent non-executive directors. During the Period, the Board convened three meetings (with an attendance rate of 22/27).

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 authorities and jeopardizing the legal interests of the Company, its shareholders and its employees. The supervisory committee convened one meeting during the Period (with an attendance rate of 5/5).

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. Hu Chengye and two independent non-executive directors, namely, Mr. Hu Benyuan and Mr. Wong Yik Chung John, with Mr. Hu Benyuan 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 2019 interim report will be dispatched 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.
Zhang Guohua
Chairman

Xinjiang, the PRC, 23 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. Guo Quan and Mr. Liu Jun; the non-executive directors of the Company are Mr. Zhang Guohua, Mr. Shi Wenfeng, Mr. Zhou Chuanyou and Mr. Hu Chengye; and the independent non-executive directors of the Company are Mr. Hu Benyuan, Mr. Wang Lijin and Mr. Wong Yik Chung John.

* *For identification purposes only*

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at 30 June 2019

(All amounts in RMB Yuan unless otherwise stated)

	Note	**30 June 2019 Consolidated *(Unaudited)***	31 December 2018 Consolidated *(Audited)*
Current assets			
Cash at bank and on hand	(2)	**365,375,913.08**	570,015,187.94
Financial assets held for trading	(3)	**30,000,000.00**	186,500,000.00
Notes receivable	(4)	**50,366,239.08**	30,889,176.54
Accounts receivable	(5)	**229,460,435.25**	234,195,918.12
Advances to suppliers		**47,007,294.12**	60,975,569.97
Other receivables		**40,365,686.58**	39,146,989.01
Inventories		**1,435,914,854.34**	1,316,416,580.50
Other current assets		**266,881,236.87**	248,439,206.20
Total current assets		**2,465,371,659.32**	2,686,578,628.28
Non-current assets			
Long-term equity investments	(6)	**143,852,639.81**	145,069,311.44
Fixed assets	(7)	**2,700,862,668.86**	2,792,157,344.52
Construction in progress		**1,431,379,241.79**	1,369,133,708.36
Intangible assets	(8)	**704,906,987.17**	714,076,623.70
Goodwill		**27,832,805.11**	27,832,805.11
Deferred tax assets		**137,951,120.28**	128,659,429.17
Other non-current assets		**35,615,015.77**	38,510,710.77
Total non-current assets		**5,182,400,478.79**	5,215,439,933.07
TOTAL ASSETS		**7,647,772,138.11**	7,902,018,561.35

	Note	**30 June 2019 Consolidated *(Unaudited)***	31 December 2018 Consolidated *(Audited)*
Current liabilities			
Short-term borrowings		**1,390,000,000.00**	1,240,000,000.00
Notes payable	(9)	**324,100,000.00**	316,611,800.00
Accounts payable	(10)	**272,953,844.49**	233,295,512.43
Contract liabilities		**44,537,646.14**	22,054,471.54
Employee benefits payable		**52,213,420.87**	61,927,572.42
Taxes payable		**11,148,575.13**	9,274,521.28
Other payables		**134,917,742.20**	198,440,835.24
Non-current liabilities due within one year		**422,000,000.00**	580,209,380.00
Provisions		**161,542,739.50**	161,558,910.11
Total current liabilities		**2,813,413,968.33**	2,823,373,003.02
Non-current liabilities			
Long-term borrowings		**464,000,000.00**	655,000,000.00
Long-term payables		**15,971,941.11**	13,193,941.11
Provisions		**9,510,686.02**	9,076,747.01
Deferred income		**29,722,481.11**	30,871,586.30
Deferred tax liabilities		**141,782,494.76**	142,349,514.12
Total non-current liabilities		**660,987,603.00**	850,491,788.54
Total liabilities		**3,474,401,571.33**	3,673,864,791.56

	30 June 2019 Consolidated *(Unaudited)*	31 December 2018 Consolidated *(Audited)*
Owners' equity		
Share capital	**552,500,000.00**	552,500,000.00
Capital surplus	**4,258,569,997.76**	4,258,569,997.76
Specific reserve	**6,094,186.46**	–
Surplus reserve	**249,625,789.74**	249,625,789.74
Accumulated Losses	**(886,338,376.23)**	(827,165,586.11)
Total equity attributable to shareholders of the Company	**4,180,451,597.73**	4,233,530,201.39
Non-controlling interests	**(7,081,030.95)**	(5,376,431.60)
Total shareholders' equity	**4,173,370,566.78**	4,228,153,769.79
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,647,772,138.11**	7,902,018,561.35

CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

For the six months 30 June 2019

(All amounts in RMB Yuan unless otherwise stated)

	Note	**Six months ended 30 June 2019 Consolidated *(Unaudited)***	Six months ended 30 June 2018 Consolidated *(Unaudited)*
Revenue	(11)	**594,381,270.66**	866,061,361.05
Less: Cost of sales	(11)	**(527,964,543.24)**	(700,219,834.67)
Taxes and surcharges		**(14,736,204.03)**	(18,841,871.46)
Selling and distribution expenses		**(18,178,571.68)**	(19,568,932.88)
General and administrative expenses		**(57,336,216.16)**	(49,475,078.29)
Financial expenses–net	(12)	**(48,521,441.24)**	(66,977,303.98)
Including: Interest expenses		**(50,489,028.72)**	(63,818,924.09)
Interest income		**3,164,939.08**	1,048,717.91
Add: Other income		**1,533,583.87**	3,119,201.47
Investment income/(losses)	(14)	**514,366.00**	(1,047,486.67)
Including: Share of losses of joint venture		**(1,216,671.63)**	(5,758,695.03)
Losses from changes in fair value		**–**	895,135.66
Assets impairment losses	(13)	**(107,947.42)**	(265,291.93)
Gains on disposal of assets		**–**	10,000.00
Operating (loss)/profit		**(70,415,703.24)**	11,899,626.98
Add: Non-operating income		**174,476.24**	553,700.90
Less: Non-operating expenses		**(502,632.86)**	(427,984.34)
Total (loss)/profit		**(70,743,859.86)**	12,025,343.54
Less: Income tax expenses	(15)	**9,838,254.71**	(3,212,810.03)
Net (loss)/profit		**(60,905,605.15)**	8,812,533.51

	Note	**Six months ended 30 June 2019 Consolidated *(Unaudited)***	Six months ended 30 June 2018 Consolidated *(Unaudited)*
Classified by the continuity of operation			
Net (loss)/profit from continuing operations		**(60,905,605.15)**	8,812,533.51
Net (loss)/profit from termination of operations		**–**	–
Classified by the ownership			
Net (loss)/profit attributable to shareholders of the Company		**(59,172,790.12)**	8,731,276.99
Non-controlling interests		**(1,732,815.03)**	81,256.52
Other comprehensive income after tax		**–**	–
Total comprehensive (loss)/income		**(60,905,605.15)**	8,812,533.51
Comprehensive (loss)/income attributable to shareholders of the Company		**(59,172,790.12)**	8,731,276.99
Comprehensive (loss)/income attributable to non-controlling interests		**(1,732,815.03)**	81,256.52
Earnings/(loss) per share			
Basic (loss)/earnings per share	(16)	**(0.027)**	0.004
Diluted (loss)/earnings per share	(16)	**(0.027)**	0.004

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(All amounts in RMB Yuan unless otherwise stated)

(1) Basis of preparation

The financial statements have been prepared according to the Basic Standard of the Accounting Standards for Business Enterprises, the specific standards and other relevant regulations issued by the Ministry of Finance on and after 15 February 2006, thereafter (hereafter collectively referred to as "the Accounting Standard for Business Enterprises" or "**CAS**"), and the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions of Financial Reports issued by the China Securities and Regulatory Commission.

For the six months ended 30 June 2019, the Group's net losses were RMB60,905,605.15. The Group's net current liabilities were RMB348,042,309.01 at 30 June 2019. The operation cash inflow were RMB1,228,574,68. The Board believe that the Group will generate sufficient cash inflow from future operating cash inflow, the use of current banking facility and the renewal of existing loans to enable its going concern, therefore the consolidated financial statements are prepared on the going concern basis.

The new Hong Kong Companies Ordinance has taken effect since 3 March 2014, and some of the relevant contents of this financial statement have been disclosed in accordance with the requirement of Hong Kong Companies Ordinance.

Save for the accounting policies disclosed above, the accounting policies and calculation methods adopted in the preparation of the unaudited interim financial statements are consistent with those adopted in the preparation of the annual financial statements of the Company for the year ended 31 December 2018. These interim results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee.

(2) Cash at bank and on hand

	30 June 2019	31 December 2018
Cash on hand	**33,352.84**	**7,097.04**
Cash at bank	**284,686,129.86**	**489,197,397.32**
Restricted cash at banks *(a)*	**80,656,430.38**	**80,810,693.58**
	365,375,913.08	**570,015,187.94**

(a) Restricted cash at bank were shown as follows:

	30 June 2019	31 December 2018
Deposits for issue of bank acceptance notes	**68,929,405.51**	69,108,221.12
Deposits for environmental recovery and safety of production	**11,028,476.96**	11,003,924.55
Deposits for exploration rights	**698,547.91**	698,547.91
	80,656,430.38	80,810,693.58

(3) Financial assets held for trading

	30 June 2019	31 December 2018
Financial assets at fair value through profit and loss	**30,000,000.00**	186,500,000.00

(4) Notes receivable

	30 June 2019	31 December 2018
Bank acceptance notes	**50,366,239.08**	30,889,176.54

(5) Accounts receivable

	30 June 2019	31 December 2018
Accounts receivable	**233,354,278.65**	238,089,761.52
Less: provision for bad debts	**(3,893,843.40)**	(3,893,843.40)
	229,460,435.25	234,195,918.12

(a) The Group conducted sales transactions mainly through cash on delivery, cash receipts in advance or bank acceptance notes. For other sales transactions, credit terms were granted not exceeding 180 days.

(b) The Group did not make provision for bad debts of notes receivable.

(c) The ageing of accounts receivable based on their recording dates was analysed as follows:

	30 June 2019	31 December 2018
Within 1 year	**205,605,605.76**	212,001,540.90
1 to 2 years	**2,860,452.27**	2,271,568.55
2 to 3 years	**2,071,568.55**	11,463,054.43
3 to 4 years	**10,861,171.07**	5,335,812.59
4 to 5 years	**5,327,695.95**	3,237,764.82
Over 5 years	**6,627,785.05**	3,780,020.23
	233,354,278.65	238,089,761.52

(6) Long-term equity investments

	30 June 2019	31 December 2018
Joint venture *(a)*	**143,852,639.81**	145,069,311.44
Less: provision of long-term equity investments	**–**	–
	143,852,639.81	145,069,311.44

The joint venture investment is non-listed and does not have significant limitation of transfer.

(a) Joint ventures

	31 December 2018	Movements during the current period: Increase or decrease in investment	Share of net profit using the equity method	Offsetting the unrealized loss of internal transaction	Other comprehensive income adjustment	Other changes in equity	Cash dividend or profit declared	Impairment provided in the current year	30 June 2019	Closing balance of provision for impairment
Hexin Mining	145,069,311.44	–	2,821,489.49	(4,038,161.12)	–	–	–	–	143,852,639.81	–

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

(7) Fixed assets and depreciation expense

	Buildings	Mining structure	Machinery and equipment	Motor vehicles	Electronic and office equipment	Total
Cost						
31 December 2018	1,745,361,688.11	948,118,416.51	1,458,771,466.00	48,535,885.22	97,715,655.65	4,298,503,111.49
Additions	–	–	7,535,537.23	8,750.00	1,876,873.55	9,421,160.78
Purchase	–	–	5,971,900.88	8,750.00	1,876,873.55	7,857,524.43
Transfer-in from construction in progress	–	–	1,563,636.35	–	–	1,563,636.35
Reductions	–	–	–	(1,092,812.00)	(3,103.45)	(1,095,915.45)
Other disposal and retirement	–	–	–	(1,092,812.00)	(3,103.45)	(1,095,915.45)
30 June 2019	**1,745,361,688.11**	**948,118,416.51**	**1,466,307,003.23**	**47,451,823.22**	**99,589,425.75**	**4,306,828,356.82**
Accumulated depreciation						
31 December 2018	467,378,816.80	196,940,215.04	743,376,903.12	38,493,214.38	60,156,617.63	1,506,345,766.97
Accruement	27,105,218.51	15,586,555.24	51,962,015.21	1,189,735.71	4,790,031.27	100,633,555.94
Other disposal and retirement	–	–	–	(1,013,585.82)	(49.13)	(1,013,634.95)
30 June 2019	**494,484,035.31**	**212,526,770.28**	**795,338,918.33**	**38,669,364.27**	**64,946,599.77**	**1,605,965,687.96**
Book Value						
30 June 2019	**1,250,877,654.18**	**735,591,646.23**	**670,968,083.52**	**8,782,458.95**	**34,642,825.98**	**2,700,862,668.86**
31 December 2018	1,277,982,871.31	751,178,201.47	715,394,562.88	10,042,670.84	37,559,038.02	2,792,157,344.52

For the accounting period 2019, depreciation expense of fixed assets amounted to RMB100,633,555.94 (for the accounting period 2018: RMB102,901,002.33), of which RMB95,556,485.50 were charged to cost of sales, RMB5,024,997.28 to general and administrative expenses, RMB52,073.16 to selling expense and zero to construction in progress (for the accounting period 2018: RMB95,538,737.35, RMB7,181,672.57 RMB76,164.59 and RMB104,427.82, respectively).

The costs of fixed assets transferred- in from construction in progress amounted to RMB1,563,636.35 for the accounting period ended 30 June 2019. (for the accounting period ended 30 June 2018 is RMB1,128,855.91).

(8) Intangible assets

	Mining rights	Land use rights	Others	Total
Cost				
31 December 2018	699,654,158.24	221,641,470.12	2,176,054.06	923,471,682.42
Additions – Purchase	–	1,978,986.99	92,456.90	2,071,443.89
30 June 2019	**699,654,158.24**	**223,620,457.11**	**2,268,510.96**	**925,543,126.31**
Accumulated amortisation				
31 December 2018	162,462,916.49	45,222,371.88	1,709,770.35	209,395,058.72
Additions – Accruement	8,878,454.83	2,291,583.72	71,041.87	11,241,080.42
30 June 2019	**171,341,371.32**	**47,513,955.60**	**1,780,812.22**	**220,636,139.14**
Net book value				
30 June 2019	**528,312,786.92**	**176,106,501.51**	**487,698.74**	**704,906,987.17**
31 December 2018	537,191,241.75	176,419,098.24	466,283.71	714,076,623.70

During the six months ended 30 June 2019, amortisation expense of intangible assets amounted to RMB11,241,080.42 (for the six months ended 30 June 2018: RMB10,563,799.12).

As at 30 June 2019 and 31 December 2018, there was no impairment on intangible assets provided.

(9) Notes payable

	30 June 2019	31 December 2018
Notes payable		
Bank acceptance notes	**224,100,000.00**	216,611,800.00
Letter of credit payables	**100,000,000.00**	100,000,000.00
	324,100,000.00	316,611,800.00

As at 30 June 2019 and 31 December 2018, all bank acceptance notes and letter of credit payables were due within 180 days,

(10) Account payable

	30 June 2019	31 December 2018
Payable for purchase of materials	**232,856,930.74**	197,911,710.21
Payable for purchase of services	**28,864,754.16**	22,832,188.15
Payable for transportation fees	**9,037,184.84**	10,889,881.68
Others	**2,194,974.75**	1,661,732.39
	272,953,844.49	233,295,512.43

(a) As at 30 June 2019, accounts payable over one year with carrying amount of RMB26,532,758.43 (31 December 2018: RMB29,091,840.04) were mainly payables for purchase of materials.

(b) The ageing of accounts payable based on their recording dates was analysed as follows:

	30 June 2019	31 December 2018
Within 3 months	**195,514,562.93**	154,338,797.59
3 to 6 months	**33,447,098.49**	34,007,896.94
Over 6 months	**43,992,183.07**	44,948,817.90
	272,953,844.49	233,295,512.43

(11) Revenue and cost of sales

(a) Revenue and cost of sales from main operation

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

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Revenue from main operation	**Cost of sales from main operation**	Revenue from main operation	Cost of sales from main operation
Nickel cathode	**394,263,283.13**	**359,621,554.61**	676,463,384.98	557,758,751.05
Copper cathode	**138,678,979.92**	**122,969,255.93**	116,968,631.43	99,583,339.31
Others	**57,071,008.73**	**41,040,005.15**	66,453,230.23	41,122,831.97
	590,013,271.78	**523,630,815.69**	859,885,246.64	698,464,922.33

(b) Revenue and cost of sales from other operation

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Revenue from other operation	**Cost of sales from other operation**	Revenue from other operation	Cost of sales from other operation
Sales of electricity	**437,416.26**	**672,661.47**	1,134,364.30	1,283,191.33
Sales of scraps of mine, water and other scraps	**2,136,255.53**	**–**	3,423,996.89	–
Sales of materials	**135,678.81**	**96,345.60**	279,305.74	238,378.76
Revenue from heat supply from native	**67,309.27**	**67,309.27**	–	–
Others	**1,591,339.01**	**3,497,411.21**	1,338,447.48	233,342.25
	4,367,998.88	**4,333,727.55**	6,176,114.41	1,754,912.34

	Revenue	**Cost of sales**	Revenue	Cost of sales
Total (a)+(b)	**594,381,270.66**	**527,964,543.24**	866,061,361.05	700,219,834.67

(12) Financial expenses – net

	Six months ended 30 June 2019	Six months ended 30 June 2018
Interest expenditure	**57,517,034.49**	68,485,713.43
Less: Capitalised interest expenses	**(7,028,005.77)**	(4,666,789.34)
Interest expenses	**50,489,028.72**	63,818,924.09
Less: Interest income	**(3,164,939.08)**	(1,048,717.91)
Bank charges	**763,412.59**	3,997,640.31
Unwinding of discount – net	**433,939.01**	209,457.49
	48,521,441.24	66,977,303.98

(13) Assets impairment losses

	Six months ended 30 June 2019	Six months ended 30 June 2018
Provision for decline in value of inventories	**107,947.42**	265,291.93

(14) Investment income／(loss)

	Six months ended 30 June 2019	Six months ended 30 June 2018
Net income from a joint venture under equity method	**2,821,489.47**	1,400,167.49
Unrealised net profit between the joint venture and the Group	**(4,038,161.10)**	(7,158,862.52)
Investment income from disposal of financial assets	**1,731,037.63**	4,711,208.36
	514,366.00	(1,047,486.67)

The Group has no significant restrictions on the repatriation of investment income.

(15) Income tax expenses

	Six months ended 30 June 2019	Six months ended 30 June 2018
Current income tax	**20,455.75**	554,163.74
Deferred income tax	**(9,858,710.46)**	2,658,646.29
	(9,838,254.71)	3,212,810.03

The reconciliation from income tax calculated based on the applicable tax rates and total profit/(loss) presented in the consolidated financial statements to the income tax expenses was listed below:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Consolidated total (loss)/profit	**(70,743,859.86)**	12,025,343.54
Income tax expenses calculated at applicable tax rate of 25%	**(17,685,964.97)**	3,006,335.89
Effect of tax reductions	**6,196,247.01**	(1,394,288.96)
Effect of changes in tax rates	**(423,223.42)**	–
Costs, expenses and losses not to be deducted	**144,793.26**	140,204.37
Deductible temporary differences and deductible losses for which no deferred tax assets were recognised	**1,929,821.41**	1,133,880.52
Clearance differences in respect of prior years	**72.00**	326,678.21
	(9,838,254.71)	3,212,810.03

(16) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing consolidated net profit/(loss) for the current year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue of the Company:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Consolidated net (loss)/profit attributable to shareholders of the Company	**(59,172,790.12)**	8,731,276.99
Weighted average number of ordinary shares in issue of the Company	**2,210,000,000.00**	2,210,000,000.00
Basic (loss)/earnings per share	**(0.027)**	0.004
Including		
—basic (loss)/earnings per share under continuous operation	**(0.027)**	0.004
—basic (loss)/earnings per share under discontinued operation	**–**	–

Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to shareholders 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 2019 (For the six months ended 30 June 2018: Nil), diluted earnings/(loss) per share equal to basic earnings/(loss) per share.

(17) 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 2019 and 2018, 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 2019, revenue of top three customers of the Group accounted for 35%, 16% and 12% of the total revenue of the Group, respectively (For the six months ended 30 June 2018: 31%, 12% and 11%).

(18) Commitments

(a) Capital commitments

As at 30 June 2019 and 31 December 2018, the Group had no capital expenditures contracted for but not yet necessary to be recognised on the balance sheet.

(b) Operating lease commitments

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

	30 June 2019	31 December 2018
Within one year	**817,965.00**	817,965.00
Between one and two years	**817,965.00**	817,965.00
Between two and three years	**408,982.50**	817,965.00
	2,044,912.50	2,453,895.00