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Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫礦業股份有限公司

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

(Stock code: 3833)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Xinjiang Xinxin Mining Industry Co., Ltd.* (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021. The audit committee of the Board of the Company has reviewed these interim results.

This announcement, containing the full text of the interim report for the six months ended 30 June 2021 (the “**Interim Report**”) of the Company, complies with the relevant requirements for interim results announcement as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Publication of Interim Results Announcement and Interim Report

This announcement is published on the website of the Company (k unlun.wsfg.hk) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

The Interim Report containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the website of the Company and the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Zhang Guohua
Chairman

Xinjiang, the PRC, 30 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. Qi Xinhui and Mr. Yu Wenjiang; the non-executive directors of the Company are Mr. Zhang Guohua, Mr. Zhou Chuanyou, Mr. Guo Quan and Mr. Hu Chengye; and the independent non-executive directors of the Company are Mr. Hu Benyuan, Mr. Wang Qingming and Mr. Lee Tao Wai.

** For identification purpose only*

CONTENTS

2	Corporate Information
3	Company Results
4	Resources and Reserves
5	Management Discussion and Analysis
14	Directors' Interest
15	Share Capital and Dividends
16	Employees and Welfare
17	Corporate Governance
19	Consolidated and Company Balance Sheets (Unaudited)
21	Consolidated and Company Income Statements (Unaudited)
23	Consolidated and Company Cash Flow Statements (Unaudited)
25	Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
26	Company Statement of Changes in Shareholders' Equity (Unaudited)
27	Notes to Financial Statements (Unaudited)

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Qi Xinhui
Yu Wenjiang

NON-EXECUTIVE DIRECTORS

Zhang Guohua (*Chairman*)
Zhou Chuanyou (*Vice chairman*)
Guo Quan
Hu Chengye

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Benyuan
Wang Qingming
Lee Tao Wai

SUPERVISORS

Yao Wenying (*Chairman*)
Shi Keli
Shan Zhengzhong
Zhong Rubiao
Meng Guojun

AUDIT COMMITTEE

Hu Benyuan (*Chairman*)
Hu Chengye
Lee Tao Wai

REMUNERATION AND REVIEW COMMITTEE

Hu Benyuan (*Chairman*)
Zhou Chuanyou
Guo Quan
Wang Qingming
Lee Tao Wai

NOMINATION COMMITTEE

Zhang Guohua (*Chairman*)
Hu Benyuan
Lee Tao Wai

STRATEGIC DEVELOPMENT COMMITTEE

Zhang Guohua (*Chairman*)
Qi Xinhui
Zhou Chuanyou
Guo Quan
Wang Qingming

COMPANY SECRETARIES

Lam Cheuk Fai *FCCA, FCPA*
Li Zhenzhen

AUTHORISED REPRESENTATIVES

Qi Xinhui
Lam Cheuk Fai
Lee Tao Wai (*Alternate*)

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AUDITORS

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General Partnership)

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COMPANY WEBSITE

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STOCK CODE

3833

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 2021 (the “Period”), together with the unaudited consolidated operating results for the six months ended 30 June 2020 (“First Half of 2020” 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 RMB1,157.1 million, representing a significant increase of 83.1% as compared with consolidated revenue of RMB632.1 million for the Same Period Last Year. The consolidated net profit attributable to shareholders of the Company was RMB230.9 million during the Period, while the consolidated net loss attributable to shareholders of the Company was RMB62.3 million for the Same Period Last Year. The significant increase in consolidated operating results of the Group during the Period was mainly attributable to (1) the sales volume of nickel cathode amounting to approximately 5,879 tonnes during the Period, representing an increase of approximately 51.9% as compared to 3,870 tonnes in the corresponding period of the previous year, (2) the average selling prices of nickel cathode and copper cathode amounted to approximately RMB120,055 and RMB59,938 per tonne during the Period, respectively, representing a respective increase of approximately 33.5% and 57.5% from RMB89,908 and RMB 38,051 per tonne respectively in the corresponding period of the previous year, and (3) financial expenses for the Period amounted to approximately RMB37.7 million, representing a decrease of approximately RMB12.4 million (i.e. approximately 24.8%) as compared to RMB50.1 million in the corresponding period of the previous year.

Basic earnings per share attributable to shareholders of the Company amounted to RMB0.104 during the Period, while the basic loss per share amounted to RMB0.028 per share in the Same Period Last Year.

The Board does not recommend any payment of interim dividend for 2021.

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

RESOURCES AND RESERVES

As at 30 June 2021, 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 <i>Tonnes</i>	Grade Cu %	Ni %	Metal contents Cu <i>Tonnes</i>	Ni <i>Tonnes</i>
Resources as at 30 June 2021					
Kalatongke nickel-copper mine	29,608,129	1.00	0.59	296,517	173,827
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	66,992,151	0.29	0.46	194,328	308,749
Total	96,600,280			490,845	482,576
Reserves as at 30 June 2021					
Kalatongke nickel-copper mine	19,342,109	1.05	0.65	203,720	126,515
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	27,839,805	0.31	0.50	87,320	139,051
Total	47,181,914			291,040	265,566

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 2021, the estimated resources for the two vanadium mines in Xianghe Street and Mujia River are set out in the following table:

	Ore contents <i>Tonnes</i>	Grade V ₂ O ₅ %	Contents V ₂ O ₅ <i>Tonnes</i>
Resources as at 30 June 2021			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	16,410,100	0.89	146,015
Total	26,569,500		242,315

Note: The resources estimates 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 Land and Resources Bureau of Shaanxi Province. In 2020, according to the Mineral Resources Exploration License Notification issued by the Department of Natural Resources of Shaanxi Province (Shaanxi Ziran Zikuang Kanzi [2021] 045), the resources of the Mujiahe Vanadium Exploration Rights and Mining Rights (retained) were estimated and identified by internal experts.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Since the beginning of 2021, global economic activities started recovering following the prevention and control measures of the COVID-19 Pandemic. Major countries maintained loosen monetary policies, leading to increases in the international and domestic prices of non-ferrous metal. Coupling with the further increase in demand of metal resources such as nickel and copper for the development of new energy, the prices of both nickel cathode and copper cathode, which are the major products of the Group, increased significantly, while the copper price reached the 10-year high. However, the continuing prevention and control measures of the COVID-19 Pandemic and the variants of the virus have caused a profound impact on the development of global economy, which will result in a gradual increase in inflation of developed countries and changes in major countries' monetary policies, leading to many uncertainties in the global economic recovery, there is thus a potential risk of fluctuation in metal prices of the Group's major products.

During the Period, the average three-month future price of nickel cathode on the London Metal Exchange ("LME") was US\$17,521 per tonne, representing an increase of 39.7% from US\$12,539 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US\$9,064 per tonne, representing an increase of 64.8% from US\$5,518 per tonne for the Same Period Last Year.

During the Period, the average settlement price (including tax) of nickel cathode in Shanghai Futures Exchange was RMB129,845 per tonne, representing an increase of 27.7% from the Same Period Last Year. the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Nonferrous Metals Spot Market was RMB131,758 per tonne, representing an increase of 27.9% from RMB102,990 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB66,691 per tonne, representing an increase of 49.2% from RMB44,697 per tonne for the Same Period Last Year.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the consolidated revenue of the Group amounted to RMB1,157.1 million, representing an increase of 83.1% from the consolidated revenue of RMB632.1 million for the Same Period Last Year. The consolidated net profit amounted to RMB228.7 million, representing a significant increase in operating results as compared with the consolidated net loss of RMB62.6 million for the Same Period Last Year. In particular, the consolidated net profit attributable to shareholders of the Company was RMB230.9 million, while the consolidated net loss attributable to shareholders of the Company was RMB62.3 million for the Same Period Last Year.

The significant increase in consolidated operating results of the Group during the Period was mainly due to (1) the increases of the market prices of the Group's major products, nickel cathode and copper cathode compared with that of the Same Period Last Year, and (2) the significant increase in sales volume of the Group's major product, nickel cathode.

During the Period, the Group produced 6,122 tonnes of nickel cathode, representing an increase of 4.7% as compared with 5,849 tonnes for the Same Period Last Year, and produced 5,640 tonnes of copper cathode, representing an increase of 4.9% as compared with 5,378 tonnes for the Same Period Last Year.

During the Period, the Group sold 5,879 tonnes of nickel cathode, representing an increase of 51.9% as compared with 3,870 tonnes for the Same Period Last Year, and sold 4,331 tonnes of copper cathode, representing a decrease of 30.7% from 6,248 tonnes for the Same Period Last Year.

During the Period, the average selling price of nickel cathode of the Group (excluding tax) was RMB120,055 per tonne, representing an increase of 33.5% from RMB89,908 per tonne for the Same Period Last Year, while the average selling price of copper cathode (excluding tax) was RMB59,939 per tonne, representing an increase of 57.5% from RMB 38,051 per tonne for the Same Period Last Year.

PROSPECTS AND COUNTERMEASURES

At present, there are still risks of the spread of the COVID-19 Pandemic in various countries around the world. The domestic prevention and control measures of the COVID-19 Pandemic has become normalized. The mining companies of the Group, based on their own conditions, have formulated emergency plans such as isolation measures, material supply and production arrangements. In the second half of 2021, epidemic prevention and control will remain the focus of the Group's work. We will use all resources and adopt firm and effective measures to protect the health and safety of our employees, strive to overcome the adverse impact of the epidemic, ensure the smooth operation of production and operation, and endeavour to contribute to the epidemic prevention of the communities where the project is located.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, as the National Bureau of Statistics released economic data for the first half of 2021 showing that the economy of domestic industries continues to recover steadily and maintains rapid growth, and there will be progress in COVID-19 vaccination in all countries around the world, it is expected that the economy will continuously pick up in the second half of the year, but there are still many uncertainties in terms of market prospects. The Group will adjust its work plan based on changes in the external environment and the price trends of international nickel cathode and copper cathode metals, implement more stringent cost control, more prudent cash flow management, and strive to achieve our production and operation goals and medium- and long-term sustainable development goals.

In the second half of 2021, the Group plans to produce 5,678 tonnes of nickel cathode and 5,637 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.

MINERAL EXPLORATION, MINE DEVELOPMENT AND ORE MINING ACTIVITIES

Mineral exploration

During the Period, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining"), a wholly-owned subsidiary of the Company, mainly completed mineral exploration projects such as 6,637.5 meters of drilling in pit. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao") mainly completed mineral exploration projects such as 599.5 meters of shallow-hole drilling in pit and 616.3 meters of surface drilling. During the Period, the aggregate expenditure on the mineral exploration of the Group was around RMB1.5 million.

Mine development

During the Period, Kalatongke Mining mainly completed mining development projects, such as construction of 101 meters of horizontal haulage and construction of 630 meters of ramp at 590 mid-segment to 907 mid-segment of No. 1 ore body, construction of 485 meters of horizontal haulage at 324 mid-segment to 467 mid-segment of No. 2 ore body, and construction of 39 meters of filling haulage at 548 mid-segment of No. 3 ore body. Xinjiang Yakesi and Hami Jubao mainly completed mining development projects, such as construction of 537 meters of various haulages at 150 mid-segment to 450 mid-segment of Huangshan No. 30 ore body, construction of 220 meters of ramp and 192 meters of chute, construction of 112 meters of various haulages at 690 mid-segment to 710 mid-segment and construction of 139 meters of ramp.

During the Period, the aggregate expenditure on the mine development of the Group was around RMB12.6 million.

Ore mining

During the Period, Kalatongke Mining produced 481,736 tonnes of ores. Xinjiang Yakesi and Hami Jubao produced 734,162 tonnes of ores. During the Period, the aggregate expenditure of the ore mining of the Group was around RMB143.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021			For the period ended 30 June 2020		
	Sales Volume Tonnes	Amount RMB'000	% to Revenue	Sales Volume Tonnes	Amount RMB'000	% to Revenue
Nickel cathode	5,879	705,789	64.2%	3,870	347,972	55.7%
Copper cathode	4,331	259,570	23.6%	6,248	237,748	38.0%
Copper concentrate	6,066	80,618	7.3%	2,615	19,072	3.1%
Other products	–	53,386	4.9%	–	20,400	3.2%
Total revenue		1,099,363	100%		625,192	100%
Cost of sales		(719,647)	65.5%		(577,538)	92.4%
Gross profit		379,716	34.5%		47,654	7.6%

During the Period, the revenue from nickel cathode of the Group increased by 102.8% to RMB706 million as compared with that of the Same Period Last Year. The average selling price of nickel cathode was RMB120,055 per tonne, representing an increase of 33.5% as compared with that of the Same Period Last Year. The sales volume of nickel cathode was 5,879 tonnes, representing an increase of 51.9% as compared with that of the Same Period Last Year. The increase in revenue of nickel cathode was due to the increase of the market prices of the Group's major products, nickel cathode and copper cathode compared with that of the Same Period Last Year and the significant increase in sales volume of the Group's major product, nickel cathode during the Period.

During the Period, the revenue of copper cathode of the Group increased by 9.2% to RMB260 million as compared with that of the Same Period Last Year. The average selling price of copper cathode increased by 57.5% to RMB59,939 per tonne as compared with that of the Same Period Last Year. The sales volume of copper cathode of the Group decreased by 30.7% to 4,331 tonnes as compared with that of the Same Period Last Year. The increase in revenue of copper cathode was due to the significant increase in market price of copper cathode as compared with that of the Same Period Last Year.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue of copper concentrates of the Group increased by 322.7% to RMB80.6 million as compared with that of the Same Period Last Year. The average selling price of copper concentrates increased by 82.2% to RMB13,290 per tonne as compared with that of the Same Period Last Year. The sales volume of copper concentrates of the Group increased by 132.0% to 6,066 tonnes as compared with that of the Same Period Last Year. The increase in revenue of copper concentrates was due to the significant increase in sales price and 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 increased by 161.8% to RMB53.4 million (including sulfuric acid of RMB9.4 million, gold of RMB6.9 million, palladium of RMB5.5 million, electrolytic cobalt of RMB19.5 million and silver of RMB12.1 million) compared with that of the Same Period Last Year. The increase in the revenue of other products was due to the significant increase in the sales price and the sales volumes of electrolytic cobalt and silver compared with that of the Same Period Last Year.

During the Period, the unit cost of sales of nickel cathode of the Group increased by 3.7% to RMB73,678 per tonne as compared with that of the Same Period Last Year, the unit cost of sales of copper cathode increased by 1.9% to RMB42,735 per tonne as compared with that of the Same Period Last Year.

During the Period, the Group recorded gross profit of RMB380 million while the Group recorded gross profit of RMB48 million in the Same Period Last Year. The increase in gross profit of the Group was mainly due to the increases in average sales prices of nickel cathode and copper cathode during the Period as compared with that of the Same Period Last Year.

Sales and marketing costs

During the Period, sales and marketing costs of the Group were RMB25 million, representing an increase of 52.0% as compared with that of the Same Period Last Year, mainly due to the increase in transportation costs due to the increase in sales volume of nickel cathode and sulfuric acid as compared with that of the Same Period Last Year.

Administrative expenses

During the Period, the administrative expense of the Group increased by 19.2% to RMB61 million as compared with that of the Same Period Last Year, mainly due to the fact that no preferential policy of social security relief during pandemic could be enjoyed during the Period.

Finance expenses – net

Finance expenses – net of the Group for the Period decreased to RMB38 million as compared with that of the Same Period Last Year of RMB50 million, mainly due to the borrowing interest rates reduced and the interest expenses decreased during the Period as caused by the changes in market interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment income

Investment income of the Group for the Period was RMB25 million while investment gain was RMB4 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 2021, owners' equity increased by 5.3% to RMB4,665 million as compared with that as of 31 December 2020, mainly due to the earnings during the Period. As at 30 June 2021, total assets increased by 1% to RMB7,336 million as compared with that as of 31 December 2020.

For the six months ended 30 June 2021, the Group's net cash inflows generated from operating activities was RMB301.7 million. As compared to the net cash inflow of RMB151.4 million in the Same Period Last Year, there was an increase in the inflow of RMB150.3 million, primarily due to the increase in the sales price of the Group's main products nickel cathode and copper cathode as compared with the Same Period Last Year, and the significant increase in the sales volume of nickel cathode as compared with the Same Period Last Year, resulting in increased sales revenue during the Period. The net cash outflow used in investment activities were RMB30.8 million, which were mainly attributable to the purchase of equipment for various technological renovation and expansion projects and their construction costs. The net cash outflows used in financing activities amounted to RMB62.0 million, which were mainly attributable to the repayment of bank borrowings and interest by the Group during the Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had total cash and cash equivalents amounting to RMB472.3 million (31 December 2020: RMB263.5 million), and the total borrowings of the Group amounted to RMB1,835.5 million (31 December 2020: RMB1,851.4 million). As such, the net debts of the Group (total borrowings minus cash and cash equivalents) amounted to RMB1,363.2 million (31 December 2020: RMB1,587.9 million) and the gearing ratio (net debts divided by total capital*) was 22.61% (31 December 2020: 26.38%).

	As at 30 June 2021	As at 31 December 2020
Current Ratio (<i>Times</i>)	1.1	1.1
Gearing Ratio (<i>net debts/total capital*</i>)	22.61%	26.38%

* Total capital: net debts + total owners' equity

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the aggregate amount of borrowings of the Group was RMB1,835.5 million, of which, the loans for working capital of RMB1,289 million, the loans for working capital by Xinjiang Yakesi was RMB100.0 million, the loans for working capital by Kalatongke Mining was RMB446.5 million.

As at 30 June 2021, the Group's interest-bearing borrowings amounted to RMB1,455.5 million (31 December 2020: RMB1,483.7 million), including floating rate borrowings amounted to RMB1,455.5 million (31 December 2020: RMB1,334 million) and no fixed rate borrowings (31 December 2020: RMB149.7 million).

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 in 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 comprehensive income of the Group.

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 operating results. 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.

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 transformation of development patterns. The government's 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021, the Group's interest-bearing debts were mainly floating rate borrowings contracts, which totaled RMB1,455.5 million (31 December 2020: RMB1,483.7 million). The Group has no interest rate swap arrangement.

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.

CHARGE ON ASSETS

As at 30 June 2021, a restricted bank deposit of RMB51.7 million out of the cash at 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 2021, there were no charges or pledges of assets in the Group.

CONTINGENT LIABILITIES

Save as disclosed in Notes 7 and 8(5)(f) to the unaudited consolidated interim financial statements of the Group, the Group had no other significant contingent liabilities as at 30 June 2021.

MAJOR ACQUISITIONS AND DISPOSAL

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

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 particulars 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 2021	
	RMB'000	% to Total
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	42,931	55.3%
Refining and complementary operations in Fukang Refinery	16,524	21.3%
Mining and ore processing operations in Xinjiang Yakesi	16,222	20.9%
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	1,328	1.7%
Research and development of non-ferrous metal industrial products and storage base project of Beijing Xinding Shunze High Technology Co., Ltd.	617	0.8%
Total	77,622	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 RMB221.2 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 RMB58.4 million.

Xinjiang Yakesi and Hami Jubao will further improve the mining and processing projects, and plans to invest approximately RMB131.2 million.

The capital expenditure of the Group for the exploration projects is planned to be approximately RMB9.7 million.

The capital expenditure of the Group for the acquisition of fixed assets is planned to be approximately RMB13.4 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 2021.

COMMITMENTS

Commitments of the Group as at 30 June 2021 are disclosed in Note 9 to the unaudited consolidated interim financial statements.

DIRECTORS' INTEREST

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACT

As at 30 June 2021, 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.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SUPERVISORS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, 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 (Cap. 571 of the Laws of Hong Kong) ("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	Number of Shares held		Total interests	Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share
	Personal interest	Corporate interests				
Zhou Chuanyou		480,924,000	480,924,000	Domestic share (Note 1)	33.14	21.76
			5,000,000	H share (Note 2)	0.66	0.23

Note 1: The domestic shares are held by Shanghai Yilian Kuangneng Co. Ltd. ("Shanghai Yilian") and Zhongjin Investment (Group) Ltd. ("Zhongjin Investment"). The entire shareholding or equity interest of Shanghai Yilian and Zhongjin Investment are beneficially owned by Zhou Chuanyou.

Note 2: These H shares were subsequently and entirely disposed of on 26 and 27 July 2021.

Save as disclosed above, none of the directors and supervisors of the Company or their respective associates had, as at 30 June 2021, 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.

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.

SHARE CAPITAL AND DIVIDENDS

SHARE CAPITAL

The Company's share capital as at 30 June 2021 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

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

So far as known to any director or supervisor of the Company, as at 30 June 2021, the persons or companies (other than a director or supervisor of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Number of shares held	Class of share	Approximate percentage of shareholding of relevant class of shares (%)	Approximate percentage of the total share capital (%)
Xinjiang Non-ferrous Metal Industry (Group) Ltd.* (新疆有色金屬工業(集團)有限責任公司)	885,204,000 (L)	Domestic share	61.01	40.06
Shanghai Yilian (Note)	282,896,000 (L)	Domestic share	19.50	12.80
Zhongjin Investment (Note)	198,028,000 (L)	Domestic share	13.65	8.96

(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 2021, 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.

DIVIDENDS

The Board does not recommend any payment of interim dividend for 2021 (Nil for 2020).

EMPLOYEES AND WELFARE

As at 30 June 2021, the Group had a total of 2,097 employees. Breakdowns by functions and divisions are as follows:

Division	No. of Employees	% to Total
Management and administration	160	7.63%
Engineering technician	206	9.82%
Production staff	1,342	64.00%
Repair and maintenance	288	13.73%
Inspection	87	4.15%
Sales	14	0.67%
Total	2,097	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%, 6% to 9%, 0.5% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 1.05% 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.

CORPORATE GOVERNANCE

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.

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 four meetings (with an attendance rate of 30/33).

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 two meetings during the Period (with an attendance rate of 8/10).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

Non-compliance with the Model Code by a Director

Paragraph A.3 of the Model Code provides, among other matters, that a director must not deal in any securities of the listed issuer on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results (the “Blackout Period”). Paragraph B.8 of the Model Code further provides that a director must not deal in any securities of the issuer without first notifying in writing to the chairman and receiving a dated written acknowledgement.

The Company intended to publish its unaudited interim results for the six months ended 30 June 2021 (the “Interim Results”) on or around 20 August 2021. In this regard, on 28 June 2021, the Company issued a notice reminding all the directors, supervisors and senior management of the Company in relation to, among other things, (i) the proposed date for publication of the Interim Results; and (ii) the restriction on the directors of the Company in dealing in the shares of the Company during the Blackout Period (i.e. from 21 July 2021 to 20 August 2021). The Company submitted the Blackout Period e-form FF005 via HKEx ESS system on 5 July 2021. The Company subsequently extended the Blackout Period to 30 August 2021 by the updated e-form FF005 on 3 August 2021 due to postponement of the date for publication of the Interim Results.

CORPORATE GOVERNANCE

On 28 July 2021, the Company was notified by Mr. Zhou Chuanyou ("Mr. Zhou"), a non-executive director, that Mr. Zhou, through a company wholly-owned by Mr. Zhou, had disposed a total of 5,000,000 H shares of the Company to the general public on 26 July 2021 and 27 July 2021 (the "Disposal"). Mr. Zhou had not informed or notified the chairman or any other directors of the Company prior to the Disposal. As Mr. Zhou had dealt in the shares of the Company during the Blackout Period and without informing the chairman or any other directors of the Company in advance, the Company noted that there were breaches on Mr. Zhou in complying with Paragraphs A.3 and B.8 of the Model Code. As such, the Company took the initiative to inform the Stock Exchange accordingly on 30 July 2021.

On 2 August 2021 Mr. Zhou submitted to the Stock Exchange an explanation as to how the Disposal took place without compliance with Paragraphs A.3 and B.8 of the Model Code.

The Company has taken the following remedial steps to avoid the reoccurrence of similar incidents:

- communicated and reminded Mr. Zhou that a director must not deal in any securities of the Company during the Blackout Period nor without first notifying in writing to the chairman and receiving a dated written acknowledgement;
- recirculated the Model Code to all directors and reminded them of the procedures that they should follow should they wish to deal in the Company's shares; and
- coordinated with Company's legal counsel and arranged a refresher training on directors' duties to all directors.

The Board considers that by adopting the aforesaid measures, it would enable the directors to understand the dealing restriction during the Blackout Period and the procedures that they need to follow before dealing in the securities of the Company. The Board therefore considered that the implementation of the above measures would minimize the chance of breach of the Model Code by the directors in the future.

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. Lee Tao Wai, 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 report.

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Zhang Guohua
Chairman

Xinjiang, the PRC, 30 August 2021

CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED)

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2021 Consolidated	31 December 2020 Consolidated	30 June 2021 Company	31 December 2020 Company
Current assets					
Cash at bank and in hand	4(1), 15(1)	523,975,479.51	375,146,472.12	488,343,326.19	353,411,941.02
Financial assets held for trading	4(2), 15(2)	31,000,000.00	31,000,000.00	20,000,000.00	20,000,000.00
Account receivable	4(3), 15(3)	96,551,807.84	102,867,035.47	77,003,939.27	80,229,016.75
Financing receivable	4(4), 15(4)	112,754,453.24	75,348,838.21	75,861,031.00	48,594,289.52
Advances to suppliers	4(5), 15(5)	29,682,942.13	33,089,662.54	285,420,778.46	610,108,585.44
Other receivables	4(6), 15(6)	25,274,634.16	31,609,693.88	1,206,814,986.51	836,608,091.05
Inventories	4(7), 15(7)	1,331,412,942.95	1,375,623,000.72	1,424,341,814.95	1,244,636,896.71
Other current assets	4(8), 15(8)	42,121,412.08	43,515,830.67	37,422,965.57	39,971,783.55
Total current assets		2,192,773,671.91	2,068,200,533.61	3,615,208,841.95	3,233,560,604.04
Non-current assets					
Long-term receivable	15(9)	–	–	246,000,000.00	381,000,000.00
Long-term equity investments	4(9), 15(10)	180,225,162.06	155,334,463.09	2,582,343,556.37	2,568,329,336.75
Fixed assets	4(10), 15(11)	2,965,172,142.90	3,053,585,341.85	477,933,636.10	499,881,332.29
Construction in progress	4(11)	1,148,291,514.42	1,094,829,728.49	75,847,391.06	62,165,582.59
Intangible assets	4(12), 15(12)	732,757,865.18	745,398,457.10	42,018,451.44	42,616,725.84
Goodwill	4(13)	27,832,805.11	27,832,805.11	–	–
Long-term deferred expenses		2,994,763.55	982,969.86	2,994,763.55	982,969.86
Deferred tax assets	4(28), 15(13)	60,853,161.96	88,654,563.65	34,255,925.44	55,041,688.54
Other non-current assets	4(14)	24,856,220.00	28,444,977.50	–	–
Total non-current assets		5,142,983,635.18	5,195,063,306.65	3,461,393,723.96	3,610,017,615.87
TOTAL ASSETS		7,335,757,307.09	7,263,263,840.26	7,076,602,565.91	6,843,578,219.91

CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED)

As at 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note	30 June 2021 Consolidated	31 December 2020 Consolidated	30 June 2021 Company	31 December 2020 Company
Current liabilities					
Short-term borrowings	4(25) (b)	630,000,000.00	477,640,000.00	630,000,000.00	477,640,000.00
Financial liabilities held for trading	4(16)	–	149,743,160.00	–	–
Notes payable	4(17), 15(15)	190,000,000.00	331,350,000.00	190,000,000.00	331,350,000.00
Accounts payable	4(18), 15(16)	257,263,509.75	263,435,161.65	353,095,367.55	289,203,111.82
Contract liabilities	4(19), 15(17)	58,642,473.82	38,851,683.14	51,575,031.41	9,137,155.51
Employee benefits payable	4(20), 15(18)	60,016,314.64	57,101,438.23	24,680,343.16	21,265,217.06
Taxes payable	4(21), 15(19)	19,962,216.25	10,430,710.33	315,296.82	348,323.34
Other payables	4(22), 15(20)	97,329,639.61	124,097,690.52	20,840,243.25	26,216,136.42
Current portion of non-current liabilities	4(23)	717,000,000.00	442,500,000.00	414,000,000.00	440,000,000.00
Total current liabilities		2,030,214,154.07	1,895,149,843.87	1,684,506,282.19	1,595,159,944.15
Non-current liabilities					
Long-term borrowings	4(24) (a)	488,500,000.00	781,500,000.00	245,000,000.00	235,000,000.00
Long-term payables	4(25)	13,511,957.65	14,466,781.91	–	–
Provisions	4(26)	9,570,053.41	9,351,240.59	–	–
Deferred income	4(27)	26,085,136.22	26,665,922.77	2,253,307.04	1,763,244.02
Deferred tax liabilities	4(28)	102,725,582.42	103,962,557.17	–	–
Total non-current liabilities		640,392,729.70	935,946,502.44	247,253,307.04	236,763,244.02
Total liabilities		2,670,606,883.77	2,831,096,346.31	1,931,759,589.23	1,831,923,188.17
Owners' equity					
Share capital	4(29)	552,500,000.00	552,500,000.00	552,500,000.00	552,500,000.00
Capital surplus	4(30)	4,258,569,997.76	4,258,569,997.76	4,254,754,857.49	4,254,754,857.49
Special reserve	4(31)	4,218,994.79	–	1,398,483.13	–
Surplus reserve	4(32)	249,625,789.74	249,625,789.74	249,625,789.74	249,625,789.74
(Accumulated Losses)/ Undistributed profits	4(33)	(417,026,270.95)	(647,906,622.73)	86,563,846.32	(45,225,615.49)
Total equity attributable to shareholders of the Company		4,647,888,511.34	4,412,789,164.77	5,144,842,976.68	5,011,655,031.74
Non-controlling interests	5(1)	17,261,911.98	19,378,329.18	–	–
Total owners' equity		4,665,150,423.32	4,432,167,493.95	5,144,842,976.68	5,011,655,031.74
TOTAL LIABILITIES AND OWNERS' EQUITY		7,335,757,307.09	7,263,263,840.26	7,076,602,565.91	6,843,578,219.91

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhang Guohua

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Wang Tong

CONSOLIDATED AND COMPANY INCOME STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

	Note	Six months ended 30 June 2021 Consolidated	Six months ended 30 June 2020 Consolidated	Six months ended 30 June 2021 Company	Six months ended 30 June 2020 Company
1. Revenue	4(34), 15(22)	1,157,091,007.48	632,144,292.32	1,074,455,852.76	597,689,176.52
Less: Cost of sales	4(34), 15(22)	(758,974,177.76)	(580,297,789.57)	(903,957,588.52)	(615,520,014.90)
Taxes and surcharges	4(36)	(24,432,731.89)	(14,097,434.18)	(3,310,374.05)	(2,978,027.05)
Selling and distribution expenses	4(37)	(24,980,761.74)	(16,430,159.14)	(6,211,747.43)	(4,711,899.36)
General and administrative expenses	4(38)	(61,261,411.83)	(51,403,221.70)	(20,899,122.26)	(17,860,782.20)
Financial expenses-net	4(39), 15(23)	(37,685,730.50)	(50,125,886.43)	(1,881,359.25)	831,250.89
Including: Interest expenses		(40,901,205.96)	(51,476,282.73)	(27,123,458.39)	(31,292,627.12)
Interest income		4,166,782.23	3,374,914.70	25,818,973.29	33,838,502.61
Assets impairment losses	4(15), 4(40), 15(14)	(3,926,746.73)	-	-	-
Credit impairment losses	4(41)	113,330.39	-	320,294.39	-
Add: Other income	4(44)	2,396,058.47	867,811.64	80,915.97	128,919.87
Investment income	4(42), 15(25)	25,063,489.43	4,386,368.44	14,014,219.62	(1,745,923.36)
Including: Share of gain of joint venture		14,014,219.62	(2,151,126.69)	14,014,219.62	(2,151,126.69)
Gains on disposal of non-current assets	4(43)	-	38,504.84	-	-
2. Operating profit		273,402,325.32	(74,917,513.78)	152,611,091.23	(44,167,299.59)
Add: Non-operating income	4(45)	285,547.11	220,270.24	13,678.69	36,878.44
Less: Non-operating expenses	4(46)	(890,258.28)	(3,200,146.62)	(49,565.01)	(836,262.49)
3. Total profit		272,797,614.15	(77,897,390.16)	152,575,204.91	(44,966,683.64)
Less: Income tax expenses	4(47), 15(26)	(44,047,835.10)	15,301,587.40	(20,785,743.10)	8,212,466.15
4. Net profit		228,749,779.05	(62,595,802.76)	131,789,461.81	(36,754,217.49)
Classified by continuity of operations:					
Net profit/(loss) from continuing operations		228,749,779.05	(62,595,802.76)	131,789,461.81	(36,754,217.49)
Net profit from termination of operations		-	-	-	-
Classified by owner's equity:					
Net profit/(loss) attributable to Shareholders of the Company		230,880,351.78	62,310,672.63	131,789,461.81	(36,754,217.49)
Net loss attributable to non-controlling interests		(2,130,572.73)	(285,130.13)	-	-
5. Other comprehensive income after tax		-	-	-	-

CONSOLIDATED AND COMPANY INCOME STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

	Note	Six months ended 30 June 2021 Consolidated	Six months ended 30 June 2020 Consolidated	Six months ended 30 June 2021 Company	Six months ended 30 June 2020 Company
6. Total comprehensive income		228,749,779.05	(62,595,802.76)	131,789,461.81	(36,754,217.49)
Comprehensive income/(loss) attributable to shareholders of the Company		230,880,351.78	(62,310,672.63)	131,789,461.81	(36,754,217.49)
Comprehensive income/(loss) attributable to non-controlling interests		(2,130,572.73)	(285,130.13)	–	–
7. Earnings per share					
Basic earnings/(loss) per share	4(48)	0.104	(0.028)	–	–
Diluted earnings/(loss) per share	4(48)	0.104	(0.028)	–	–

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhang Guohua

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Wang Tong

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

Note	Six months ended 30 June 2021 Consolidated	Six months ended 30 June 2020 Consolidated	Six months ended 30 June 2021 Company	Six months ended 30 June 2020 Company
1. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	852,987,391.90	463,765,351.42	945,395,215.84	544,110,341.86
Cash received relating to other operating activities 4(49) (a)	72,371,696.42	7,177,342.93	86,406,499.91	33,874,769.57
Sub-total of cash inflows	925,359,088.32	470,942,694.35	1,031,801,715.75	577,985,111.43
Cash paid for goods and services	(325,877,725.29)	(140,015,298.69)	(625,822,263.49)	(423,018,152.40)
Cash paid to and on behalf of employees	(152,239,536.27)	(127,986,975.56)	(57,385,953.70)	(50,905,123.09)
Payments of taxes and surcharges	(108,973,767.10)	(24,443,043.82)	(9,050,367.92)	(6,588,809.53)
Cash paid relating to other operating activities 4(49) (b)	(36,587,069.25)	(27,114,261.86)	(6,472,039.97)	(20,107,963.65)
Sub-total of cash outflows	(623,678,097.91)	(319,559,579.93)	(698,730,625.08)	(500,620,048.67)
Net cash flows generated from operating activities	301,680,990.41	151,383,114.42	333,071,090.67	77,365,062.76
2. Cash flows from investing activities				
Cash received from returns on investments	172,790.46	669,997.88	–	405,203.33
Cash received from disposal of fixed assets and other long-term assets	–	251,432.73	–	199,656.04
Cash received from disposal of financial assets	62,000,000.00	1,779,300,000.00	40,000,000.00	1,769,300,000.00
Cash received relating to other investing activities 4(49) (c)	–	65,000,000.00	124,376,431.94	323,445,516.95
Sub-total of cash inflows	62,172,790.46	1,845,221,430.61	164,376,431.94	2,093,350,376.32
Cash paid to acquire fixed assets and other long-term assets	(30,979,056.52)	(80,731,166.20)	(15,236,131.42)	(15,470,244.07)
Cash paid to acquire financial assets	(62,000,000.00)	(1,740,300,000.00)	(40,000,000.00)	(1,740,300,000.00)
Cash paid to provide loans to subsidiaries	–	–	(356,500,000.00)	(421,407,383.21)
Cash paid relating to other investing activities 4(49) (d)	–	(77,976,580.00)	–	(77,976,580.00)
Sub-total of cash outflows	(92,979,056.52)	(1,899,007,746.20)	(411,736,131.42)	(2,255,154,207.28)
Net cash flows used in from investing activities	(30,806,266.06)	(53,786,315.59)	(247,359,699.48)	(161,803,830.96)

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

Note	Six months ended 30 June 2021 Consolidated	Six months ended 30 June 2020 Consolidated	Six months ended 30 June 2021 Company	Six months ended 30 June 2020 Company
3. Cash flows from financing activities				
Cash received from borrowings	528,000,000.00	885,695,172.67	380,000,000.00	286,000,000.00
Sub-total of cash inflows	528,000,000.00	885,695,172.67	380,000,000.00	286,000,000.00
Cash repayments of borrowings	(543,883,160.00)	(967,000,000.00)	(243,640,000.00)	(211,500,000.00)
Cash payments for interest expenses	(36,066,423.13)	(51,056,739.51)	(18,749,258.30)	(30,661,306.67)
Cash paid relating to other financing activities	(10,077,186.20)	-	(8,374,200.09)	-
Sub-total of cash outflows	(590,026,769.33)	(1,018,056,739.51)	(270,763,458.39)	(242,161,306.67)
Net cash flows (used in)/generated from financing activities	(62,026,769.33)	(132,361,566.84)	109,236,541.61	43,838,693.33
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-	-	-
5. Net increase/(decrease) in cash and cash equivalents	4(51) (a) 208,847,955.02	(34,764,768.01)	194,947,932.80	(40,600,074.87)
Add: Cash and cash equivalents at beginning of year	4(51) (a) 263,452,546.93	267,229,062.22	241,720,615.83	235,160,112.52
6. Cash and cash equivalents at end of year	4(51) (b) 472,300,501.95	232,464,294.21	436,668,548.63	194,560,037.65

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhang Guohua

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Wang Tong

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

	Attributable to shareholders' equity of the Company					Sub-total	Non-controlling interests (note 5(1))	Total owners' equity
	Share capital (note 4(29))	Capital surplus (note 4(30))	Specific reserve (note 4(31))	Surplus reserve (note 4(32))	Accumulated losses (note 4(33))			
Balance at 1 January 2020	552,500,000.00	4,258,569,997.76	-	249,625,789.74	(799,745,024.20)	4,260,950,763.30	(7,954,036.56)	4,252,996,726.74
Movements for the period ended 30 June 2020								
Comprehensive profit								
– Net profit	-	-	-	-	(62,310,672.63)	(62,310,672.63)	(285,130.13)	(62,595,802.76)
Total comprehensive profit	-	-	-	-	(62,310,672.63)	(62,310,672.63)	(285,130.13)	(62,595,802.76)
Appropriation to specific reserve	-	-	19,060,673.77	-	-	19,060,673.77	35,101.03	19,095,774.80
Utilisation of specific reserve	-	-	(11,378,475.73)	-	-	(11,378,475.73)	-	(11,378,475.73)
Balance at 30 June 2020	552,500,000.00	4,258,569,997.76	7,682,198.04	249,625,789.74	(862,055,696.83)	4,206,322,288.71	(8,204,065.66)	4,198,118,223.05
Balance at 1 January 2021	552,500,000.00	4,258,569,997.76	-	249,625,789.74	(647,906,622.73)	4,412,789,164.77	19,378,329.18	4,432,167,493.95
Movements for the period ended 30 June 2021								
Comprehensive profit								
– Net profit	-	-	-	-	230,880,351.78	230,880,351.78	(2,130,572.73)	228,749,779.05
Total comprehensive profit	-	-	-	-	230,880,351.78	230,880,351.78	(2,130,572.73)	228,749,779.05
Appropriation to specific reserve	-	-	22,638,658.98	-	-	22,638,658.98	52,640.73	22,691,299.71
Utilisation of specific reserve	-	-	(18,419,664.19)	-	-	(18,419,664.19)	(38,485.20)	(18,458,149.39)
Balance at 30 June 2021	552,500,000.00	4,258,569,997.76	4,218,994.79	249,625,789.74	(417,026,270.95)	4,647,888,511.34	17,261,911.98	4,665,150,423.32

The following notes is a part of financial statement.

Legal representative:
Zhang Guohua

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Wang Tong

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

	Share capital	Capital surplus	Specific reserve	Surplus reserve	Retained earning	Total owners' equity
Balance at 1 January 2020	552,500,000.00	4,254,754,857.49	-	249,625,789.74	(168,543,681.64)	4,888,336,965.59
Movements for the period ended 30 June 2020						
Comprehensive income						
– Net profit	-	-	-	-	(36,754,217.49)	(36,754,217.49)
Total comprehensive income	-	-	-	-	(36,754,217.49)	(36,754,217.49)
Appropriation to specific reserve	-	-	3,579,182.10	-	-	3,579,182.10
Utilisation of specific reserve	-	-	(1,335,961.63)	-	-	(1,335,961.63)
Balance at 30 June 2020	552,500,000.00	4,254,754,857.49	2,243,220.47	249,625,789.74	(205,297,899.13)	4,853,825,968.57
Balance at 1 January 2021	552,500,000.00	4,254,754,857.49	-	249,625,789.74	(45,225,615.49)	5,011,655,031.74
Movements for the period ended 30 June 2021						
Comprehensive income						
– Net profit	-	-	-	-	131,789,461.81	131,789,461.81
Total comprehensive income	-	-	-	-	131,789,461.81	131,789,461.81
Appropriation to specific reserve	-	-	3,751,749.38	-	-	3,579,182.10
Utilisation of specific reserve	-	-	(2,353,266.25)	-	-	(1,335,961.63)
Balance at 30 June 2021	552,500,000.00	4,254,754,857.49	1,398,483.13	249,625,789.74	86,563,846.32	5,145,687,714.02

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhang Guohua

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Wang Tong

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

1 GENERAL INFORMATION

Xinjiang Xinxin Mining Industry Co., Ltd. (the “Company”) was incorporated on 1 September 2005 in Urumqi, Xinjiang Uygur Autonomous Region of the People's Republic of China (the “PRC”) together by Xinjiang Non-ferrous Metal Industry (Group) Ltd. (“Xinjiang Non-ferrous Group”), Shanghai Yilian Kuangneng Co., Ltd. (“Shanghai Yilian”), Zhongjin Investment (Group) Ltd. (“Zhongjin Investment”), Xiamen Zijin Technology Co., Ltd. (now changed the name to Zijin Mining Group (Xiamen) Investment Co., Ltd. “Xiamen Zijin”), Xinjiang Xinying New Material Co., Ltd. (“Xinjiang Xinying”) and Shaanxi Honghao Industry Co., Ltd. (“Shaanxi Honghao”). Xinjiang Non-ferrous Group is the holding company. The Company is established with the total equity of RMB300,000,000.00 divided into 300,000,000 shares of RMB1 each.

On 19 May 2006, the Company issued 80,000,000 new shares of RMB1 each, the registered capital increased from RMB300,000,000.00 to RMB380,000,000.00. Xinjiang Non-ferrous Group injected its land use rights of Kalatongke Mine and Fukang Refinery as increased capital. Shanghai Yilian, Zhongjin Investment, Xiamen Zijin, Xinjiang Xinying and Shaanxi Honghao paid the increased capital in cash.

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

In October 2007, the Company completed the issue of 690,000,000 H shares of RMB0.25 each at HK\$6.5 (equivalent to approximately RMB6.3) per share as a result of the Initial Public Offering and listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited. In addition, pursuant to the relevant approval from the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), upon the completion of the H share listing, 69,000,000 domestic shares held by Xinjiang Non-ferrous Group were converted into an equivalent number of H shares and transferred to the National Council for Social Security Fund of the PRC. Total capital increased to RMB552,500,000.00 after this issue.

On 9 March 2016, Shaanxi Honghao transferred all of 6,272,000 domestic shares held by it in the Company to Shaanxi Guangyou Trading Co., Ltd. (“Shaanxi Guangyou”) by means of negotiated assignment.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the mining, ore processing, smelting, refining of nickel, copper and vanadium, and sales of nickel, copper and other non-ferrous metal products.

These financial statements were authorised for issue by the Company's Board of Directors on 30 August 2021.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group applies specific accounting policies and accounting estimates in regards of provisions for doubtful debts of receivables (note 2(9)), measurement of inventories (note 2(10)), depreciation of fixed assets and amortisation of intangible assets (note 2(12), (15)), impairment of long-term assets (note 2(19)) and revenue recognition (note 2(24)).

The criterion of adoption of important accounting policies, accounting estimates and accounting assumptions by the Group is listed in note 2(30).

(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”), 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.

The consolidated financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance went into effect in 3 March 2014, some of the disclosures have been adjusted to the requirement of Hong Kong Companies Ordinance.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the period ended 30 June 2021 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Group and the Company as of 30 June 2021 and of their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The Company’s accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The recording currency of the Company is Renminbi (RMB). The financial statements are presented in RMB.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(5) Business combinations

(a) Business combinations involving entities under common control

The consideration paid and net assets obtained by the combining party in a business combination are measured at the carrying amount. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the combining party are measured based on the carrying amounts of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving entities not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Preparation of consolidated financial statements (Continued)

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of subsidiaries' net profits and losses for the period not attributable to the Company are recognised as non-controlling interests and presented separately in the consolidated financial statements under equity and net profits respectively. The unrealised intra-group profits from sales of assets by the Company to its subsidiaries are eliminated from the net profits of the Company. In contrast, the unrealised intra-group profits from sales of the assets by subsidiaries to the Company are eliminated in the net profits of the Company and its non-controlling interests based on the percentages of equity investments. The unrealised intra-group profits among subsidiaries are eliminated based on the proportions of equity investments by the Company and non-controlling interests on the subsidiaries selling the assets and allocated between the net profit of the Company and non-controlling interests.

A transaction will be adjusted from perspective of the Group in condition that assertions are different when accounting entities are the Group and the Company or its subsidiaries.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

A financial instrument refers to any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of the other parties. The Group recognises a financial asset or a financial liability when the Group becomes a party to the contractual provisions of financial instrument.

(a) Financial assets

(i) Classification & Measurement

According to the business model of financial assets management and the contractual terms of the cash flows of financial assets, the Group classifies its financial assets in the following categories: (1) financial assets carried at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) Classification & Measurement (Continued)

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Notes receivable and accounts receivables derived from sales of goods or rendering of services, which do not contain or consider significant financing components are recognised at the amount that the Group is entitled to collect.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the issuers' perspective. There are three categories into which the Group classifies its debt instruments:

At amortised cost:

The group's business model for managing such financial assets is to collect the contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. That is, the cash flows generated on a specific date, represent solely payment of the principal and interest on the outstanding principal amount. The Group recognises interest income for such financial assets in accordance with the effective interest method. Such financial assets mainly include cash and bank, notes and trade receivables, other receivables, debt investment and long-term receivables. The investment of debt and long-term receivables of the group that mature within one year since the balance sheet date (including one years) are presented as non-current assets that mature in one year, while debt investments of which the period is within one year (inclusive) are presented as other current assets.

At fair value through other comprehensive income (FVOCI):

The Group's business model for managing such financial assets is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Such financial assets are measured at fair value through other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated by effective interests method are recognised in the current profit and loss. Such financial assets are presented as other debt investments, and other debt investments mature within one year since the balance sheet date (including one years) are presented as non-current assets that mature in one year, and other debt investments that have a period of one year (including one year) are presented as other current assets.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) Classification & Measurement (Continued)

At fair value through profit or loss (FVPL):

Except for the financial assets at amortised cost and financial assets at FVOCI, the Group has classified the remaining financial assets as financial assets at fair value through profit or loss. In order to eliminate or significantly reduce accounting mismatch on initial recognition, the Group designates part of financial assets as financial assets at fair value through profit or loss. The assets with maturity more than 1 year and expected to be held for more than 1 year are presented in other non-current financial assets, others are presented in financial assets held for trading.

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held for over one year as from the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

(ii) Impairment of financial assets

The Group recognises provision based on expected credit losses for amortised cost and FVOCI, contract assets and financial guarantee contracts.

Based on reasonable information such as past events, current conditions and economic forecasts, the Group calculates the default-risk-weighted present value of the difference between the agreed and expected cash flow to project the default loss of our contracts.

At each balance sheet date, the Group measures expected credit losses for financial instruments at different stages respectively. At first stage, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses; At second stage, the credit risk on a financial instrument has increased significantly but not to the point that it is considered credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to full lifetime expected credit losses. At third stage, financial instrument is considered credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to full lifetime expected credit losses.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment of financial assets (Continued)

For financial instruments with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since its initial recognition, and measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.

The Group calculates interest income for financial instruments that are in first and second stage, as well as those with lower credit risk, based on gross carrying amount before deduction of impairment provision and the effective interest rate. For financial instruments in third stage, interest income is calculated on amortised cost, which is net carrying amounts after the impairment provision, and the effective interest rate.

For notes receivable, accounts receivable, accounts receivable financing and contract assets derived from daily business activities such as sales of goods and rendering of services, the Group will measure the loss reserves according to the expected credit loss throughout its lifetime, regardless of whether there is significant financing component. For lease receivables, the Group also chooses to measure the loss, provision according to the expected credit loss throughout its lifetime.

When the expected credit loss could not be assessed at reasonable cost, the Group would group accounts receivable into several portfolios according to credit risk characteristics, then calculate the expected credit loss on group basis. The Group determines the classification of the portfolio as follows:

The group of Related party	Related parties
The group of Non-Related party	Non-Related parties
The group of reserve	Staff reserve
Others	Others

For the receivables, lease receivables, notes receivable and financing receivable derived from daily business activities such as sales of goods and rendering of services, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of future economic conditions, and based on the exposure at default and lifetime expected credit loss rate throughout its lifetime. The other notes receivable, financing receivable and other receivables divided into groups, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic conditions, and based on the exposure at default and lifetime expected credit loss rate within the next 12 months or throughout its lifetime.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) *Impairment of financial assets (Continued)*

The Group recognises the gains or losses in profit or loss of the provision or reversal of the impairment. In the case of a debt instrument held at fair value through other comprehensive income, the Group adjusts other comprehensive income while recording gain or loss in profit and loss.

(iii) *Derecognition of financial assets*

A financial asset is derecognised when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of other equity instruments, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in other comprehensive benefits, is recognised in retained earnings, and on derecognition of other financial instrument is recognised in retained earnings.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss at initial recognition.

The financial liabilities of the Group mainly are financial liabilities at amortised cost, including notes payable and accounts payable, other payables and borrowings, etc. The financial liabilities are initially measured at fair value exclusive transaction costs and are subsequently measured at effective interest rate method. Financial liabilities with maturities within 1 year (inclusive) are presented in current liabilities. Financial liabilities with maturities more than 1 year but are due within 1 year (inclusive) at the balance sheet date are presented in current portion of non-current liabilities. Others are presented in non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) Financial instruments (Continued)

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. For the financial instrument which is not traded in active market, the fair value is determined by using a valuation technique with enough available data and other information to support in current situation. Valuation techniques include market approach, income approach and etc. When a valuation technique is used to establish the fair value of a financial instrument, we should consider the market inputs of the assets or liabilities which have consistent features of the assets or liabilities traded by market participants and make the maximum use of observable market inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

(10) Inventories

(a) Classification

Inventories include raw materials, work in progress, semi-finished goods and finished goods are measured at the lower of cost and net realisable value.

(b) Costing of inventories

Cost is determined using the weighted average method. The cost of finished goods, semi-finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

(c) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other venturers and of which the Group can only enjoy rights of the net assets.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures are accounted for using the equity method. Accounting policies of joint ventures are consistent with the policies adopted by the Group.

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving entities under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving entities not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Long-term equity investments (Continued)

(b) Subsequent measurement and recognition of related profit and loss (Continued)

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, its other comprehensive income, and its distributable profits, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

(c) Basis for determining existence of control, jointly control or significant influence over investees

Control is possessing power over the investee so as to obtain variable returns from its operating activities. And it has the ability to use the power to impact the amount of return.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amount of long term equity investments in subsidiaries, joint ventures and associates shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (note 2(19)).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, mining structures, machinery, motor vehicles, electronic and office equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date. The fixed assets contributed by the State shareholders at the reorganisation of the Company into a corporation entity are recognised based on the revaluated amounts approved by the state-owned assets administration department.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives but mining structures. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated service life, net residual value and annual depreciation rate of fixed assets outside the construction of the tunnel are listed as follows:

Categories	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	10 to 50 years	3% or 5%	1.90%–9.70%
Machinery	5 to 20 years	3% or 5%	4.75%–19.40%
Motor vehicles	4 to 12 years	3% or 5%	7.92%–24.25%
Electronic and office equipment	3 to 12 years	3% or 5%	7.92%–32.33%

Mining structures comprise the main and auxiliary mine shafts and underground tunnels. Depreciation of mining structures is provided to write off the cost of the mining structure using the unit-of-production method.

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least at each year-end.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(12) Fixed assets (Continued)

(c) The carrying amount of fixed assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (note 2(19)).

(d) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (note 2(19)).

(14) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings used, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which estimated future cash flows during the period of expected duration or shorter period applied discounted to the initial amount of the borrowings.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(15) Intangible assets

Intangible assets include mining rights, exploration rights, land use rights and others, and are initially measured at cost or fair value.

(a) Mining rights

Mining rights are stated at the actual cost. While mining rights acquired by the business combination are recognised at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortisation and impairment losses. Mining rights are amortised upon the commencement of mining production using the straight-line method over 19 to 33 years.

(b) Exploration rights

Exploration rights acquired by business combination involving enterprises not under common control are recognised at the fair value at the acquisition date. Upon transformation to mining rights, accounting policies relating to mining rights are used to account for.

(c) Land use rights

Land use rights invested by the share shareholders holders are recognised at the value agreed by all the shareholders unless the agreed value is not fair. Purchased land use rights are stated at actual cost, while land use rights acquired by the business combination are recognised at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortisation and impairment losses. Land use rights are amortised on the straight-line basis over the period of the land use rights varying from 10 to 70 years.

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(e) Impairment of intangible assets

The carrying amount of intangible assets shall be reduced to the recoverable amount if the recoverable amount is below the carrying amount (note 2(19)).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(16) Exploration assets and filling cost

The Group's exploration assets include topographical and geological exploration, exploration drilling, sampling, trenching and relevant commercial and technical feasibility study, and the expenditure arising from expanding existing orebody exploration and improving the orebody productivity.

At the initial stage of the exploration project, exploration and evaluation expenditures are recognised in profit or loss when they occurred. When the project has technical feasibility and commercial feasibility, the exploration and evaluation expenditures (including the cost of purchasing the mineral exploration right) are capitalised into exploration and evaluation assets by individual project.

Exploration and evaluation assets are recorded in construction in progress, transferred to fixed assets or intangible assets at the date that the assets are ready for its intended use, and are depreciated or amortised over the term of the rights. When the project is aborted, the relevant unrecoverable cost will be written off and recognised in profit or loss when it occurred.

(17) Goodwill

Goodwill is recognised at the excess of the cost of a business combination involving enterprises not under common control over the interest in the fair value of the acquirees' identifiable net assets acquired in the business combination as at the acquisition date.

(18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. For intangible assets which have not been ready to use, regardless of the existence of the indicators of impairment losses, the impairment tests should be carried out annually. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(19) Impairment of long-term assets (Continued)

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised.

The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) Employee benefits

Employee benefits mainly include short-term employment benefit, post-employment benefits and termination benefits incurred in exchange for service rendered by employees or labour relation terminated.

(a) Short-term employment benefits

Short-term employment benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds, short-term payable leaves, etc. The short-term employment compensation is recognised as salaries and wages payable in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

Post-employment benefits are classified as defined contribution plan and defined benefit plan. Defined contribution is post-employment benefits plan in which the Group is not obliged to make further payment after paying a certain amount to individual funds. Defined benefit plans is other post-employment benefits plan except for defined contribution plan. During the period, post-employment benefits mainly include basic social pension security and unemployed insurance, both of which are defined contribution plan.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(20) Employee benefits (Continued)

(b) Post-employment benefits (Continued)

Basic pension benefits

Employees of the Group participate in the defined contribution pension plan set up and administered by local labour and social security departments. Based on salaries of the employees, basic pensions are provided for monthly according to stipulated proportions, which is paid to local labour and social security institutions. After the employees are retired, the local labour and social security departments have the responsibility to pay basic pension benefits to them. Basic pension benefits are recognised as payables in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable.

(c) Termination benefits

Termination benefits are payables when employment is terminated by the Group before the employment contract expire, or compensation provided as an offer to encourage employees to accept voluntary redundancy. The Group recognizes termination benefits as liabilities and charges to profit or losses at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of termination plan; and (ii) when the Group recognizes costs for restructuring which involving the payment of termination benefits.

(21) Payables for specific projects

Payables for specific projects are the special or specific purpose funds that the Group obtained from governments as the owner of the enterprise, which should be included in the payables for specific projects when the funds are actually received. After the completion of the specific project, the expenditure that form assets is recognized as deferred income according to actual costs. Other expenditure that does not form assets, which need to hand in or write off, should be written down from the payables for specific projects after approved.

(22) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the annual general meeting.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(23) Provisions

Provisions for closure of tailings and environmental restoration are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related fixed assets of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the fixed assets. Interest expenses from the assets retirement obligations for each period are recognised with the effective interest method during the useful lives of the related fixed assets. If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in the income statement when occurred.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(24) Revenue recognition

The Group recognises revenue in accordance with the amount of the consideration to be received when customers acquire the control of the relevant commodity.

(a) Sale of goods

Sales are recognised when the products have been shipped to the specific location in accordance with the sales contract and the customers have inspected the products and signed acceptance notice. There is no significant financing component as the sales are made with a credit term varied by customers' credit risk characteristics, which is consistent with market practices. Advance received from customers is presented as contract liabilities in the balance sheet.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(25) Safety fund

Pursuant to regulation No. [2012] 16, "Management measures of accrual and use of safety fund of business enterprises", issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to accrue safety fund. The fund is earmarked for improving the safety of production.

Pursuant to regulation No. [2010] 8, "No. 3 Interpretation of CAS", issued by the Ministry of Finance on 21 June 2010, enterprises in high-risk industry should accrue safety fund under China's law and regulation, and the fund should be accrued to production costs or current profit or loss, and credited to specific reserve. The safety expenditures of the Group that are expenses in nature are directly debited to specific reserve. The safety expenditures of the Group that are formed into fixed assets through collection of construction in progress are recognised as fixed assets when the safety projects are completed and to the expected conditions for use; at the same time, specific reserve is written down through the costs of formed fixed assets, and the same amount is confirmed to accumulated depreciation. For these fixed assets, there will be no further depreciation in the following accounting periods.

(26) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy and etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(27) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(28) Leases

Leases, refer to a contract which the lessor transfers the right to use the assets to the lessee for consideration in a certain period of time.

As lessee:

The Group recognises the right-to-use assets at the beginning of the lease term and recognises the lease liabilities by the present value of unpaid lease payments. Lease payments include fixed payments and payments to be made in the case of a reasonable determination of the exercise of the purchase option or termination of the lease option. The variable rent determined according to a certain proportion of sales volume is not included in the rental payment amount, but is included in the current profit and loss when it actually occurs. The Group's lease liabilities payable within one year (including one year) from the balance sheet date are listed as noncurrent liabilities due within one year.

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group may, instead of recognising right-of-use assets and lease liabilities, include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term.

As lessor:

A lease that in substance transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. Others are classified as operating lease.

(a) Operating lease

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

(29) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions:

- (1) the component is able to earn revenues and incur expenses from its ordinary activities;
- (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance;
- (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Critical accounting estimates and assumptions

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) The key criteria for selecting the accounting policies

(i) *Classification of financial assets*

The Group's key judgments in determining the classification of financial assets include business models and the analysis of contract cash flow characteristics.

The Group defines the business model for managing financial assets at the level of the portfolio of financial assets, taking into account the way in which financial asset performance is evaluated and reported to key managers, the risks affecting financial asset performance, and how they are managed, and the way in which the relevant business managers receive compensation.

In assessing whether the contractual cash flows of financial assets are in line with the basic lending arrangements, the Group has the following main judgments: whether the principal is likely to cause a change in the time distribution or amount of money during the lifetime due to prepayment, or whether the interest includes only currency time value, credit risk, Other basic borrowing risks as well as the cost and profit of the price. For example, whether the amount paid in advance reflects only outstanding principal and interest on the basis of outstanding principal, and reasonable compensation paid for the early termination of the contract.

(ii) *Criteria for judging significant increases in credit risk*

Judgement of the Group for significant increase in credit risk is mainly based on whether the number of overdue days exceeds 30, or whether one or more of the following indicators changed significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, significant decrease in value of collateral or credit rate of guarantor, etc.

Judgement of the Group on the occurred credit impairment is mainly based on whether the number of overdue days exceeds 90 (i.e. a default has occurred), or whether it meets one or more of the following conditions: the debtor is suffering significant financial difficulties, engaged in other debt restructuring, or probably bankrupt, etc.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Critical accounting estimates and assumptions (Continued)

(b) Critical accounting estimates and key assumptions

(i) Carrying amount of evaluate non-current assets

As stated in Note 2(19), the Group annually estimates the carrying amount of fixed assets, construction in progress, land use rights, mining rights and exploration rights exceeds its recoverable value, whether impairment has occurred.

As at 30 June 2021, the Group has provided for the impairment loss of exploration rights. In addition, there was no impairment loss provided for fixed assets, construction in progress, land use rights and mining rights. The management identifies that a group of assets which can be able to generate independent cash flow includes fixed assets, construction in progress, land use rights, mining rights and exploration rights which can be determined as an independent cash generating unit. The recoverable amount of the cash generating units in fixed assets, construction in progress, land use rights and mining rights are determined the present value of the future cash flow expected to be derived from the asset. The present value has been determined by using the expected cash flow which approved by management, and the management's assumptions and estimates of selling price of metal, reserves and production volumes and discount rates. The key assumptions and estimates used in the recoverable amount calculation of assets include forecast of selling price of nickel and copper, discount rates. The recoverable amount of the cash generating units in exploration rights is determined the higher of the asset's fair value less cost of disposal and the present value of future cash flow. The fair value evaluation and the present value discounting of cash flow uses the management's assumptions and estimates of selling price of metal products, reserves and production volumes and discount rates.

(ii) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (note 2(19)).

As at 30 June 2021, there was no impairment of goodwill. The recoverable amounts of different cash generating units to which the goodwill, have been determined based on value-in-use calculations using cash flow projections, based on financial budgets approved by senior management and management's assumptions and estimates including forecast of selling prices of metal products, reserves and production volumes, discount rates and inflation rate. The discount rates used in cash flow projections varied with different cash generating units.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Critical accounting estimates and assumptions (Continued)

(b) Critical accounting estimates and key assumptions (Continued)

(iii) *Income tax*

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

According to the accounting policy mentioned in note 2(27), the Group compiles profit forecast annually. For those deductible temporary losses and deductible temporary differences which can be deducted from the taxable income in future years in accordance with the tax law, they should be recognised as deferred tax assets.

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The realisation of deferred tax assets depends on the realisation of sufficient profitability (taxable profit) of the Group. The change in future income tax rates and timing of reversals of taxable temporary differences would affect income tax expense (benefits) and balances of deferred tax. Deviation of aforesaid estimates could result in material adjustment to the carrying amount of deferred income tax.

As at 30 June 2021, deferred tax assets of RMB60,853,161.96 have been recognised in the Group's balance sheet. As stated in note 4(28) (d), the Group still has unrecognised deductible temporary losses of RMB59,284,947.33 at 30 June 2021. Deferred tax assets have not been recognised due to the fact that there is no certainty of obtaining approval from local tax authorities or there is no certainty of their respective realisation of these tax benefits through available future taxable profits of those subsidiaries concerned. In cases where the actual future assessable profits are more or less than expected or approval from local tax authorities are obtained, a recognition or reversal of deferred tax assets may arise accordingly.

(iv) *Useful lives of fixed assets and intangible assets*

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its fixed assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of fixed assets and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation or amortisation charges where useful lives are less than previously estimated lives.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Critical accounting estimates and assumptions (Continued)

(b) Critical accounting estimates and key assumptions (Continued)

(v) Mineral reserves

Engineering estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgments involved in developing such information.

There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mineral reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment losses. Depreciation rates are determined based on mineral reserve quantity being mined (the denominator) and capitalised costs of mining structures (the numerator). The capitalised cost of mining structures is amortised based on the units of non-ferrous metals produced.

(vi) Net realisable value of inventories

The net realisable value of inventories is under management's regular review, and as a result, write-down of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. Write-down evaluation needs judgment and estimate of the management. Once difference occurs between the expectation and the original estimate will influence the book value of the current inventory and inventory shrinkage.

(vii) Measurement of expected credit losses

The Group calculates the expected credit losses based on exposure at default and lifetime expected credit loss rate, and determines the expected credit loss rate according to probability of default and loss given default. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, and adjusts historical data in combination with current status and forward-looking information.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Critical accounting estimates and assumptions (Continued)

(b) Critical accounting estimates and key assumptions (Continued)

(vii) Measurement of expected credit losses (Continued)

In considering forward-looking information, the Group has considered the different macroeconomic scenarios. During the six months ended 30 June 2021, the weights of the three economic scenarios (base, downside, upside) are 30%, 35% and 35%. The Group regularly monitors and reviews important macroeconomic assumptions and parameters related to the calculation of expected credit losses, including the risk of economic downturn, external market environment, technological environment, changes in customer conditions, GDP and CPI. In 2021, the Group has considered the uncertainty caused by COVID-19, and has updated the relevant assumptions and parameters accordingly. The key macroeconomic parameters used in the scenarios are listed below:

	economic scenarios		
	base	downside	upside
GDP	8.4%	4.8%	10.5%
Price Index of Investment in Fixed Assets	7.3%	4.6%	13.8%
Sales Growth Rate of Non-ferrous Metal	16.9%	11.8%	17.7%

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION

The principal types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Corporate income tax	Taxable income	15%/20%/25% (note (1))
Value-added tax ("VAT")	Taxable turnover amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	13% (note (2))
Resources tax	Amount of ore output during the current month or taxable sales revenue of products or consumption of taxable products regarded as sales	4%/8% (note (3))
Urban construction tax	VAT and business tax	7%/5%/1%
Education surcharge	VAT and business tax	3%
Property tax	Taxable residual value of property Rental income of property	1.20% 12%
Environment tax	Pollution equivalent	RMB1.2/pollution equivalent (note(4))

(1) Corporate income tax

The Group applies the PRC Corporate Income Tax Law passed by the National People's Congress on 16 March 2007. The corporate income tax rate is 25%.

The rate of income tax applicable to the Group and the relevant approval documents are set out below:

- (a) On 6 April 2012, the State Administration of Taxation made an announcement about carrying out the Western Development Strategy on the issue of corporate income tax. As at 23 April 2021, according to the Continuation of the Corporate Income Tax Policy for Western Development issued by the State Administration of Taxation (Announcement of the Ministry of Finance [2020] No. 23), enterprises which were listed in the catalogue of encouraged industries would be levied corporate income tax at a reduced tax rate of 15% from 1 January 2021 to 31 December 2030. The Company has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. The Company calculated and paid corporate income tax using the preferential rate of 15% for the six months ended 30 June 2021 after communication with local tax authorities. (2020: 15%)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION (CONTINUED)

(1) Corporate income tax (Continued)

- (b) The applicable income tax rate of Shanghai Sales Branch of the Company is 25% in 2021 (2020: 25%).
- (c) The subsidiary Xinjiang Yakesi Resource Development Co., Ltd (hereafter “Xinjiang Yakesi”) has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Xinjiang Yakesi could calculate and pay corporate income tax using the preferential rate of 15% for the six months ended 30 June 2021 after communication with local tax authorities (2020: 15%).
- (d) The subsidiary, Hami Jubao Resource Development Co., Ltd. (hereafter “Hami Jubao”), has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Hami Jubao calculated and paid corporate income tax using the preferential rate of 15% for the six months ended 30 June 2021 after communication with local tax authorities (2020: 15%).
- (e) The subsidiary, Xinjiang Kalatongke Mining Industry Co., Ltd. (hereafter “Kalatongke Mining”) has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Kalatongke Mining calculated and paid corporate income tax using the preferential 15% for the six months ended 30 June 2021 after communication with local tax authorities (2020: 15%).
- (f) The subsidiary, Xinjiang Mengxi Mining Co., Ltd. (hereafter “Mengxi Mining”), applied the Small-Scaled Minimal Profit Enterprise income tax preferential policy announced by the State Administration of Taxation. Mengxi Mining calculated and paid corporate income tax for the preferential taxable income using the preferential rate of 20% for the six months ended 30 June 2021 after communication with local tax authorities (2020: 20%).
- (g) Other subsidiaries, including Xinjiang Zhongxin Mining Industry Co., Ltd. (hereafter “Zhongxin Mining”), Beijing Xinding Shunze High Technology Co., Ltd. (hereafter “Beijing Xinding”) and Shaanxi Xinxin Mining Co., Ltd (hereafter “Shaanxi Xinxin”) are subject to corporate income tax rate of 25% for the six months ended 30 June 2021 (2020: 25%).

(2) Value-added tax

According to the Notice of the Ministry of Finance, the General Administration of Taxation and the General Administration of Customs on the Policy of Deepening the Reform of Value Added Tax (The General Administration of Taxation of the Ministry of Finance, The General Administration of Customs Of the General Administration of Customs, No. 39) and the relevant provisions, as of April 1, 2019, the value-added tax rate applicable to the Group’s main product sales business is 13%.

For the purchase of raw materials, fuel, power, and equipment input VAT can deduct output VAT. Value-added tax payable equals to the output VAT less deductible input VAT of current period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

3 TAXATION (CONTINUED)

(3) Resources tax

Pursuant to “Notification of Financial Department of Xinjiang Uygur Autonomous Region and Regional Tax Bureau of Xinjiang Uygur Autonomous Region about adjusting local copper and nickel ore resources tax rate”, Kalatongke Mining pays resources tax on copper at 4% of consumption of taxable products regarded as sales, and on nickel at 8% and of consumption of taxable products regarded as sales; Xinjiang Yakesi and Hami Jubao pay 4% of sales based on sales of taxable products. Xinjiang Yakesi and Hami Jubao pay 4% of sales based on sales of taxable products.

(4) Environment tax

Pursuant to Regulation No. [2018] 23, “Notice on environment protection”, since 1 January 2018, Kalatongke Mining, Xinjiang Yakesi, Hami JuBao, Zhongxin Mining and Fukang refinery pay RMB1.2 per pollution equivalent based on the weight of the pollution equivalent, which is converted from the amount of pollution emissions.

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2021	31 December 2020
Cash on hand	420.81	615.34
Cash at bank	472,300,081.14	263,451,931.59
Restricted cash at banks (a)	51,674,977.56	111,693,925.19
	523,975,479.51	375,146,472.12

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

	30 June 2021	31 December 2020
Deposits for issue of bank acceptance notes	51,674,977.56	93,998,022.76
Deposits for letter of credit	—	17,695,902.43
	51,674,977.56	111,693,925.19

(2) Financial assets held for trading

	30 June 2021	31 December 2020
Financial assets at fair value and through profit and loss	31,000,000.00	31,000,000.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(2) Financial assets held for trading (Continued)

Financial assets held for trading are the wealth management product and structured deposit with floating income which were purchased by the Group from the bank. The maximum risk exposure of the product which the Group purchased at the balance sheet date was the carrying amount of RMB31,000,000.00. The Group has no obligation or intention to provide financial support for this product.

(3) Accounts receivable

	30 June 2021	31 December 2020
Accounts receivable	103,472,820.31	109,888,966.26
Less: provision for bad debts	(6,921,012.47)	(7,021,930.79)
	96,551,807.84	102,867,035.47

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.

(a) Aging-of-accounts analysis of accounts receivable:

	30 June 2021	31 December 2020
Less than one year	82,756,242.06	78,031,265.26
One to two years	4,995,614.15	9,124,198.00
Two to three years	499,566.12	1,551,219.22
Three to four years	1,365,138.22	2,271,568.55
Four to five years	2,162,751.23	9,263,023.37
More than five years	11,693,508.53	9,647,691.86
	103,472,820.31	109,888,966.26

(b) On 30 June, 2021, the top five accounts receivable were analysed as follows:

	Ending Balance	Provision for bad debts	% of total balance
Total amount of the top five accounts receivable	94,693,495.02	(1,782,337.87)	91.50%

(c) No accounts receivable terminated due to transfer of financial assets during the period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Accounts receivable (Continued)

(d) Provision for bad debts

	30 June 2021	31 December 2020
Provision for bad debts of accounts receivable	(6,921,012.47)	(7,021,930.79)

The Group measures provision for bad debts based on the expected credit loss whether it has majority financing process.

(i) On 30 June 2021, the related provision of bad debts of accounts receivable analysis as follows:

Group – Related parties:

	30 June 2021			31 December 2020		
	Ending Balance	Provision for bad debts	Expected credit loss rate throughout the duration	Ending Balance	Provision for bad debts	Expected credit loss rate throughout the duration
	Amount	Amount		Amount	Amount	
Not overdue	4,463,658.89	0.60%	(26,791.96)	12,290,108.70	0.60%	(73,751.27)
1-6 months overdue	7,795,627.98	0.60%	(46,773.77)	-	-	-
7-18 months overdue	4,995,614.15	4.51%	(225,093.88)	9,093,190.15	4.51%	(409,685.67)
More than 18 months overdue	11,968,225.62	20.37%	(2,437,394.46)	18,968,225.62	16.80%	(3,186,721.28)
	29,223,126.64		(2,736,054.07)	40,351,524.47		(3,670,158.22)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) Accounts receivable (Continued)

(d) Provision for bad debts (Continued)

(i) On 30 June 2021, the related provision of bad debts of accounts receivable analysis as follows: (Continued)

Group – Non-related parties:

	30 June 2021			31 December 2020		
	Ending Balance	Provision for bad debts		Ending Balance	Provision for bad debts	
	Amount	Expected credit loss rate throughout the duration	Amount	Amount	Expected credit loss rate throughout the duration	Amount
Not overdue	69,680,337.67	0.01%	(7,182.23)	65,741,156.56	0.01%	(7,825.09)
1–6 months overdue	316,617.52	0.01%	(37.69)	-	-	-
7–18 months overdue	-	-	-	-	-	-
More than 18 months overdue	4,252,738.48	98.24%	(4,177,738.48)	3,796,285.23	88.08%	(3,343,947.48)
	74,249,693.67		(4,184,958.40)	69,537,441.79		(3,351,772.57)

(ii) This period's amount of provision for bad debts is RMB419,191.86 and the amount of reversal for bad debts is RMB520,110.18.

(e) No write-off of accounts receivable occurred during this period.

(f) As at 31 December 2020 and 30 June 2021, there is no accounts receivable pledged as collaterals to bank for borrowings.

(4) Financing Receivables

	30 June 2021	31 December 2020
Financing Receivables	112,754,453.24	75,348,838.21

The Group and its subsidiaries endorse most bank acceptance notes according to the needs of their daily fund management, so bank acceptance notes are classified as financial assets measured at fair value and their changes are included in other comprehensive income and listed as financing receivables.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(4) Financing Receivables (Continued)

There was no provision for the impairment of the bank acceptance notes assessed individually. The Group believes that the bank acceptance notes held by the bank does not have a significant credit risk, and will not cause significant losses due to bank default.

As at 30 June, 2021, the Group has no pledged bank acceptance notes receivable listed in financing receivables. (31 December 2020: 0)

As at 30 June, 2021, the Group's endorsements or discounted but yet outstanding notes for financing receivables are as follows:

	Terminated confirmation	Unterminated confirmation
Bank acceptance notes	420,611,640.81	—

(5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed as follows:

	30 June 2021		31 December 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	23,170,959.05	78.06%	26,962,410.34	81.48%
1 to 2 years	1,627,348.86	5.48%	2,302,170.36	6.96%
2 to 3 years	1,290,512.92	4.35%	530,451.14	1.60%
Over 3 years	3,594,121.30	12.11%	3,294,630.70	9.96%
	29,682,942.13	100.00%	33,089,662.54	100.00%

As at 30 June 2021, advances to suppliers over 1 year with carrying amount of RMB6,511,983.08 (31 December 2020: RMB6,127,252.20) were mainly advances paid for purchasing raw materials because the purchased goods have not arrived yet and there are quality disputes, and the budget has not yet been settled.

(b) As at 30 June 2021, the top five advances to suppliers were analysed as follows:

	Amount	% of total balance
Total amount of the top five advances to suppliers	11,493,672.71	38.72%

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables

	30 June 2021	31 December 2020
Accounts receivable from related parties (note 8(6)(b))	19,314,996.56	24,380,687.59
Accounts receivable from equity and debt transfer	5,812,100.00	5,812,100.00
Beitun Aletai Railway Investment Funds	2,000,000.00	2,000,000.00
Futures margin	130,000.00	150,000.00
Environmental management deposit	—	3,991,966.21
Others	6,030,787.72	3,300,602.27
	33,287,884.28	39,635,356.07
Less: provision for bad debts (b)	(8,013,250.12)	(8,025,662.19)
	25,274,634.16	31,609,693.88

(a) Aging-of-accounts analysis of other receivable

	30 June 2021	31 December 2020
Less than one year	6,167,591.00	3,868,975.67
One to two years	290,108.85	4,293,843.33
Two to three years	193,848.91	140,246.98
More than three years	26,636,335.52	31,332,290.09
	33,287,884.28	39,635,356.07

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(b) The movement of ending balance and provision for bad debts

	Stage 1 Expected credit loss for the next 12 months (by group)		Stage 2 Lifetime Expected credit loss (with incurred credit loss)		Total
	Balance	Provision	Balance	Provision	Provision of bad debt
31 December 2020	31,823,256.07	(213,562.19)	7,812,100.00	(7,812,100.00)	(8,025,662.19)
Increase during this period	54,418,932.26	—	—	—	—
Decrease during this period	(60,766,404.05)	12,412.07	—	—	12,412.07
Including:					
Provided for this period	—	—	—	—	—
Derecognition	—	—	—	—	—
Provision increase during this period i)	—	—	—	—	—
30 June 2021	25,475,784.28	(201,150.12)	7,812,100.00	(7,812,100.00)	(8,013,250.12)

i) Except for the change of bad debt provision caused by the increase and decrease of funds in the current period and the conversion between the first and third stages, the change of bad debt provision is RMB0.00 caused by the change of parameter data used to determine the expected credit loss.

(i) On 30 June 2021, the analysis of provision for bad debts of other receivables in the first stage was as follows:

	Ending Balance	Expected credit losses in the next 12 months	Provision for bad debts	Reason
On the grouping basis:				
Relate party	19,314,996.56	0.48%	(92,756.68)	
Staff Reserve	317,631.42	—	—	
Other	5,843,156.30	1.86%	(108,393.44)	
	25,475,784.28		(201,150.12)	

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(b) The movement of ending balance and provision for bad debts (Continued)

(ii) On 30 June 2021, the analysis of provision for bad debts of other receivables in the second stage was as follows:

On 30 June 2021, the analysis of bad debts for other receivables on the individual basis was analysed as follows:

In the second phase:	Ending Balance	Expected credit losses in whole period	Provision for bad debts	Reason
Transfer of debt receivable	5,812,100.00	100.00%	(5,812,100.00)	1)
Funds receivable from Bei'a Railway Co., Ltd	2,000,000.00	100.00%	(2,000,000.00)	2)
	7,812,100.00		(7,812,100.00)	

- 1) On 30 June 2021, the amount of accounts receivable of equity and debts transfer from Gansu Ximai New Material Technology Co., Ltd is RMB5,812,100.00. However, because they have financial strain and are involved in several lawsuits, the Group considers that it is too difficult to recover the other receivables, the full amount of provision for bad debt is measured.
- 2) On 30 June 2021, the amount of accounts receivable from Xinjiang Bei'a Railway Co, Ltd. is RMB2,000,000.00. However, because the construction project Beitun Ataile Railway do not have significant progress, the Group considers that it is too difficult to recover the investment section, the full amount of provision for bad debt is measured.

(iii) On 31 December 2020, the analysis of provision for bad debts of other receivables in the first stage was as follows:

	Ending Balance	Expected credit losses in the next 12 months	Provision for bad debts	Reason
On the grouping basis:				
Relate party	24,380,687.59	0.48%	(117,215.78)	
Staff Reserve	243,390.38	–	–	
Other	7,199,178.10	1.34%	(96,346.41)	
	31,823,256.07		(213,562.19)	

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(b) The movement of ending balance and provision for bad debts (Continued)

(iv) On 31 December 2020, the analysis of provision for bad debts of other receivables in the second stage was as follows:

On 31 December 2020, the analysis of bad debts for other receivables on the individual basis was analysed as follows:

In the second phase:	Ending Balance	Expected credit losses in whole period	Provision for bad debts	Reason
Transfer of debt receivable	5,812,100.00	100.00%	(5,812,100.00)	1)
Funds receivable from Bei'a Railway Co., Ltd	2,000,000.00	100.00%	(2,000,000.00)	2)
	7,812,100.00		(7,812,100.00)	

- 1) On 31 December 2020, the amount of accounts receivable of equity and debts transfer from Gansu Ximai New Material Technology Co., Ltd is RMB5,812,100.00. However, because they have financial strain and are involved in several lawsuits, the Group considers that it is too difficult to recover the other receivables, the full amount of provision for bad debt is measured.
- 2) On 31 December 2020, the amount of accounts receivable from Xinjiang Bei'a Railway Co., Ltd. is RMB2,000,000.00. However, because the construction project Beitun Ataile Railway do not have significant progress, the Group considers that it is too difficult to recover the investment section, the full amount of provision for bad debt is measured.

(v) On 30 June 2021, the Group did not have other receivables in the third stage.

(c) The provision for bad debt is RMB12,412.07 and no recovery or reversal of the provision for bad debt has occurred during this period.

(d) No write-off of other receivables occurred during this period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(e) As at 30 June 2021, the top five other receivables were analysed as follows:

	Nature	Ending Balance	Ageing	Ageing % of total balance	Provision of bad debts
Hami Jinhui Real Estate Development Co., Ltd.	Transfer of receivables	18,165,038.20	4-5 year	54.57%	(87,192.18)
Gansu Ximai New Material Technology Transaction of Co., Ltd	Transfer of equity and debt	5,812,100.00	Over 5 years	17.46%	(5,812,100.00)
Xinjiang Bei'a Railway Co., Ltd	Transfer of receivables	2,000,000.00	Over 5 years	6.01%	(2,000,000.00)
Fuyun Hengsheng Beryllium Industry Co., Ltd.	Power charges	667,260.83	Within 1 year	2.00%	(3,231.29)
Shandong Baodun Machinery Equipment Co., Ltd	Construction deposit	520,000.00	Within 1 year	1.56%	(4,433.37)
		27,164,399.03		81.60%	(7,906,956.84)

(7) Inventories

(a) Classification of inventories was as follows:

	30 June 2021			31 December 2020		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	158,861,711.26	(543,427.80)	158,318,283.46	183,852,394.48	(543,427.80)	183,308,966.68
Work in progress	131,376,302.25	–	131,376,302.25	113,007,816.53	–	113,007,816.53
Semi-finished goods	729,071,015.75	–	729,071,015.75	778,925,907.37	–	778,925,907.37
Finished goods	319,986,765.25	(7,339,423.76)	312,647,341.49	307,253,337.84	(6,873,027.70)	300,380,310.14
	1,339,295,794.51	(7,882,851.56)	1,331,412,942.95	1,383,039,456.22	(7,416,455.50)	1,375,623,000.72

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(7) Inventories (Continued)

(b) Provisions for declines in value of inventories were analysed as follows:

	31 December 2020	Increase in current period Accrualment	Decrease in current period Reversal	Write-off	30 June 2021
Raw materials	(543,427.80)	–	–	–	(543,427.80)
Finished goods	(6,873,027.70)	(3,926,746.73)	–	3,460,350.67	(7,339,423.76)
	(7,416,455.50)	(3,926,746.73)	–	3,460,350.67	(7,882,851.56)

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. The reasons for decrease of provision for finished goods was sales of the inventories.

(8) Other current assets

	30 June 2021	31 December 2020
Input VAT to be deducted	31,789,285.78	33,183,704.37
Prepaid income tax	10,332,126.30	10,332,126.30
	42,121,412.08	43,515,830.67

(9) Long-term equity investments

	30 June 2021	31 December 2020
Joint venture (a)	180,225,162.06	155,334,463.09
Less: provision of long-term equity investments	–	–
	180,225,162.06	155,334,463.09

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(9) Long-term equity investments (Continued)

(a) Joint ventures

	31 December 2020	Share of net profit using the equity method (note 4 (42))	Offsetting the unrealised loss of internal transaction (note 5 (2)b)	Other comprehensive income adjustment	Other changes in equity	Cash dividend or profit declared	Impairment provided in the current year	30 June 2021	Provision for impairment
Hexin Mining	155,334,463.09	14,014,219.62	10,876,479.35	-	-	-	-	180,225,162.06	-

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.

Refer to note 5(2) for relevant equity information in joint venture.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(10) Fixed assets

(a) Fixed assets

	Buildings	Mining structure	Machinery and equipment	Motor vehicles	Electronic and office equipment	Total
Cost						
31 December 2020	1,884,190,893.34	1,323,975,751.56	1,606,495,083.69	48,312,070.21	108,762,538.01	4,971,736,336.81
Additions						
Purchase	-	-	7,510,903.47	2,313,854.80	2,591,136.33	12,415,894.60
Transfer-in from construction in progress (note 4(11)(a))	3,837,349.77	-	7,909,734.42	-	-	11,747,084.19
30 June 2021	1,888,028,243.11	1,323,975,751.56	1,621,915,721.58	50,625,925.01	111,353,674.34	4,995,899,315.60
Accumulated depreciation						
31 December 2020	582,184,019.23	276,002,217.15	942,697,875.78	40,163,233.14	77,103,649.66	1,918,150,994.96
Accrue ment	29,831,031.68	21,089,770.51	57,076,578.59	853,273.94	3,725,523.02	112,576,177.74
30 June 2021	612,015,050.91	297,091,987.66	999,774,454.37	41,016,507.08	80,829,172.68	2,030,727,172.70
Net Book Value						
30 June 2021	1,276,013,192.20	1,026,883,763.90	622,141,267.21	9,609,417.93	30,524,501.66	2,965,172,142.90
31 December 2020	1,302,006,874.11	1,047,973,534.41	663,797,207.91	8,148,837.07	31,658,888.35	3,053,585,341.85

For the six months period ended 30 June 2021, depreciation expense of fixed assets amounted to RMB112,576,177.74 (for the six months period ended 30 June 2020: RMB104,317,659.75), of which RMB106,736,032.57 were charged to cost of sales, RMB42,005.90 to general and administrative expenses, RMB5,798,139.27 to selling expense (for the six months period ended 30 June 2020: RMB98,872,115.30, RMB5,396,701.05 and RMB48,843.40, respectively).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(10) Fixed assets (Continued)

(a) Fixed assets (Continued)

The costs of fixed assets transferred-in from construction in progress amounted to RMB11,747,084.19 for the six months period ended 30 June 2021 (for the six months period ended 30 June 2020 is RMB23,113,905.24).

(b) Temporarily idle fixed assets

On 30 June 2021, fixed assets with carrying amount of RMB14,267,550.87 (cost of RMB64,272,511.17) were temporarily idle for the purpose of production facility improvement (31 December 2020: RMB14,267,550.87 (cost of RMB64,272,511.17)), and analysed as follows:

	Costs	Accumulated depreciation	Net Book Value
Machinery and equipment	33,388,902.14	31,447,677.27	1,941,224.87
Buildings	30,013,025.40	22,133,245.59	7,879,779.81
Electronic and office equipment	870,583.63	828,456.89	42,126.74
	64,272,511.17	54,409,379.75	9,863,131.42

(c) Fixed assets with pending certificates of ownership

On 30 June 2021, the carrying amount of RMB432,208,934.28 of buildings were in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificate and there is no significant adverse effect on the Group's operation.

(11) Construction in progress

	30 June 2021	31 December 2020
Construction in progress (a)	1,148,273,965.08	1,094,812,179.15
Construction materials (b)	17,549.34	17,549.34
	1,148,291,514.42	1,094,829,728.49

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(11) Construction in progress (Continued)

(a) Construction in progress

	30 June 2021			31 December 2020		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
The Company:						
Headquarters						
Periphery Cooper mining in fuyun Kalatongke	2,255,717.87	-	2,255,717.87	2,255,717.87	-	2,255,717.87
Fukang Refinery						
Final stage improvements for 10,000 tons of nickel	1,220,358.45	-	1,220,358.45	1,220,358.45	-	1,220,358.45
Nickel system release cobalt project	9,842,134.09	-	9,842,134.09	9,807,783.63	-	9,807,783.63
Compression and leaching of copper slag project	11,874,721.00	-	11,874,721.00	11,327,223.33	-	11,327,223.33
Installation project of nickel starting plate processing units and nickel packaging units	1,700,000.00	-	1,700,000.00	1,700,000.00	-	1,700,000.00
75 tons desulfurization denitrification project	15,330,040.35	-	15,330,040.35	6,271,295.40	-	6,271,295.40
Substation expansion and transformation project	8,067,352.49	-	8,067,352.49	6,731,113.96	-	6,731,113.96
Reconstruction of steam pipe network	5,183,529.25	-	5,183,529.25	3,687,424.27	-	3,687,424.27
Other projects	20,355,988.22	-	20,355,988.22	19,147,116.34	-	19,147,116.34
Sub-total of the Company	75,829,841.72	-	75,829,841.72	62,148,033.25	-	62,148,033.25
Subsidiaries:						
Kalatongke Mining						
Final stage mining for 10,000 tons of nickel	101,419,551.35	-	101,419,551.35	101,972,772.60	-	101,972,772.60
Final stages of mining extension	119,124,647.09	-	119,124,647.09	114,604,663.41	-	114,604,663.41
Resource exploration project	42,069,878.36	-	42,069,878.36	40,680,461.85	-	40,680,461.85
Fugitive gas desulfurization project	54,412,188.53	-	54,412,188.53	48,260,480.33	-	48,260,480.33
Tailings storage reclamation project	-	-	-	967,197.52	-	967,197.52
Jiawuer tailings pond geofabriform method tailings dam	10,388,488.54	-	10,388,488.54	7,651,791.29	-	7,651,791.29
Smelter sewage treatment system	6,449,988.67	-	6,449,988.67	5,750,736.51	-	5,750,736.51
Other constructions in progress for production	58,784,602.33	-	58,784,602.33	48,341,260.45	-	48,341,260.45
Xinjiang Yakesi						
Huangshanxi mining and ore processing project	378,756,962.39	-	378,756,962.39	364,033,903.05	-	364,033,903.05
Other projects	667,459.43	-	667,459.43	667,459.43	-	667,459.43
Hami Jubao						
Huangshandong #12 mine project	113,078,447.68	-	113,078,447.68	113,058,657.82	-	113,058,657.82
Zhongxin Mining						
Other projects	2,010,782.55	-	2,010,782.55	2,010,782.55	-	2,010,782.55
Shaanxi Xinxin						
Other projects	2,034,073.00	-	2,034,073.00	2,034,073.00	-	2,034,073.00
Beijing Xinding						
Construction projects of the base for research and ware housing	183,247,053.44	-	183,247,053.44	182,629,906.09	-	182,629,906.09
Sub-total of subsidiaries	1,072,444,123.36	-	1,072,444,123.36	1,032,664,145.90	-	1,032,664,145.90
Total	1,148,273,965.08	-	1,148,273,965.08	1,094,812,179.15	-	1,094,812,179.15

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(11) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Significant changes to construction in progress

Project name	Budget	31 December 2020	Current year adding	Transfer to fixed assets	30 June 2021	% of expenditures incurred to budgeted amount	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current year	Capitalisation rate	Source of funds
The Company										
The company Headquarters										
Periphery Cooper mining in fuyun kalatongke	2,500,000.00	2,255,717.87	-	-	2,255,717.87	90.23%	-	-	-	Self funding
Fukang Refinery										
Final stage improvements for 10,000 tons of nickel	10,000,000.00	1,220,358.45	-	-	1,220,358.45	33.96%	-	-	-	Self funding
Nickel system release cobalt project	10,500,000.00	9,807,783.63	34,350.46	-	9,842,134.09	93.73%	-	-	-	Self funding
Compression and leaching of copper slag project	12,000,000.00	11,327,223.33	547,497.67	-	11,874,721.00	98.96%	-	-	-	Self funding
Installation project of nickel starting plate processing units and nickel packaging units	2,000,000.00	1,700,000.00	-	-	1,700,000.00	85.00%	-	-	-	Self funding
75 tons desulfurization denitrification project	25,000,000.00	6,271,295.40	9,058,744.95	-	15,330,040.35	61.32%	-	-	-	Self funding
Substation expansion and transformation project	12,000,000.00	6,731,113.96	1,336,238.53	-	8,067,352.49	67.23%	-	-	-	Self funding
Reconstruction of steam pipe network	11,730,000.00	3,687,424.27	1,496,104.98	-	5,183,529.25	44.19%	-	-	-	Self funding
Other projects	40,037,882.23	19,147,116.34	1,208,871.88	-	20,355,988.22	88.82%	-	-	-	Self funding
Sub-total of the Company	125,767,882.23	62,148,033.25	13,681,808.47	-	75,829,841.72		-	-		

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(11) Construction in progress (Continued)

(a) Construction in progress (Continued)

(i) Significant changes to construction in progress (Continued)

Project name	Budget	31 December 2020	Current year adding	Transfer to fixed assets	30 June 2021	% of expenditures incurred to budgeted amount	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current year	Capitalisation rate	Source of funds
Subsidiaries:										
Kalatongke Mining										
Final stage mining for 10,000 tons of nickel	131,132,831.10	101,972,772.60	3,482,177.00	(4,035,398.25)	101,419,551.35	98.62%	3,654,986.91	-	-	Self funding
Final stages of mining extension	194,650,000.00	114,604,663.41	4,519,983.68	-	119,124,647.09	61.20%	-	-	-	Self funding
Resource exploration project	50,487,806.00	40,680,461.85	1,389,416.51	-	42,069,878.36	83.33%	-	-	-	Self funding
Fugitive gas desulphurization project	80,000,000.00	48,260,480.33	6,151,708.20	-	54,412,188.53	72.75%	-	-	-	Self funding
Tailings storage reclamation project	5,801,100.00	967,197.52	2,370,946.25	(3,338,143.77)	-	100.00%	-	-	-	Self funding
Jiawuer tailings pond geofabriform method tailings dam	11,064,200.00	7,651,791.29	2,736,697.25	-	10,388,488.54	58.68%	-	-	-	Self funding
Smelter sewage treatment system	8,000,000.00	5,750,736.51	699,252.16	-	6,449,988.67	95.58%	-	-	-	Self funding
Other constructions in progress for production	165,219,648.75	48,341,260.45	14,466,192.90	(4,022,851.02)	58,784,602.33	60.14%	-	-	-	Self funding
Xinjiang Yakesi										
Huangshanxi mining and Ore processing project	1,545,259,700.00	364,033,903.05	15,073,750.49	(350,691.15)	378,756,962.39	90.91%	77,335,751.35	2,988,945.92	3.72%	Self funding
Other project	800,000.00	667,459.43	-	-	667,459.43	83.43%	-	-	-	Self funding
Hami Jubao										
Huangshandong #12 mine project	177,312,100.00	113,058,657.82	19,789.86	-	113,078,447.68	55.83%	-	-	-	Self funding
Zhongxin Mining										
Other projects	21,000,000.00	2,010,782.55	-	-	2,010,782.55	93.47%	-	-	-	Self funding
Shaanxi Xinxin										
Other projects	10,000,000.00	2,034,073.00	-	-	2,034,073.00	20.34%	-	-	-	Self funding
Beijing Xinding										
Construction projects of the base for research and ware housing	189,000,000.00	182,629,906.09	617,147.35	-	183,247,053.44	96.96%	1,270,438.36	-	-	Self funding
Sub-total of subsidiaries	2,589,727,385.85	1,032,664,145.90	51,527,061.65	(11,747,084.19)	1,072,444,123.36		82,261,176.62	2,988,945.92		
Total	2,706,895,268.08	1,094,812,179.15	65,208,870.12	(11,747,084.19)	1,148,273,965.08		82,261,176.62	2,988,945.92		

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(11) Construction in progress (Continued)

(b) Construction materials

	30 June 2021	31 December 2020
Construction materials	17,549.34	17,549.34

(12) Intangible assets

	Mining rights	Exploration rights	Land use rights	Others	Total
Cost					
31 December 2020	702,169,849.93	208,153,000.00	223,620,457.11	3,446,360.82	1,137,389,667.86
Additions – Purchase	–	–	–	–	–
30 June 2021	702,169,849.93	208,153,000.00	223,620,457.11	3,446,360.82	1,137,389,667.86
Accumulated amortisation					
31 December 2020	198,644,318.09	–	55,564,084.46	2,239,186.76	256,447,589.31
Additions – Accrue ment	10,248,018.69	–	2,324,621.39	67,951.84	12,640,591.92
30 June 2021	208,892,336.78	–	57,888,705.85	2,307,138.60	269,088,181.23
Provision for impairment					
31 December 2020	–	135,543,621.45	–	–	135,543,621.45
Additions – Accrue ment	–	–	–	–	–
30 June 2021	–	135,543,621.45	–	–	135,543,621.45
Net book value					
30 June 2021	493,277,513.15	72,609,378.55	165,731,751.26	1,139,222.22	732,757,865.18
31 December 2020	503,525,531.84	72,609,378.55	168,056,372.65	1,207,174.06	745,398,457.10

For the six months ended 30 June 2021, amortisation expense of intangible assets amounted to RMB12,640,591.92 (For the six months ended 30 June 2020 is RMB12,172,577.50).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(12) Intangible assets (Continued)

The exploration rights owned by the Group were obtained from the acquisition of Xianghejie vanadium mine and Mujahe vanadium mine in Shaanxi Xinxin in 2011, and the certificates of exploration rights have expired on 31 December 2020. The exploration certificate of Mujahe vanadium was approved on 3 February 2021 and its validity will be extended to 3 February 2023. The Group is still applying for the extension of the validity of Xianghejie vanadium exploration right, and as at 30 June 2021 the relevant procedures have not been approved.

(13) Goodwill

	31 December 2020	Current year Additions	Current year Decease	30 June 2021
Acquiring Zhongxin Mining	17,844,894.10	–	–	17,844,894.10
Acquiring Xinjiang Yakesi and Hami Jubao	9,987,911.01	–	–	9,987,911.01
	27,832,805.11	–	–	27,832,805.11

In the goodwill impairment assessment, the Group compared the carrying amount (note(8)) of underlying assets or the group of assets (including goodwill) with the recoverable amount. If the recoverable amount lower than the carrying amount, the relevant difference was recorded as profit or loss for the current period.

According to the three-year budget approved by the management, the recoverable amount of asset groups and sets of asset groups, which is estimated by using the fixed growth rate and is calculated by using the discounted cash flow models.

For the six months ended 30 June 2021, the key assumptions of discounted cash flow models were as follows:

	Zhongxin Mining	Xinjiang Yakesi and Hami Jubao
Growth rate	3%	3%
Gross margin	9%	21%
Pre-tax discount rate	14%	14%

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(13) Goodwill (Continued)

For the year 2020, the key assumptions of discounted cash flow models were as follows:

	Zhongxin Mining	Xinjiang Yakesi and Hami Jubao
Growth rate	3%	3%
Gross margin	9%	21%
Pre-tax discount rate	14%	14%

The weighted average growth rates applied by management are referred to those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interests rates that are able to reflect the specific risks to the related asset groups and sets of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and the sets of asset groups.

(14) Other non-current assets

	30 June 2021	31 December 2020
Gold leasing and corresponding future contract (a)	24,856,220.00	28,444,977.50

(a) The balance represented the prepayment for utilities of Xinjiang Yakesi, which will be offset by the utilities to be incurred in the future.

(15) Provision for asset impairment

	31 December 2020	Current year Additions (note 4(40), 4(41))	Current year Decrease Reversal	Current year Decrease Sold (note 4(7) (b))	30 June 2021
Provision for bad debts	15,047,592.98	419,191.86	(532,522.25)	–	14,934,262.59
Including: Accounts receivable	7,021,930.79	419,191.86	(520,110.18)	–	6,921,012.47
Other receivables	8,025,662.19	–	(12,412.07)	–	8,013,250.12
Provision for impairment of intangible assets	135,543,621.45	–	–	–	135,543,621.45
Provision for decline in value of inventories	7,416,455.50	3,926,746.73	–	(3,460,350.67)	7,882,851.56
	158,007,669.93	4,345,938.59	(532,522.25)	(3,460,350.67)	158,360,735.60

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(16) Financial liabilities held for trading

	30 June 2021	31 December 2020
Gold leasing and corresponding future contract	–	149,743,160.00

In the year 2020, Kalatongke mining and Xinjiang Yakesi signed the gold leasing contracts with banks respectively to obtain short-term financing and entered into gold future contract through the bank according to the lease and sales volume to avoid the price risk. On 30 June 2021, the fair value of gold leasing and gold futures was expired.

(17) Notes payable

	30 June 2021	31 December 2020
Bank acceptance notes	190,000,000.00	331,350,000.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(18) Accounts payable

	30 June 2021	31 December 2020
Payable for purchase of materials	216,185,553.96	194,437,981.94
Payable for purchase of services	29,356,719.01	56,485,148.17
Payable for transportation fees	10,660,306.68	11,142,909.99
Others	1,060,930.10	1,369,121.55
	257,263,509.75	263,435,161.65

(a) As at 30 June 2021, accounts payable over one year with carrying amount of RMB32,602,181.25 (31 December 2020: RMB26,221,918.50) were mainly payables for purchase of materials. Due to the dispute over the quality of materials, the payment has not been settled.

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

	30 June 2021	31 December 2020
Within 3 months	202,317,560.52	213,182,830.07
3 to 6 months	11,512,796.61	14,712,193.72
6 to 12 months	10,786,594.37	9,318,219.36
Over 12 months	32,646,558.25	26,221,918.50
	257,263,509.75	263,435,161.65

(19) Contract Liabilities

	30 June 2021	31 December 2020
Advances on sales	58,642,473.82	38,851,683.14

(a) On 30 June 2021, the balance of the Group's contract liabilities was RMB58,642,473.82, of which RMB37,966,385.80 has been recognised as revenue in 2021.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(20) Employee benefits payable

	30 June 2021	31 December 2020
Short-term employee benefits payable (a)	55,079,490.04	57,095,393.10
Defined contribution plans payable (b)	4,936,824.60	6,045.13
	60,016,314.64	57,101,438.23

(a) Short-term employee benefit payable

	31 December 2020	Current period additions	Current period payments	30 June 2021
Salaries, bonuses, allowances and subsidies	45,488,869.59	107,298,871.53	(109,823,283.46)	42,964,457.66
Staff welfare	–	3,031,870.81	(2,647,483.67)	384,387.14
Social insurances	2,755.79	9,292,491.45	(9,290,456.21)	4,791.03
Including:				
Medical insurance	2,755.79	7,828,043.41	(7,827,417.33)	3,381.87
Work injury insurance	–	1,422,426.75	(1,421,017.59)	1,409.16
Illness insurance	–	42,021.29	(42,021.29)	–
Housing funds	653,878.00	10,796,098.00	(10,865,714.00)	584,262.00
Labor union fund and employee education fund	10,686,417.72	2,788,665.21	(2,333,490.72)	11,141,592.21
Other short-time salary	263,472.00	1,576,992.41	(1,840,464.41)	–
	57,095,393.10	134,784,989.41	(136,800,892.47)	55,079,490.04

(b) Defined contribution plans payable

	31 December 2020	Current period additions	Current period payments	30 June 2021
Pension insurance	–	19,896,959.98	(14,967,516.83)	4,929,443.15
Unemployment insurance	6,045.13	467,081.49	(465,745.17)	7,381.45
	6,045.13	20,364,041.47	(15,433,262.00)	4,936,824.60

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(21) Taxes payable

	30 June 2021	31 December 2020
Income tax	7,523,371.38	4,784.26
Resource tax	6,392,497.93	4,654,903.57
Value added tax	5,363,615.82	4,845,772.62
Educational surcharge	272,993.01	247,484.18
Stamp duty	151,686.13	314,798.98
Urban construction tax	124,268.95	121,056.38
Individual income tax	114,859.67	120,241.47
Environmental tariff	12,211.03	115,656.54
Others	6,712.33	6,012.33
	19,962,216.25	10,430,710.33

(22) Other payables

	30 June 2021	31 December 2020
Payables due to related parties (<i>note 8(6)(d)</i>)	13,756,558.18	33,540,151.86
Payables due to third parties for construction projects	42,127,467.39	41,699,505.32
Payables for purchase of equipments	17,999,595.97	19,081,495.46
Deposit for quality guarantee	3,757,380.00	3,142,141.00
Payable for professional service	231,167.10	2,810,051.02
Interest of borrowings	1,236,170.35	2,616,451.09
Others	18,221,300.62	21,207,894.77
	97,329,639.61	124,097,690.52

- (a) As at 30 June 2021, other payables over 1 year with carrying amount of RMB33,051,370.44 (31 December 2020: RMB32,532,223.69) were mainly payable for construction projects, equipment and deposit for quality guarantee. Due to the related projects have not been finished yet, these payable balance were not settled.

(23) Current portion of non-current liabilities

	30 June 2021	31 December 2020
Current portion of long-term borrowings (<i>note 4(24) (a)</i>)	717,000,000.00	442,500,000.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(24) Borrowings

(a) Long-term borrowings

	30 June 2021	31 December 2020
Unsecured loans	1,205,500,000.00	1,224,000,000.00
Less: current portion of long-term borrowings (note 4(23))	(717,000,000.00)	(442,500,000.00)
	488,500,000.00	781,500,000.00

As at 30 June 2021, the long-term borrowings were due for repayment since September 2021. The interests are paid on a quarterly basis. As at 30 June 2021, the interest rates of long-term borrowings were between 3.83% and 4.37% annually (31 December 2020: between 4.75% and 5.32%).

(b) Short-term borrowings

	30 June 2021	31 December 2020
Unsecured loans	250,000,000.00	110,000,000.00
Discount on domestic letter of credit	380,000,000.00	367,640,000.00
	630,000,000.00	477,640,000.00

On 30 June 2021, the interest rate of unsecured loans is 3.92% annually (31 December 2020 is 4.35%).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(25) Long-term payment

	31 December 2020	Current year additions	Current year reductions	30 June 2021
Water/power/air supply and property management	14,466,781.91	–	(954,824.26)	13,511,957.65

(26) Provisions

	31 December 2020	Current year additions (note 4(39))	Current year reductions (note 4(39))	30 June 2021
Provision for close down, restoration and environmental costs	9,351,240.59	218,812.82	–	9,570,053.41

A provision is recognised for the present value of costs to be incurred for the restoration of the tailings dam of Kalatongke Mining, Xinjiang Yakesi and Hami Jubao which has been determined by management based on their past experience and best estimate of future expenditure by discounting the expected expenditures to their net present value. However, in so far as the effect of the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

(27) Deferred income

	31 December 2020	Current year increase	Current year decrease	30 June 2021
Government grants	26,665,922.77	570,729.00	(1,151,515.55)	26,085,136.22

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(27) Deferred income (Continued)

Government grants items	31 December 2020	Current year additions	Credited into other income (note 4(44))	Credited into non-operating income	30 June 2021	Asset related/Income related
The Company:						
Water resource utilisation project	438,666.39	-	(27,999.94)	-	410,666.45	Asset related
Project on concentration of reducing sodium	41,787.61	-	(2,666.06)	-	39,121.55	Asset related
Special funds for energy conservation	900,000.02	-	(49,999.98)	-	850,000.04	Asset related
Separation and extraction project of sulfur based nickel cobalt slag	382,790.00	570,729.00	-	-	953,519.00	Asset related
Sub-total of the Company	1,763,244.02	570,729.00	(80,665.98)	-	2,253,307.04	
Subsidiaries:						
Project on energy saving	1,696,111.02	-	(369,166.68)	-	1,326,944.34	Asset related
Project on use of well water	810,000.00	-	(135,000.00)	-	675,000.00	Asset related
Project on exploration of No. 2 mine in Kalatongke Mining	6,041,333.98	-	(131,333.28)	-	5,910,000.70	Asset related
Project on technology improvement of nickel smelting	670,833.58	-	(87,499.98)	-	583,333.60	Asset related
General improvement project	480,000.24	-	(79,999.98)	-	400,000.26	Asset related
Subsidies for clean energy	756,000.00	-	(72,000.00)	-	684,000.00	Asset related
Project on technology improvement of Huangshanxi	971,111.44	-	(26,666.64)	-	944,444.80	Asset related
Online monitoring of pollution sources	120,000.24	-	(19,999.98)	-	100,000.26	Asset related
Land use right	7,656,890.56	-	-	(104,888.94)	7,552,001.62	Asset related
Gas device for composite desulfurization	2,500,000.00	-	-	-	2,500,000.00	Asset related
Department of finance seedling special funds	559,999.92	-	(40,000.02)	-	519,999.90	Asset related
Final stages of mining extension	1,100,000.00	-	-	-	1,100,000.00	Asset related
Others	1,509,397.77	-	-	-	1,509,397.77	Asset related/Income related
Safety production project	31,000.00	-	(4,294.07)	-	26,705.93	Income related
Sub-total of Subsidiaries	24,902,678.75	-	(965,960.63)	(104,888.94)	23,831,829.18	
Total	26,665,922.77	570,729.00	(1,046,626.61)	(104,888.94)	26,085,136.22	

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(27) Deferred income (Continued)

The government grants recognised in profit or loss or deducted against related expenses in the current year are set out as follows:

Government grants	Nature	Amount	Presentation items
– Project on energy saving	Recognised in P/L	369,166.68	Other income
– Water resource utilisation project	Recognised in P/L	27,999.94	Other income
– Safety production	Recognised in P/L	4,294.07	Other income
– Project on use of well water	Recognised in P/L	135,000.00	Other income
– Project on exploration of No.2 mine in Kalatongke Mining	Recognised in P/L	131,333.28	Other income
– Land use right	Recognised in P/L	104,888.94	Non-operating income
– Project on technology improvement of nickel smelting	Recognised in P/L	87,499.98	Other income
– General improvement project	Recognised in loss	79,999.98	Other income
– Subsidies for clean energy	Recognised in P/L	72,000.00	Other income
– Department of finance seedling special funds	Recognised in P/L	40,000.02	Other income
– Project on technology improvement of Huangshanxi	Recognised in P/L	26,666.64	Other income
– Special funds for energy conservation	Recognised in P/L	49,999.98	Other income
– Online monitoring of pollution sources	Recognised in P/L	19,999.98	Other income
– Project on concentration of reducing sodium	Recognised in P/L	2,666.06	Other income
		1,151,515.55	

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(28) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2021		31 December 2020	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Unrealised profits	202,648,910.98	15,526,261.50	116,854,086.71	19,800,270.91
Deductible losses	140,175,493.54	22,357,484.11	278,064,903.61	45,981,749.41
Assets impairment	102,139,881.84	15,508,575.99	101,507,288.32	15,411,702.97
Government grants	26,085,136.22	4,754,059.49	26,655,922.77	4,842,920.05
Depreciation of fixed assets	26,540,234.87	4,308,489.72	25,959,448.33	4,219,629.16
	497,589,657.45	62,454,870.81	549,051,649.74	90,256,212.50
Including				
Deferred tax asset to be recovered within 1 year (including 1 year)		54,415,491.44		69,782,020.32
Deferred tax asset to be recovered after 1 year		8,039,379.37		20,474,272.18
		62,454,870.81		90,256,272.50

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(28) Deferred tax assets and deferred tax liabilities (Continued)

(b) Deferred tax liabilities before offsetting

	30 June 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combination involving entities not under common control (i)	412,394,923.66	100,998,662.80	420,685,145.42	102,235,637.55
Depreciation	22,190,856.47	3,328,628.47	22,190,856.47	3,328,628.47
	439,585,780.13	104,327,291.27	442,876,001.89	105,564,266.02
Including				
Deferred tax asset to be recovered within 1 year (including 1 year)		19,467,947.86		20,266,826.78
Deferred tax asset to be recovered after 1 year		84,859,343.41		85,297,439.24
		104,327,291.27		105,564,266.02

(i) Deferred tax liabilities mainly represented the difference between the fair value and tax base of the mining rights, exploration rights, fixed assets and land use rights arising from the business combination involving entities not under common control.

(c) Deductible temporary differences and deductible losses that are not recognised as deferred tax assets were analysed as follows:

	30 June 2021	31 December 2020
Deductible losses	59,284,947.33	98,083,118.92
Deductible temporary differences	—	—
	59,284,947.33	98,083,118.92

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(28) Deferred tax assets and deferred tax liabilities (Continued)

- (d) Deductible temporary differences that are not recognised as deferred tax assets will fall due in the following years:

	30 June 2021	31 December 2020
2021	—	44,154,202.47
2022	19,803,158.29	19,803,158.29
2023	10,102,401.98	10,102,401.98
2024	12,718,479.73	12,718,479.73
2025	11,304,876.45	11,304,876.45
2026	5,356,030.88	—
	59,284,947.33	98,083,118.92

- (e) The net balances of deferred tax assets and liabilities after offsetting were as follows:

	30 June 2021		31 December 2020	
	Balances after offsetting	Setoff amount	Balances after offsetting	Setoff amount
Deferred tax assets	1,601,708.85	60,853,161.96	1,601,708.85	88,654,563.65
Deferred tax liabilities	1,601,708.85	102,725,582.42	1,601,708.85	103,962,557.17

(29) Share capital

	30 June 2021		31 December 2020	
	Number of shares	% of issued capital	Number of shares	% of issued capital
Domestic shares	1,451,000,000	65.66%	1,451,000,000	65.66%
H share holders	759,000,000	34.34%	759,000,000	34.34%
	2,210,000,000	100.00%	2,210,000,000	100.00%

The par value of each share is RMB0.25, and the total share capital is 552,500,000.00.

There was no movement of share capital of the Company in the ended 30 June 2021.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(30) Capital surplus

	31 December 2020	Current period additions	Current period deductions	30 June 2021
Contribution from Parent Company				
related to mining right (Note (1))	35,393,957.53	–	–	35,393,957.53
Share Premium (Note (2))	4,219,360,899.96	–	–	4,219,360,899.96
Others (Note (3))	3,815,140.27	–	–	3,815,140.27
	4,258,569,997.76	–	–	4,258,569,997.76
	31 December 2019	Current year additions	Current year deductions	31 December 2020
Contribution from Parent Company				
related to mining right (Note (1))	35,393,957.53	–	–	35,393,957.53
Share Premium (Note (2))	4,219,360,899.96	–	–	4,219,360,899.96
Others (Note (3))	3,815,140.27	–	–	3,815,140.27
	4,258,569,997.76	–	–	4,258,569,997.76

Note (1) It represented the difference between the fair value of mining rights acquired from Xinjiang Non-ferrous Group and the discounted net present value of long-term payable for the mining rights acquired, which is formed prior to be listed on the Hong Kong Stock Exchange in 2007.

Note (2) Share premium represented the difference between nominal value of share issued and the fair value of net assets/considerations received by the Company.

Note (3) Xinjiang Non-ferrous Group provided long-term interest-free borrowings to the Company. At the date of initial recognition, the difference between loan principal and the fair value of loan was recorded as capital surplus. As at 31 December 2017, this loan was repaid.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(31) Specific reserve

	31 December 2020	Current period additions	Current period reductions	30 June 2021
Safety fund (Note)	–	22,638,658.98	(18,419,664.19)	4,218,994.79
	31 December 2019	Current year additions	Current year reductions	31 December 2020
Safety fund (Note)	–	43,056,678.59	(43,056,678.59)	–

Note: Pursuant to regulation No. [2012] 16 issued by the State Administration of Work Safety, Kalatongke Mining, Xinjiang Yakesi and Hami Jubao are required to set aside an amount to a safety fund at RMB10 (2020: RMB10) per tonne of raw ore mined; Kalatongke Mining and Xinjiang Yakesi tailings pond measured as the amount of tailings that put in storage, third level and over than third level tailings are RMB1 per tonne, fourth level and fifth level are RMB1.5 per tonne; at 4% of consumed amount or revenue of vitriol of last year for Zhongxin Mining, Kalatongke Mining and FuKang Refinery; Zhongxin Mining, Fukang Refinery and Kalatongke Mining are required to apply the excess regressive method for the accrual of safety fund based on the refining revenue of last year. The accrual of safety fund is charged to production cost and credited to specific reserve. The safety expenditures that are expenses in nature are directly debited to specific reserve. Specific reserve expenditures of RMB18,433,819.77 were used for safety related projects for the period ended 30 June 2021 (the period ended 30 June 2020 is RMB11,378,475.73).

(32) Surplus reserve

	31 December 2020	Current period additions	Current period reductions	30 June 2021
Statutory surplus reserve fund	249,625,789.74	–	–	249,625,789.74
	31 December 2019	Current year additions	Current year reductions	31 December 2020
Statutory surplus reserve fund	249,625,789.74	–	–	249,625,789.74

Pursuant to the PRC Company Law and the Company's Articles of Association, every year the Company is required to appropriate 10% of the profit after taxation to the statutory reserve until the balance reaches 50% of the share capital. Subject to the approval, such reserve can be used to offset against net losses or to increase share capital. The Company did not appropriate surplus reserve 30 June 2021 due to the Company losing profit year (30 June 2020: Nil).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(33) Accumulated losses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Accumulated losses at the beginning of the year	(647,906,622.73)	(799,745,024.20)
Add: Net profit/(loss) attributable to the shareholders of the Company for the year	230,880,351.78	(62,310,672.63)
Less: Appropriation for statutory reserve	—	—
Accumulated losses at the end of the year	(417,026,270.95)	(862,055,696.83)

(34) Revenue and cost of sales

	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue from main operation	1,099,362,791.92	625,192,437.17
Revenue from other operation	57,728,215.56	6,951,855.15
	1,157,091,007.48	632,144,292.32

	Six months ended 30 June 2021	Six months ended 30 June 2020
Cost of sales from main operation	719,646,956.03	577,538,338.31
Cost of sales from other operation	39,327,221.73	2,759,451.26
	758,974,177.76	580,297,789.57

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(34) Revenue and cost of sales (Continued)

(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 2021		Six months ended 30 June 2020	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Nickel cathode	705,788,977.77	433,140,226.74	347,971,805.90	275,033,987.51
Copper cathode	259,569,626.08	185,066,326.31	237,748,441.24	262,037,007.87
Others	134,004,188.07	101,440,402.98	39,472,190.03	40,467,342.93
	1,099,362,791.92	719,646,956.03	625,192,437.17	577,538,338.31

(b) Revenue and cost of sales from other operation

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Sales of materials	47,196,774.79	37,663,547.31	511,364.51	454,552.04
Scrap sales	6,901,204.87	237,896.51	2,775,927.97	59,375.96
Sales of electricity	464,662.71	328,230.57	1,026,449.25	1,011,217.08
Orefield heating	165,928.96	—	922,454.05	922,454.05
Others	2,999,644.23	1,097,547.34	1,715,659.37	311,852.13
	57,728,215.56	39,327,221.73	6,951,855.15	2,759,451.26

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(35) Expenses by nature

Cost of sales, selling and distribution expenses, general and administrative expenses in Income Statements by nature were shown as below:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Raw materials and consumables used	271,773,099.99	241,156,254.22
Other production fees	17,788,603.92	21,077,079.73
Employee benefits	155,149,030.88	121,182,878.08
Depreciation (note 4(10)(a))	112,576,177.74	104,317,659.75
Reversal of inventory provision due to sales (note 4(7) (b))	(3,460,350.67)	(411,295.64)
Electricity costs	71,119,062.68	67,895,498.40
External labor costs	104,520,282.53	81,446,380.58
Safety fund (note 4(31))	22,638,658.98	19,060,673.77
Transportation fee	22,872,383.01	14,786,265.68
Amortisation of intangible assets	12,640,591.93	12,172,577.50
Taxation	25,615,224.14	11,911,727.11
Office expenses	2,382,584.98	1,974,360.72
Comprehensive support service charge (note 4(38))	1,613,207.52	1,613,207.52
Lease expenses	951,576.25	331,463.10
Audit fees	—	—
— Audit service	—	—
— Non-audit service	—	—
Changes in inventories of work in progress, semi- finished goods and finished goods (note 4(7)(a))	18,752,978.50	(59,173,376.29)
Others	8,283,238.95	8,789,816.18
	845,216,351.33	648,131,170.41

In note 2(28), the Group directly recognised the expense of short-term loan and low value leasing through profit or loss for the current period. Six months ended 30 June 2021, the lease expenses amounted RMB951,576.25 (Six months ended 30 June 2020: RMB331,463.10).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(36) Taxes and surcharges

	Six months ended 30 June 2021	Six months ended 30 June 2020	Tax base
Resource tax	9,444,638.75	3,155,292.82	Note 3
Property tax	4,946,430.41	4,630,603.48	Note 3
Education surcharge	4,201,044.58	1,896,837.01	Note 3
Urban construction tax	2,742,844.03	1,731,660.14	Note 3
Land use tax	1,900,353.03	1,876,647.13	
Stamp tax	1,131,880.65	733,768.36	
Others	65,540.44	72,625.24	
	24,432,731.89	14,097,434.18	

(37) Selling and administration expenses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Transportation and handling fees	22,872,383.01	14,786,265.68
Employee benefits	1,477,245.36	1,248,186.17
Depreciation	42,005.90	48,843.40
Travel and administrative expense	41,956.69	42,257.94
Others	547,170.78	304,605.95
	24,980,761.74	16,430,159.14

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(38) General and administrative expenses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Employee benefits	38,879,811.29	30,471,934.60
Depreciation and amortisation	8,195,943.83	7,718,767.77
Office expense	2,340,628.29	1,974,360.72
Professional services fee	1,898,364.68	1,547,704.25
Comprehensive support service charge	1,613,207.52	1,613,207.52
Operating leases expenses	951,576.25	331,463.10
Others	7,381,879.97	7,745,783.74
	61,261,411.83	51,403,221.70

(39) Financial expenses – net

	Six months ended 30 June 2021	Six months ended 30 June 2020
Interest expense	43,889,971.88	55,429,268.84
Less: Capitalised interest expenses (note 4(11) (a))	(2,988,945.92)	(3,952,986.11)
Interest expenses	40,901,025.96	51,476,282.73
Less: Interest income	(4,166,782.23)	(3,374,914.70)
Bank charges	732,673.95	1,765,907.51
Unwinding of discount – net (note 4(26))	218,812.82	258,610.89
	37,685,730.50	50,125,886.43

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(40) Assets impairment losses (note 4(15))

	Six months ended 30 June 2021	Six months ended 30 June 2020
Provision for decline in value of inventories (note 4(15))	3,926,746.73	—

(41) Credit impairment losses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Reverse of bad debts for accounts receivable (note 4(15))	(113,330.39)	—

(42) Investment income

	Six months ended 30 June 2021	Six months ended 30 June 2020
Net profit from a joint-venture under equity method (note 4(9)(a))	14,014,219.62	(2,151,126.69)
Unrealised net profit between the joint-venture and the Group	10,876,479.35	5,867,497.25
Investment income from disposal of available-for-sale financial assets	172,790.46	669,997.88
	25,063,489.43	4,386,368.44

The Group does not have significant restrict of investment income repatriation.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(43) Assets disposed income

	Six months ended 30 June 2021	Six months ended 30 June 2020	Amount recognised in non-recurring profit or loss for six months ended 30 June 2021
Assets disposed income	—	38,504.84	—

(44) Other income

	Six months ended 30 June 2021	Six months ended 30 June 2020	Asset related/ Income related
Energy conservation and emission reduction subsidy	928,999.20	508,165.98	Asset related
Special funds for technological transformation	113,333.34	147,872.79	Asset related
Others	4,294.07	—	Asset related
Subtotal	1,046,626.61	656,038.77	
Enterprise social security subsidy	624,151.82	146,035.94	Income related
Others	725,280.04	65,736.93	Income related
Sub-total	1,349,431.86	211,772.87	
Total	2,396,058.47	867,811.64	

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(45) Non-operating income

	Six months ended 30 June 2021	Six months ended 30 June 2020	Amount recognised in non-recurring profit or loss for six months ended 30 June 2021
Government grants (a)	108,488.94	108,488.94	108,488.94
Others	177,058.17	111,781.30	177,058.17
	285,547.11	220,270.24	285,547.11

a. Details of government grants

	Six months ended 30 June 2021	Six months ended 30 June 2020	Asset related/ Income related
Land compensation	108,488.94	108,488.94	Asset related

(46) Non-operating expenses

	Six months ended 30 June 2021	Six months ended 30 June 2020	Amount recognised in non-recurring profit or loss for six months ended 30 June 2021
Penalties and fines	813,519.07	722,664.00	813,519.07
Donations	—	2,400,000.00	76,739.21
Others	76,739.21	77,482.62	890,258.28
	890,258.28	3,200,146.62	813,519.07

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(47) Income tax expenses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Current income tax	17,483,408.16	13,294.28
Deferred income tax	26,564,426.94	(15,314,881.68)
	44,047,835.10	(15,301,587.40)

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

	Six months ended 30 June 2021	Six months ended 30 June 2020
Consolidated total profit	272,797,614.15	(77,897,390.16)
Income tax expenses calculated at applicable tax rate of 25%	68,199,403.54	(19,474,347.54)
Effect of tax reductions	(23,346,679.29)	4,491,418.61
Income not subject to tax	(2,145,492.18)	(1,467,463.61)
Costs, expenses and losses not to be deducted	1,595.30	(206,868.18)
Deductible temporary differences and deductible losses for which no deferred tax assets were recognised	1,339,007.73	1,355,673.32
Clearance differences in respect of prior years	–	–
	44,047,835.10	(15,301,587.40)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(48) Earnings per share

(a) Earnings per share

Basic earnings per share is calculated by dividing consolidated net 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 2021	Six months ended 30 June 2020
Consolidated net profit/(loss) attributable to shareholders of the Company	230,880,351.78	(62,310,672.63)
Weighted average number of ordinary shares in issue of the Company	2,210,000,000.00	2,210,000,000.00
Basic earnings per share	0.104	(0.028)
Including		
– Basic earnings/(loss) per share under going concern	0.104	(0.028)
– Basic earnings/(loss) per share under discontinued operation	–	–

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit 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 2021 (for the six months ended 30 June 2020: Nil), diluted earnings per share equal to basic earnings per share.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(49) Notes to consolidated cash flow statements

(a) Cash received relating to other operating activities

	Six months ended 30 June 2021	Six months ended 30 June 2020
Unrestricted cash at bank	60,018,947.62	–
Recovery of account receivable	5,000,000.00	–
Interest income	4,166,782.23	3,374,914.70
Government grants received	1,657,836.60	3,652,428.23
Others	1,528,129.97	150,000.00
	72,371,696.42	7,177,342.93

(b) Cash paid relating to other operating activities

	Six months ended 30 June 2021	Six months ended 30 June 2020
Transportation fee and handing cost	22,872,383.01	14,786,265.68
Professional service fee	2,898,364.68	1,547,704.25
Office expenses	2,382,584.98	1,974,360.72
Comprehensive supporting services	1,613,207.52	1,613,207.52
Bank charges	732,673.95	1,765,907.51
Leasing fees	636,613.15	331,463.10
Greening fee	170,981.99	–
Donations	–	2,400,000.00
Increase of restricted cash at bank	–	236,573.62
Others	5,280,259.97	2,458,779.46
	36,587,069.25	27,114,261.86

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(49) Notes to consolidated cash flow statements (Continued)

(c) Cash received relating to other investing activities

	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash repayments of loans from Hexin Mining	—	65,000,000.00
	—	65,000,000.00

(d) Cash paid relating to other investing activities

	Six months ended 30 June 2021	Six months ended 30 June 2020
Loans provided to Hexin Mining	—	77,976,580.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(50) Notes to the consolidated cash flow statement

a. Reconciliation from consolidated net profit to cash flows from operating

	Six months ended 30 June 2021	Six months ended 30 June 2020
Consolidated Net loss	228,749,779.05	(62,595,802.76)
Adjustment:		
Provisions for asset impairment (note 4(40))	3,926,746.73	–
Reverse credit impairment Loss (note 4(41))	(113,330.39)	–
Depreciation of fixed assets (note 4(10))	112,576,177.74	104,317,659.75
Amortisation of intangible assets (note 4(12))	12,640,591.92	12,172,577.50
Gains on disposal of fixed assets	–	(38,504.84)
Decrease in deferred tax assets (note 4(28))	27,801,401.69	(13,462,097.86)
Decrease in deferred tax liabilities (note 4(28))	(1,236,974.75)	(913,231.92)
Amortisation of deferred income (note 4(27))	(843,110.81)	2,564,346.35
Financial expenses (note 4(39))	41,119,838.78	51,734,893.62
Amortisation of long-term prepaid expenses	122,871.24	–
Investment gains (note 4(42))	(25,063,489.43)	(4,386,368.44)
Decrease/(increase) in inventories	40,283,311.04	(35,428,855.09)
Utilisation of safety fund-net	4,233,150.32	7,717,299.07
Increase in operating receivables	(66,387,140.24)	(134,612,207.62)
(Decrease)/increase in operating payables	(136,147,780.11)	224,540,525.15
Decrease/(increase) in restricted cash at banks	60,018,947.63	(236,573.62)
Decrease in Provisions	–	9,455.13
Net cash flows generated from operating activities	301,680,990.41	151,383,114.42

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(50) Notes to the consolidated cash flow statement (Continued)

a. Reconciliation from consolidated net profit to cash flows from operating (Continued)

Operating and investing activities not involved in cash

	Six months ended 30 June 2021	Six months ended 30 June 2020
Purchasing inventories paid by bank acceptance notes	383,683,031.56	287,876,303.81
Purchasing long-term assets paid by bank acceptance notes	65,059,555.61	51,263,331.21
	448,742,587.17	339,139,635.02

The net movement of cash and cash equivalents

	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash and cash equivalents at end of period (b)	472,300,501.95	232,464,294.21
Less: cash and cash equivalents at beginning of period	(263,452,546.93)	(267,229,062.22)
Net increase/(decrease) in cash and cash equivalents	208,847,955.02	(34,764,768.01)

(b) Cash and cash equivalents

	30 June 2021	31 December 2020
Cash	472,300,501.95	263,452,546.93
Including: Cash on hand	420.81	615.34
Unrestricted cash at bank	472,300,081.14	263,451,931.59
Cash and cash equivalents	472,300,501.95	263,452,546.93

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

5 EQUITY IN OTHER ENTITIES

(1) Investments in subsidiaries

(a) The constitutions of business combinations

Name of subsidiaries	Type of legal entity	Main operation place	Place of registration	Nature of business	Issued share capital	% equity interest held by the Group		Methods of investments
						Direct	Indirect	
Mengxi Mining	LLC	Hami, the PRC	Hami, the PRC	Mining	15,918,400.00	51%	–	Through establishment or investment
Kalatongke Mining	LLC	Fuyun, the PRC	Fuyun, the PRC	Mining and smelting	1,230,000,000.00	100%	–	Through establishment or investment
Beijing Xinding	LLC	Beijing, the PRC	Beijing, the PRC	Research and Development	100,000,000.00	100%	–	Through establishment or investment
Xinjiang Yakesi	Co., Ltd.	Hami, the PRC	Hami, the PRC	Mining	500,000,000.00	99.51%	0.49%	Business combination not under common control
Hami Jubao	Co., Ltd.	Hami, the PRC	Hami, the PRC	Mining	120,000,000.00	98.96%	1.04%	Business combination not under common control
Zhongxin Mining	Co., Ltd.	Hami, the PRC	Hami, the PRC	Smelting	120,000,000.00	97.58%	–	Business combination not under common control
Shaanxi Xinxin	Co., Ltd.	Shangnan, the PRC	Shangnan, the PRC	Mining	10,000,000.00	51%	–	Business combination not under common control

There is no significant restriction on using the Group's assets or paying off debt of the Group.

There are no debentures issued by the Group.

(b) Subsidiaries with non-controlling interests rights

Name of subsidiaries	% equity interest held by non-controlling shareholders	Amount of gains or losses attributed to non-controlling shareholders for six months ended 30 June 2021	Dividend declared/ allocated to non-controlling shareholders for six months ended 30 June 2021	Non-controlling interests 30 June 2021
Zhongxin Mining	2.42%	(2,104,251.28)	–	4,437,261.99
Shaanxi Xinxin	49.00%	(108,655.40)	–	(18,790,533.20)
Mengxi Mining	49.00%	82,333.95	–	(2,908,640.77)
		(2,130,572.73)	–	(17,261,911.98)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (CONTINUED)

(1) Investments in subsidiaries (Continued)

(b) Subsidiaries with non-controlling interests rights (Continued)

Main financial information of the above subsidiaries with significant non-controlling rights was as follows:

Name of subsidiaries	30 June 2021				
	Current assets	Non-current assets	Total assets	Current liabilities	Total Liabilities
Zhongxin Mining	308,538,642.09	163,002,086.36	471,540,728.45	327,448,501.30	542,841,209.01
Shaanxi Xinxin	159,715.85	74,648,014.79	74,807,730.64	21,557,359.04	36,459,703.68
Mengxi Mining	11,419,548.25	-	11,419,548.25	5,483,546.65	5,483,546.65

Name of subsidiaries	31 December 2020				
	Current assets	Non-current assets	Total assets	Current liabilities	Total Liabilities
Zhongxin Mining	592,741,758.57	175,765,827.99	768,507,586.56	846,518,186.98	862,209,536.31
Shaanxi Xinxin	146,701.72	74,648,610.77	74,795,312.49	21,323,195.13	36,225,539.77
Mengxi Mining	11,254,157.38	-	11,254,157.38	5,486,184.26	5,486,184.26

Name of subsidiaries	Six months ended 30 June 2021			
	Revenue	Net profit/ (loss)	Total comprehensive (losses)/ income	Operating cash flow
Zhongxin Mining	423,854,815.35	21,816,527.97	21,816,527.97	5,199,782.62
Shaanxi Xinxin	-	(221,745.76)	(221,745.76)	(2,592.85)
Mengxi Mining	-	168,028.48	168,028.48	(7,399.54)

Name of subsidiaries	Six months ended 30 June 2020			
	Revenue	Net (loss)/ profit	Total comprehensive (losses)/income	Operating cash flow
Zhongxin Mining	248,587,606.30	(23,532,892.67)	23,532,892.67	(3,780,566.66)
Shaanxi Xinxin	-	(208,877.40)	(208,877.40)	(10,051.11)
Mengxi Mining	-	252,591.39	252,591.39	(7,273.12)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (CONTINUED)

(2) Interests in joint-venture

(a) Basic information for important joint venture

Name of joint-venture	The main premise	Place of registration	Nature of business	Strategic effects To group operations	% equity interest held by the Group	
					Direct	Indirect
Hexin Mining	Hami, the PRC	Hami, the PRC	Mining	Yes	50%	–

The Group adopted equity method for the above investment.

(b) Key financial information of the joint venture

	30 June 2021	31 December 2020
Current assets	133,946,383.79	72,624,048.16
Including: cash and cash equivalents	34,711,929.56	13,921,563.99
Non-current assets	482,407,513.80	413,414,060.98
Total assets	616,353,897.59	486,038,109.14
Current liabilities	(261,266,399.35)	(158,979,050.08)
Non-current liabilities	(50,000,000.00)	(50,000,000.00)
Total liabilities	(311,266,399.35)	(208,979,050.08)
Owners' equity	305,087,498.24	277,059,059.06
Share of net assets (i)	152,543,749.12	138,529,529.53
Adjustments		
–Goodwill	44,668,386.35	44,668,386.35
–Offset of unrealised gains	(16,986,973.41)	(27,863,452.79)
Book value of the investment of joint venture	180,225,162.06	155,334,463.09
Fair value of the joint venture in open market	Not applicable	Not applicable

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

5 EQUITY IN OTHER ENTITIES (CONTINUED)

(2) Interests in joint-venture (Continued)

(b) Key financial information of the joint venture (Continued)

	30 June 2021	31 June 2020
Revenue	116,580,168.33	67,641,574.12
Financial expense	(3,705,027.06)	(4,416,431.84)
Net profit	(28,028,439.24)	(4,302,253.37)
Total comprehensive profit	(28,028,439.24)	(67,641,574.12)
Dividends received from joint venture	—	—

- (i) The Group, based on the amount assigned to the Company in the financial statements of joint venture calculates asset share in proportion to the number of shares owned. The amount in the financial statements of joint venture has taken the fair value of identifiable asset and liability of the investee joint venture into consideration.

6 SEGMENT INFORMATION

The Group is 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 the six months ended 30 June 2021 and 2020, 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 2021, revenue of top three customers of the Group accounted for 41%, 14% and 9% of the total revenue of the Group respectively (for the six months ended 30 June 2020: 55%, 13% and 12%).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

7 CONTINGENCIES

(1) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except as disclosed in *note 4(25)*, the Group is presently not involved in any other environmental remediations 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.

(2) Insurance

The Group carries commercial insurance for its employees who work underground for personal injury and its mining equipments 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.

(3) Guarantee provided

Please refer to *note 8(5)(f)*.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Information of the parent company

(a) Basic information of the parent company

	Place of registration	Type of business
Xinjiang Non-ferrous Group	Urumqi, China	Mining, smelting and processing of nonferrous and precious metals

The Company's ultimate controlling party is Xinjiang Non-ferrous Group, whose place of registration is Urumqi China.

(b) Registered capital and changes in registered capital of the parent company

	31 December 2020	Current period additions	Current period reductions	30 June 2021
Xinjiang Non-ferrous Group	1,555,356,129.00	–	–	1,555,356,129.00

(c) The proportion of equity interests and voting rights in the Company held by the parent company

	30 June 2021 % interests held and % voting rights	31 December 2020 % interests held and % voting rights
Xinjiang Non-ferrous Group	40.06%	40.06%

(2) Information of subsidiaries

Please refer to note 5(1).

(3) Information of joint-venture

Please refer to note 5(2).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related party information

Name of related parties	Relationship with the Group
Xinjiang Ashele Copper Industry Co., Ltd.	Associate of Xinjiang Non-ferrous Group
Fukang Juxin Industrial and Trade Co., Ltd.	Associate of Xinjiang Non-ferrous Group
Xinjiang QianXin Mining Co., Ltd.	Associate of Xinjiang Non-ferrous Group
Xinjiang Haoxin Lithia Developing Co., Ltd.	Fellow subsidiary
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	Fellow subsidiary
Fukang Non-ferrous Development Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	Fellow subsidiary
Fuyun Hengsheng Beryllium Industry Co., Ltd.	
Beijing Baodi Xindi Kemao Co., Ltd	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Fellow subsidiary
Xinjiang Dongsanhuan Trading Co., Ltd.	Fellow subsidiary
The Western Gold Hami Gold Mine Co., Ltd.	Fellow subsidiary
Xinjiang Zhanxin Fire Insulation Materials Co., Ltd.	Fellow subsidiary
Fukang Non-ferrous Property Management Co., Ltd.	Fellow subsidiary
Urumqi Tianshan Star Precious Metals Smelting Co., Ltd.	Fellow subsidiary
Xinjiang Wuxin Copper Co., Ltd.	Fellow subsidiary
Hami Jinhui Real Estate Development Co., Ltd	Fellow subsidiary
Xinjiang Jinhui Real Estate Development Co., Ltd	Fellow subsidiary
Urumqi Non-ferrous Metal Research Institute Co., Ltd	Fellow subsidiary
Non-ferrous Metal MingYuanZhiYe Co., Ltd	Fellow subsidiary
Akto Kebang Manganese Industry Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	Fellow subsidiary
Hexin Mining	Joint venture

(5) Related party transactions

(a) Pricing policy of transactions with related party

The prices of sales to related parties, purchases from related parties, provision of services by related parties and lease of properties from related parties were based on market price or agreement price.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(b) Purchases of materials from related parties

	Six months ended 30 June 2021	Six months ended 30 June 2020
Associate of Xinjiang Non-ferrous Group/ Fellow subsidiary		
Purchase of raw materials, consumables and equipment		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	3,156,057.92	4,566,819.06
Xinjiang Dongsanhuan Trading Co., Ltd.	770,596.09	788,003.22
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	661,750.02	352,894.76
Fukang Non-ferrous Development Co., Ltd.	508,304.22	234,721.58
Fukang Juxin Industrial and Trade Co., Ltd.	122,336.28	77,876.11
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	61,946.90	134,513.28
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	11,320.75	590,223.73
Purchase of equipment parts		
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	—	57,338.05
	5,292,312.18	6,802,389.79
Joint venture		
Purchase of nickel concentrate		
Hexin Mining	73,487,732.91	61,619,900.96
	78,780,045.09	68,422,290.75

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(c) Receiving of services from related parties

	Six months ended 30 June 2021	Six months ended 30 June 2020
Construction services		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	19,635,237.56	40,771,556.61
Fukang Juxin Industrial and Trade Co., Ltd	–	145,283.02
Transportation services		
Fukang Non-ferrous Development Co., Ltd.	1,520,259.57	1,550,161.23
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	903,955.22	1,165,803.03
Other services		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	49,999.98	967,820.16
Fukang Non-ferrous Property Management Co., Ltd.	7,219.36	24,532.03
Non-ferrous Metal MingYuanZhiYe Co., Ltd	33,688.46	–
Urumqi Non-ferrous Metal Research Institute Co., Ltd	6,632.08	–
Comprehensive supporting services		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	1,613,207.52	1,613,207.52
Provision of heat		
Fukang Non-ferrous Development Co., Ltd.	7,736.05	12,005.95
	23,777,935.80	46,250,369.55

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(d) Sale of products and energy to related parties

	Six months ended 30 June 2021	Six months ended 30 June 2020
Fellow subsidiary		
Xinjiang Wuxin Copper Co., Ltd.	41,400,575.15	19,577,140.47
Fuyun Hengsheng Beryllium Industry Co., Ltd.	12,229,592.86	6,689,191.50
Urumqi Tianshan Star Precious Metals Smelting Co., Ltd.	6,868,717.36	7,281,785.32
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	817,903.26	—
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	254,135.15	1,683,477.23
Akto Kebang Manganese Industry Co., Ltd.	—	1,990,493.81
Xinjiang Dongsanhuan Trading Co., Ltd.	—	77,781.42
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	—	6,016.35
	61,570,923.78	37,305,886.10
Joint venture		
Hami Hexin Mining Co., Ltd.	255,840.71	249,203.53
	61,826,764.49	37,555,089.63

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(e) Leases

As lessor:

Name of lessee	Type of rental assets	Lease revenue recognized during six months ended 30 June 2021	Lease revenue recognized during six months ended 30 June 2020
Xinjiang Zhanxin Fire Isolation Materials Co., Ltd.	Land-use right	21,510.00	21,510.00

As lessee:

Name of lessor	Type of rental assets	Lease expenses recognized during six months ended 30 June 2021	Lease expenses recognized during six months ended 30 June 2020
Xinjiang Jinhui Real Estate Development Co., Ltd	Building	314,963.10	314,963.10

(f) Guarantee

Name of Company	Amount of bank loans and bank acceptance notes guaranteed	Starting date	Ending date	Fulfilled or not
Hexin Mining	15,000,000.00	18/12/2020	18/12/2021	No
Hexin Mining	10,000,000.00	17/11/2020	17/11/2022	No
Hexin Mining	29,000,000.00	28/10/2020	28/10/2023	No
Hexin Mining	25,000,000.00	13/05/2020	13/05/2022	No
Hexin Mining	10,000,000.00	29/03/2021	03/03/2022	No
Hexin Mining	13,500,000.00	08/01/2021	08/01/2022	No
Total	102,500,000.00			

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(g) Loans provided to/(received from) related parties

	Six months ended 30 June 2021	Six months ended 30 June 2020
Joint venture		
Loans provided to Hexin Mining	—	77,976,580.00
Loans received from Hexin Mining	—	65,000,000.00

(h) Use of registered trademark

Pursuant to the trademark agreements with Xinjiang Non-ferrous Group, the Group has the right to use the registered trademark of “Bo Feng” at no cost from 1 January 2019 to 20 March 2029.

(i) Remuneration of key management

	Six months ended 30 June 2021	Six months ended 30 June 2020
Remuneration of key management	1,572,440.81	2,088,837.24

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(j) Benefits and interests of directors

(i) Directors, supervisors and chief executive officer's emoluments

Directors, supervisors and executive officer's emoluments for the six months ended 30 June 2021 were as follows:

Name	Emoluments for providing services as directors			Emoluments for managing company and its subsidiaries or providing other services	Total
	Fee	Salary and allowance	Pension		
Directors:					
Qi Xinhui	-	166,285.00	16,525.44	-	182,810.44
Zhou Chuanyou	-	-	-	-	-
Hu Chengye	-	-	-	-	-
Guo Quan	-	-	-	-	-
Zhang Guohua	-	-	-	-	-
Yu Wenjiang ¹	-	33,785.00	2,754.24	-	36,539.24
Independent Directors:					
Hu Benyuan	35,000.00	-	-	-	35,000.00
Wang Qingming	35,000.00	-	-	-	35,000.00
Lee Tao Wai	65,000.00	-	-	-	65,000.00
Supervisors:					
Yao Wenyong	20,000.00	-	-	-	20,000.00
Chen Rong ²	-	-	-	-	-
Li Jiangping ³	-	31,510.00	8,262.72	-	39,772.72
Meng Guojun	20,000.00	-	-	-	20,000.00
Meng Guangzhi ⁴	-	53,100.00	8,262.72	-	61,362.72
Zhong Rubiao ⁵	-	-	-	-	-
Shan Zhengzhong ⁶	-	56,786.29	11,016.96	-	67,803.25
Shi Keli ⁷	-	52,920.00	11,016.96	-	63,936.96
Senior management:					
Lam Cheuk Fai	-	198,000.00	-	-	198,000.00
Li Zhenzhen	-	103,885.00	14,112.96	-	117,997.96
He Hongfeng	-	142,885.00	16,525.44	-	159,410.44
Dong Guoqing	-	135,085.00	16,525.44	-	151,610.44
Zhu Lingxiao	-	155,400.00	16,525.44	-	171,925.44
Yu Wenjiang	-	132,500.00	13,771.20	-	146,271.20
Total	175,000.00	1,262,141.29	135,299.52	-	1,572,440.81

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(j) Benefits and interests of directors (Continued)

(i) Directors, supervisors and chief executive officer's emoluments (Continued)

Directors, supervisors and chief executive officer's emoluments for the six months ended 30 June 2020 were as follows:

Name	Emoluments for providing services as directors			Emoluments for managing company and its subsidiaries or providing other services	Total
	Fee	Salary and allowance	Pension		
Directors:					
Qi Xinhui	-	264,977.12	2,588.16	-	-
Zhou Chuanyou	-	-	-	-	-
Hu Chengye	-	-	-	-	-
Guo Quan	-	-	-	-	-
Zhang Guohua	-	-	-	-	-
Liu Jun	-	285,004.74	2,588.16	-	287,592.90
Independent Directors:					
Huang Yi Zhong	65,000.00	-	-	-	65,000.00
Li Wing Sum, Steven	-	-	-	-	-
Wang Lijin	35,000.00	-	-	-	35,000.00
Hu Benyuan	35,000.00	-	-	-	35,000.00
Supervisors:					
Yao Wenyong	20,000.00	-	-	-	20,000.00
Chen Rong	-	-	-	-	-
Yu Wenjiang	-	-	-	-	-
Li Jiangping	-	198,700.00	2,588.16	-	201,288.16
Meng Guojun	20,000.00	-	-	-	20,000.00
Senior management:					
Lam Cheuk Fai	-	180,000.00	-	-	180,000.00
He Hongfeng	-	230,043.79	2,588.16	-	232,631.95
Meng Guangzhi	-	274,417.13	2,588.16	-	277,005.29
Zhang Junjie	-	230,043.79	2,588.16	-	232,631.95
Total	175,000.00	1,663,186.57	15,528.96	-	1,852,715.53

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(j) Benefits and interests of directors (Continued)

(i) Directors, supervisors and chief executive officer's emoluments (Continued)

¹ Appointed as executive director on 11 June 2021.

² Retired as supervisor on 11 June 2021.

³ Retired as supervisor on 30 March 2021.

⁴ Appointed as supervisor on 11 June 2021.

⁵ Appointed as supervisor on 11 June 2021.

⁶ Appointed as supervisor on 30 March 2021.

⁷ Appointed as supervisor on 30 March 2021.

(ii) For six months ended 30 June 2021, there were no termination benefits for the directors (For six months ended 30 June 2020: Nil).

(iii) For six months ended 30 June 2021, there were no consideration provided to third parties for making available directors' services (For six months ended 30 June 2020: Nil).

(iv) For six months ended 30 June 2021, there were no loans, quasi-loans and other transactions in favour of directors, controlled body corporate of directors, and connected entities of directors, and no guarantee or security provided to directors, controlled body corporate of directors, and connected entities of directors (For six months ended 30 June 2020: Nil).

(v) No significant transactions, arrangements and contracts in related to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted For six months ended 30 June 2021 (For six months ended 30 June 2020: Nil).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Related party transactions (Continued)

(j) Benefits and interests of directors (Continued)

(vi) The five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group for the six months ended 30 June 2021 included 1 directors (for the six months ended 30 June 2020: 3 directors) whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining 4 (for the six months ended 30 June 2020: 2) individuals during the year were as follows:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Basic salaries, bonus, housing allowance, other allowances in kind	631,370.00	462,577.34
Pension	49,576.32	5,176.32
	680,946.32	467,753.66

	Number of individuals	
	Six months ended 30 June 2021	Six months ended 30 June 2020
Emolument bands: HKD0–1,000,000 (approximately RMB0–832,080)	1	3

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(6) Receivables from and payables to related parties

Receivables from related parties:

(a) Accounts receivable (note 4(3))

	30 June 2021		31 December 2020	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Xinjiang Wuxin Copper Co., Ltd.	23,708,586.1	(1,253,219.65)	33,802,849.95	(2,159,646.40)
Urumqi Tianshan Star Precious Metals Smelting Co., Ltd.	3,718,738.12	(22,315.64)	3,718,738.12	(22,315.64)
Fuyun Hengsheng Beryllium Industry Co., Ltd.	1,173,860.10	(1,155,526.78)	1,199,518.10	(1,155,680.74)
Xinjiang Haoxin Lithia Developing Co., Ltd.	301,201.70	(301,201.70)	301,201.70	(301,201.70)
Xinjiang Dongsanhuan Trading Co., Ltd.	115,824.60	(695.05)	713,400.60	(27,618.31)
Xinjiang Zhanxin Fire Isolation Materials Co., Ltd.	114,196.00	(685.18)	214,196.00	(1,285.36)
Hami Hexin Mining Co., Ltd.	90,720.00	(2,410.07)	401,620.00	(2,410.07)
	29,223,126.64	(2,736,054.07)	40,351,524.47	(3,670,158.22)

(b) Other receivables (note 4(6))

	30 June 2021		31 December 2020	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Hami Jinhui Real Estate Development Co., Ltd.	18,165,038.20	(87,187.87)	23,165,038.20	(111,328.86)
Fuyun Hengsheng Beryllium Industry Co., Ltd.	954,454.16	(4,622.06)	1,020,145.19	(4,940.17)
Hexin Mining	100,986.30	(489.04)	100,986.30	(489.04)
Beijing Baodi Xindi Kemao Co., Ltd.	94,517.90	(457.71)	94,517.90	(457.71)
	19,314,996.56	(92,756.68)	24,380,687.59	(117,215.78)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(6) Receivables from and payables to related parties (Continued)

Receivables from related parties (Continued):

(c) Accounts payable (note 4(18))

	30 June 2021	31 December 2020
Hexin Mining	23,835,253.05	10,555,794.76
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	11,177,295.41	5,691,342.87
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	3,053,081.27	2,434,586.42
Fukang Non-ferrous Development Co., Ltd.	1,880,297.03	2,361,563.12
Xinjiang Dongsanhuan Trading Co., Ltd.	1,838,144.48	2,875,315.11
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	1,631,627.95	2,421,850.43
Fukang Juxin Industrial and Trade Co., Ltd.	198,406.00	310,166.00
Non-ferrous Metal Research Institute Co., Ltd.	121,600.00	238,800.00
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	12,000.00	1,084,860.20
	43,747,705.19	27,974,278.91

(d) Other payables (note 4(22))

	30 June 2021	31 December 2020
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	11,986,119.82	32,268,774.17
Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd.	1,270,438.36	1,270,438.36
Fukang Non-ferrous Development Co., Ltd.	500,000.00	–
Xinjiang QianXin Mining Co., Ltd.	–	939.33
	13,756,558.18	33,540,151.86

(e) Contract liabilities

	30 June 2021	31 December 2020
Xinjiang Wuxin Copper Co., Ltd.	1,402,450.12	26,730,247.76
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd	263,269.32	–
	1,665,719.44	26,730,247.76

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(7) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet dates were as follows:

	30 June 2021	31 December 2020
– As lessor Xinjiang Zhanxin Fire Co., Ltd. Isolation Materials	40,971.43	40,971.43

9 COMMITMENTS

(1) Capital commitments

As at 30 June 2021 and 31 December 2020, the Group had no capital expenditures contracted for but not yet necessary to be recognised on the balance sheet.

10 EVENTS AFTER THE BALANCE SHEET DATE

The Group has no events after the balance sheet date which need to be disclosed or adjusted.

11 LEASES

The Group didn't own fixed assets under finance leases.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)*

12 FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily interest rate risk and concentration risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines and supervising the implementation of the risk management measures. The Group has developed risk management policies to identify and analyze the risks facing the Group, which the risk management policy has specified the specific risks, covering the market risk, credit risk and liquidity risk management, and many other parties surface. The Group regularly evaluates the market environment and changes in the group's operating activities to determine whether the risk management policies and systems are more new. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policy approved by the Board. The Risk management Committee adopted the work closely with other business units to identify, evaluate and evade risks. The Group's internal audit department controls the risk management system and procedures for periodic review, and the audit results reported to the Group's audit committee.

(1) Market risk

(a) Foreign exchange risk

The Group's main operations are located in China and its main business is settled in RMB. Foreign exchange risks identified by the Group in foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated primarily in US dollars and Hong Kong dollars). The Group continuously monitors the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks it faces, and for this reason the Group may aim to avoid foreign exchange risk by signing forward foreign exchange contracts or currency swap contracts. The Group has not signed any forward foreign exchange contracts or currency swap contracts as at 30 June 2021 and 31 December 2020.

As at 30 June 2021 and 31 December 2020, the Group did not hold foreign currency financial assets and foreign currency financial liabilities.

(b) 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 2021, the Group's interest bearing debts were mainly floating rate borrowings, fixed rate borrowings and interest bearing bond payable denominated in RMB, which totalled RMB1,455,500,000.00 (31 December 2020: RMB1,483,743,160.00), of which floating rate borrowings are RMB1,455,500,000.00, fixed rate borrowings are RMB0 respectively (31 December 2020: RMB1,334,000,000.00, RMB149,743,160.00) (note 4(23), (24)).

As at 30 June 2021, if annual interest rates had been 10% lower/higher with all other variables held constant, net loss would have decreased/increased by RMB2,843,671.94 (31 December 2020: net loss would have decreased/increased by RMB5,513,181.25).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL INSTRUMENT AND RISK (CONTINUED)

(1) Market risk (Continued)

(c) Concentration risk

Revenues are principally derived from sales of nickel cathode and copper cathode. Approximately 65% of the total sales for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 80%) were contributed by the top three customers with which the Group has not entered into any long-term sales contracts. In the event that these major customers terminate their business relationships with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations.

(2) Credit risk

The Group's credit risk mainly arises from cash, notes receivable and accounts receivable, other receivable, contract assets, financial guarantee contract and etc. As at balance sheet date, the book value of Group's financial assets representative their full credit risk exposure. The maximum credit risk exposure off balance sheet is RMB87,975,099.01 which arise from the undertaking of financial guarantee.

As at 30 June 2021, the amount of financial guarantees provided by the Group for Hexin Mining is RMB87,975,099.01. With no repayment on Hexin Mining's behalf, no overdue interest nor penalty, the Group assess that there is no credit impairment loss for the financial guarantee contract.

The financial guarantee provided by the Group is the guarantee for the joint venture. The Group continuously monitors the financial position of joint ventures and manages the credit risk exposure by controlling the total amount of guarantee and providing guarantee jointly with the other participant of joint ventures to ensure that the credit risk is limited to a controllable extent.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

On 30 June 2021, the Group did not have a significant increase of credit risk and guaranties that mortgage by debtor (31 December 2020: Nil).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL INSTRUMENT AND RISK (CONTINUED)

(3) Liquidity risk

Cash flow forecasting was performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date were analysed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2021				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Note payable	190,000,000.00	—	—	—	190,000,000.00
Accounts payable	257,263,509.75	—	—	—	257,263,509.75
Short-term borrowings	635,381,694.44	—	—	—	635,381,694.44
Long-term borrowings	751,756,875.00	265,520,131.39	245,306,800.00	—	1,262,583,806.39
Other payables	97,329,639.61	—	—	—	97,329,639.61
	1,931,731,718.80	265,520,131.39	245,306,800.00	—	2,442,558,650.19

	31 December 2020				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Note payable	331,350,000.00	—	—	—	331,350,000.00
Accounts payable	263,435,161.65	—	—	—	263,435,161.65
Short-term borrowings	479,971,805.56	—	—	—	479,971,805.56
Long-term borrowings	491,556,427.92	605,728,107.92	207,467,500.00	—	1,304,752,035.84
Gold leasing	152,198,437.90	—	—	—	152,198,437.90
Other payables	124,097,690.52	—	—	—	124,097,690.52
	1,842,609,523.55	605,728,107.92	207,467,500.00	—	2,655,805,131.47

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

12 FINANCIAL INSTRUMENT AND RISK (CONTINUED)

(3) Liquidity risk (Continued)

- (i) As at the balance sheet date, the Group's financial guarantees provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

	30 June 2021				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial Guarantees	87,975,099.01	–	–	–	87,975,099.01

	31 December 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial Guarantees	79,000,000.00	–	–	–	79,000,000.00

- (ii) The Group Bank and other borrowings were analysed by repayment terms as follows:

	30 June 2021		31 December 2020	
	Bank borrowing	Other borrowing	Bank borrowing	Other borrowing
Within 1 year	1,347,000,000.00	–	1,069,883,160.00	–
1 to 2 years	247,500,000.00	–	581,500,000.00	–
2 to 5 years	241,000,000.00	–	200,000,000.00	–
	1,835,500,000.00	–	1,851,383,160.00	–

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

13 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Financial instruments continuingly and subsequently measured at fair value

As at 30 June 2021, assets and liabilities continuingly measured at fair value based on the above three levels were listed as follows:

	Level1	Level2	Level3	Total
Financial assets				
Financial assets held for trading– structural deposits	–	–	20,000,000.00	20,000,000.00
The floating-income financial products without capital protected	–	–	11,000,000.00	11,000,000.00
Financing receivable– Notes receivable	–	–	112,754,453.24	112,754,453.24
Total	–	–	143,754,453.24	143,754,453.24

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

13 FAIR VALUE ESTIMATION (CONTINUED)

(1) Financial instruments continuingly and subsequently measured at fair value (Continued)

As at 31 December 2020, assets and liabilities continuingly measured at fair value based on the above three levels were listed as follows:

	Level1	Level2	Level3	Total
Financial assets				
Financial assets held for trading– structural deposits	–	–	20,000,000.00	20,000,000.00
The floating-income financial products without capital protected	–	–	11,000,000.00	11,000,000.00
Financing receivable– Notes receivable	–	–	75,348,838.21	75,348,838.21
Total	–	–	106,348,838.21	106,348,838.21
Financial liabilities				
Gold leasing and corresponding future contracts	–	149,743,160.00	–	149,743,160.00

The Group confirms its converting point based on the date of occurrence of the leading matters. No conversion exists between first level and second level.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise the discounted cash flow model, and the inputs of the valuation technique mainly include risk-free interest rate, benchmark interest rate and expect rate of return.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

13 FAIR VALUE ESTIMATION (CONTINUED)

(1) Financial instruments continuingly and subsequently measured at fair value (Continued)

The movement of above financial assets in level 3 was listed as follows:

	31 December 2020	Increase	Decrease	Total gains or losses during current period		30 June 2021	Assets still held on 30 June, 2021 are included in changes in unrealized gains or losses in profit and loss for 2021-changes in fair value
				Gains or losses included in the income statements	Gains or losses included in other comprehensive income		
Financial assets							
Financial assets held for trading-							
structural deposits	20,000,000.00	40,000,000.00	(40,000,000.00)	(292,944.45)	-	20,000,000.00	-
Non-guaranteed floating income financial products	11,000,000.00	22,000,000.00	(22,000,000.00)	(172,790.41)	-	11,000,000.00	-
Financing receivable-							
Notes receivable	75,348,838.21	200,815,073.51	(163,409,458.48)	-	-	112,754,453.24	-
Total financial assets	106,348,838.21	262,815,073.51	(225,409,458.48)	(465,734.86)	-	143,754,453.24	-

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

13 FAIR VALUE ESTIMATION (CONTINUED)

(1) Financial instruments continuingly and subsequently measured at fair value (Continued)

The movement of above financial assets in level 3 was listed as follows: (Continued)

				Total gains or losses during current period		Assets still held on 31 December, 2020 are included in changes in unrealized gains or losses in profit and loss for 2020-changes in fair value
	31 December 2019	Increase	Decrease	Gains or losses included in the income statements	Gains or losses included in other comprehensive income	31 December 2020
Financial assets						
Financial assets held for trading- structural deposits	50,000,000.00	20,000,000.00	(50,000,000.00)	(763,834.86)	-	20,000,000.00
The floating-income financial products without capital protected	10,000,000.00	11,000,000.00	(10,000,000.00)	(359,273.97)	-	11,000,000.00
Financing receivable- Notes receivable	51,993,646.40	227,181,655.68	(203,826,463.87)	-	-	75,348,838.21
Total financial assets	111,993,646.40	258,181,655.68	(263,826,463.87)	(1,123,108.83)	-	106,348,838.21

Gains or losses included in the income statements were included in gains or losses on the changes in fair value, investment income and asset impairment losses etc.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

13 FAIR VALUE ESTIMATION (CONTINUED)

(1) Financial instruments continuingly and subsequently measured at fair value (Continued)

The information about of fair value measurement in level 3 was listed as follows

				Inputs		
	Fair value	Valuation technique	Name	Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
30 June 2021						
Financial assets held for trading- Structural deposits	20,000,000.00	Discounted cash flow model	Expected Rate of return	1.50%	Positive correlation	Unobservable
The floating-income financial products without capital protected	11,000,000.00	Discounted cash flow model	Expected Rate of return	3.05%	Positive correlation	Unobservable
Financing receivable- Notes receivable	112,754,453.24	Discounted cash flow model	Discount rates of return	3.85%	Negative correlation	Unobservable
31 December 2020						
Financial assets held for trading- Structural deposits	20,000,000.00	Discounted cash flow model	Expected Rate of return	1.50%	Positive correlation	Unobservable
The floating-income financial products without capital protected	11,000,000.00	Discounted cash flow model	Expected Rate of return	3.05%	Positive correlation	Unobservable
Financing receivable- Notes receivable	75,348,838.21	Discounted cash flow model	Discount rates of return	4.35%	Negative correlation	Unobservable

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

13 FAIR VALUE ESTIMATION (CONTINUED)

- (2) The Group does not have assets measured at fair value on a non-recurring basis.
- (3) Assets and liabilities not measured at fair value but for which the fair value is disclosed

The financial assets and liabilities measured at amortised cost mainly include receivables, short-term borrowings, payables, long-term borrowings, bond payable and long-term payables.

Except for the financial assets and financial liabilities mentioned above, there is no significant difference between the carrying amount and the fair value of other financial assets and financial liabilities not measured at fair value.

14 CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders, and to maintain an optional capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term, borrowings long-term borrowing, bond payable and long-term payables) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

On 30 June 2021, the Group's strategy is to keep debt asset ratio between 15% and 40%, which is the same as 2020. At 30 June 2021 and 31 December 2020, the Group's debt asset ratio is shown below:

	30 June 2021	31 December 2020
Total borrowings		
Short-term borrowings	630,000,000.00	477,640,000.00
Long-term borrowings	488,500,000.00	781,500,000.00
Current portion of non-current liabilities	717,000,000.00	442,500,000.00
Financial liabilities held for trading	–	149,743,160.00
	1,835,500,000.00	1,851,383,160.00
Less: cash and cash equivalents	(472,300,501.95)	(263,452,546.93)
Net debt (a)	1,363,199,498.05	1,587,930,613.07
Total equity (b)	4,665,150,423.32	4,432,167,493.95
Total capital (c) = (a) + (b)	6,028,349,921.37	6,020,098,107.02
Gearing ratio (a)/(c)	22.61%	26.38%

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	30 June 2021	31 December 2020
Cash on hand	—	—
Cash at bank	436,668,548.63	241,720,615.83
Restricted cash at banks (a)	51,674,777.56	111,691,325.19
	488,343,326.19	353,411,941.02

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

	30 June 2021	31 December 2020
Deposits for issue of bank acceptance notes	51,674,777.56	93,995,422.76
Letter of credit deposits	—	17,695,902.43
	51,674,777.56	111,691,325.19

(2) Financial assets held for trading

	30 June 2021	31 December 2020
Financial assets measured at fair value through profit and loss	20,000,000.00	20,000,000.00

(3) Accounts receivable

	30 June 2021	31 December 2020
Accounts receivable	82,434,813.63	85,986,411.62
Less: provision for bad debts	(5,430,874.36)	(5,757,394.87)
	77,003,939.27	80,229,016.75

The majority of the Company's sales are on cash payment and prepayment or bank acceptance notes. The remaining amounts are with credit terms not exceeding 180 days.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(3) Accounts receivable (Continued)

(a) Accounts receivable aging analysis based on date recorded is shown as follows:

	30 June 2021	31 December 2020
Within 1 year	68,632,429.61	64,184,027.60
1-2 years	310,050.12	310,050.12
2-3 years	310,050.12	310,050.12
3-4 years	310,050.12	2,271,568.55
4-5 years	2,178,725.13	9,263,023.37
Over 5 years	10,693,508.53	9,647,691.86
	82,434,813.63	85,986,411.62

(b) As at 30 June 2021 the top five accounts receivable were analysed as follows:

	Ending Balance	Provision for bad debts	% of total balance
Total amount of the top five accounts receivable	79,761,780.35	(2,913,998.43)	96.76%

(c) No accounts receivable terminated due to transfer of financial assets during the period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(3) Accounts receivable (Continued)

(d) Provision for bad debts

	30 June 2021	31 December 2020
Provision for bad debts of accounts receivable	(5,430,874.36)	(5,757,394.87)

The company's accounts receivable are always measured loss provisions by expected credit losses whether it has significant financing activities.

(i) On 30 June 2021, the related provision of bad debts accounts receivable analysis as follows:

Group – Related parties:

	30 June 2021			31 December 2020		
	Ending Balance	Provision for bad debts		Ending Balance	Provision for bad debts	
		Expected credit loss rate throughout the duration			Expected credit loss rate throughout the duration	
	Amount		Amount	Amount		Amount
Not overdue	4,013,796.69	0.60%	(24,082.78)	4,242,984.24	0.60%	(25,461.57)
1-6 months overdue	310,050.12	0.60%	(1,860.30)	-	-	-
7-18 months overdue	310,050.12	4.51%	(13,983.26)	310,050.12	4.51%	(13,969.03)
More than 18 months Overdue	11,968,225.62	19.31%	(2,310,508.89)	18,968,225.62	16.80%	(3,186,721.28)
	16,602,122.55		(2,350,435.23)	23,521,259.98		(3,226,151.88)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(3) Accounts receivable (Continued)

(d) Provision for bad debts (Continued)

(i) On 30 June 2021, the related provision of bad debts accounts receivable analysis were as follows: (Continued)

Group – Non-related parties:

	30 June 2021			31 December 2020		
	Ending Balance	Provision for bad debts		Ending Balance	Provision for bad debts	
	Amount	Expected credit loss rate throughout the duration	Amount	Amount	Expected credit loss rate throughout the duration	Amount
Not overdue	62,758,582.80	0.01%	(6,330.85)	59,941,043.36	0.01%	(7,134.71)
1-6 months overdue	-	-	-	-	-	-
7-18 months overdue	-	-	-	-	-	-
More than 18 months overdue	3,074,108.28	100.0%	(3,074,108.28)	2,524,108.28	100.00%	(2,524,108.28)
	65,832,691.08		(3,080,439.13)	62,465,151.64		(2,531,242.99)

- (e) This period the amount of provision for bad debts was RMB326,520.52, did not occur to recover or revert to the provision of bad debts.
- (f) No write-off of accounts receivable occurred during this period.
- (g) No accounts receivable were derecognised due to transfer of financial assets.
- (h) As at 31 December 2020 and 30 June 2021, there is no accounts receivable pledged as collaterals to bank for borrowings.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(4) Financing receivables

	30 June 2021	31 December 2020
Financing receivable	75,861,031.00	48,594,289.52

According to the needs of daily fund management, the Company discounts and endorses some bank acceptance notes. Therefore, the Company classifies bank acceptance notes as financial assets measured at fair value with changes included in other comprehensive income.

There was no single provision for the impairment of the bank acceptance notes. The Group believes that the bank acceptance notes held by the bank does not have a significant credit risk, and will not cause significant losses due to bank default.

As at 30 June 2021, the Group has no pledged bank acceptance notes receivable listed in financing receivables. (31 December 2020: Nil)

As at 30 June 2021, the Group's endorsements or discounted but yet outstanding notes for financial receivables are as follows:

	Terminated confirmation	Unterminated confirmation
Bank acceptance notes	213,047,727.23	—

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(5) Advances to suppliers

The ageing of advances to suppliers was analysed as follows:

	30 June 2021		31 December 2020	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	282,736,437.37	99.06%	607,409,244.35	99.56%
1 to 2 years	1,561,488.00	0.55%	1,561,488.00	0.26%
2 to 3 years	115,570.29	0.04%	115,570.29	0.02%
Over 3 years	1,007,282.80	0.35%	1,022,282.80	0.16%
	285,420,778.46	100.00%	610,108,585.44	100.00%

(6) Other receivables

	30 June 2021	31 December 2020
Amount due from subsidiaries (Note)	1,205,115,707.94	835,637,652.39
Amount due from a joint-venture	100,986.30	100,986.30
Cash advance	259,663.50	151,590.63
Futures margin	130,000.00	150,000.00
Others	1,222,619.14	574,625.98
	1,206,827,976.88	836,614,855.30
Less: provision for bad debts	(12,990.37)	(6,764.25)
	1,206,814,986.51	836,608,091.05

Note: The amount due from Xinjiang Yakesi was RMB798,851,740.83. The amount due from Shaanxi Xinxin was RMB11,569,106.83. The amount due from Zhongxin Mining was RMB200,000,000.00. The amount due from Kalatongke Mining was RMB11,204,163.52. The amount due from Beijing Xinding was RMB183,490,696.76.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(a) Aging-of-accounts analysis of other receivables:

	30 June 2021	31 December 2020
Less than one year	596,402,917.43	624,459,074.30
One to two years	610,186,409.22	204,792,655.52
Two to three years	156,939.96	1,408,606.47
More than three years	81,710.27	5,954,519.01
	1,206,827,976.88	836,614,855.30

(b) The movement of ending balance and provision for bad debts

	Stage 1		Stage 2		Total
	Expected credit loss for the next 12 months (by group)		Lifetime expected credit loss (with incurred credit loss)		
	Balance	Provision	Balance	Provision	Provision for bad debts
31 December 2020	836,614,855.30	(6,764.25)	-	-	(6,764.25)
Increase during this period	417,232,707.01	-	-	-	-
Decrease during this period	(47,019,585.43)	-	-	-	-
Including: Provided for this period	-	-	-	-	-
Derecognition	(47,019,585.43)	-	-	-	-
Transferred to stage 1 i/	-	-	-	-	-
Provision increase during this period ii/	-	(6,226.12)	-	-	(6,226.12)
30 June 2021	1,206,827,976.88	(12,990.37)	-	-	(12,990.37)

i/ The carrying amount of other receivables reversed to the first stage on 30 June 2021 was RMB0.00.

ii/ Except for the change of bad debt provision caused by the increase and decrease of funds in the current year and the conversion between the first and third stages, the change of bad debt provision is RMB0.00. caused by the change of parameter data used to determine the expected credit loss.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(b) The movement of ending balance and provision for bad debts (Continued)

(i) On 30 June 2021, the analysis of bad debts for other receivables in the first phase was as follows:

	Ending Balance	Expected credit losses in whole period	Provision for bad debts	Reasons
On the grouping basis:				
Related party				
Customers	1,205,115,707.94	0.01%	(484.73)	
Staff Reserve	190,798.27	—	—	
Others	1,521,470.67	0.81%	(12,505.64)	Overdue uncollected
	1,206,827,978.88		(12,990.37)	

(ii) On 31 December 2020, the analysis of bad debts for other receivables in the first phase was as follows:

	Ending Balance	Expected credit losses in whole period	Provision for bad debts	Reasons
On the grouping basis:				
Related party				
Customers	835,738,638.69	0.01%	(489.04)	
Staff Reserve	151,590.63	—	—	
Others	724,625.98	0.87%	(6,275.21)	Overdue uncollected
	836,614,855.30		(6,764.25)	

(iii) On 30 June 2021, there were no other receivables in second and third stage of the company.

On 31 December 2020, there were no other receivables in second and third stage of the company.

(iv) This period has reversed the preparation of bad debt is RMB0.00 (30 June 2020: RMB0.00)

(v) No write-off of accounts receivable occurred during the period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(6) Other receivables (Continued)

(c) As at 30 June 2021, the top five other receivables were analysed as follows:

	Nature	Amount	Ageing	% of total balance	Provision for bad debts
Xinjiang Yakesi	Loans and accounts receivable	798,851,740.83	Within 1 year 1-2 years	66.19%	–
Zhongxin Mining	Loans and accounts receivable	200,000,000.00	1-2 years	16.57%	–
Beijing Xinding	Loans and accounts receivable	183,490,696.76	Within 1 year 1-2 years 2-3 years	15.20%	–
Shaanxi Xinxin	Loans and accounts receivable	11,569,106.83	Within 1 year 1-2 years 2-3 years 3-4 years	0.96%	–
Kalatongke mining	Loans and accounts receivable	11,204,163.52	Within 1 year 1-2 years	0.93%	–
		1,205,115,707.94		99.86%	

(7) Inventories

	30 June 2021			31 December 2020		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	219,063,441.64	(543,427.80)	218,520,013.84	171,106,854.29	(543,427.80)	170,563,426.49
Work in progress	109,059,624.68	–	109,059,624.68	105,662,595.64	–	105,662,595.64
Semi-finished goods	612,837,963.70	–	612,837,963.70	593,715,123.27	–	593,715,123.27
Finished goods	487,255,442.66	(3,331,229.93)	483,924,212.73	378,026,981.24	(3,331,229.93)	374,695,751.31
	1,428,216,472.68	(3,874,657.73)	1,424,341,814.95	1,248,511,554.44	(3,874,657.73)	1,244,636,896.71

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(8) Other current assets

	30 June 2021	31 December 2020
To be deducted VAT	27,090,839.27	29,639,657.25
Advance payment of income tax	10,332,126.30	10,332,126.30
	37,422,965.57	39,971,783.55

(9) Long-term receivable

	30 June 2021	31 December 2020
Long-term receivable	246,000,000.00	381,000,000.00

As at the six months ended 30 June 2021, the Company provided long-term loan of RMB48,000,000.00 to Subsidiary Corporation Xinjiang Yakesi, with an annual rate of 4.20%, long-term loan of RMB198,000,000.00 to Subsidiary Corporation Kalatongke Mining, with an annual rate of 4.35%. In 2020, the Company provided long-term loan of RMB35,000,000.00 to Subsidiary Corporation Xinjiang Yakesi, with an annual rate of 4.75%, long-term loan of RMB200,000,000.00 to Subsidiary Corporation Kalatongke Mining, with an annual rate of 4.35%; long-term loan of RMB6,000,000.00 to Subsidiary Corporation Beijing Xinding, with an annual rate of 0%.

As at 30 June 2021, the balance of long-term receivable was RMB246,000,000.00 (31 December 2020: RMB381,000,000.00).

(10) Long-term equity investment

	30 June 2021	31 December 2020
Subsidiaries (a)	2,465,131,420.87	2,465,131,420.87
Joint venture (b)	197,212,135.50	183,197,915.88
	2,662,343,556.37	2,648,329,336.75
Less: provision of long-term equity investments (note 15(14))	(80,000,000.00)	(80,000,000.00)
	2,582,343,556.37	2,568,329,336.75

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(10) Long-term equity investment (Continued)

(a) Subsidiaries

	Accounting treatment	Initial investment cost	31 December 2020	Current year changes	30 June 2021	Equity interest	Voting rights held
Mengxi Mining	Cost method	10,200,000.00	10,200,000.00	-	10,200,000.00	51.00%	51.00%
Xinjiang Yakesi	Cost method	467,844,415.12	720,171,915.12	-	720,171,915.12	99.51%	99.51%
Hami Jubao	Cost method	75,000,000.00	206,100,349.00	-	206,100,349.00	98.96%	98.96%
Zhongxin Mining	Cost method	56,659,156.75	118,659,156.75	-	118,659,156.75	97.58%	97.58%
Kalatongke Mining	Cost method	10,000,000.00	1,230,000,000.00	-	1,230,000,000.00	100.00%	100.00%
Beijing Xinding	Cost method	100,000,000.00	100,000,000.00	-	100,000,000.00	100.00%	100.00%
Shaanxi Xinxin	Cost method	80,000,000.00	80,000,000.00	-	80,000,000.00	51.00%	51.00%
			2,465,131,420.87		2,465,131,420.87		

(b) Joint-venture

		Current year movement						30 June 2021	Provision for impairment
31 December 2020	Increase in investment	Share of net profit using the equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared or profit	Other			
Hexin Mining	183,197,915.88	–	14,014,219.62	–	–	–	–	197,212,135.50	–

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(11) Fixed assets

	30 June 2021	31 December 2020
Fixed assets (a)	477,933,636.10	499,881,332.29

(a) Fixed assets

	Building	Machinery and equipment	Motor vehicles	Electronic equipment office equipment	Total
Cost					
31 December 2020 Additions	529,269,530.35	503,659,568.09	15,811,957.83	23,311,940.57	1,072,052,996.84
Increase					
Purchase	–	681,160.81	1,264,089.14	898,808.04	2,844,057.99
30 June 2021	529,269,530.35	504,340,728.90	17,076,046.97	24,210,748.61	1,074,897,054.83
Accumulated depreciation					
31 December 2020	210,607,027.26	328,429,739.82	13,505,962.78	19,628,934.69	572,171,664.55
Accrualment	8,457,229.54	15,245,853.73	251,056.41	837,614.50	24,791,754.18
30 June 2021	219,064,256.80	343,675,593.55	13,757,019.19	20,466,549.19	596,963,418.73
Net book value					
30 June 2021	310,205,273.55	160,665,135.35	3,319,027.78	3,744,199.42	477,933,636.10
31 December 2020	318,662,503.09	175,229,828.27	2,305,995.05	3,683,005.88	499,881,332.29

As at 30 June 2021, depreciation of fixed assets amounted to RMB24,791,754.18 in total (2020: RMB23,687,578.19), of which RMB22,932,960.75 were charged to operating cost, RMB1,816,818.73 to general and administrative expense, and RMB41,974.70 to selling expense (On 31 December 2020 is RMB22,175,414.11, RMB1,463,413.62 and RMB48,750.46, respectively).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(12) Intangible assets

	Land use right	Other	Total
Cost			
31 December 2020	55,769,329.80	895,027.46	56,664,357.26
Additions–Purchase	–	–	–
30 June 2021	55,769,329.80	895,027.46	56,664,357.26
Accumulated depreciation			
31 December 2020	13,401,265.54	646,365.88	14,047,631.42
Additions–Provision	593,115.12	5,159.28	598,274.40
30 June 2021	13,994,380.66	651,525.16	14,645,905.82
Net book value			
30 June 2021	41,774,949.14	243,502.30	42,018,451.44
31 December 2020	42,368,064.26	248,661.58	42,616,725.84

On 30 June 2021, amortisation expense of intangible assets amounted to RMB598,274.40 (2020: RMB612,396.29).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(13) Deferred tax assets

	30 June 2021		31 December 2020	
	Deductible Temporary differences and deductible losses	Deferred tax assets	Deductible Temporary differences and deductible losses	Deferred tax assets
Assets impairment	89,318,522.46	13,399,611.69	89,638,816.85	13,445,822.53
Deductible losses	137,278,847.64	20,591,827.15	275,530,967.31	41,331,359.41
Government grants	1,763,244.02	264,486.60	1,763,244.02	264,486.60
	228,360,614.12	34,255,925.44	366,933,028.18	55,041,668.54
Including				
Deferred tax asset to be recovered within 1 year (including 1 year)		13,237,680.92		42,426,680.92
Deferred tax asset to be recovered after 1 year		21,018,244.52		12,614,987.62
		34,255,925.44		55,041,668.54

(14) Provision for asset impairment

	31 December 2020	Current year Additions	Current year reductions Reversal	Sold	30 June 2021
Provision for bad debts	5,764,159.13	6,226.12	(326,520.52)	–	5,443,864.73
Including: Accounts receivable	5,757,394.88	–	(326,520.52)	–	5,430,874.36
Other receivables	6,764.25	6,226.12	–	–	12,990.37
Provision for decline in value of inventories	3,874,657.73	–	–	–	3,874,657.73
Provision for decline in long- term equity investment (note 15(10))	80,000,000.00	–	–	–	80,000,000.00
	89,638,816.86	6,226.12	(326,520.52)	–	89,318,522.46

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(15) Notes payable

	30 June 2021	31 December 2020
Notes payable	190,000,000.00	331,350,000.00

(16) Accounts payable

	30 June 2021	31 December 2020
Payable for purchase of materials	350,469,104.14	285,125,966.79
Transportation fee payable	2,265,648.99	2,992,537.07
Other	360,614.42	1,084,607.96
	353,095,367.55	289,203,111.82

(17) Contracts liabilities

	30 June 2021	31 December 2020
Advances for sales of goods	51,575,031.41	9,137,155.51

As at 1 January 2020, the amount of contracts liabilities is RMB9,137,155.51. During this year, the amount of RMB8,641,968.40 was transferred to revenue.

(18) Employee benefits payable

	30 June 2021	31 December 2020
Short-term employee benefits payable (a)	22,536,108.27	21,259,171.93
Defined contribution plans payable (b)	2,144,234.89	6,045.13
	24,680,343.16	21,265,217.06

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(18) Employee benefits payable (Continued)

(a) Short-term employee benefits payable

	31 December 2020	Current year additions	Current year reductions	30 June 2021
Salaries, bonuses, allowances and subsidies	16,425,733.32	40,807,765.12	(39,480,461.15)	17,753,037.29
Staff welfare	–	1,020,783.90	(1,017,744.76)	3,039.14
Social insurances	2,176.91	3,935,211.38	(3,933,132.74)	4,255.55
Including: Medical insurance	2,176.91	3,517,356.86	(3,516,677.18)	2,856.59
Work injury insurance	–	376,208.23	(374,809.27)	1,398.96
Illness insurance	–	41,646.29	(41,646.29)	–
Housing funds	653,878.00	4,216,325.00	(4,285,941.00)	584,262.00
Labor union fund and employee education fund	3,913,911.70	1,129,308.23	(851,705.64)	4,191,514.29
Others	263,472.00	1,576,992.41	(1,840,464.41)	–
	21,259,171.93	52,686,386.04	(51,409,449.70)	22,536,108.27

(b) Defined contribution plans payable

	31 December 2020	Current year additions	Current year reductions	30 June 2021
Pension insurance	–	7,927,048.48	(5,790,154.24)	2,136,894.24
Unemployment insurance	6,045.13	180,713.14	(179,417.62)	7,340.65
	6,045.13	8,107,761.62	(5,969,571.86)	2,144,234.89

(19) Taxes payable

	30 June 2021	31 December 2020
Value added tax	158,709.18	120,641.54
Stamp duty	78,754.23	102,602.58
Environmental tariff	21,896.73	67,485.19
Individual income tax	18,543.92	25,476.06
City maintenance and construction tax	17,932.75	15,268.01
Educational surcharge	12,747.68	10,837.63
Others	6,712.33	6,012.33
Total	315,296.82	348,323.34

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(20) Other payables

	30 June 2021	31 December 2020
Payable due to related parties	2,312,948.46	11,487,658.34
Payable for construction projects	6,523,303.94	5,800,903.63
Payables for professional service	835,894.25	2,320,301.34
Payables for purchases of equipments	5,240,119.00	695,070.00
Others	5,927,977.60	5,912,203.11
Total	20,840,243.25	26,216,136.42

(21) Capital reserve

	31 December 2020	Current year additions	Current year deductions	30 June 2021
Contribution from Parent Company related to mining right (Note (1))	35,393,957.53	–	–	35,393,957.53
Share Premium (Note (2))	4,219,360,899.96	–	–	4,219,360,899.96
	4,254,754,857.49	–	–	4,254,754,857.49

	31 December 2019	Current year additions	Current year deductions	31 December 2020
Contribution from Parent Company related to mining right (Note (1))	35,393,957.53	–	–	35,393,957.53
Share Premium (Note (2))	4,219,360,899.96	–	–	4,219,360,899.96
	4,254,754,857.49	–	–	4,254,754,857.49

Note (1) It represented the difference between the fair value of mining rights acquired from Xinjiang Non-ferrous Group and the discounted net present value of long-term payable for the mining rights acquired, which is formed prior to be listed on the Hong Kong Stock Exchange in 2007.

Note (2) Share premium represented the difference between nominal value of share issued and the fair value of net assets/considerations received by the Company.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(22) Revenue and cost of sales

	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue from main operation	1,009,715,088.32	596,442,367.15
Revenue from other operation	64,740,764.44	1,246,809.37
	1,074,455,852.76	597,689,176.52
	Six months ended 30 June 2021	Six months ended 30 June 2020
Cost of sales from main operation	851,175,553.54	615,519,553.90
Cost of sales from other operation	52,782,034.98	461.00
	903,957,588.52	615,520,014.90

a. Revenue and cost of sales from main operation

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Revenue from main operation	Cost sales from main operation	Revenue from main operation	Cost sales from main operation
Nickel cathode	705,788,977.77	613,879,543.34	347,971,805.90	355,473,936.43
Copper cathode	259,569,626.08	209,445,430.27	237,748,441.24	255,258,013.35
Others	44,356,484.47	27,850,579.93	10,722,120.01	4,787,904.12
	1,009,715,088.32	851,175,553.54	596,442,367.15	615,519,853.90

b. Revenue and cost of sales from other operation

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Supply of heating	165,928.96	—	—	—
Scrap sales	63,434,386.07	52,781,862.98	1,170,640.71	—
Sales of electricity	30,673.20	—	30,168.66	—
Others	1,109,776.21	172.00	46,000.00	461.00
	64,740,764.44	52,782,034.98	1,246,809.37	461.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(23) Financial expenses – net

	Six months ended 30 June 2021	Six months ended 30 June 2020
Interest expense	27,123,458.39	31,292,627.12
Less: Capitalised interest	–	–
Interest expense	27,123,458.39	31,292,627.12
Less: Interest income on bank deposits	(25,818,973.29)	(33,838,502.61)
Bank charges	576,874.15	1,714,624.60
	1,881,359.25	(831,250.89)

(24) Expenses by nature

Cost of sales, selling and distribution expense, general and administrative expenses in Income Statements by nature were shown as follows:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Raw materials and consumables used	934,861,793.98	641,573,270.57
Changes in inventories of work in progress, semi-finished goods and finished goods (note 15(7))	(131,748,330.89)	(111,249,377.84)
Employee benefits	60,794,147.66	47,719,001.16
Depreciation (note 15(11))	24,791,754.18	23,687,578.19
Electricity costs	19,383,687.82	19,293,915.09
Other production expenses	9,258,851.91	6,094,230.44
Safety fund	3,751,749.38	3,579,182.10
Transportation fee and handling cost	4,354,835.90	3,230,162.67
Office expenses	684,404.92	306,871.81
Amortisation of intangible assets (note 15(12))	598,274.40	612,396.29
Operating leases expenses	314,963.10	314,963.10
Audit expenses	–	–
– Audit service	–	–
– Non-audit service	–	–
Others	4,022,325.85	2,930,502.88
	931,068,458.21	638,092,696.46

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

(25) Investment Income

	Six months ended 30 June 2021	Six months ended 30 June 2020
Net profit/(loss) from a joint-venture under equity method (note 4(9)(a))	14,014,219.62	(2,151,126.69)
Investment Income from disposal of financial assets	–	405,203.33
	(14,014,219.62)	(1,745,923.36)

(26) Income tax expenses

	Six months ended 30 June 2021	Six months ended 30 June 2020
Current income tax	–	–
Deferred income tax	20,785,743.10	(8,212,466.15)
	20,785,743.10	(8,212,466.15)

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the Company's income statements to the income tax expenses were listed as follows:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Total profit/(loss)	152,575,204.91	(44,966,683.64)
Income tax expenses calculated at applicable tax rate of 25%	38,143,801.23	(11,241,670.91)
Effect of tax deductions	(15,257,520.49)	4,496,668.36
Income not subject to tax	(2,102,132.94)	(1,467,463.60)
Expenses, costs and losses not deductible for tax purposes	1,595.30	–
Clearance differences in respect of prior years	–	–
	20,785,743.10	(8,212,466.15)

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021
(All amounts in RMB Yuan unless otherwise stated)

16 NET CURRENT ASSETS/(LIABILITIES)

	The Group	
	30 June 2021	31 December 2020
Current assets	2,192,773,671.91	2,068,200,533.61
Less: current liabilities	(2,030,214,154.07)	(1,895,149,843.87)
Net current asset	162,559,517.84	173,050,689.74

	The Company	
	30 June 2021	31 December 2020
Current assets	3,615,208,841.95	3,233,560,604.04
Less: current liabilities	(1,684,506,282.19)	(1,595,159,944.15)
Net current assets	1,930,702,559.76	1,638,400,659.89

17 TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	30 June 2021	31 December 2020
Total assets	7,335,757,307.09	7,263,263,840.26
Less: current liabilities	(2,030,214,154.07)	(1,895,149,843.87)
Total assets less current liabilities	5,305,543,153.02	5,368,113,996.39

	The Company	
	30 June 2021	31 December 2020
Total assets	7,076,602,565.91	6,843,578,219.91
Less: current liabilities	(1,684,506,282.19)	(1,595,159,944.15)
Total assets less current liabilities	5,392,096,283.72	5,248,418,275.76

SUPPLEMENTAL INFORMATION FOR FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

(All amounts in RMB Yuan unless otherwise stated)

1 NON-RECURRING PROFIT AND LOSS STATEMENT

	Six months ended 30 June 2021	Six months ended 30 June 2020
Changes in fair value losses on disposal of financial liabilities at fair value through profit or loss and investment income from disposal of available-for-sale financial assets – net value	172,790.41	2,644,614.54
Government grants through profit or loss	2,396,058.47	976,300.58
loss on disposal of non-current assets	–	38,504.84
Other none-operating revenues and expenses – Net	(604,711.17)	(3,088,365.32)
	1,964,137.71	571,054.64
Income tax	293,057.04	76,029.96
Non-controlling interest impact (after tax)	88,563.58	715.71
	1,759,644.25	647,800.31

Basis of preparation of extraordinary gains or losses

According to the “Explanatory Notice for Information Disclosure by Companies Offering Securities to the Public No. 1 – Extraordinary Gains or Losses [2008]” set by China Securities Regulatory Commission, extraordinary gains or losses refer to gains or losses that are not directly related to the Company’s normal business, and that are related to normal business but impact financial statements users to make correct judgment of the transactions and events on the Company’s operating performance and profitability because of their extraordinary and sporadic nature.

2 EARNINGS/(LOSS) ON NET ASSETS AND EARNINGS/(LOSS) PER SHARE

	Earnings per share					
	Weighted average loss on net assets (%)		Earnings per share		Diluted Earnings per share	
	Six months ended 30 June 2021	Six months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020
Net earnings/(loss) attributable to ordinary shareholders	5.08%	(0.65%)	0.104	(0.028)	0.104	(0.028)
Net earnings/(loss) attributable to ordinary shareholders excluding Extraordinary items	5.03%	(0.51%)	0.104	(0.028)	0.104	(0.028)